

**ASX Release**

27 October 2011

ATTICUS PROPOSES TO ACQUIRE ZAMBIAN MANGANESE COMPANY

Atticus Resources Limited (ASX: ACZ; “**Company**”) is pleased to announce that the Company has signed a **non-binding heads of agreement**, to acquire 100% of the issued capital of Zamanco Holdings Limited (“**Zamanco**”), a company that has interests to acquire two manganese tenements in Zambia, and whose principals have expertise in the beneficiation and smelting of manganese (“**Acquisition**”).

EXTENSION OF TIME FOR ANNUAL GENERAL MEETING

The Company is currently in the process of finalising the formal Acquisition Agreement with the vendors of Zamanco. The Company expects to execute the formal agreement shortly, and believes that it will be more efficient and cost effective for its shareholders to hold one general meeting to consider the intended proposal together with the items required to be dealt with at the Annual General Meeting (AGM). On this basis, the Company applied to The Australian Securities and Investments Commission (ASIC) to extend the date by which it must hold its AGM to enable the business of the intended proposal and the AGM to be considered at the same meeting.

ASIC has approved an application by the Company to extend the date by which it must hold its 2011 AGM until Friday, 16 December 2011.

HIGHLIGHTS OF PROPOSED ACQUISITION

- Acquire 80% interest in two Zambian manganese tenements;
- Widespread manganese outcrops to be tested with trenching, geophysical methods and drilling;
- Targeting JORC classified resources by Q3 2012;
- Focussed on the development of ferromanganese and manganese metal smelters near Serenje in Zambia;
- Zamanco has access to smelting technology and experience with regards to the production of high grade manganese;
- Memorandum of Understanding signed with Zesco, the State-owned electricity supplier for the supply of 33MVA power for the smelting project;
- Bankable Feasibility Study (BFS) proposed to commence in Q2 2012 to investigate the production of 60,000t of high carbon ferromanganese (78% Mn) and 12,000t of low carbon manganese metal (95% Mn);
- Targeting first production in Q2 2013 from a manganese metal plant with ferromanganese production from late 2013; and
- Good support for the smelting project both at Government and local level.

The initial consideration payable pursuant to the proposed terms of the Acquisition will be the issue of 5,150,000 fully paid ordinary shares in the Company (“Shares”). The Heads of Agreement also contemplates the issue of deferred consideration of up to 46,350,000 Shares based on performance milestones associated with the development of the Serenje Manganese Project in Zambia.

Peter McIntyre, Director, commented *“This will be a significant acquisition for Atticus. Going forward, the focus will be on developing the potential of these assets in Zambia. The intention is to commence work on the BFS for the Serenje Ferromanganese Project in Q2 2012 with a view to being in a position to commit to the project within 12 months.”*

“For some time, Atticus has been looking for a project that combines the right commodity mix with an expected near term business case, the right people and that can be scaled up over time. The Company is excited by the development of the Serenje Project and the potential to leverage this development and scale up, duplicate or replicate this project in other parts of Southern Africa.”

“Jacques and his team have the experience and African business know-how to take this project from a concept through to a fully developed operation. Atticus looks forward to its transformation from an exploration company through development to production over the next 24 months.”

THE PROJECT

SERENJE FERROMANGANESE PROJECT, ZAMBIA

The Serenje Manganese Project in Zambia was identified by Zamanco based on the known widespread occurrences of high grade manganese in the area, the available power supply and the ability to transport beneficiated product to port.

The business case for smelting manganese from high grade ore close to the mine is attractive when taking into consideration the cost of transport from African mines to smelters elsewhere in the world.

The Serenje Manganese Project comprises three individual components – mining/ore beneficiation, ferromanganese smelters and an aluminothermic manganese metal smelter.



With regards to the mining phase, Zamanco has entered into two joint venture agreements related to manganese tenements in the area north of the Serenje area of Zambia. These tenements, LPL12897 and LPL14553, will undergo high priority exploration. Zamanco has also entered into discussions with various small scale miners in the Mansa area regarding the purchase of material for the proposed smelting operation.



