



26 October 2012

Noble reiterates support for Zhongrun transaction

Noble Mineral Resources Limited (ASX: NMG) ("Noble" or the "Company") today responded to the unsolicited financing proposal submitted by Resolute Mining Limited ("Resolute") after close of market on 24 October 2012, by reiterating its strong support for the Zhongrun transaction.

Noble Managing Director, Wayne Norris said: "After carefully reviewing the terms of Resolute's proposal, **the Noble Board remains strongly and unanimously of the view that proceeding with the Zhongrun transaction continues to be in the best interests of all Noble shareholders.**"

"Noble has a number of fundamental concerns regarding the unsolicited and incomplete proposal put forward by Resolute. It is of inferior value to Zhongrun's proposal, does not provide the immediate funding certainty that the Zhongrun proposal does, and would leave the Company highly geared by comparison."

"By contrast, the proposed two-tranche A\$84.7m placement to Zhongrun will provide a much needed immediate cash injection, with a commitment from Zhongrun to transfer the Tranche 1 funds to Noble within 24 hours following Noble shareholder approval on 31 October 2012. The Zhongrun proposal will see Noble ungeared, unhedged and fully funded through the Bibiani project ramp-up to cash-flow positive production."

"**Noble considers the risks associated with not approving Tranche 1 of the Zhongrun transaction to be significant and any delay to the receipt of this immediate equity funding may be detrimental to Noble's ability to meet existing liabilities and fund ongoing activities.**

"**The Noble Board urges Noble shareholders to vote in favour of Tranche 1 of the Zhongrun transaction at the 31 October 2012 general meeting by lodging their proxies by 10am on Monday, 29 October or attending and voting at the meeting.**"

Specific Concerns Highlighted by Noble in Relation to the Resolute Financing Proposal:

Inferior value: The Resolute proposal envisages the issue of convertible notes at a conversion price of A\$0.12 per Noble share, which is a significant discount to Noble's current market trading levels, and an even greater discount to the A\$0.16 and A\$0.18 per share premium prices at which Zhongrun has committed to subscribe for new Noble shares for Tranches 1 and 2 respectively. Should Zhongrun elect to invest an additional A\$55.4m in Noble, it has agreed to subscribe for these shares at an even higher price of A\$0.23 per Noble share.

Importantly, Noble does not consider that Resolute's convertible note offer would necessarily be an attractive proposition for a significant portion of its shareholders, based on shareholder participation



in the Company's most recent equity issue, as well as feedback received from certain of the Company's key shareholders since the Resolute announcement. Noble considers the proposal to be an attempt by Resolute to acquire control (or effective control) over Noble without paying a control premium.

Lack of certainty: Unlike the Zhongrun transaction, which will see Noble receive the proceeds from Tranche 1 within 24 hours of the 31 October 2012 general meeting, the Resolute proposal remains incomplete and subject to a number of conditions, including execution of binding legal agreements.

Furthermore, the availability of the short-term funding proposed by Resolute is uncertain as it would be subject to agreement with, and approval by, Noble's existing project loan provider to extend their existing facilities and further increase Noble's debt levels. Assuming such agreement could be reached with Noble's existing project loan provider; there is no clarity on what the associated terms and conditions might be, nor on the timing of the funding approval and execution of associated agreements.

The Zhongrun transaction would see sufficient equity injected to more than meet all existing liabilities, and complete commissioning of the Bibiani gold plant to bring the project to an ungeared, cashflow positive position within a matter of months following completion of Tranche 2 of the recommended placement, which, subject to shareholder approval is reasonably expected to be finalised in January 2013.

Zhongrun has submitted to Noble a copy of its *Overseas Investment Certificate* issued to Zhongrun by the Chinese Ministry of Commerce on October 15 2012, which demonstrates that Zhongrun has more than sufficient funds available for Tranche 1 and already approved for investment overseas. Zhongrun has also confirmed that it is already well progressed with securing the necessary Chinese approvals for Tranche 2 and that no issues have arisen and these approvals are expected to be secured in a timely manner.

Increased gearing: The Resolute proposal would result in a material increase in Noble's gearing levels, with Noble required to service A\$85m of debt carrying an 8% coupon payable semi-annually, significantly increasing the Company's risk. In contrast, the Zhongrun equity investment would significantly strengthen Noble's balance sheet and position the Company for future growth as an ungeared and unhedged gold producer.

Unequitable: Resolute's announcement released to the ASX on 25 October 2012 stated that Resolute has entered into conditional share sale agreements with certain Noble shareholders to acquire 19.99% of Noble's shares by exchanging their Noble shares for Resolute shares at a 12:1 exchange ratio. These share sale agreements are conditional upon the Zhongrun investment not proceeding and Resolute's financing proposal being accepted by Noble.

Noble notes that the terms of the conditional share sale agreements entered into with certain Noble shareholders are not being extended to all Noble shareholders. A minority of Noble shareholders have therefore been incentivised to encourage the defeat of the Zhongrun proposal, and seek to ensure that Resolute's own proposal is positioned to succeed.



Additional Benefits of the Zhongrun Transaction

The Zhongrun transaction offers certain additional benefits for Noble, including:

- the proposed addition of well-qualified nominees to Noble's Board, who have more than 90 years of collective gold mining experience and expertise in key fields including geology, mining and metallurgy, spanning operations in Africa, South and North America, China and Asia;
- the ability to secure low cost mining supplies and equipment that can significantly reduce Noble's future mining development and production costs; and
- well-established relationships with financial institutions in China and the ability to assist Noble with securing financing at very competitive rates, if required.

Overview of Resolute's Financing Proposal

Resolute's unsolicited financing proposal, received after the market closed on 24 October 2012, proposes that:

- Noble would raise A\$78.7m by undertaking a 1-for-1 pro-rata non-renounceable entitlements offer to all existing Noble shareholders of convertible notes with a conversion price of A\$0.12 per Noble share, with the offer fully underwritten by Resolute;
- Noble would raise a further A\$6.3m by undertaking a placement of 52.8m convertible notes to Resolute on the same terms as the entitlements offer; and
- Resolute would guarantee a US\$20m extension to Noble's existing project loan facility with Investec.

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