

**30 April 2009**

DATE | **March Quarterly Report 2009**

REF# |

## QUARTERLY REPORT FOR PERIOD ENDING – 31 March 2009

### HIGHLIGHTS

#### Scimitar and Jackson Minerals agree to Merger

- Australian companies Scimitar Resources and Jackson Minerals have conditionally agreed to merge via a Scheme of Arrangement. The merged company will have a large diversified portfolio of uranium, gold and base metal assets in Australia and Argentina,
- Experienced resources executive Mr Tony Sage will join the board as Non-Executive Chairman of the merged entity, with both companies to have equal board representation,
- An Independent Experts Report concludes the merger is in the best interests of Jackson Shareholders. The Boards of both companies believe the merged entity will have a major presence in the global uranium exploration sector, with substantial resource and near-midterm development prospects.
- Scimitar and Jackson Shareholders will be asked to vote on the merger at individual shareholders meetings to be held on the 18 May, 2009.
- If Shareholders support the merger, final court approvals are expected to be completed in early June, 2009.

#### Scimitar commences Joint Venture and Farm-in Agreement with Korean Consortium for the Marree Uranium Project, SA

- All precedence conditions, due diligence and government approvals completed.
- The first management committee meeting scheduled for mid May 2009

#### Fast Facts

Listed ASX Jan 2005  
Shares: 50.1 million  
Options: 5.3 million  
ASX Code: SIM

#### Management

Terry Topping	Managing Director
Kent Hunter	Director
Andrew McBain	Director
Raj Logaraj	Director

#### Major Shareholders

Management	18.5%
Mega Uranium Ltd	4.5%

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## Scimitar and Jackson Minerals agree to Merger

Scimitar Resources Limited (ASX: SIM) (“Scimitar” or “the Company”) and fellow Australian resources company Jackson Minerals Limited (ASX: JAK) (“Jackson”) have entered into a conditional merger implementation agreement to merge the two companies by way of a Scheme of Arrangement (**Scheme**).

The Scimitar and Jackson boards have unanimously agreed to the terms of the merger implementation agreement, as they believe the merger represents an opportunity to create a new entity better positioned for growth than either company on a standalone basis.

The merger will combine two companies with highly complementary exploration profiles and provide a substantial Australian and South American exposure to the uranium industry. The merged group will have a large, diversified uranium, gold and base metal exploration portfolio throughout Australia and Argentina.

Experienced resources executive Mr Tony Sage will be appointed Non-Executive Chairman of the merged company, with both companies to have equal representation on the merged company’s board. The Scimitar and Jackson boards believe the combined corporate, management and technical strengths of both companies will result in increased financial and support capabilities, providing a sound platform for on-going exploration and development activities.

As part of the terms of the Scheme, Scimitar will make offers to acquire all of the issued shares in Jackson in exchange for the issue of shares in Scimitar. Jackson has unlisted Options on issue which will be dealt with via individual agreements with Scimitar, conditional on completion of the Scheme.

The consideration for this Scheme will be one (1) Scimitar share for seven and one half (7.5) Jackson shares held on the implementation date of the Scheme. The Jackson and Scimitar boards have unanimously agreed on the consideration for the Scheme and believe the merger represents an opportunity to create a new entity better positioned for growth than either company on a standalone basis.

The merged group will have a uranium focus, including quality resources and significant land holdings in Australia, and large defined uranium deposits in Argentina.

This merger has been timed to take advantage of the growing acceptance in Australia and South America of the major role uranium is likely to play in the supply of clean “green” energy worldwide.

Jackson appointed Stantons International Securities as Independent Valuers to value Jackson and Scimitar for the purpose of determining whether the Scheme is fair and reasonable to Jackson shareholders. The Independent Experts Report has been received and concludes **the Scheme is in the best interests of Jackson Shareholders.**

Jackson shareholders have been provided with the Scheme Booklet which outlines the proposal in greater detail, and includes the Independent Experts’ valuation report.

