

## RAM SIGNIFICANTLY IMPROVES TERMS FOR MOTZFELDT PROJECT ACQUISITION

ASX ANNOUNCEMENT

1 JUNE 2010

### HIGHLIGHTS

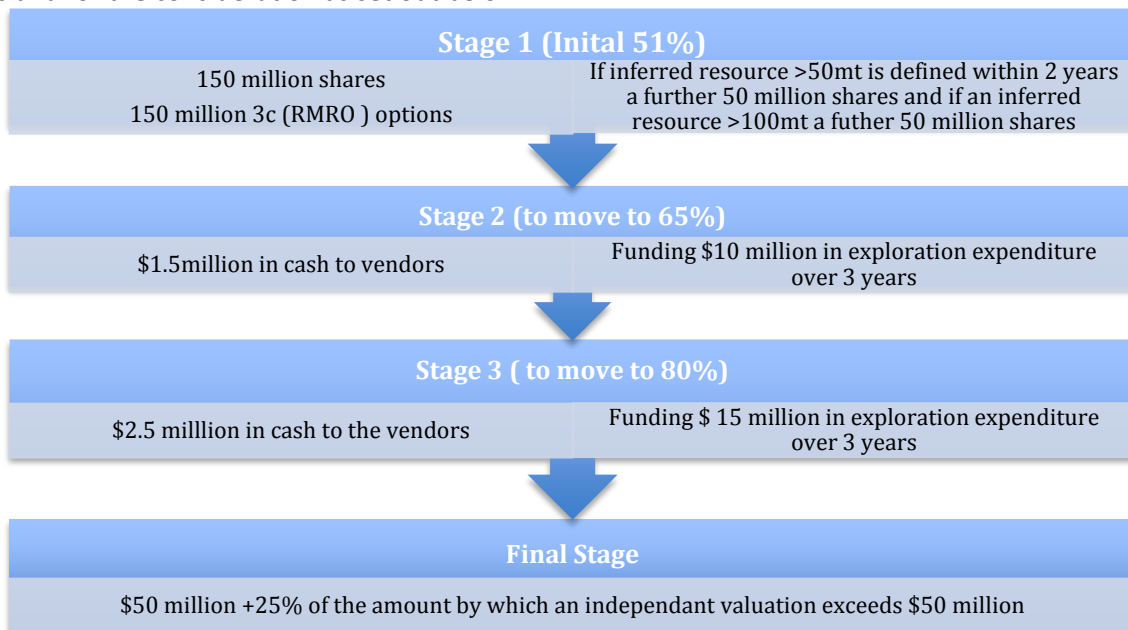
- ❖ Ram negotiates significantly improved terms for the acquisition of the Motzfeldt Project
- ❖ New terms reduce complexity and result in less dilution for existing shareholders
- ❖ Time for completion of due diligence and formal documentation extended to 31 July 2010

Further to its announcements of 17 March 2010, Ram Resources Limited (ASX: RMR) (“Ram” or “the Company”) is pleased to announce it has today reached agreement on revised terms for the proposed acquisition of up to 100% of the issued capital of Greenland Resources Limited (“GRL”), a UK company which holds the Motzfeldt multi-element (Ta-Nb-REE) project located in the Gardar Province of Southern Greenland (“Motzfeldt Project”).

As announced on 17 March 2010, the Company signed a Memorandum of Understanding (“Initial MOU”) to acquire the Motzfeldt Project, subject to the terms and conditions as set out in that announcement. The Initial MOU has today been replaced with a new Memorandum of Understanding (“Replacement MOU”), and the revised terms for the proposed acquisition of the Motzfeldt Project are set out in full in Annexure “A” to this announcement.

### Key Terms of Acquisition

Pursuant to the Replacement MOU, Ram has agreed to acquire up to 100% of the issue capital of GRL in 4 stages and for the consideration as set out below:



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It is anticipated that this revised acquisition structure will enable the Company to fully evaluate exploration outcomes before moving to the next stage and committing further funds for exploration expenditure.

The new terms result in less dilution to existing shareholders, with the potential maximum shares to be issued for the acquisition of the Motzfeldt Project being reduced to 250 million shares (originally 480 million shares pursuant to the Initial MOU) and the potential maximum options to be issued reduced to 150 million options (originally 280 million options pursuant to the Initial MOU).

