

## Rubicon to Purchase Mozambique based Alliance Partner PacMoz

### RUBICON RESOURCES LIMITED

(ABN 38 115 857 988)

ASX: RBR

#### Directors

Ian Macpherson - Executive Chairman  
Ian Buchhorn - Non-Executive Director  
Peter Eaton - Non-Executive Director

#### Senior Management

Andrew Ford - Chief Operating Officer  
Sam Middlemas - Company Secretary

#### Capital Structure

Issued Shares: 208.3m  
Issued Options: 19.5m  
Market cap at 23 Sept 2014: \$4.37m

Website: [www.rubiconresources.com.au](http://www.rubiconresources.com.au)

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### Highlights

- Agreement reached to purchase initial 60% of PacMoz and 2 year call option over the 40% balance
- PacMoz well placed to participate in the developing Mining and Oil and Gas industries in Mozambique and identify resource project acquisitions
- Mr Richard Carcenac (former BHP Billiton mine manager South Africa Coal and Worsley Bauxite) to manage Rubicon Mozambique operations

Further to Rubicon's announcement of 2 September 2014, Rubicon is pleased to advise that it has reached an agreement to purchase an initial 60% interest in PacMoz LDA (**PacMoz**), with a call option over the remaining 40% interest.

### ABOUT PACMOZ

#### **PacMoz Business**

PacMoz is a private Mozambique registered company with operations in identification and assessment of resource development projects, as well as exploration and project services and logistics and administration support.

#### **Business Services Joint Venture Proposal**

PacMoz is in advanced discussions with a global business services company specialising in flexible deployment of professionals in the field of Engineering, IT, Legal, Finance and all disciplines in the Oil & Gas and mining industry. The identity of this company cannot be disclosed at this time due to confidentiality restrictions, but will be disclosed if and when a binding agreement is executed.

PacMoz is negotiating to enter into a joint venture with this company which will provide project management, consulting, recruitment and labour-hire and whole-of-project life cycle services, primarily to the mining and oil and gas industries in Mozambique (Joint Venture).

Execution of a binding agreement for the establishment of the Joint Venture is a condition precedent to Rubicon's investment in PacMoz.

Whilst PacMoz are optimistic with regard to the potential increased revenues that may flow from the Joint Venture the company is currently generating positive and growing cash flow from its existing business, sufficient to cover its working capital requirements.

## TRANSACTION RATIONALE

The growth potential of PacMoz appears strong given Mozambique's rapidly expanding mining, oil and gas and logistics/infrastructure projects. According to the Mozambican Centre for Investment Promotion (<http://www.cpi.co.mz>), Mozambique expects to receive foreign investments totalling around US\$10 billion over the next three years with the annual approval of around 300 projects.

The expertise within PacMoz will provide Rubicon with exposure to many of these foreign investors as they look to establish themselves in Mozambique providing opportunities in both project generation in the resources sector and participation in subsequent development and; in the near term; potential access to direct cash flow via provision of ongoing PacMoz licensing and registration services revenues.

Rubicon Chairman Ian Macpherson commented:

*"This is an exciting new opportunity for Rubicon shareholders. We see substantial growth opportunities through PacMoz's expertise and networks to expand into new global business opportunities with immediate potential for cash flow, while retaining and moving forward with Rubicon's existing joint ventures in gold, copper and base metal exploration."*

PacMoz will present suitable transactions for consideration by Rubicon for minerals investment. PacMoz will also offer Rubicon access to cash flow through PacMoz's existing project services and logistics business.

## EXISTING EXPLORATION JOINT VENTURES

The move into Mozambique provides geographic diversity and new opportunities for additions to the existing resource asset base of the Company. This complements Rubicon's non-funding joint venture interests in the Peters Dam, Queen Lapage and Mt McLeay JVs at the Yindarlgoooda project located east of Kalgoorlie in Western Australia which are prospective for gold and base metals, and the Canobie JV in the Mt Isa District of Queensland which is prospective for copper. Rubicon intends on retaining its current exploration interests and recommencing exploration activities when market factors are more favourable.

It is considered that the investment in PacMoz will complement Rubicon's existing business as it will allow Rubicon to access prospective mineral exploration projects in Mozambique and be able to overcome some of the significant hurdles that Mozambique's limited infrastructure has placed in front of many other resource development projects. Potential cash flow from PacMoz's project services and logistics business may also assist in funding Rubicon's existing and future exploration projects.