Photos of outcrops within the Mansa tenement (LPL12897)



Aluminothermic process - example

If resources are defined and mining operations established on the tenements, Zamanco plans to transport the product to its proposed smelter location at Pensulo, near Serenje. The Pensulo location has been selected based upon its proximity to Zesco's Pensulo sub-station, tar road access to Beira and the rail system linking to Dar-Es-Salaam. Zamanco has secured 150ha of tribal land near Pensulo for the construction of its smelting plant.

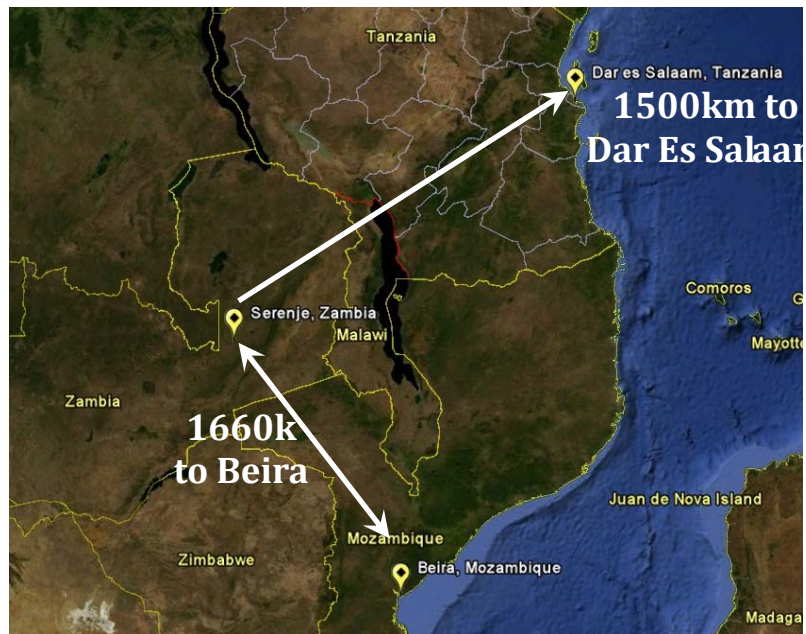
If established, the smelting operations at Pensulo will consist of an aluminothermic smelter, capable of producing up to 12,000 tonnes of 95% content low carbon manganese metal per annum, and three 8MVA DC smelters producing up to 60,000 tonnes of High Carbon Ferro-Manganese per annum.

Low carbon manganese metal is, amongst its other uses, used in the stainless steel production industry, where it is increasingly being used as a substitute for nickel. The aluminothermic reduction method for producing manganese metal involves an exothermic reaction between aluminium and manganese ore to produce 95% manganese metal.

High carbon ferromanganese is essential to steel production and has accounted for most manganese demand, presently in the range of 85% to 90% of the total demand for the product. Zamanco is proposing to construct three 8MVA DC smelters, which will have the capacity to produce an aggregate of up to 60,000 tonnes of 78% high carbon ferromanganese per annum.

Transportation Logistics

It is proposed that the manganese metal and ferromanganese will be transported from the smelting plant either via rail to Dar-Es-Salaam, or via road to the port of Beira in Mozambique. Trucks returning from port may be loaded with either aluminium (for the manganese metal process) or coking coal (for the ferromanganese process).



Proposed transportation routes to port



Example of Ferromanganese Smelter

Most of the logistical, engineering and mining elements required for the implementation of the project have been identified and will be subjected to a BFS commencing in Q2 2012. All of the equipment manufacturers and construction engineering firms identified by the Company have extensive experience in southern Africa.

The BFS will be used to provide a more definitive outlook on the economics of the project.

THE PROPOSED ACQUISITION

Atticus has signed a **non-binding heads of agreement** to acquire 100% of the issued share capital of Zamanco. The Heads of Agreement sets out the following terms:

