



Exalt signs Sale and Purchase Agreement to enter Indonesian coal industry

- **Compelling mix of potential projects**
- **Access to one of Indonesia's largest coal concession holdings**
- **Potential very large resource, good exploration potential**
- **Concessions close to existing or potential transport routes**
- **Geographic diversification within Indonesia**
- **Diversity of coal types – potential domestic & export**

Exalt Resources Ltd (ASX:ERD) ("Exalt") today announced it has signed a Sale and Purchase Agreement to acquire 100% of the issued capital of Odni Holdings (Pte.) Ltd ("Odni") a Singapore incorporated coal investment company.

An initial Term Sheet between Exalt and Odni was announced in April 2012. Completion of the Sale and Purchase Agreement is conditional, amongst other usual conditions, upon due diligence, shareholder approval, capital raising of at least \$10m and receipt of all relevant, including ASX, approvals.

Exalt's objective is to build a substantial and diverse portfolio of Indonesian coal assets encompassing a variety of projects from early stage exploration to producing coal assets, with a range of coal types, spread across multiple Indonesian geographies and close to potential transportation routes and existing or planned infrastructure.

The acquisition of Odni will provide Exalt with the ability to investigate and, if initial exploratory results are satisfactory, to acquire all of, or an equity interest in, a number of prospective coal mining projects in the Kalimantan, Sumatra and West Papua regions of Indonesia. The Odni acquisition is consistent with Exalt's strategy to become a significant mid-tier coal producer.

The signing of the agreement follows the recent appointment of leading senior coal executive Barry Tudor as CEO and Managing Director of Exalt who successfully concluded negotiations with the sellers of Odni.

Barry Tudor, CEO and Managing Director of Exalt said “The proposed acquisition will provide Exalt with a unique opportunity to investigate and secure access to a huge bank of quality exploration concessions on known coal formations, close to infrastructure and the world’s largest coal markets.

“We have focused on Indonesia because we believe it offers the best value opportunity for coal sector investors at this point in time. We aim to generate significant value for shareholders through an intensive and focused exploration program with the objective of achieving a large JORC compliant resource in the near future. Exalt will apply Australian development expertise while leveraging off strong local partners and connections to expedite project development.”

The initial projects include a very large exploration area in South Sumatra spread over 11 concessions and covering approximately 250,000 hectares, with the potential for a large resource. Exalt will also acquire the rights to acquire two concession areas in East Kalimantan and one in Central Kalimantan over known coal formations. In addition, Exalt is underway with Due Diligence on a producing asset near one of the world’s largest coal mines.

In addition to the initial projects, the proposed acquisition of Odni will also provide Exalt with a compelling pipeline of greenfield, brownfield and producing projects in Indonesia, with the aim of building a substantial diverse portfolio of Indonesian coal assets.

Exalt has engaged Corpac Partners to assist with the development of in-country relationships, the identification and development of an asset pipeline, strategic advice and various Indonesian based support services.

Shareholder meeting

The Company will hold a shareholder meeting in August to approve, among other things, a change in the nature and scale of activities and the issue of consideration securities in connection with the proposed acquisition.

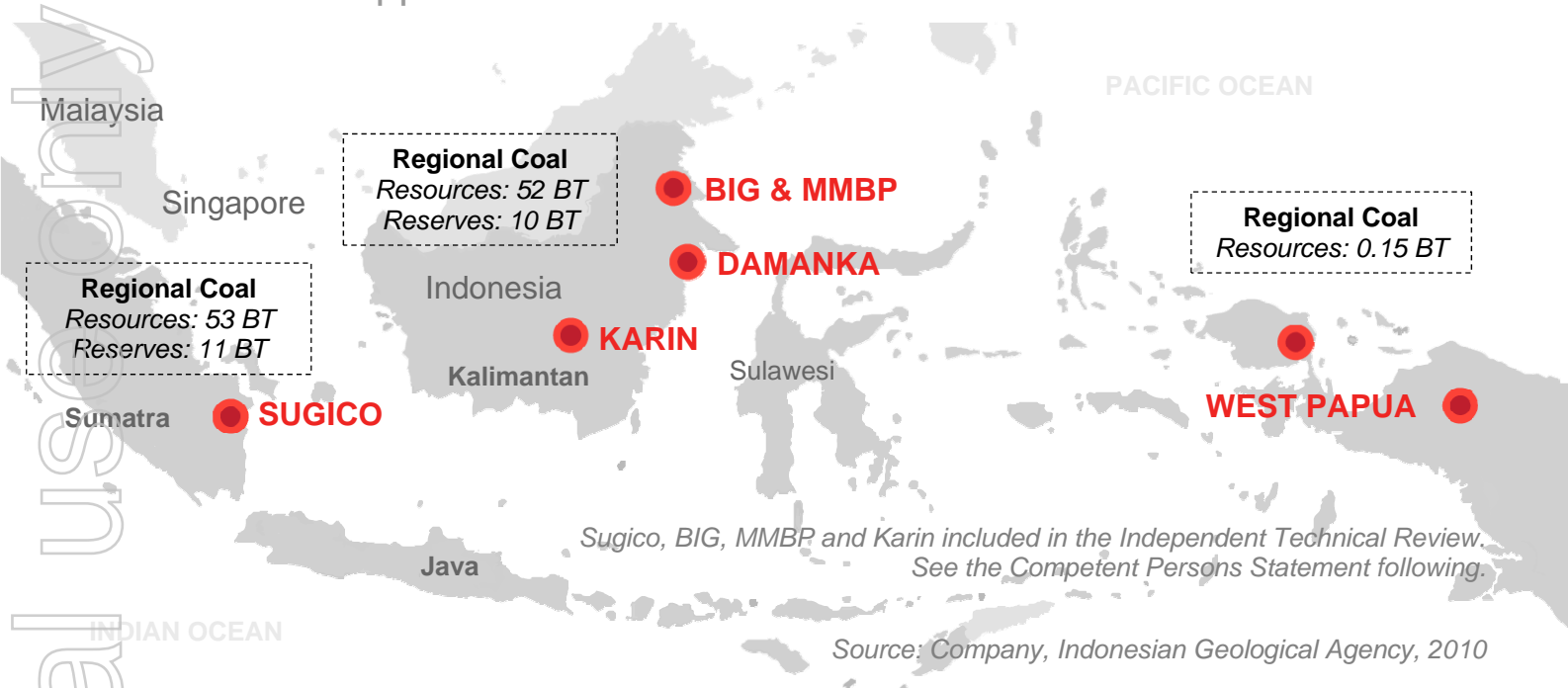
A notice for a General Meeting will be dispatched to shareholders shortly.