## TRANSACTION STRUCTURE

### **Acquisition of 60% interest in PacMoz**

Rubicon will acquire 60% of the issued capital of PacMoz through the purchase of 100% of the shares in PacMoz held by Mr Athol Emerton (**Vendor**). The Vendor is not a related party of Rubicon.

As consideration for the acquisition, Rubicon will pay the Vendor \$50,000 cash and will issue 30 million ordinary shares and 60 million performance shares to the Vendor subject to Shareholders' approval. The performance shares will vest in accordance with the milestones detailed below. The issuance of the proposed performance shares ensure the consideration is linked to the achievement of measurable value adding events.

Milestone	Number of performance shares	Vesting Condition	Milestone Date	Expiry Date
1	30 million	The earlier to occur of: <ul style="list-style-type: none"><li>• announcement of a 250,000 gold ounce JORC compliant resource or equivalent mineral on a resource asset owned or introduced by PacMoz to Rubicon; or</li><li>• combined turnover/gross income of the PacMoz Group in a 12 month period or fiscal period of at least \$1,250,000.</li></ul>	24 months from the date of issue*	36 months from the date of issue
2	30 million	The earlier to occur of: <ul style="list-style-type: none"><li>• announcement of a 500,000 gold ounce JORC compliant resource or equivalent mineral on a resource asset owned or introduced by PacMoz to Rubicon; or</li><li>• combined turnover/gross income of the PacMoz Group in a 12 month period or fiscal period of at least \$2,000,000.</li></ul>	36 months from the date of issue*	48 months from the date of issue

*\* Rubicon will have the discretion to extend a Milestone Date where it considers that unforeseen circumstances or events have caused a delay in achieving the Milestone by the relevant Milestone Date. The Milestone Date will not be extended beyond the relevant Expiry Date.*

**Call Option over 40% interest in PacMoz**

Rubicon has also entered into a call option agreement with Johanna Catherina Lloyd, the holder of the remaining 40% of PacMoz (**Call Option**). Ms Lloyd is not a related party of Rubicon.

Pursuant to the terms of the call option agreement, Rubicon has a two year option to acquire the additional 40% of PacMoz for a total value of \$500,000 as follows:

- acquire a 10% interest for \$25,000 cash and \$25,000 worth of Shares;
- acquire an additional 10% interest for \$50,000 cash and \$50,000 worth of Shares;
- acquire an additional 10% interest for \$75,000 cash and \$75,000 worth of Shares; and
- acquire an additional 10% interest for \$100,000 cash and \$100,000 worth of Shares;

The valuation for the number of shares to be issued will be the VWAP (Volume Weighted Average Pricing) over the 5 days prior to the relevant option exercise date.

**Conditions precedent**

The purchase of the PacMoz interest is subject to a number of conditions including the following:

- completion of due diligence by Rubicon on PacMoz's business;
- the execution of a legally binding agreement for the Business Services Joint Venture on terms satisfactory to Rubicon (in its sole discretion);
- the execution of a legally binding agreement for the Call Option; and
- Rubicon obtaining all shareholder and regulatory approvals necessary to give effect to the investment.

**PERSONNEL CHANGES**

The Mozambique strategy will be built on the management expertise of former BHP Billiton operations general manager Mr Richard Carcenac who will join Rubicon as General Manager - Operations. Richard will assume the role of Chief Executive Officer of PacMoz and as operations progress it is anticipated Mr Carcenac will move to an executive role on the board of Rubicon. Mr Carcenac is not currently associated with either PacMoz or Rubicon.

Mr Athol Emerton, the controlling shareholder of PacMoz, has been working in Southern Africa and more specifically Mozambique for over 20 years and in that time has built up successful businesses in transport, bulk handling, logistics consulting, project services and support for new international companies entering Mozambique. Mr Emerton will become a substantial shareholder in Rubicon and will continue to provide project and fee-for-services opportunities to the Rubicon Group via his considerable in-Country network and expertise.

Both Mr Emerton and Mr Carcenac have long associations with mining and logistics within Southern Africa and Rubicon will be looking to draw on this expertise to acquire suitable resource assets and /or services opportunities.

**GENERAL MEETING**

Rubicon will seek the shareholder approvals required to give effect to the transaction at the Company's 2014 Annual General Meeting. Further details in relation to the proposed transaction will be included in the notice of meeting.

**CAPITAL RAISING**

The Company is proposing to undertake a capital raising to provide additional funds to complete the acquisition (including due diligence and transaction costs), fund Rubicon's current exploration operations and corporate costs, as well as support the development of the PacMoz business over the next 12 months. Shareholders will be advised of the details regarding any such capital raising when finalised.