



**robe**  
AUSTRALIA  
LIMITED

24 October 2012

**STRICTLY PRIVATE AND CONFIDENTIAL**

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**PROPOSED ACQUISITION OF KUMAI ENERGY LIMITED**

The Board of Robe Australia Limited (ASX:ROB) (Robe or the Company) is pleased to announce that it has executed a Terms Sheet and subject to Shareholder approval proposes to execute Share Sale Deeds to acquire 100% of the issued shares in Kumai Energy Limited (Kumai) (hereinafter referred to as the Transaction) for consideration of 24,667,670 fully paid shares in Robe (post consolidation). Robe has also provided a secured loan of \$200,000 on arm's length commercial terms to meet existing commercial obligations of Kumai pertaining to its existing Licenses.

Kumai was incorporated in February 2011 to acquire and progress the development of three coal projects (encompassing four minerals Exploration Licenses) located in Mongolia. In addition to establishing itself as a coal explorer and developer in Mongolia, the company may also review opportunities in coal projects located in other parts of the world.

The Board of Kumai comprises mining industry professionals who bring considerable international experience, including Mongolian coal expertise over the past 3 years, to Robe. Subject to Shareholder approval of the Transaction it is proposed that:

- Craig McGuckin (*Dip. Minsurv Class 1, Dip Surfmin*) be appointed Managing Director.

Craig McGuckin is a qualified mining professional with 26 years experience in the mining, drilling and petroleum industries. He has held senior positions including Senior Planning Engineer, Mine Manager and Managing Director of private and publicly listed companies. Mr McGuckin was a founding Executive Director of Rheochem Plc (now Lochard Energy Group Plc), which is quoted on the Alternative Investment Market of the London Stock Exchange and listed on the ASX. As Executive Group General Manager, he was responsible for the company's expansion into the Indian, Indonesian and New Zealand drilling fluids market; and

- Peter Youd (*B Bus (Accounting), AICA*) be appointed as an Executive Director and Chief Financial Officer of Robe.

Peter Youd is a Chartered Accountant and has extensive experience within the resources, oil and gas services, financial services and e-business industries. For the last 25 years Mr Youd has held a number of senior management positions and directorships for publicly listed and private companies in Australia and overseas. Mr Youd is a non-executive director of Lochard Energy Group Plc.

As a consequence, it is expected that Mr Shaun Stone and Mr Rob Hodby will stand down at the conclusion of the Annual General Meeting and in addition Mr Peter Bolitho will also retire as Company Secretary and Ms Nerida Schmidt will be appointed to this role.

Soon after its incorporation, Kumai acquired Kumai Energy Pte Ltd, a company incorporated under the laws of Singapore (KEPTE) for the purpose of progressing the exploration and potential development of the Projects (defined below) in Mongolia.

On 30 September 2011, KEPTE entered into share purchase agreements and acquired 70% of the issued shares in Khangai Prospecting LLC (**Khangai**). Khangai is a limited liability company organized under the laws of Mongolia and is the registered holder of exploration licenses XV-014571X, XV-014572, XV-014573 and XV-014574 (collectively, **Licenses**). On 17 October 2011, KEPTE entered into a shareholder agreement with the other shareholders, which governs the Khangai shareholders' relationship vis-a-vis one another.

The Licenses are referred to by the following names:

- i. XV-014571 - **Khangai Saikhan Project**;
- ii. XV-014572 - **Khangai Altangobi Project**;
- iii. XV-014573 and XV-014574 - together **Khangai Tevshin Project**.



### Previous Work

Kumai completed a Geophysical MAG survey over approximately 14% (sufficient sized program to meet annual work requirements) of the 4 Licenses in November 2011 to identify initial drilling targets based on historical Geological resource maps. The MAG surveys provided initial information on potential coal basin shapes and initial hole locations were selected for Licenses 14571, 14573 & 14574. The MAG survey over the non-coal License 14572 showed significant anomalies similar to the regional geological map.

### Planned Program

Due to the late commencement of exploration by Kumai in the 2012 exploration season the following exploration program is proposed to ensure the annual work program expenditure is met and the proposed drill hole locations are located in best position.

