



## **PROPOSED MERGER WITH NORTHERN MANGANESE LIMITED AND IMMEDIATE SALE OF 51% STAKE IN REDCLIFFE GOLD PROJECT AIMING TO ACHIEVE NEAR TERM GOLD PRODUCTION**

### **Highlights**

- **51% stake in Redcliffe Gold Project sold to Northern Manganese Limited**
- **Redcliffe receives \$260,000 in cash and 13,888,889 NTM shares**
- **Transaction provides funding toward bringing Redcliffe Gold Project into production rather than going back to shareholders**
- **NTM personnel have extensive experience in mining in WA and assume project management**
- **The transaction includes agreement to operate as Farm-In/Joint Venture in the interim**
- **Redcliffe and NTM propose to merge the companies to be effected by way of a Scheme of Arrangement of Redcliffe**

Redcliffe Resources Limited (“Redcliffe” or the “Company”) is pleased to advise that it has today sold a 51% stake in the Redcliffe Gold Project (“RGP”) to ASX-listed Northern Manganese Limited (ASX:NTM) (“NTM”) in a transaction that is expected to see the RGP brought into production in the near term.

The transaction was undertaken pursuant to an acquisition and farm-in agreement with Redcliffe receiving today from NTM cash in the amount of \$260,000 and 13,888,889 fully paid ordinary NTM shares. On the basis of the 3-month Volume Weighted Average Price (“VWAP”) of NTM shares over the last three month, total consideration received up-front by RCF is approximately \$500,000. Receipt of such funds will assist Redcliffe in meeting its short-term financial obligations.

Pursuant to the agreement, NTM has become manager of the joint venture. NTM has the exclusive right to earn an additional 19% interest in the joint venture by expenditure of \$300,000 over a period of up to 18 months. At that stage Redcliffe can elect to fund its interest or NTM can sole fund to earn a further 15% interest in the joint venture, with the option to acquire Redcliffe’s remaining 15% interest by payment of \$150,000 leaving Redcliffe with a 2% Net Smelter Return royalty.

Redcliffe’s major asset is the Redcliffe Gold Project, located approximately 40 to 55 km north-east of Leonora in the Eastern Goldfields of Western Australia. The RGP encompasses granted mining leases of an area of 47 square kilometres that cover a substantial strike length of the Mertondale Shear Zone, a feature that has been demonstrated to host significant gold mineralisation in numerous deposits.

An estimated resource of 278,100 ounces of gold is currently interpreted, of which 969,000 tonnes @ 2.70g/t (84,100 ounces) is categorised as indicated with the remainder inferred.

The tenement package, which consists largely of granted mining leases, also hosts many targets that are yet to be drill-tested.

With a number of plants in the general Leonora area currently operating at less than full capacity, both Redcliffe and NTM are confident that arrangements for the processing of RGP ore can be procured on reasonable terms.



Mr Rodney Foster, Executive Chairman of RCF, said today:

*“The transaction is an outstanding result for Redcliffe and its shareholders.*

*“As much as we would like to have brought the RGP into production in our own right, the reality is that it was proving extremely difficult for us to raise the requisite funds in the current environment. The Board came to the view it is better for RCF to hold a smaller share in a producing operation than 100% of a project we couldn't fund.*

*“In NTM, we are partnering with a company that has significant funds – approximately \$1.7 million as at 30 June 2015. Moreover, because NTM has no projects as advanced as the RGP, we know that they will be just as keen as we are to expend such funds on the RGP and bring it into production as soon as possible. The fact that NTM Directors have considerable experience in the mining industry in Western Australia, as well as a host of contacts, is a bonus for us.”*

Redcliffe and NTM have also announced their intention of merging the two companies.

The proposed merger, which is the subject of a Scheme Implementation Agreement entered into today, will take place by way of a Scheme of Arrangement of Redcliffe pursuant to which shareholders in Redcliffe will receive one (1) NTM share for every two and three quarters (2.75) Redcliffe shares held. On the basis of the VWAP of both Redcliffe and NTM shares traded on the ASX over the last three months, the merger terms see NTM paying a premium of approximately 23% to Redcliffe shareholders. Holders of Redcliffe's small number of partly-paid shares will receive a commensurate offer.

