



26 May 2009

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ASX ANNOUNCEMENT / MEDIA RELEASE

MEMORANDUM OF UNDERSTANDING SIGNED WITH OCHRE HOLDINGS PTY LTD

The directors of ABM Resources ("ABM") are pleased to announce a Memorandum of Understanding reached with Ochre Holdings Pty Ltd ("Ochre"), a project finance and advisory group of which Dr Nick Archibald is a director and major shareholder. Ochre pursues natural resource and infrastructure-financing opportunities globally, with particular focus on highly prospective exploration and mineral endowed regions of Australia and the Americas.

Ochre will also enter into a Natural Resources Executive Agreement with ABM as part of the arrangement. Both agreements are subject to the due diligence currently being undertaken by Ochre, the results of which will be announced on Monday, 1st June 2009.

Dr Archibald, a geologist, is best known for his work within the Australian and North American exploration industries. Dr Archibald and his team at Fractal Graphics won the Goldcorp Challenge in 2001, a global internet-based competition aimed at identifying a further 6M Oz of gold at Goldcorp's Red Lake Mine in NW Ontario, Canada. The success with Goldcorp, now a CN\$23billion major global gold company, gave the team at Fractal Graphics instant credibility in North America and led to the formation of Geoinformatics Exploration Inc. ("Geoinformatics"), an exploration company that forged strategic alliances with mining majors across the globe, including Kennecott Exploration, a subsidiary of Rio Tinto, Anglo American, Gold Fields and Goldcorp. From 2002 until 2008, Geoinformatics applied their technology advantage, making numerous discoveries over North America from Alaska to Mexico.

The Board believes the Agreement with Ochre and the future appointment of Dr Archibald to the ABM Board adds significantly to the potential value of the company. Dr Archibald's appointment will bring to ABM highly successful intellectual property in exploration, corporate experience and a high-level global network within the mining and financing sector. It is also intended that Ochre will identify and acquire a suite of new projects that, upon successful acquisition, will create a natural resources company of global significance. In the light of this refocus, the Company will also review its portfolio with particular focus on its African exploration assets.

The matters of the remuneration and incentive package for Ochre will be put to shareholders at an Extraordinary General Meeting, to be called as soon as possible. The ABM Board will commission an independent expert to prepare an assessment of the terms of the Agreement in terms of it being fair and or reasonable.

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Subject to:

- a) ABM obtaining the relevant shareholder and regulatory approvals;
- b) Ochre successfully acquiring, within 90 days of the date of the Memorandum of Understanding, at least one project on ABM's behalf on terms that are acceptable to ABM in its absolute discretion;
- c) Ochre successfully securing funding for the project(s) referred to in (b) above and any other projects brought to ABM by Ochre, on terms acceptable to ABM in its absolute discretion; and
- d) the implementation of an experienced management team acceptable to ABM in its absolute discretion,

Ochre will be allotted:

50,000,000 fully paid ordinary shares in the capital of the Company (Shares) to be issued within five (5) business days of the date upon which the Company's Shares have traded at or above a minimum volume weighted average share price (VWAP) on ASX of \$0.02 over 20 consecutive trading days. These Shares will be subject to a 12-month voluntary escrow period;

FIRST TRANCHE OPTIONS:

15,000,000 unlisted options with an exercise price of \$0.01 and an expiry date of 4 years after the issue date to be issued within five (5) business days of the date upon which the Company's shares trade at or above a minimum VWAP on ASX of \$0.02 over 20 consecutive trading days. These Options will be issued upon satisfaction of the conditions referred to in paragraphs (a) to (d) above.

SECOND TRANCHE OPTIONS:

125,000,000 Options with an exercise price of \$0.015 which may be exercised when the Company's Share price trades at or above a minimum VWAP on ASX at \$0.02 or more for 20 consecutive trading days and which expire on the date which is five years following the date of issue. These Options will be issued upon satisfaction of the conditions referred to in paragraphs (a) to (d) above.

THIRD TRANCHE OPTIONS:

125,000,000 Options with an exercise price of \$0.015 which may be exercised when the Company's Share price trades at or above a minimum VWAP on ASX at \$0.025 or more for 20 consecutive trading days and which expire on the date which is five years following the date of issue. These Options will be issued upon satisfaction of the conditions referred to in paragraphs (a) to (d) above.

FOURTH TRANCHE OPTIONS:

Upon Ochre exercising any of the Second Tranche Options, the Company will issue Ochre a further Option on a one for one basis (that is one Fourth Tranche Option for each Second Tranche Option so exercised up to 125 million Fourth Tranche Options). Each Fourth Tranche Option has an exercise price of \$0.015 and may only be exercised when the Company's Share price trades at or above a minimum VWAP on ASX at \$0.03 or more for 20 consecutive trading days and expires on the date which is five years following the date of issue.