- (i) the initial consideration will consist of 5,150,000 fully paid ordinary shares in the Company (**Shares**), to be paid by the Company on settlement of the Acquisition; and
- (ii) deferred consideration Shares to be paid as follows:
 - (a) 5,150,000 Shares, if the first performance milestone of a JORC-compliant Indicated Resource in excess of 1,000,000 metric tonnes at a grade of greater than 40% Mn is reached by Zamanco within 12 months of the Acquisition;
 - (b) 15,450,000 Shares, if the second performance milestone of completion of a BFS for the production of ferromanganese from the Zambian project areas (with a demonstrated capacity to produce at least 60,000 tonnes per annum for at least 10 years) is reached, and the Board of the Company approves the development of that project within 4 years of the Acquisition; and
 - (c) 25,750,000 Shares, if the third performance milestone of the completion of 12 months of continuous production from the first high carbon ferromanganese smelter within 5 years of the Acquisition is achieved.
- (iii) completion of the Acquisition will be subject to the following conditions precedent:
 - (a) execution of the formal Acquisition Agreement;
 - (b) the Company completing its financial, commercial and legal due diligence on Zamanco and its assets, to its sole and absolute satisfaction. The Company is in the process of conducting its due diligence. Part of this due diligence will focus on the joint venture arrangements in Zambia;
 - (c) execution of any restriction agreements required by ASX relating to the consideration Shares;
 - (d) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Acquisition; and
 - (e) Zamanco and the Company acquiring any necessary regulatory approvals or other consents for the Acquisition.

Pro Forma Capital Structure on Completion of the Proposed Acquisition

Current Shares on Issue	30,000,000
Shares to be issued on settlement of Acquisition	5,150,000
Shares issued on First Performance Milestone	5,150,000
Shares issued on Second Performance Milestone	15,450,000
Shares issued on Third Performance Milestone	25,750,000
Current Options on Issue (20c conversion, expire 30/09/2012)	29,400,000
Total Fully Diluted Capital Structure	110,900,000

NEW BOARD APPOINTMENTS

The current directors of the Company recognise that to manage the new activities associated with the Acquisition additional management expertise is required and propose that, subject to completion of the Acquisition, Jacques Badenhorst will take on the role of Managing Director and Thomas Hill will be appointed as an Executive Director.

Jacques Badenhorst (38 years old) is an Extractive Metallurgical Engineer, who studied at the University of Johannesburg and has 15 years hands on experience. Jacques was responsible for the design and operational management of various operations, including, platinum, copper, vanadium, diamond, gold and ferrochrome recovery plants in Southern Africa. Jacques held senior management positions with companies including Grinaker LTA and Anglo Gold. He is a member of SAIMM (South African Institute for Mining and Metallurgy), the MMMA (Mine Metallurgical Managers Association) and the Institute of Directors (IOD) of South Africa.

Thomas Hill (49 years old) has spent the past 10 years, since 2000 as a director of companies listed on the Johannesburg Stock Exchange (JSE). His involvement was with the initial listing of these companies, funding and management. He holds an Engineering (electronics) degree from the University of Pretoria and a Masters degree in Business Leadership from the University of South Africa, (their MBA program). Thomas has built his experience around the listing, funding and running of listed companies and has over the past 18 months focussed extensively on the minerals and mining industry in Southern Africa.

CHANGE TO NATURE AND SCALE – CHAPTER 11 OF THE ASX LISTING RULES

The acquisition of Zamanco constitutes a change to the nature and scale of the Company's activities. As part of satisfying its requirements with Chapter 11 of the Listing Rules, the Acquisition must be approved by the Company's Shareholders at a general meeting.

The Company's Shareholders will receive a notice of meeting setting out various resolutions relating to the Acquisition. A detailed explanatory statement will accompany the Notice and will be distributed to all Shareholders prior to the Meeting. However, ASX is not applying Listing Rule 11.1.3 and accordingly the Company is not required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Indicative Timetable

The dates below are indicative only. The Directors reserve the right to vary the dates without prior notice, which may have a consequential effect on the other dates.

Event	Date
Execution of Formal Acquisition Agreement	On or before 4 November 2011
Dispatch of Notice of Annual General Meeting seeking approval of the Acquisition	17 November 2011
Annual General Meeting to approve the Acquisition and change in nature and scale of activities	16 December 2011

The timetable is subject to change and the directors reserve the right to amend the timetable at any time.

The Company and the vendors of Zamanco are currently in the process of finalising the formal Acquisition Agreement. It is expected the formal Acquisition Agreement, on terms similar to those set out in the non-binding heads of agreement, will be executed in the near future. The Company will advise the ASX of any material developments relating to the proposed Acquisition or the execution of the Acquisition Agreement.



Geoff Donohue
Chairman

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