Implementation of the Scheme is subject to conditions including:

- (a) Jackson shareholder approval of the merger in a Shareholders Meeting planned for the 18 May, 2009; and
- (b) court ratification of the Scheme, expected to occur in June 2009;
- (c) all relevant regulatory approvals; and
- (d) other conditions customary for a public transaction of this nature.

An expected transaction timetable has been provided in the Scheme Booklet. This timetable will be updated with more accurate dates as they become available.

## Corporate

On 16<sup>th</sup> April 2009, the Company announced that it will hold a general meeting of shareholders, on Monday the 18<sup>th</sup> of May 2009. The meeting will contain two resolutions. The first will allow the Directors to issue and allot up to 20,000,000 shares to raise funds for further exploration and development of the Company's Australian projects and to fund the larger merged group, should the merger with Jackson Minerals be successfully concluded. The second resolution seeks to change the name of the merged group to Cauldron Energy Ltd.

## Marree Uranium Project Joint Venture, SA

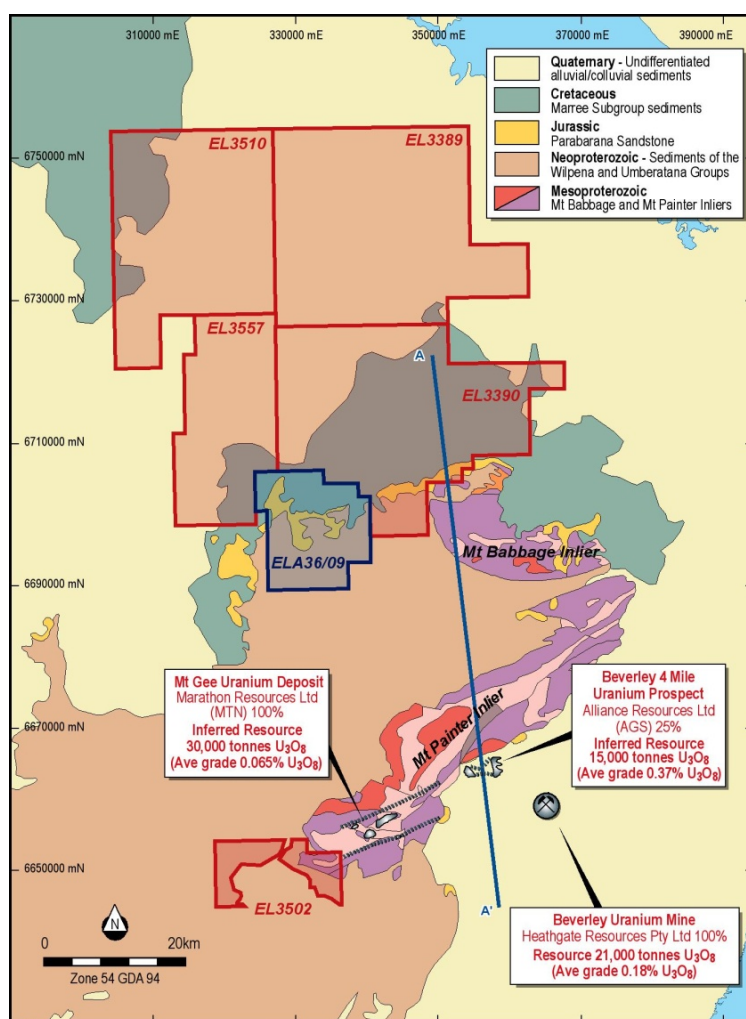
The Marree Uranium Project, 550 km north of Adelaide comprises four Exploration Licences covering 2,575 km<sup>2</sup> in the Eromanga Basin, adjacent to the uranium-rich Mount Babbage Inlier. The project includes the Tertiary Eyre and Namba Formations, host to several sedimentary roll-front uranium occurrences including the Beverley and Honeymoon Well uranium deposits and the recently discovered high grade uranium deposit at Beverley Four Mile.

The Company has entered into a Farm-In and Joint Venture Agreement with a Korean Consortium comprising the Korean government and large Multinational companies to jointly explore, drill and develop the Marree Uranium Project. Under the agreement, the Korean Participants are entitled to earn up to an aggregate 50% interest in the joint venture by funding AUD\$6,200,000 in expenditure on the Tenements within three years.

