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Thursday, 9 February 2012

## **ASX ANNOUNCEMENT**

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
PO BOX H224 Australia Square  
SYDNEY NSW 2000

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### **EPIC TO ACQUIRE 15,500Ha COAL EXPLORATION LICENCES IN EAST KALIMANTAN, INDONESIA**

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#### **Highlights:**

- **Potential to acquire up to 100% ownership in two coal exploration licences in East Kalimantan**
  - **Vendors to be paid A\$800,000 via an issue of 4,000,000 Shares at a deemed issue price of A\$0.20, a 90% premium to the last traded price for the acquisition of the initial Stage 1 Interest**
  - **Exploration licences are in close proximity to the Mamahak semi-soft coking coal mine**
  - **The exploration licences cover a total land area of 15,500Ha (155km<sup>2</sup>)**
  - **The Company will undertake a technical due diligence work program on the exploration licences**
  - **Company remains fully funded with approximately A\$3.75m as at December 2011**
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The Board of Epic Resources Limited ("**Epic**" or "**the Company**") is pleased to advise that the Company has entered into a conditional agreement (the "Agreement") to acquire two coal licences (collectively "the Licences") located in the second largest Indonesian Province of East Kalimantan, Indonesia.

The Agreement sets out the terms and conditions upon which Epic agrees to acquire up to 100% of the issued shares in Subi Cove Development Limited ("Subi Cove") and Jilliby Investments Limited ("Jilliby") from the companies' respective shareholders ("the Vendors").

The Agreement relates to two exploration licences in the Long Bagun District, Kutai Barat Regency in East Kalimantan Indonesia ("the Project"). The Project lies to the south west of the Mahakam River and in close proximity to the Mamahak Village, an area known to produce semi soft coking coal.

The Company will, subject to completion of satisfactory legal and technical due diligence and the receipt of shareholder approval from the Company's Shareholders, pay an initial consideration to the value of A\$800,000 by issuing to the Vendors 4,000,000 fully paid ordinary shares in the Company ("Shares") at a deemed issue price of A\$0.20, a 90% premium to the last traded price of A\$0.105.

## About Kalimantan

Kalimantan is the world's third largest island and is made up of the Malaysian states of Sarawak and Sabah, the independent state of Brunei Darussalam in the north and north-western part of the island, with the rest of the island comprising the Republic of Indonesia. Refer to **Figure 1**.

The Indonesian part of the island is divided into 4 provinces – East Kalimantan, West Kalimantan, Central Kalimantan and South Kalimantan.

**Figure 1: Regional Location Map**



## About the Projects

Indonesia is estimated to have produced over 300Mt of coal in 2010. East Kalimantan is the most established mining area providing over 65% of Indonesia's total coal production in 2010.

The Project is located in the Kutai Barat Regency, East Kalimantan, Indonesia and lies to the south west of the Mahakam River and in close proximity to Kangaroo Resources Ltd (ASX: KRL) Mahakam semi-soft coking coal mine.

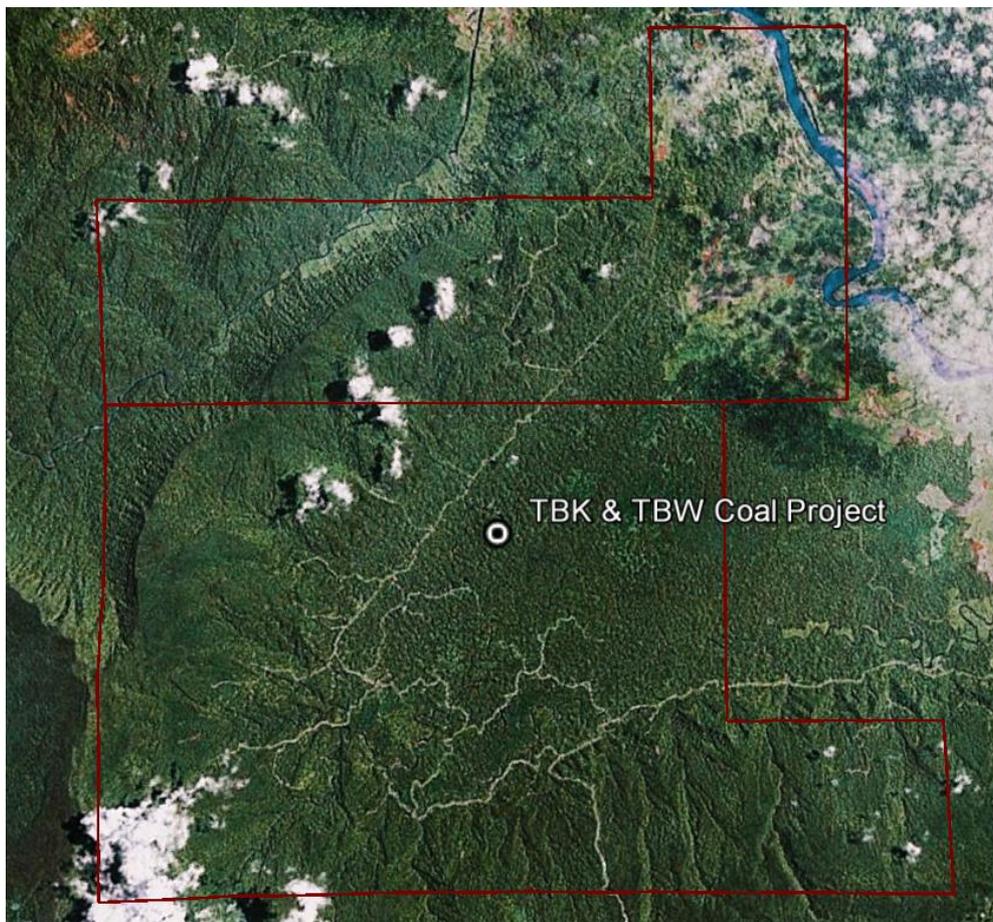
The Project area is accessible via plane from Jakarta to Balikpapan, then by vehicle to the Mahakam River and via speed boat along the Mahakam River. Access roads exist over parts of the Project area.