Capital raising

As previously flagged, Exalt will conduct a capital raising of up to A\$20 million to provide funds for preliminary exploration, project acquisition, cost reimbursement and working capital.

A prospectus for this capital raising is expected to be lodged in early August. The issue of securities under the prospectus will be conditional on Exalt receiving shareholder approval for the change in the nature and scale of activities, the issue of consideration securities and for the capital raising, amongst other things.

Exalt Opportunities at a Glance



SUGICO

- Huge exploration area South Sumatra
- 11 concessions ~ 250,000ha
- Near transportation routes
- Potential for very large resource/production
- 50% ownership*

KARIN

- Covering ~ 2,586ha
- 50% of area over Warukin Formation known for thick sub-bituminous coal seams
- Near transportation routes
- 100% ownership*

DAMANKA***

- ~ 5,000ha East Kalimantan
- Small scale mining operation
- Only 20km to from mine to mother vessel
- Adjacent to existing KPC mining operation & associated infrastructure
- 70% ownership

BIG

- 5,000ha East Kalimantan
- 40km from jetty
- 100% of concession overlies Sembakung formation
- JORC exploration target 20Mt-30Mt
- 100% ownership*

MMBP

- 5,312 ha East Kalimantan
- Sembakung formation
- Near potential transportation routes
- Offers synergies with BIG
- 100% ownership**

WEST PAPUA***

- 2 concessions
- ~ 39,000 ha
- Region known for high grade coal
- 50% ownership
- Region has recently attracted interest from established players

* Rights to acquire ownership under SPAs (Sugico not yet signed) ** Pursuant to option agreement

*** Pipeline project being assessed, commercial terms being negotiated (proposed equity %) – not subject to ITR

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About Exalt Resources Ltd

Exalt (ASX:ERD) is listed on the Australian Securities Exchange with the objective of becoming a significant Indonesian coal producer with a pipeline of compelling exploration, development and producing projects in strategic locations throughout Indonesia.

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Appendix

Overview of the Projects

Project Sugico

The Sugico Project represents a very extensive combined exploration region comprising 11 mostly adjacent IUP areas located approximately 100 kilometres south of Palembang, the provincial capital of the South Sumatra Province on the island of Sumatra.

The total area of all concessions combined is approximately 250,000 hectares; the equivalent of an area 50 kilometres long and 50 kilometres wide.

Because of the very large size of these concessions, any discovery of coal has the potential to be a large coal resource, though there isn't enough information to identify an exploration target at this stage.

The main coal bearing formation of potential economic significance is the Muara Enim Formation. Approximately 44% of the total Project area overlies the Muara Enim Formation.

With no evidence of any previous exploration activity, Project Sugico is vastly unexplored, and therefore represents a very large area of Muara Enim Formation with good potential to discover coal.

The coal most likely to be found in Project Sugico would be lignites. There are no known or identified volcanic intrusions reported in Project Sugico concession areas which could improve the quality of the coal, however, as the area is so large and mostly unexplored, intrusions may exist.

The coal at the nearby Tanjung Enim Mine, 130 km west of Sugico, is also contained in the Muara Enim Formation and produces lignite, sub-bituminous coal and some coking coal; created by granite intrusions which altered the lignite into higher quality coal.