During the quarter all precedence conditions, due diligence and government approvals were completed to the satisfaction of all parties, with 31<sup>st</sup> March 2009 as the commencement date for the earning in period of the Joint Venture partners.

Under the terms of the agreement Scimitar will receive an initial payment of \$200,000 from the Joint Venture partners for work previously conducted by the Company and a further sum of approximately \$400,000 as repayment for the drilling program completed in August 2008. The Company has recently applied for a new exploration licence (ELA 36/09), covering 223 km<sup>2</sup>, which will be incorporated into the project.

Scimitar has been appointed as manager of the Marree Project JV and will conduct exploration activities in accordance with the directions of a management committee comprising representatives from each party. The first management committee meeting is scheduled for mid May and the Joint Venture's field exploration programs are expected to commence during the June quarter.



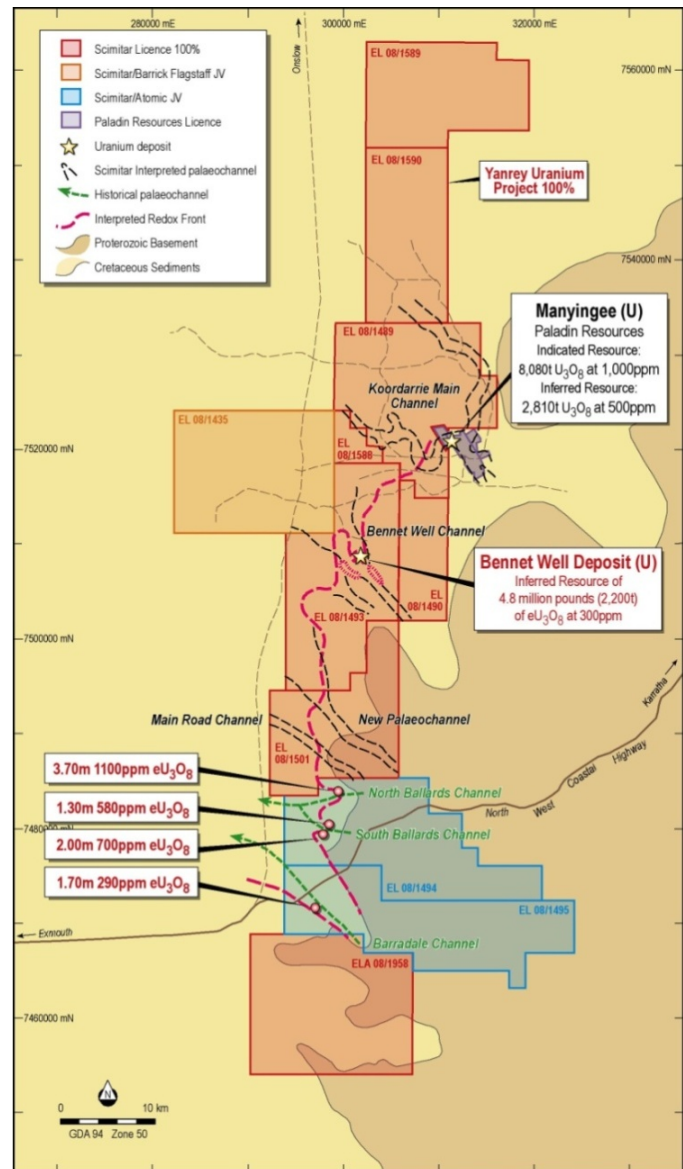
## Yanrey Uranium Project, WA

The Yanrey Project covers 1,930 km<sup>2</sup> of Mesozoic sediments highly prospective for sandstone hosted uranium mineralisation, amenable to In-situ Recovery (ISR) mining; similar to Paladin Resources Ltd's (ASX:PDN) adjoining Manyingee Deposit. Included in the Project is the Bennet Well Deposit containing an inferred JORC resource of 4.8 million pounds of eU<sub>3</sub>O<sub>8</sub> at a grade of 300ppm eU<sub>3</sub>O<sub>8</sub>.