The Project consists of two exploration licences, as set out in **Table 1** below, covering a total land area of 15,500Ha (155km<sup>2</sup>), **Figure 2**. Dominant land uses in the region are logging and some limited private farming.

**Table 1: Tenement Schedule**

Licence ID	Tenement	Area (Ha)	Name	Status	Date Granted	Expiry Date
545/K.357a/201	PT. Tata Borneo Wikajaya	5,500	TBW	Exploration	12/04/2011	12/04/2014
545/K.355c/201	PT. Tata Buana Kharisma	10,000	TBK	Exploration	12/04/2011	12/04/2014

**Figure 2: TBK & TBW Project area with access tracks**

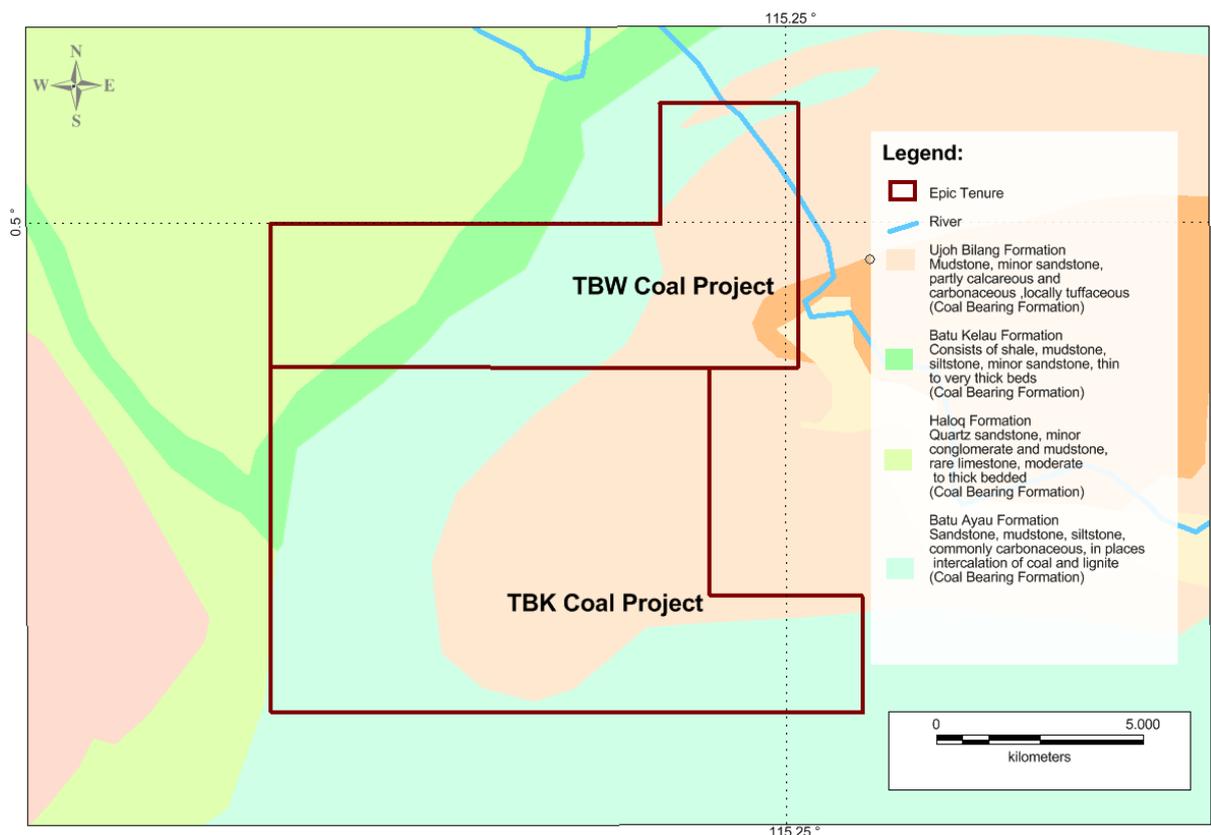


## Project Geology

Coal rank varies across Kalimantan, from lignite through sub-bituminous, high to low volatile bituminous and semi-anthracite. Four separate coal bearing formations have been identified in the licence area (**Figure 3**), these include:

- Ujoh Bilang Formation – Mudstone, minor sandstone, partly calcareous and carbonaceous, locally tuffaceous
- Batu Kelau Formation – Consists of shale, mudstone, siltstone, minor sandstone, thin to very thick beds
- Haloq Formation – Quartz sandstone, minor conglomerate and mudstone, rare limestone, moderate to thick bedded
- Batu Ayau Formation – Sandstone, mudstone, siltstone, commonly carbonaceous, in places intercalation of coal and lignite

**Figure 3: Project Geology**



## Transaction Details

Subject to completion of satisfactory legal and technical due diligence and the receipt of shareholder approval from the Company's shareholders, the Company has agreed to purchase up to 100% of the issued capital in each of Subi Cove and Jilliby, on the terms set out below.

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## Stage 1 Interest

The Company may earn an initial 15% interest in each of Subi Cove and Jilliby by issuing to the Vendors 4,000,000 Shares upon satisfaction (or waiver) of the conditions precedent, below, (together "the Conditions Precedent"):

- I. the receipt of shareholder approval from the Company's shareholders in a general meeting for the acquisition;
- II. The Company completing and being satisfied with its legal and technical due diligence investigations on each of Subi Cove and Jilliby's business operations, including the Licences, to the absolute discretion of the Company; and
- III. all necessary, regulatory and tax consents or approvals for the proposed transaction being received.

If the Conditions Precedent set out above are not satisfied (or waived by Epic) on or before 30 April 2012 or such later date as agreed by the parties, then either party may terminate the Agreement.