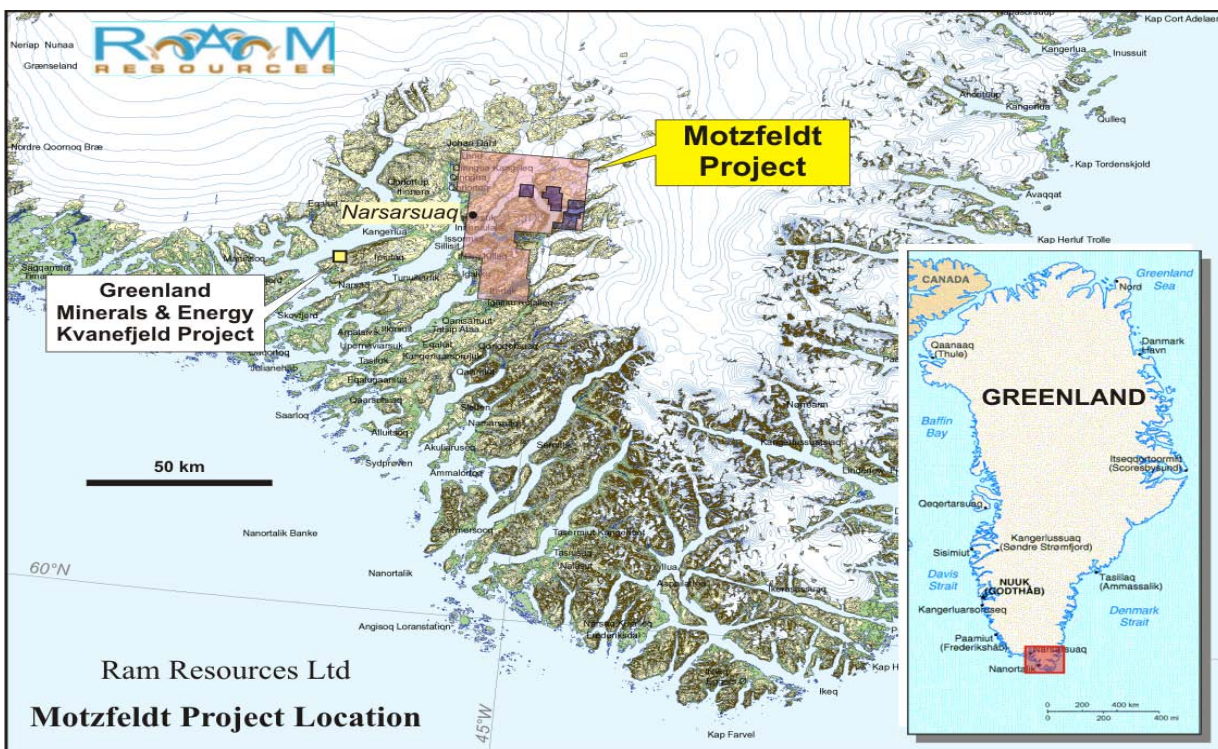
The market capital linked deferred consideration component in the Initial MOU has been replaced with a simpler deferred condition tied to the Company successfully establishing an inferred level resource at the Motzfeldt Project. It is expected this will ensure that the Vendor shares more of the early stage exploration risk with existing Ram shareholders. The 150 million shares to be issued as consideration for the initial interest will be subject to a voluntary escrow for 12 months.

Project due diligence is nearing completion and, as the proposed transaction requires shareholder approval, Ram is currently preparing the required notice of meeting and obtaining the relevant reports, with a view to seeking shareholder approval in July. The Company is also working with the Vendor to complete the formal documentation.

### About the Motzfeldt Project

The Motzfeldt Project is a multi-element style deposit that is primarily being targeted for Tantalum (Ta), Niobium (Nb), and Rare Earth Elements (REE), though Zircon (Zr), Uranium (U) and Thorium (Th) and a range on base metals are also present in the mineralised zone.

The Motzfeldt License 2010/46, comprises 3 adjacent areas totalling some 84km<sup>2</sup> located in the Gardar Province of Southern Greenland and is shown in blue on the diagram below. The Company has also applied for Exploration License 2010/009 (shown in pink) covering an area of approximately 970km<sup>2</sup> surrounding the existing license. This licence has yet to be granted. Pursuant to the Replacement MOU, if Exploration Licence 2010/009 is granted, Ram will make application to the Government of Greenland and, after receiving approval, transfer it to a Greenlandic subsidiary (to be incorporated) of GRL for no consideration so that it will form part of the Motzfeldt Project.



The Motzfeldt Project is located approximately 24km in a straight line to the west of Narsarsuaq and on the western boundary of the pending exploration licence. Narsarsuaq is a regional centre in Southern Greenland and is serviced by an international airport and harbour. This area of Greenland is relatively well populated and regional services are well established.

The prospectivity of the Motzfeldt area was first investigated by the Greenland-Danish Geological Survey (GEUS) in the early 1980s which identified Ta-Nb mineralisation hosted by the Motzfeldt Centre.