Exploration undertaken by Scimitar has included airborne electromagnetic surveys covering over 1,100 square kilometres and the successful completion of six drilling programs (289 holes for over 30,000 metres) within the project. This drilling has culminated in the inferred resource at Bennet Well, as calculated by Hellman and Schofield Pty Ltd.

The Company has also increased its land holding in the area by entering into a joint venture agreement with Atomic Resources Ltd. (ASX:ATQ) adding a further 440 square kilometres to the project area.

The Company looks forward to progressing the project in the coming twelve months, particularly with the favourable political climate towards uranium mining in Western Australia.



## Amadeus Uranium Project, NT

The Amadeus Project comprises three exploration licences (EL 24704, EL 24876 and EL 24870) covering 2,106 km<sup>2</sup> in the Amadeus Basin, 50 km south of Alice Springs.

During August 2008, Scimitar completed an initial Reverse Circulation (RC) drilling program (39 holes for 3,903m) at the Orange Creek prospect, which identified significant new uranium mineralisation associated with a regionally extensive redox boundary similar to the adjacent Pamela and Angela Project Joint Venture (Paladin Energy Minerals (50%) and Cameco Australia (50%)).

A total of 19 holes for 1,856m were drilled across the central part of the Orange Creek Syncline on 400m spacings with significant uranium mineralisation (up to 1.0m at 926ppm eU<sub>3</sub>O<sub>8</sub>) intersected across the centre and southern side of the syncline at depths of 30-40m. A second area of broadly spaced drilling, 12 holes for 1,250m, intersected uranium mineralisation (up to 0.75m at 349 ppm eU<sub>3</sub>O<sub>8</sub>) on the regional redox boundary, a further 9 km to the southeast in a section of the Orange Creek Syncline that had not previously been tested by drilling.

The typical geology intersected by drilling consists of interbedded sandstone, siltstone and conglomerate of the Undandita Sandstone Member. The Undandita Member is the youngest unit in the Amadeus Basin and is the host for the Angela and Pamela uranium deposits as well as a number of other uranium prospects throughout the basin. The Undandita Member is generally oxidised but contains a wedge of reduced sediments between regionally extensive upper and lower redox boundaries. This reduced wedge is extensive throughout the Amadeus basin and is found both in the Missionary Syncline where it is associated with uranium mineralisation at Pamela and Angela and in the Orange Creek Syncline where it is associated with mineralisation at the Orange Creek prospect.

Work completed by Scimitar confirms the presence of significant uranium mineralisation within the Orange Creek Syncline and increases the potential to identify further uranium mineralisation within the project.

## **Eclipse Uranium Project, NT**

The Eclipse Uranium Project covers 6,816 km<sup>2</sup> in the Ngalia Basin, 250 km north west of Alice Springs. The company's granted tenements cover an area of 2,908 km<sup>2</sup> which are primarily located in the south east of the project area, adjacent to the New Well Uranium Deposit, which has a published Inferred resource of 3,351 tonnes U<sub>3</sub>O<sub>8</sub>.

Scimitar's southern licences cover the northern half of Lake Lewis and associated internal drainages. Airborne radiometric data indicates that uranium enriched material is present in these drainages and is depositing around the margins of Lake Lewis and at trap sites along the drainage system.

Aircore drilling conducted by Scimitar, 4005 holes for 10,818m, has targeted near surface calcrete hosted uranium mineralisation (similar to the adjacent New Well Uranium Deposit) within a large regional drainage system and potential targets interpreted from the 2007 TEMPEST electromagnetic survey. These targets include including buried channels and palaeo-lake margins. The drilling intersected surficial red-brown sandy soil (thickness 1-6m) overlying up to 9m of red-brown calcrete and silts with a basal calcrete layer. This horizon which returned a number of anomalous uranium intersections from 3m composite sampling, including 50 ppm U from 6-9m from drill hole ECAC 199, overlies transported silts, clays and sands which in some places attain depths of greater than 70m.