Project BIG

Project PT Bakti Initi Guna (Project BIG) consists of a concession area covering a total area of 4,969 hectares in the Antutan region of the Bulungan Regency in the East Kalimantan Province of Indonesia. The area is approximately 40 kilometres from the nearest river jetty point.

The main coal bearing formation of potential economic significance is the Sembakung Formation. 100% of the concession area overlies the Sembakung Formation.

Initial geological investigation (outcrop mapping) has identified 10 coal horizons within the Sembakung Formation. The coal seams are categorized as multiple, thin seams with moderate to steep dips. Project BIG has good coal prospectivity.

An Exploration Target as defined in accordance with the JORC Code of 20 to 30 million tonnes has been identified¹.

Project MMBP

The concession is located in the Antutan, Central Tanjung Palas sub districts, Bulungan Regency, approximately 340 kilometres north of Samarinda, the capital of the East Kalimantan Province in Indonesia (Project MMBP). The Project MMBP concession area covers 5,312 hectares and lies on tropical rainforest and rough terrain with steep slope elevation.

The main coal bearing formation of potential economic significance is the Sembakung Formation. Approximately 27% of the total concession area overlies the Sembakung Formation.

Project MMBP has reasonable coal prospectivity. There is not yet enough information to estimate an exploration target.

Project KARIN

The Project KARIN concession is located in the Barito Utara Regency, approximately 150 kilometres northeast of Palangkaraya, the provincial capital of the province of Central Kalimantan, Indonesia.

The main coal bearing formations of potential economic significance in the region are the Tanjung, Warukin and Montalat Formations. Approximately 50% of the total Karin concession area, known as Karandangin, overlies the coal bearing Warukin Formation.

There is no exploration data within the Karin concession area. However, 50% of Karindangan area overlies the coal bearing Warukin Formation. Karindangan has reasonable prospectivity.

There is not enough data to estimate exploration targets.

Pipeline Projects

At this stage the Company is completing its technical due diligence before deciding whether to proceed with formal documentation and agreements relating to these Pipeline Projects. Pipeline projects were not subject of an Independent Technical Review. See the Competent Persons Statement following.

¹ All estimated coal quantities are based on Exploration Results and represent exploration targets. They are not classified as either Coal Resources or Coal Reserves. Potential coal quantities are conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of Mineral Resources.
Based on the limited information available MMC can make no comment regarding potential coal quality in the BIG concession.

Project Damanka

PT Damanka is located in the Sangatta and Bengalon Districts, Kutai Timur Regency, approximately 120 kilometres north of Samarinda, the provincial capital of the province of East Kalimantan, Indonesia.

The main coal bearing formation of potential economic significance at Damanka is the Balikpapan Formation. Less than 20 % of the total concession area overlies the Balikpapan Formation.

Approximately 170,000 tonnes has reportedly been mined from Damanka.

There are opportunities to find additional coal within the Balikpapan Formation in the Southern parts of the concession, and also potentially in the north and Damanka is considered to have good coal prospectivity.

West Papua Project

West Papua consists of two concessions which are located in different areas; one in West Papua province and one in Papua Province, separated by approximately 500 km. PT Delapan Inti Power (DIP) is in the Teluk Bintuni, Manokwari Regency, approximately 90 km South of Manokwari, the provincial capital of the province of West Papua, Indonesia. PT Sumber Daya Energy (SDE) is in the Puncak Jaya Regency approximately 300 km South West of Jayapura, the provincial capital of the province of Papua, Indonesia.

Competent Persons Statement

The technical information given in this document that relates to Sugico, BIG, MMBP and Karin is based on the “*Independent Technical Review of Indonesian Coal Assets*” by Minarco-MineConsult (“MMC”), dated 26 June 2012, and compiled by Mr. Ron Siwinski, MAusIMM, and Mr. Fitherson Rattu, MAusIMM, both Members of the Australasian Institute of Mining and Metallurgy, and who were both employees of Minarco-MineConsult during the review. Both compilers have sufficient experience which is relevant to the style of mineralisation and types of coal deposits under consideration, and to the activities they undertook for the Independent Technical Review, to qualify them as Competent Persons (as defined in the 2004 Edition of the JORC Code). They both have given their consent to the inclusion of the technical information in this document in the form and context in which it appears.

Note the Independent Technical Review specifically excluded all aspects of legal issues, land titles and agreements, approvals, including environmental compliance with approvals. MMC has not undertaken an evaluation of marketing or coal pricing forecasts. The review did not consider financial or commercial matters, including without limitation loan funding aspects, cash flows, profit and loss, balance sheet, non-cash items, commodity prices, exchange rates, economic viability or a valuation of the Relevant Assets. The Relevant Assets included are 1) Sugico, 2) BIG, 3) MMBP and 4) Karin.

Important Information

Statements regarding plans with respect to the Company’s exploration properties are forward-looking statements. There can be no assurance that the Company’s plans for development of its properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional deposits, that any mineralisation will prove economic or that a mine will successfully be developed on any of the Company’s exploration properties.