The work by GEUS included a detailed helicopter-borne radiometric survey and follow-up chip-sampling programme. This included 145 samples collected across an area where the Motzfeldt SØ Formation is exposed in a cliff face and returned an average grade of 190ppm Ta<sub>2</sub>O<sub>5</sub> and 2,348ppm Nb<sub>2</sub>O<sub>5</sub>. Five radiometric anomalies occurring over a strike length of 7km were shown to be associated with tantalum-rich pyrochlore mineralisation, hosted by hydrothermally altered syenite. In 2000, AIM-listed Angus & Ross Plc acquired an exploration licence covering the most prospective areas identified by GEUS.

In 2000-1, the Motzfeldt Project attracted the attention of Cabbot Corporation (a major Tantalum Oxide producer) which invested in Angus & Ross to fund an initial exploration programme.

Angus & Ross followed up the GEUS work, focusing primarily on radiometric anomaly number 4. This follow-up work comprised ground radiometric surveys, surface sampling, diamond drilling and some initial metallurgical testwork. The diamond drilling programme of 9 holes for 1,621m was completed over a 200m section of the 1,500m strike length of altered syenite identified at Anomaly 4.

To date, insufficient work has been carried out at Motzfeldt to establish a Mineral Resource and, as such, it is classified as an Exploration Target. GEUS estimated a target of **200-500 million tonnes** at an average grade of 1000-1,400ppm Nb and 100-120ppm Ta with potential to outline internal higher-grade zones at Anomaly 4 and 5. It should be noted that it is uncertain if further exploration will result in the determination of a Mineral Resource and potential quantity and grade is conceptual in nature.

### **Motzfeldt a Multi-Element Opportunity**

Work carried out to date has focused on the Ta-Nb potential of the Motzfeldt Project, however it has been established that the project is also host to REE with concentrations averaging 4% TREO in the limited area's tested to date.

The minerals occur mainly in the pyrochlore and the future economics of the Motzfeldt Project will be enhanced by the ability to recover a range of products from a pyrochlore concentrate. Production of a number of minerals from the project would allow market risk to be spread, as products such as Ta, Nb and the REE's have different drivers for supply and demand. Multiple products also allows mining, processing and fixed costs to be split across the range of minerals produced.

Mineralogical studies were undertaken on samples taken from the previous drilling at Anomaly 4. It was estimated that the pyrochlore contained:

<b>Mineral</b>	<b>% in Pyrochlore</b>
Ta <sub>2</sub> O <sub>5</sub>	6.04
Nb <sub>2</sub> O <sub>5</sub>	47.39
U <sub>3</sub> O <sub>8</sub>	3.48
ThO <sub>2</sub>	0.34
ZrSiO <sub>4</sub>	1.03
ΣREE	4.03

The potential of the Motzfeldt Project to host significant REE mineralisation requires further work, as the pursuit of rare earths was not a focus in 2002-5 when the majority of the exploration was done.

### **Proposed Exploration: 2010 Field Season**

The field season at Motzfeldt runs between June and October, and, pending approval of the acquisition by shareholders and settlement of the transaction, Ram intends to conduct an exploration programme in the 2010 field season. The focus of the Company's first programme at Motzfeldt will be to establish an initial inferred level resource, targeting Anomaly 4, which has previously been drilled.

It is anticipated that Ram will extend the drilled area along strike by approximately 1,000 metres in addition to conducting some infill holes to assist in the resource definition. We expect to drill 16-20 holes for approximately 5,000 metres. Other work proposed includes:

- ❖ Digging a series of shallow trenches across the mineralised zone at Anomaly 4;
- ❖ Following up previous ground surveys and conducting further surface sampling at Anomaly 5;
- ❖ Initial ground survey at Anomaly 6, which is located on the other side of Motzfeldt Lake from Anomaly 4 & 5;
- ❖ Analysis of geochemical ratios and elemental trends to assist in defining controls on the high-grade mineralisation; and
- ❖ Completion of database and 3D mineralisation model.

The initial budget for this work is approximately \$3 million. Further details will be announced once the programme is finalised.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Michael Drew', with a stylized flourish at the end.

**Michael Drew**  
**Managing Director**

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### **Competent Person Statement**

The information in this announcement relating to exploration results is based on information reviewed by Martin Pittuck of SRK Consulting Ltd who is a Member of the Institute of Materials, Minerals and Mining. Mr Pittuck has sufficient relevant exploration and resource estimation experience in the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pittuck consents to the form, presentation and context of exploration results and supporting information in this report.

### **Forward Looking Statements & Disclaimer**

This document contains certain statements, which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

Exploration targets set out in this document are conceptual in nature as there is currently insufficient information to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource and potential quantity and grade is conceptual in nature.