## **Beadell Project, WA (Scimitar 80%)**

The Beadell Project covers 70 km<sup>2</sup> in the south east of the Rudall Complex in Western Australia, 450 km east of Newman. The Rudall Complex is a belt of metamorphic and igneous rocks with a long and complex history of multiple deformation and metamorphism. Several significant deposits are hosted by the Rudall Complex including the Kintyre uranium-gold deposit at the western end of the complex and the nearby Mount Cotton base metal and uranium occurrence adjacent to project area.

## **Gold, Base Metal and Iron Ore Projects**

### **Mount Elvire Project, WA.**

The Mt Elvire Project, 210 km north of Southern Cross, comprises one granted exploration licence covering 120 km<sup>2</sup>. The project covers part of a narrow greenstone belt adjacent to the Evanston Shear Zone which is host to a number of gold deposits. Preliminary investigations by Scimitar indicate that the Mt Elvire project has the potential to host iron ore mineralisation associated with strongly deformed Banded Iron Formations. The Company has commenced ground based field investigations targeting iron ore and has conducted a number of field trips to the area. These investigations have included mapping and rock chip sampling of Banded Iron exposures.

## **Bardoc Tectonic Zone (BTZ) Project, WA (Scimitar 65%)**

The BTZ Project is located 70 km north of Kalgoorlie in Western Australia, along the highly productive Bardoc Tectonic Zone. The project area is easily accessed via the Kalgoorlie-Meekatharra Hwy and is highly prospective for economic gold and nickel mineralisation. The project area includes the historic Vetersburg Mine with a recorded past production of 26,245 tonnes at 25 g/t gold for 21,097 ounces.

## **Bungalbin Project (Scimitar 100%, excluding iron ore)**

The Bungalbin Project is located 110 km north of Southern Cross in Western Australia. The project covers 627 km<sup>2</sup> of the Diemals-Marda Greenstone Belt. This large regional project is prospective for gold, iron ore and nickel sulphide mineralisation. Polaris Metals NL (Polaris) holds the iron ore rights over the Bungalbin group of tenements. Polaris is actively exploring these licences for iron ore mineralisation.

Terry Topping  
Managing Director

### ***About Scimitar Resources Ltd (SIM)***

*Scimitar Resources Limited is a leading Australian company in the exploration for uranium. The company retains an experienced board of directors and management team, with proven success in the resources sector.*

*The company controls over 17,000 km<sup>2</sup> of uranium prospective tenements across three states, allowing for diversification not only geologically but also with regard to differing political sentiment and policy within each state towards uranium exploration and mining. The 100% company owned projects are effectively among the largest uranium portfolios, in historically some of the most uranium prospective areas in Australia.*

The Bennet Well resource estimate was undertaken by Robert Spiers BSc Hons, MAIG (reviewed by Simon Gatehouse, MAIG), who are full-time employees of Hellman & Schofield Pty Limited. Mr Spiers has more than five years experience in resource estimation and Mr Simon Gatehouse has more than five years experience in uranium exploration and the assessment of uranium deposits. Mr Gatehouse has specific experience in the assessment of ISL uranium deposits. Together they are Competent Persons according to the JORC Code for Reporting of Mineral Resources and Ore Reserves (2004).

The calculation of the uranium grades used in the resource estimate are based on information compiled by David Wilson BSc MSc MAusIMM from 3D Exploration Ltd based in Western Australia. These uranium grades form the basis of the resource estimate and have been calculated from the gamma results and from the disequilibrium testing. Mr Wilson has sufficient experience relevant to the style of mineralisation and the deposit type and the activities he is undertaking to qualify as a Competent Person as defined by JORC Code for Reporting of Mineral Resources and Ore Reserves (2004).

Information relating to the geological interpretations and data supplied to H&S was compiled by Mark Fogarty BSc MAusIMM from Scimitar Resources Ltd. Mr Fogarty has sufficient experience relevant to the style of mineralisation and the deposit type and the activities he is undertaking to qualify as a Competent Person as defined by JORC Code for Reporting of Mineral Resources and Ore Reserves (2004).