



30 November 2012

Company Announcements
ASX Ltd
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INVESTMENT AGREEMENTS FOR PURCHASE OF KAZAKHSTAN OIL-FIELD INTERESTS

Australia Oriental Minerals NL (the “Company”) is pleased to announce that it has today entered into two Investment Agreements which will facilitate the acquisition of an 80% working interest in the subsurface use rights to the South Kozha and Karagan oil-fields in Kazakhstan (**Kazakh Oil Fields**).

These assets have been described in recent announcements made by the Company.

The key commercial terms of the two Investment Agreements are outlined in Attachment 1.

The General Meeting of Shareholders of the Company held on 14 November 2012 passed various resolutions including approval for the Company to make a significant change to the nature and scale of its activities to become an oil and gas exploration and production company (as a holder of 80% working interests in the Kazakh Oil Fields) and to undertake a placement of shares to raise up to \$20M. The Company expects to make that placement in the next few weeks, the funds from which will be primarily utilised to fund the purchase, operation and development of the Kazakh Oil Fields.

The Company had previously entered into sale and purchase agreements with two counterparties to a Binding Heads of Agreement (**BHA**) which had been entered into with the holder of subsurface use rights to the Kazakh Oil Fields (which gave those counterparties rights to investigate and to seek to agree the acquisition of an aggregate 80% interest in the Kazakh Oil Fields). Under those sale and purchase agreements, the Company had an entitlement to have assigned to it the vendors’ rights under the BHA. That assignment was contingent upon the BHA, being in good standing, which has not transpired. As a consequence, the shares and options that the Company had agreed to issue the vendors under the sale and purchase agreements will now not be issued.

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Attachment 1 - Key Commercial Terms of the Investment Agreements

The two Investment Agreements (and two associated Agreements) have been entered into by a wholly owned subsidiary of the Company, AO Energy (Singapore) Pte Ltd (**AOE**). The first Investment Agreement facilitates the acquisition by AOE of an 80% working interest in the subsurface use rights to the South Kozha oil field, and the second agreement facilitates an acquisition by AOE on identical terms of an 80% working interest in the Karagan oil field.

Under each of the Investment Agreements, the mechanism by which AOE is to acquire its 80% interest is as follows:

- (i) the parties will cause a special purpose joint venture company to be established in Kazakhstan (**JV Company**) in which AOE will have an 80% shareholding and the current indirect owner of the subsurface use rights (the **Kazakh Partner**) will have a 20% shareholding interest;
- (ii) the parties will put in place a shareholders agreement which will regulate how the JV Company's operations are to be managed;
- (ii) subject to various conditions being satisfied (including the obtaining of consents and waivers from Kazakhstan authorities), the acquisition will then be completed by:
 - (a) the Kazakh Partner facilitating the assignment of the applicable subsurface right to the JV Company; and
 - (b) the JV Company assuming their respective shares of the principal outstanding under the loan advanced by the BTA Bank JSC in respect of the Kazakh Oil Fields.

Accordingly, upon completion of the transactions provided for in the Investment Agreements, AOE will hold an 80% shareholding interest in two companies which in turn will own the subsurface use rights to the Kazakh Oil Fields.

The aggregate consideration payable for the two acquisitions to be effected under the Agreements is as follows:

- (i) the payment of US\$2.0M million in two instalments of US\$0.5M and US\$1.5M, contingent upon progress in completing the Agreements, with the latter due effective upon completion occurring;
- (ii) the making of a principal repayment to BTA Bank JSC of US\$4.3 million under the existing financing facility for the Kazakh Oil Fields. This amount will be advanced by AOE to an escrow account within the next few weeks, and then released to the Bank upon completion. A balance of non-recourse project finance of US\$38.7 million will remain in place;
- (iii) AOE's agreement to fund the Kazakh Partner's 20% share of work programs relating to the Kazakh Oil Fields to a maximum (net) amount of US\$9.6 million. It is anticipated that this will be paid back out of production revenue; and
- (iv) the advancement of a loan of US\$2.5 million to the Kazakh Partner, which will be repaid by the Kazakh Partner out of its share of dividends from the JV Companies.