It should be noted that there currently exists a ban on the exploitation of radioactive minerals in Greenland, including where those radioactive minerals would only be mined as a by-product of other minerals (as is the case at Motzfeldt). This policy is currently the subject of political debate and a period of public consultation in Greenland, which the Company sees as a positive step forward towards a possible change in policy. In many respects, the situation in Greenland with respect to the mining of uranium is similar to that which exists in some states in Australia and was until recently the case in Western Australia, where the situation has changed as result of evolving community attitudes and a change in government.

## **Annexure A**

### **Terms of Replacement Memorandum of Understanding**

The Replacement MOU replaces the Initial MOU dated 15 March 2010 between the parties and represents the entire agreement of the parties with respect to the acquisition of the Motzfeldt Project.

#### Initial Interest

Ram will acquire a 51% interest ("**Initial Interest**") in GRL by issuing to the Vendor:

- ❖ 150 million fully paid ordinary shares at a deemed issue price of 3 cents; and
- ❖ 150 million options exercisable at 3 cents on or before 30 March 2012, in the same class as the existing RMRO options of the Company listed on the ASX.

The shares to be issued as consideration for the Initial Interest are subject to voluntary escrow for 12 months from date of issue.

If within the first two year period commencing on the date of acquisition of the Initial Interest the Company delineates an inferred resource at Motzfeldt in excess of 50 million tonnes then Ram is required to issue a further 50 million shares to the Vendors. If an inferred resource in excess of 100 million tonnes is established, a further 50 million shares will be issued, to a total of 100 million shares.

The acquisition of the Initial Interest is subject to a number of conditions precedent including:

- (a) approval by the Government of Greenland of the change of control of GRL and any other necessary approvals and consents required under the laws of Greenland;
- (b) the Government of Greenland approving the grant of exploration licence 2010/46 for the period 2010-14;
- (c) the ASX confirming in writing to the Company that the transaction and matters contemplated by the MOU will not invoke the application of ASX Listing Rule 11.1.3;
- (d) if required, shareholders of the Company approving pursuant to ASX Listing Rules 7.1 and 10.1 and 11.2 and Item 7 of section 611 of the Corporations Act 2001 the issue of securities contemplated by the MOU and also covering the issue of securities upon the exercise of options;
- (e) receipt of all necessary approvals and consents required under English law; and
- (f) the Company completing due diligence to its satisfaction on the Motzfeldt Project and the parties entering into formal documentation on or before 31 July 2010.

#### Second Interest

Within 60 days of the completion of the acquisition of the Initial Interest, the Company at its option may acquire a further 14% (for a total of 65%) of the issued capital of GRL ("**Second Interest**") by:

- (a) paying to the Vendor (or its nominee) \$1,500,000 in cash within 3 years of making the election to acquire the Second Interest; and
- (b) providing sole funding of \$10,000,000 within 3 years of making the election to acquire the Second Interest of expenditure and costs incurred for or on behalf of the Company in connection with the activities of the Company ("Company Expenditure").

### Third Interest

Within 60 days of the completion of the acquisition of the Second Interest the Company may at its option acquire a further 15% (for a total of 80%) of the issued capital of GRL ("**Third Interest**") by:

- (a) paying to the Vendor (or its nominee) \$2,500,000 in cash within 3 years of making the election to acquire the Third Interest; and
- (b) providing sole funding of \$15,000,000 of Company Expenditure within 3 years of making the election to acquire the Third Interest.

### Final Interest

If the Company has acquired the Third Interest it may at any time acquire the remaining issued capital of GRL held by the Vendor ("**Final Interest**") by paying to the Vendor or its nominee the aggregate of:

- (a) \$50,000,000; and
- b) where the value of the Final Interest (as determined by independent valuation) exceeds \$50,000,000, 25% of the amount by which the Final Interest exceeds \$50,000,000, if any.

### Royalty

Ram will agree to enter into a royalty agreement pursuant to which GRL agrees to grant to the Vendor or its nominee a royalty equal to 2% of the net smelter revenue of any minerals recovered in respect of the Motzfeldt Project

### Miscellaneous

The Replacement MOU acknowledges that Ram paid a \$450,000 deposit to the Vendors for the exclusive option over the project. The deposit is refundable to Ram in the event that the acquisition does not proceed to completion.

The Vendor will be entitled to appoint 1 director (with suitable qualifications) to the Board of Ram. The Vendor will have the option to appoint 1 more director (with suitable qualifications) to the Board of Ram within 3 months after the appointment of its first director.

Ram will meet the legal and corporate costs of the Vendors in connection with the acquisition of the project, capped at \$100,000.