

26 April 2013

Proposed Acquisition of Neo Resources Limited by Perpetual Resources Limited.

Perpetual Resources Limited ACN 154 516 533 ("PEC") and Neo Resources Limited ACN 007 708 429 ("NER") today announce they have entered into a Merger Implementation Agreement whereby it is proposed that PEC will acquire all of the issued capital in NER for the issue of 14,113,147 fully paid ordinary shares in PEC ("PEC Shares").

The acquisition of all of the fully paid issued shares in NER ("NER Shares") is to be implemented by way of a Scheme of Arrangement under the Australian Corporations Act 2001 (Cth) ("Corporations Act") under which NER shareholders will receive fully paid ordinary shares in PEC in consideration for all of the issued capital in NER ("Scheme").

PEC has been advised that the Board of Directors of NER unanimously recommends that NER shareholders accept and vote in favour of the Scheme. Each of the Directors of NER has confirmed to PEC that he will vote or cause to be voted all of his direct and indirect interests in NER in favour of the Scheme in the absence of a superior proposal.

The directors of PEC believe that this proposed transaction will benefit both companies.

Based on current plans, PEC has the financial capacity to fund operations in respect of both the PT Atoz asset and the NER assets from existing reserves, and PEC's directors do not believe any more equity raising will be required in the short term.

PEC will benefit from a diversification of interests, access to a large land holding in Australia, expanded shareholding base and input from an experienced management team.

NER's shareholders will benefit from receiving shares in PEC that are trading on the ASX and PEC will provide funds to continue to develop NER's assets.

The proposed transaction is subject to a number of conditions, including approval of the Scheme by NER shareholders, PEC Shareholder approval of the transaction, the agreement of NER option holders to the cancellation of the options issued by NER, and various other regulatory approvals. Full details of all conditions relating to the Scheme will be contained in the scheme booklet that, subject to court approval, will be sent to NER shareholders and announced to the market

Perpetual Resources Limited ASX: PEC

Perpetual Resources is focused on implementing an accelerated exploration and development program on our Atoz coal project. The Atoz Project is located 60 kilometres south of Padang in West Sumatra and has an approved Production License (Production IUP). Quality of the anthracitic coal is approximately 7,400kcal/kg based on two assays. The potential of the Project could be significant as the geological setting at the pits is identical indicating one coherent target zone.

Capital Structure

Share Price:	\$0.20
Shares on Issue:	41,805,000
Market Cap:	\$8.3m

Board of Directors

Executive Chairman
Mr Ashley Kelly

Executive Director
Mr Eric Jiang

Executive Director
Mr George Karafotias

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Transaction structure and terms

Pursuant to the Merger Agreement, it is proposed that PEC will acquire all the NER Shares by way of a Scheme of Arrangement under the Corporations Act. Under the Scheme, NER shareholders will receive 1 PEC Share as consideration for every 4 shares held in NER which, based on the closing share price of PEC shares on 24 April 2013, represents a current value per NER share of \$0.053.

In addition, in accordance with the Merger Agreement, PEC will also issue 3,150,000 fully paid ordinary shares to Regional Management Pty Ltd ("Regional Management") as consideration for the novation of the convertible notes held by Regional Management in Neo to PEC.

PEC will advance NER the sum of \$350,000 to continue work on the Wiagdon Thrust gold project in the Lachlan Fold Belt in New South Wales as a loan. This advance will be secured against the assets of NER and if the proposed acquisition is not completed, NER is obliged to repay the advance to PEC plus any accrued interest.

PEC will appoint 2 of NER's nominees as directors to its board. The proposed directors are Mr. Mark Caruso and Mr. Ross Hastings (Mr Hastings is currently a director of NER). Mr. Ashley Kelly will resign as a director of PEC. Accordingly, after completion of the proposed transaction, PEC will have 4 members on its board of directors.

The merger is subject to regulatory, Australian Court, and NER and PEC shareholder, approvals, as well as the agreement of Regional Management to novate the convertible notes it holds, the agreement of the holders of Neo options to the cancellation of options issued by Neo, and the provision of the advance by PEC to NER outlined above.

A scheme booklet setting out the terms of the Scheme, Independent Expert's Report, and the reasons for NER's directors' recommendations will be circulated to all NER shareholders. A meeting of NER shareholders to consider the Scheme is expected to be held later this year and the Scheme is expected to be implemented shortly thereafter. This Scheme is conditional upon approval by 75% of the number of votes cast, and 50% of the number of NER shareholders present and voting, at the meeting of NER shareholders.

About Perpetual Resources Limited

PEC is listed on the Australian Securities Exchange ("ASX") with a primary focus on exploring and developing the Atoz Coal Project located 60 Kilometers south of Padang in the central west of West Sumatra. The project covers 192.08 hectares and has an approved production license (Production IUP).

PEC is in the process of undertaking a drilling campaign with the aim of moving the project to production as quickly as possible.

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About Neo Resources Limited

NER's sole asset is its 70% interest in the Wiagdon Thrust Joint Venture ("WTJV") it has entered into with Oroya Mining Limited ("Oroya"). The Wiagdon Thrust gold project ("Wiagdon Thrust Project") comprises a suite of 11 contiguous exploration licenses over an area of approximately 2,000km² in the Lachlan Fold Belt of New South Wales. It is centered upon the regional hub of Mudgee and extends from just north of Sofala in the south to Gulgong in the north, a strike distance of approximately 100km. Both towns are noted for their exploration and mining history and the intervening country features numerous historic small hard rock and alluvial gold workings. Recorded past production from adjacent or included historical goldfields exceeds 2.1 million ounces of gold. Specifically, the Wiagdon Thrust Project area lies within the north-eastern part of the Hill End Trough which is noted for its gold and base-metals mineralization.