### Budget for Proposed Exploration to meet Annual Commitments

License	Task	Units	USD Unit Cost	Total USD Cost (Inc VAT)
14571	Dipole – Dipole IP/Km	68	500	37,400
14571	Mapping/Soil Sampling	441	20	9,702
14572	Mapping/Soil Sampling	812	20	17,864
14573 & 14574	Dipole – Dipole IP/Km	38	500	20,900
14573 & 14574	Mapping/Soil Sampling	817	20	17,974
<b>Total</b>				<b>103,840</b>

### Annual License Fees

The annual License fees are required to be paid on or prior to 5th December 2012. The schedule below provides a summary of the fees.

License	Area (Ha)	Annual Payment (USD)
14571	44,444.24	44,444
14572	17,975.41	17,975
14573	1,672.23	1,672
14574	7,314.25	7,314
<b>Total</b>		<b>71,405</b>

### Khangl Tevshin Project (Licenses XV-014573 and XV-014574)

KEPTE completed an initial geophysical magnetic survey over a portion of the project area in late 2011. Results from this survey have been used to generate initial drill targets for the 2012 exploration season. Key details of the Khangl Tevshin Project are set out below:

- The Khangl Tevshin Project consists of two exploration Licenses.
- The combined project area is 8,986 hectares (89.9 km<sup>2</sup>).
- The project area is situated between two existing established coal mines.

- The area under investigation is located within the East Mongolian Coal Zone that covers approximately 450,000 km<sup>2</sup>.

#### **Khangai Saikhan Project (License XV-014571)**

KEPTE completed an initial geophysical magnetic survey over a portion of the project area in late 2011. Results from this survey have been used to generate initial drill targets for the 2012 exploration season. Key details of the Khangai Saikhan Project are set out below:

- The Khangai Saikhan Project covers 44,444 hectares (444,4 km<sup>2</sup>) and is located in the Ongin gol and Ikh Bogd Coal Basin.
- The exploration potential appears to be very good for coal measures of similar age to the nearby Saikhan Ovoo coal mine should the regional interpretation be proven correct.

#### **Khangai Altangobi Project (License XV-014572)**

KEPTE completed an initial geophysical magnetic survey over a portion of the project area in late 2011. Results confirmed historical geological mapping for copper-gold anomalies within granitoid bodies, should the regional interpretation be proven correct. Key details of the Khangai Altangobi Project are set out below:

- The Khangai Altangobi Project area is 17,975 hectares (179.75 km<sup>2</sup>).
- Kumai completed a geophysical magnetic survey on the Khangai Altangobi Project in 2011 for orientation purposes and to aid in "proofing" of the historical geological interpretation. The results have been used to formulate a regional geochemical soils sampling program in excess of 1,100 samples and multi-element analysis.

The Board of Robe advises, that prior to completion of the proposed Transaction, certain conditions precedent will be triggered including:

- A review of the Share Sale Deed and requirements pursuant to ASX listing rules including the impact of Chapters 1 and 2 of the ASX listing rules: and
- The need to hold a general meeting of Shareholders to confirm and ratify the Board of Robe's decision in respect to the Share Sale Deed.

The proposed Transaction constitutes a change in the nature of the Company's activities and as such it is required, pursuant to Listing Rule 11, that approval is obtained from shareholders at a general meeting and the Company re-comply with Chapters 1 and 2 of the Listing Rules. If the transaction is approved by shareholders, the Company's securities will be suspended from trading following the general meeting until the requirements of Chapters 1 and 2 of the Listing Rules have been satisfied. The notice of meeting that is sent to shareholders will contain further information regarding the acquisition and the change of activities.

An indicative timetable in relation to the action target dates is as follows:

Dispatch of Notice of Meeting to approve change of activities and issue of shares to Vendors of Kumai	29 October 2012
General Meeting of Shareholders	30 November 2012
Suspension of securities	30 November 2012
Lodgment of Prospectus with ASIC	23 November 2012
Closing date under Prospectus <sup>^</sup>	24 December 2012
Anticipated date of lifting of suspension and commencement of trading of securities	24 January 2013

*^The Board may in its absolute discretion close the offer pursuant to the Prospectus early.*

Subject to execution of Share Sale Deeds by the vendors, the Board will advise Shareholders of the need to approve the Transaction at the Annual General Meeting of Shareholders of Robe which is expected to be held on 30 November 2012.