## Stage 2 Interest

Where, within 12 months of the satisfaction of the Conditions Precedent, the Company successfully defines:

- a 20mt Inferred Resource in accordance with JORC Guidelines of coal that meets certain minimum specifications within the Project,

the Company will earn an additional 40% interest in each of Subi Cove and Jilliby by issuing to the Vendors a further 20,000,000 Shares.

## Stage 3 Interest

If, within 18 months of the satisfaction of the Conditions Precedent, the Company successfully defines:

- I. a 20mt Indicated Resource in accordance with JORC Guidelines of coal that meets certain minimum specifications; and
- II. a 20mt Inferred Resource in accordance with JORC Guidelines of coal that meets certain minimum specifications,

within the Licences, the Company will earn an additional 45% interest in each of Subi Cove and Jilliby by issuing to the Vendors a further 45,000,000 Shares.

Further details will be provided in a Notice of Meeting to be issued to the Company's Shareholders shortly. The Company will continue to provide regular updates to the market with the progress of the transaction and the outcomes of the legal and technical due diligence.

Mr Faldi Ismail, Executive Chairman, Epic Resources Limited, commented:

*"This is an exceptionally exciting transaction for Epic. Not only does it provide an attractive entry into one of the most exciting mineral-rich countries in the world, but also provides potential access to a commodity that has experienced strong demand growth as a direct result of the industrialisation of China and India. This bodes well for a very exciting future for the Company."*

**-Ends-**

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### **About Epic Resources Limited**

Epic Resources is an Australian-based exploration company that was initially established to acquire, explore, evaluate and exploit uranium-REE deposits and explore prospective uranium tenements and other minerals.

Epic Resources entered into a Farm-in Agreement with Cazaly Iron Pty Ltd (Cazaly), pursuant to which the Company has a right to earn a 75% interest in the Quartz Hill Project.

In addition to seeking to earn a 75% interest in the Quartz Hill Project and as outlined in the Company's Prospectus, the Company intends to pursue new projects in the resources sector, both in Australia and overseas, by way of acquisition or investment.

These projects may include other types of minerals including, without limitation, coal, iron ore, copper, gold, manganese, tin, nickel, potash and tungsten.

For more information, visit [www.epicresources.com.au](http://www.epicresources.com.au) or contact:

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