



18th June 2012

ASX RELEASE

Company Announcements Officer
Australian Securities Exchange
Level 4
20 Bridge Street
Sydney NSW 2000

CAPE RANGE SIGNS TERMS SHEET TO ACQUIRE MONGOLIAN COAL ASSETS

Cape Range Ltd (ASX Code: **CAG**) is pleased to announce that it has signed a Terms Sheet with Yong Sheng Mining Company Ltd (“YSM”), of Mongolia, to acquire three Mongolian coal projects.

Pursuant to the Terms Sheet, CAG is to acquire either 100% YSM or 100% of the exploration assets owned by YSM, for a total consideration of 35 million fully paid ordinary shares in CAG (the “Transaction”).

The Transaction is subject to; inter alia, the satisfactory completion of due diligence, subject to CAG shareholders approval and CAG complying with Chapters 1 and 2 of the ASX Listing Rules. Following completion of the Transaction, it is anticipated that the Company’s securities will be re-instated to Official Quotation by ASX.

YSM has further agreed to irrevocably secure for CAG \$500,000 in working capital. This working capital will initially be satisfied by CAG issuing a convertible note to YSM, or its nominee. Following completion of the Transaction and subject to the receipt of shareholder approval, this convertible note will be converted into 10 million fully paid ordinary shares in CAG at an issue price of 5 cents per fully paid ordinary share.

CAG will offer a nominee of YSM a seat on the Company’s Board following completion of this initial capital raising.

Background on YSM Projects

YSM is the owner of the following Mongolian coal exploration licences:

- 75% interest in exploration licence 15461X, covering an area of 17,927.01 hectares in the Dornogovi Province;
- 100% interest in exploration licence 15407X, covering an area of 4,919.13 hectares in the Dundgovi Province; and

CAPE RANGE LTD



ABN 43 009 289 481

- 100% interest in exploration licence 15134X, covering an area of 11,133.86 hectares in the Khentii Province.

The three exploration licences are characterised as being either “Low Thermal” (Tenement 15134X), with calorific values ranging between 3,900 to 6,700 (Kcal/kg), “Brown” (Tenement 15407X) and “Thermal” (Tenement 15461X), with calorific values ranging between 4,800 to 6,300 (Kcal/kg).

Exploration licence 15134X contains a delineated 16 metre thick, shallow (near surface) coal seam whilst exploration licence 15407X has intercepted a 24 metre thick coal zone at a depth of approximately 50 metres.

YSM has engaged independent Australian geological firm, Salva Resources Pty Ltd (“Salva”), to carry out an evaluation of their exploration licences. Salva’s report will comply with the Australian’s VALMIN Code (2005 edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports) for Independent Expert Reports. Salva has extensive experience in the preparation of independent valuations.

Cape Range confirms that it has commenced its due diligence into YSM and YSM’s exploration assets and will report its findings as soon as possible.

The Foreign Investment Law of Mongolia 1993 regulates matters relating to the operations of foreign invested business entities within Mongolia. A key aspect of the foreign ownership and investment regime is that foreign investors are permitted to own 100% of any registered business and generally are not required to have a Mongolian partner.

Joe Cornelius BSc, MAustIMM, MAIG, SIA
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves of the projects owned by CAPE RANGE Ltd is based on information compiled by Mr. Joe Cornelius, who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Cornelius consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

For further details, please contact Joe Cornelius on +61 (08) 9479-6044 or Wayne Johnson (Chairman) on +61 (02) 8226-3330.

Unit 5, 324 Great Eastern Highway, Ascot, 6104
PO Box 401, Belmont, WA, 6984

Telephone: +61 (08) 9479 6044 Facsimile: +61 (08) 9479 4044 Email: admin@caperange.com.au