On approval of the Transaction it is also proposed that the capital of the Company is consolidated as follows:

- The issued capital of the Company be consolidated on the basis that:
  - (a) every forty (40) Shares be consolidated into one (1) Share; and
  - (b) every forty (40) Options be consolidated into one (1) Option,

and where this consolidation results in a fraction of a Share or Option being held by a Shareholder or Option holder (as the case may be), the Directors be authorised to round that fraction up to the nearest whole Share or Option;

- The Consolidation of the capital structure of the Company is required to ensure that the Company can comply with Chapters 1 and 2 of the Listing Rules and obtain re-quotation of its Shares on the official list of ASX. As a consequence and subject to approval of the requisite resolutions at the general meeting the Company expects the number of Shares on issue will reduce from 456,278,415 to 11,406,960; and
- Section 254H of the Corporations Act provides that Robe may, by a resolution passed in a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares. ASX Listing Rule 7.22 also requires that the number of options on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

As a consequence and subject to approval of the requisite resolutions the Company expects the number of ASX listed 1 cent Options (exercisable on or before 31 December 2014) on issue will reduce from 282,188,557 to 7,054,713 and the exercise price of the Options shall be increased by a multiple of forty, to be exercisable at \$0.40 per Option.

### **Capital Raising**

Subject to Shareholder approval of the Transaction, a further capital raising will be required to fund further exploration and development of the Licenses.

The Company proposes to issue and allot up to 17,500,000 New Shares at an offer price of \$0.20 with a free attaching option exercisable at \$0.20 on or before 5:00pm (WST) on 17 October 2016 which will raise up to \$3,500,000.

Robe has mandated CPS Securities in respect to the capital raising and expects a Prospectus will be issued subsequent to the acceptance by Shareholders of the Transaction. It is the intention of CPS Securities to raise \$2.5 million (on a best endeavours basis) through an offer of 12,500,000 New Shares at an offer price of \$0.20 with a free attaching option exercisable at \$0.20 on or before 5:00pm (WST) on 17 October 2016.

The Company will also make a Priority Offer to existing Robe shareholders of up to 5,000,000 New Shares at an offer price of \$0.20 with a free attaching option exercisable at \$0.20 on or before 5:00pm (WST) on 17 October 2016 to raise up to \$1.0 million.

### Proposed Capital Structure Post Consolidation and Capital Raising

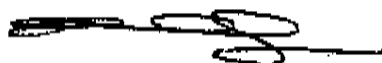
Subject to Shareholder approval of the Transaction, the passing of all Resolutions as proposed and completion of the proposed capital raising, ASX approval and recompliance with Chapters 1 & 2 of the Listing Rules, the Board expects the restructured capital structure of Robe to be as follows:

Securities	Shares	Options
<b>LISTED</b> Robe Shares	63,772,181	
<b>LISTED</b> Options (each exercisable at 40 cents on or before 5:00 pm (Melbourne time) on 31 December 2014)		7,054,713
<b>LISTED</b> Options (each exercisable at 20 cents on or before 5:00 pm (WST) on 17 October 2016) issued pursuant to a proposed Prospectus		17,500,000
<b>UNLISTED</b> Options (each exercisable at 20 cents on or before 5:00 pm (WST) on 17 October 2016)		23,198,551
<b>TOTAL</b>	<b>63,772,181</b>	<b>47,753,264</b>

Shareholders will also be asked to consider at the Annual General Meeting Transaction Resolutions in relation to:

- The change to the nature and scale of activities of Robe for the purpose of ASX Listing Rule 11.1.2;
- Consolidation of Robe existing Shares and Options on a 40:1 basis;
- The name of the Company being changed to 'Mongolian Resources Limited';
- Issuance of Shares and Unlisted Options to CPS Securities in consideration of their services;
- Adoption of an Employee Share Option Plan;
- Issuance of 13,000,000 Director and Key Management Personnel Unlisted Options, predominantly to the proposed new Directors, exercisable at \$0.20 on or before 5:00pm (WST) on 17 October 2016; and
- Sundry other Resolutions.

Yours faithfully



Peter Reilly  
Chairman