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## **BCR SIGNS OPTION AGREEMENT TO FARM INTO TWO SUBSTANTIAL IRON ORE AND BASE METAL PROSPECTS IN CENTRAL AND EASTERN AUSTRALIA**

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### **Highlights:**

- BCR has signed an option agreement to farm into two Exploration Licence areas with total area of over 2000 km<sup>2</sup> in Central and Eastern Australia.
- Consideration to be paid in BCR options and a total of \$1,300,000 cash based on completion of agreed development hurdles.
- The identified projects are similar to the Channel Iron Deposits projects in West Australia, and have an added advantage of access to existing rail infrastructure and port facilities.
- Early feasibility studies show that with on site beneficiation (gravity and magnetic) it may be possible to produce high grade ore to greater than 55% Fe.

BCR is pleased to announce the execution of an Option Agreement with Vincent Resources Pty Ltd (Vincent) to acquire 100% of its shareholding via farm in based on the agreed expenditure by BCR on areas the subject of Exploration Licence applications held by Vincent (Licences).

These projects are similar to the Channel Iron Ore Deposits projects in West Australia, and have an added advantage of access to existing rail infrastructure and port facilities. Feasibility studies show that with on site beneficiation (gravity and magnetic) it may be possible to produce high grade ore to greater than 55% Fe. The two tenements cover approximately 2000 square kilometres.

The Option Agreement is in two parts. The First Option upon exercise allows BCR to acquire 50% of Vincent, and the Second Option upon exercise allows BCR to acquire the remaining 50% of Vincent.

BCR would be required to issue BCR share options to the vendors under agreed terms and provide cash of a total of \$1,300,000 at agreed hurdles prior to achieving 100% ownership of Vincent.

### Terms of Option Agreement to 'Farm In'

- an option to acquire 50% of the issued shares, options and other securities in Vincent ("First Option"),
- an option to acquire the remaining issued shares, options and other securities in Vincent ("Second Option"),

### 1<sup>st</sup> Option- To Achieve 50% Ownership of Vincent

Under the terms of the 1<sup>st</sup> Option agreement to farm in to 50% of Vincent, BCR is required to attain the approval of its shareholders to issue options to the vendors in the following quantity;

- (a) Tranche 1 – shall be 14,750,000 options with a strike price of 40c per share with expiry 3 years from their issue date;
- (b) Tranche 2 – shall be 14,750,000 options with a strike price of 60c per share with expiry 3 years from their issue date;
- (c) Tranche 3 – shall be 14,750,000 options with a strike price of 80c per share with expiry 4 years from their issue date; and
- (d) Tranche 4 – shall be 14,750,000 options with a strike price of \$1.00 per share with expiry 4 years from their issue date.

Tranche 1 and 2 options in BCR shall be issued immediately upon exercise of the Part 1 of the Option to Farm in to 50% of Vincent; the exercise of the 1<sup>st</sup> Option would also trigger the obligation by BCR to expend up to \$2,000,000 on exploration on the Licences, and pay to the vendors a total of \$300,000.

Tranche 3 and 4 options in BCR would be issued upon exercise of the tranche 1 and 2 options.

### 2<sup>nd</sup> Option- To Achieve 100% Ownership of Vincent

Under the terms of the 2<sup>nd</sup> Option to farm in to the remaining 50% of Vincent BCR would be required to attain the approval of its shareholders to issue options in BCR to the vendors in the following quantity;

- (a) Tranche 5 – shall be 29,000,000 options with a strike price of \$1.40c per share with expiry 2 years from their issue date;
- (b) Tranche 6 – shall be 29,000,000 options with a strike price of \$1.60c per share with expiry 3 years from their issue date;
- (c) Tranche 7 – shall be 29,000,000 options with a strike price of \$1.80c per share with expiry 4 years from their issue date; and
- (d) Tranche 8 – shall be 29,000,000 options with a strike price of \$2.00 per share with expiry 4 years from their issue date.

Tranche 5 and 6 options in BCR shall be issued immediately upon exercise of Part 2 of the Option to Farm in to 100% of Vincent; the exercise of the 2<sup>nd</sup> Option would also trigger the obligation by BCR to pay to the Vendors \$1,000,000.

Tranche 7 and 8 options in BCR would be issued upon exercise of the tranche 5 and 6 options.

### The Option Agreement is subject to the following conditions:

1. BCR being satisfied with a due diligence review of Vincent including obtaining a valuation of the Licences;
2. the Vincent vendors being satisfied with its review of any BCR information requested by them;
3. the Licences being issued to Vincent and all necessary permission and consents being received by the NSW Department of Industry and Investment for the transaction;
4. BCR shareholders approving the transaction;
5. a formal share purchase agreement being signed;
6. BCR issuing a prospectus to raise a minimum of \$2,000,000 and re-complying with Chapters 1 and 2 of the ASX Listing Rules and;
7. the approval as necessary of the ASIC and ASX.

For further information in respect to Blackcrest Resources, please contact;

**Ross Kestel**  
**Director**  
+61 8 9367 8133