Mr Foster added:

*“As shareholders would appreciate, even if funds for progressing the RGP had been available from the market, any new shares would most likely have had to be issued at a considerable discount to market. However, under the proposed merger, RCF shareholders will actually receive a premium for their shares.*

*“Moreover, insofar as the merged company will be larger than Redcliffe on a standalone basis, one could reasonably expect that market interest will be higher, which hopefully will translate into increased capital raising opportunities for the company and increased market liquidity for shareholders.”*

Redcliffe advises that preparation of the Scheme booklet and Notice of Meeting, which will include the report of an independent expert, is underway. Redcliffe anticipates that these documents will be sent to Redcliffe shareholders in early to mid October, with the meeting of shareholders to consider the merger to be held early to mid November. If all approvals are received, it is anticipated that the merger will become effective by mid to late November.

**The Directors of Redcliffe are unanimous in support of the Scheme of Arrangement and recommend that, in the absence of the emergence of a better offer, shareholders vote in favour of the proposal. The Directors will certainly be voting in favour of the proposal in respect of their own shares.**



Note that, should the Scheme of Arrangement proceed to completion as proposed, the acquisition and farm-in agreement will essentially be subsumed and the merged entity will hold 100% of the RGP.

Upon completion of the merger, Redcliffe Directors Rodney Foster and Bruce McFarlane will be appointed to the NTM Board.

The merger is conditional on a number of other matters, including that:

- At the time of the merger, the company has no options exercisable into RCF shares on issue
- No amounts are owed by Redcliffe to its Directors

In relation to the first of these matters, the company has reached agreement with holders of the 15 million outstanding options to cancel them in consideration for 3,000,000 ordinary fully paid shares in Redcliffe.

In relation to the second matter, Redcliffe Directors have agreed that that funds owing to them as a result of services provided to the Company will be converted into shares in Redcliffe, which will preserve cash for advancing the RGP.

These matters will be put to Redcliffe shareholders for their approval prior to the Scheme meeting.

In the meantime we look forward to progressing the Redcliffe Gold Project.

**Rodney Foster**  
**Executive Chairman**  
**18 August 2015**

#### **Competent Person Statement**

*The information in this report, as it relates to Exploration Results and Resource Estimates, is based on information compiled and/or reviewed by Rodney Foster who is a Member of The Australasian Institute of Mining and Metallurgy. Rodney Foster is the Executive Chairman of the Company. He 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 a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rodney Foster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Information with respect to Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

**Redcliffe Resources Limited** ABN 63 010 856 014  
Office: 523 Ligar Street Ballarat Victoria 3350  
Postal: **PO Box 63 Wendouree Victoria 3355**



**APPENDIX 1**  
**Gold Resource Information**

Deposit	Indicated			Inferred			Total		
	Tonnes	g/t Au	ounces	Tonnes	g/t Au	ounces	Tonnes	g/t Au	ounces
<b>GTS</b>	707,000	2.46	56,100	684,000	1.56	34,400	1,391,000	2.02	90,500
<b>Nambi</b>	262,000	3.30	28,000	298,000	2.50	24,000	560,000	2.88	52,000
<b>Redcliffe</b>				560,000	1.70	31,000	560,000	1.70	31,000
<b>West Lode</b>				373,000	1.20	15,000	373,000	1.20	15,000
<b>Mesa</b>				95,000	1.50	5,000	95,000	1.50	5,000
<b>GT North</b>				64,000	1.53	3,200	64,000	1.50	3,200
<b>Golden Spear</b>				26,000	1.60	1,000	26,000	1.60	1,000
<b>Kelly</b>				2,412,000	1.04	80,400	2,412,000	1.04	80,400
<b>TOTAL</b>	<b>969,000</b>	<b>2.70</b>	<b>84,100</b>	<b>4,512,000</b>	<b>1.33</b>	<b>194,000</b>	<b>5,480,000</b>	<b>1.57</b>	<b>278,100</b>

Redcliffe Gold Project Resource Table (at 0.5g/t Au lower cut off)

Note:

1. Resource tonnes and ounces have been subjected to rounding of component elements.
2. Resource Estimations for Kelly, BMGS (2012); GTS and GTN, BMGS (2011). All other deposits – Coffey Mining (2008)