



# outbackmetals

16 November 2011

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY, NSW 2000

Dear Sir

## POTENTIAL INVESTMENT FROM CHINESE INVESTOR IN OUTBACK METALS

Outback Metals Limited (ASX:OUM) and two of its major shareholders, South Cove Limited (SCL) and Territory Development Corporation Pty Ltd (TDC), have been in negotiations with several parties who have expressed interest in investing in OUM.

Negotiations with Midcn Land Resources Investment Holding Company Limited (MCLI), a Chinese state owned enterprise, have advanced to the documentation stage and the parties are working towards a binding agreement that will provide for:

- MCLI to purchase the 83,116,776 shares in OUM held by SCL (representing 35.85% of OUM's present issued share capital),
- MCLI to purchase the 73,252,250 shares in OUM held by TDC (representing 31.62% of OUM's present issued share capital),
- MCLI to subscribe in cash for 60,000,000 new shares in OUM (MCLI's holding in OUM will then represent 74.81% of OUM's expanded issued share capital).

The above transactions, and therefore the completion of the agreement, will be subject to certain conditions including:

- i. The approval of OUM shareholders in general meeting in compliance with the Corporations Act 2001 and the ASX Listing Rules,
- ii. The Treasurer of the Commonwealth of Australia ceasing to be empowered to make an order under the Foreign Acquisitions and Takeover Act 1975 (Cth) or giving advice in writing to the effect that the Commonwealth of Australia has no objection in relation to the proposed transactions,
- iii. Approval from the Development Reform Committee of the Peoples Republic of China,
- iv. Completion of due diligence in respect of OUM to the reasonable satisfaction of MCLI.

The OUM Board will consider all appropriate proposals in the best interests of OUM and will continue to update shareholders as appropriate. However, there is no assurance that this process will result in the completion of any transaction or any formal proposal being submitted for shareholders' consideration.

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A further announcement will be made as soon as possible.

Yours sincerely

Graham Chrisp  
Executive Chairman