The Wiagdon Thrust, from which the joint venture takes its name, is a major thrust fault which extends north-south (becoming the Mudgee fault north of Aarons Pass Granite) along the full coverage of the licenses. This major structure (and its splay faults) dominates the regional and local geology and much of the gold and base metal anomalism defined by Oroya, as well as a number of historic workings, are spatially associated with this structure and almost certainly controlled by it.

Many large thrust faults are major crustal sutures of great longevity and frequent reactivation throughout geological history. They are commonly of considerable depth and are conduits into deep seated geological processes that are significant to mineralizing events. Globally, there is a recognized common association of gold with major thrust faults and structural splays emanating from or parallel to them, and also with deformational and/or intrusive events responsible for or associated with those thrusts.

NER's principal exploration objective at the WTJV is the discovery of large tonnage disseminated gold deposits. A large number of gold and gold-antimony prospects and alluvial gold deposits are known within the Project area, but despite it being within an important gold province, a review of available data indicates that there has been only very limited or no modern gold exploration, with only limited shallow and no deep drilling. This contrasts markedly to the more advanced exploration and development history of the Western Australian goldfields.

A number of regional towns provide good exploration support services, while the area features an excellent network of good quality sealed and gravel roads which service the local agricultural community.

Original stream sediment sampling by Neo's Joint Venture partner has resulted in a quality, fully-validated geochemical database of drainage sediment samples, as well as a number of reconnaissance rock chip samples which were collected from selected sites of interest.

Throughout the Joint Venture period to date, the NER has proceeded with its strategy of:

- Locating historical alluvial workings and producing interpreted paleo-drainage maps
- Ground truth alluvial gold areas and evaluate their potential for obscured primary gold sources
- Conduct Geophysical Magnetic and Spectral Surveys
- Follow up regional geochemical anomalies and back track to their source.
- Identifying drill targets.



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Recent exploration efforts have mainly focused on geophysical work. Results of the geophysics highlighted 3 Major Intrusives in a complex structural corridor. Twenty four target areas have been identified to drill and NER is currently putting in place all preliminary steps to proceed with its drilling program.

Profiles of NER nominees

The profile of the proposed NER nominees to the board of PEC, who will be appointed upon implementation of the merger are outlined below.

Mark Caruso

Mark Caruso is a director of Simto Pty Ltd which is involved in mining, earthmoving and civil engineering construction earthworks. Mark has been a director of ASX listed Mineral Commodities Limited since September 2000 and is currently Executive Chairman responsible for the delivery of Mineral Commodities Limited's Tormin Mineral Sands Project in South Africa.

Mr Caruso was previously Executive Chairman of Allied Gold Mining PLC, a gold producing company which was previously listed on the main market of the London Stock Exchange, the Toronto Stock Exchange and the Australian Stock Exchange.

Mr Caruso was responsible for the delivery of Allied's Simberi Gold Project in Papua New Guinea and its Gold Ridge Project in the Solomon Islands. Mr Caruso resigned as Executive Chairman of Allied on its successful merger with St Barbara Limited in September 2012.

Ross Hastings

Mr Hastings is a geologist with over 20 years international experience working in the minerals industry with a majority of that time working in Papua New Guinea at Ok Tedi copper mine in the roles of Geotechnical Superintendent and Manager of Mining, and at Misima gold mine as Chief Geologist.

Since 1996, Mr Hastings has been involved with Allied Gold PLC's Simberi Gold Project where his roles included management of exploration and the feasibility and pre-development studies for mine construction.

Mr Hastings then progressed to General Manager Resource Development and is currently concluding his tenure at St Barbara subsequent to the merger between it and Allied Gold Mining PLC.

Timing

A Scheme booklet with full details of the transaction, including an Independents Experts Report, is expected to be dispatched to shareholders in June 2013. The shareholder meeting to approve the Scheme is expected to be held in July 2013. A more detailed timetable for the approval and implementation of the transaction will be announced in due course.

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Pro Forma Capital Structure

Following the implementation of the merger (assuming no NER options are exercised prior to the record date) the capital structure of PEC is expected to be as outlined below:

Current PEC Shares on issue as at the date of this announcement	41,805,000
PEC Shares issued to NER Shareholders and Resource Management	<u>17,263,147</u>
Total PEC Shares on implementation of the merger	59,068,147

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**PEC/NEO
BUDGET**

1/7/2013 - 30/06/2014

	Note	\$
Exploration		
PT ATOZ	1	450,000
NEO		
7548	2	70000
7550		74000
7553		73000
7549		85000
7551		90000
7552		70000
6789		35000
6627		49000
6628		50000
6629		50000
7756		15000
Administration		
Wages		250000
Rent		43000
General		50000
Total		1,454,000

1. PEC advised in its prospectus expenditure of \$593,000 in the first year. PEC has managed to reduce the cost with the same level of works to a figure of \$450,000. PEC managed to get the drilling and trenching from a combined figure of \$400,000 to \$260,000.

2. NER anticipates this will be the maximum expenditure as NER holds 11 licenses and is in a position to concentrate on particular licenses that produce the best results from the exploration programme.

In the period following the initial 12 months, PEC aims to be producing coal so the expenditure in regard to exploration will be minor and, in fact, PEC anticipates PT ATOZ to be cash flow positive through production.

NER in the second 12 months will be in a position to concentrate the exploration programme even further by concentrating on the particular licenses that produce the best results from the initial drilling programme. PEC believes the company will be in a position to sell, or enter into a Joint Venture in respect of, some of the licenses at this point of time.

In summary, PEC believes the second 12 months we will be in a position to fund all expenses of the company through internal reserves.

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