FIFTH TRANCHE OPTIONS:

Upon Ochre exercising any of the Third Tranche Options, the Company will issue Ochre a further Option on a one for one basis (that is one Fifth Tranche Option for each Third Tranche Option so exercised up to 125 million Fifth Tranche Options). Each Fifth Tranche Option has an exercise price of \$0.015 and may only be exercised when the Company's Share price trades at or above a minimum VWAP on ASX at \$0.035 or more

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for 20 consecutive trading days and expires on the date which is five years following the date of issue.

The capital structure for the Company, assuming all shareholders approve the proposed share and option issues and all allotments occur, will be:

ABM Capital structure as at 25 May 2009

Shares:

Listed as at 25 May 2009	656,908,040
Placement	48,536,206
Total shares before Agreement	<u>705,444,246</u>
To be allotted to Ochre subject to shareholder approval and a 12 month escrow period	50,000,000
Total shares after Agreement	<u>755,444,246</u>

ABM unlisted options as at 25 May 2009:

Blackwood Capital	30,000,000
Various sophisticated investors	16,867,340
Total options before Agreement	<u>46,867,340</u>

To be issued to Ochre - unlisted First Tranche Options exercisable at 1c, term 4 years from issue on signing the Agreement and when share price trades at VWAP above 2c for 20 consecutive business days	15,000,000
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To be issued to Ochre - unlisted renewable exercisable at 1.5c, term 5 years from issue on signing the Agreement and when the share price trades at a VWAP for 20 consecutive business days- at the following prices:	
Second tranche options subject to ABM share price at 2c	125,000,000
Third tranche options subject to ABM share price at 2.5c	125,000,000
Fourth tranche options subject to exercise of options exercised in tranche 2 and share price of 3c	125,000,000
Fifth tranche options subject to exercise of options exercised in tranche 3 and share price of 3.5c	125,000,000
Maximum Grand Total Options to Ochre	<u>515,000,000</u>
Maximum Total options after Agreement	<u>561,867,340</u>

The exercise prices and conditions of the Options guarantee there must first be an uplift in the value of the Company before the Options become exercisable.

If all the unlisted Ochre Options were exercised while the current issued capital was in place, then Ochre would hold 565,000,000 ABM shares or 42.89% of ABM. The parties acknowledge that, based on ABM's current capital structure, completion of this transaction has the capacity of transferring control of ABM to Ochre. This will occur if Ochre exercises all the Options, which will inject up to \$7,650,000 in new equity funds to ABM.

ABM does not, subject to the timing of the acquisition(s), envisage raising additional capital until after the acquisition of projects under Dr. Archibald's stewardship. The Company, with Ochre's financial support, will explore available options at that time.

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In summary, the Agreement with Ochre will provide ABM with a unique opportunity, resulting in the establishment of a highly market credible structure and focus on natural resources projects of global significance. Ochre intends to provide for the Company a strategic vision and team that will include:

- The provision, developed by Dr Archibald, of a corporate, technical and geological team highly experienced in natural resource evaluation and engineering delivery;
- The building of a new Board of Directors that will include proven industry leaders from the exploration, mining and finance industries;
- The building of an internationally experienced executive team working with Dr Archibald; and,
- Commitment to provide finance to adequately capitalise the Company to meet its objectives, including commitment to finance any required infrastructure facilities ("the infrastructure") in co-operation with any operating Company partners.

The focus of ABM going forward will be the development of strategic natural resources assets with a view to becoming a mining house of global significance. Therefore it is intended that current non-core African assets will be rationalized via a sale to third parties based on market valuations.

Ochre has 7 days from the ABM Board acceptance of this offer to conduct a due diligence review of ABM and, subject to a satisfactory outcome of this review, ABM will proceed to prepare the necessary papers for the shareholders' meeting. It is ABM's intention to finalize the Notice of Shareholder Meeting and obtain the relevant regulatory approvals as soon as practicable and will convene, subject to the Corporations Act and ABM's Constitution, a meeting at the earliest possible date.

The parties have also agreed to immediately convert the Agreement into a three year binding Agreement once the 7 day due diligence work by Ochre has been successfully completed. The binding Agreement will be finalized prior to the shareholder meeting.

We very much look forward to working with Ochre in building new significant projects that generate increased shareholder value into the future.

Yours faithfully



Imants Kins
Executive Chairman
ABM Resources NL