
Friday, 10 August 2012

ASX ANNOUNCEMENT

The Manager
Company Announcements Office
Australian Stock Exchange Limited
PO BOX H224 Australia Square
SYDNEY NSW 2000

EPIC TO ACQUIRE COAL LICENCES IN COLOMBIA

Highlights:

- **Acquisition of a 90% interest in 3 Colombian mining licences, which have the potential for high quality coal.**
 - **Licences located in an established mining region, with existing infrastructure in place.**
 - **Vendors to receive an initial consideration of 4,500,000 fully paid ordinary shares and \$200,000 cash following shareholder approval.**
 - **Mining entrepreneur, Mr. Paul Kopejtka to join the Board as Executive Chairman.**
 - **Epic to change its name to "Ascot Resources Ltd".**
 - **Epic remains fully funded with approximately A\$3.41m as at 1st August 2012.**
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The Board of Epic Resources Limited ("**Epic**" or "**the Company**") is pleased to advise that, in collaboration with Mr. Paul Kopejtka, who brings with him in excess of 22 years' experience in the mining industry as well as a strong track record in facilitating the growth of a number of major publicly listed companies, the Company has entered into a conditional agreement (the "**Agreement**") to acquire an indirect 90% interest in 3 coal licences (collectively "**the Licences**") located in the Southern Antioquia region of Colombia.

The Agreement sets out the terms and conditions upon which Epic agrees to acquire up to 100% of the issued shares in Carbones de Colombia SL ("**Carbones Spain**"), a company incorporated in Spain, which is 100% held by Ascot Equities Pty Ltd ("**Vendor**"). Carbones Spain owns 90% of subsidiary company Carbones de Titiribi SAS ("**Carbones Titiribi**"), a company incorporated in Colombia, that in turn is the holder of the Licences.

The Licences are located near the town of Titiribi in the Southern Antioquia region of Colombia, and is in close proximity to areas known to host high quality coal.

The Company will, subject to completion of satisfactory legal and technical due diligence and the receipt of shareholder approval, pay an initial consideration to the Vendor of 4,500,000 fully paid ordinary shares in the Company ("**Shares**") plus pay \$200,000 cash. In addition, the Company will reimburse the Vendor \$300,000 for cash costs incurred in securing the Licences.

About Colombia

The Republic of Colombia is the fourth largest country in South America, with over 46 million people, the fourth largest economy in Latin America and known for the production and export of coffee, flowers, emeralds, coal and oil.

Colombia was recently awarded an investment grade rating by Standard & Poor's, Moody's and Fitch's with the ratings agencies noting the improved macroeconomic credibility and security conditions. Similarly, the World Bank ranks Colombia 5th (out of 183 countries) in their protecting investors index.

Colombia is in the enviable position of being the only South American country bordering both the Atlantic and Pacific Oceans (Refer to **Figure 1**),

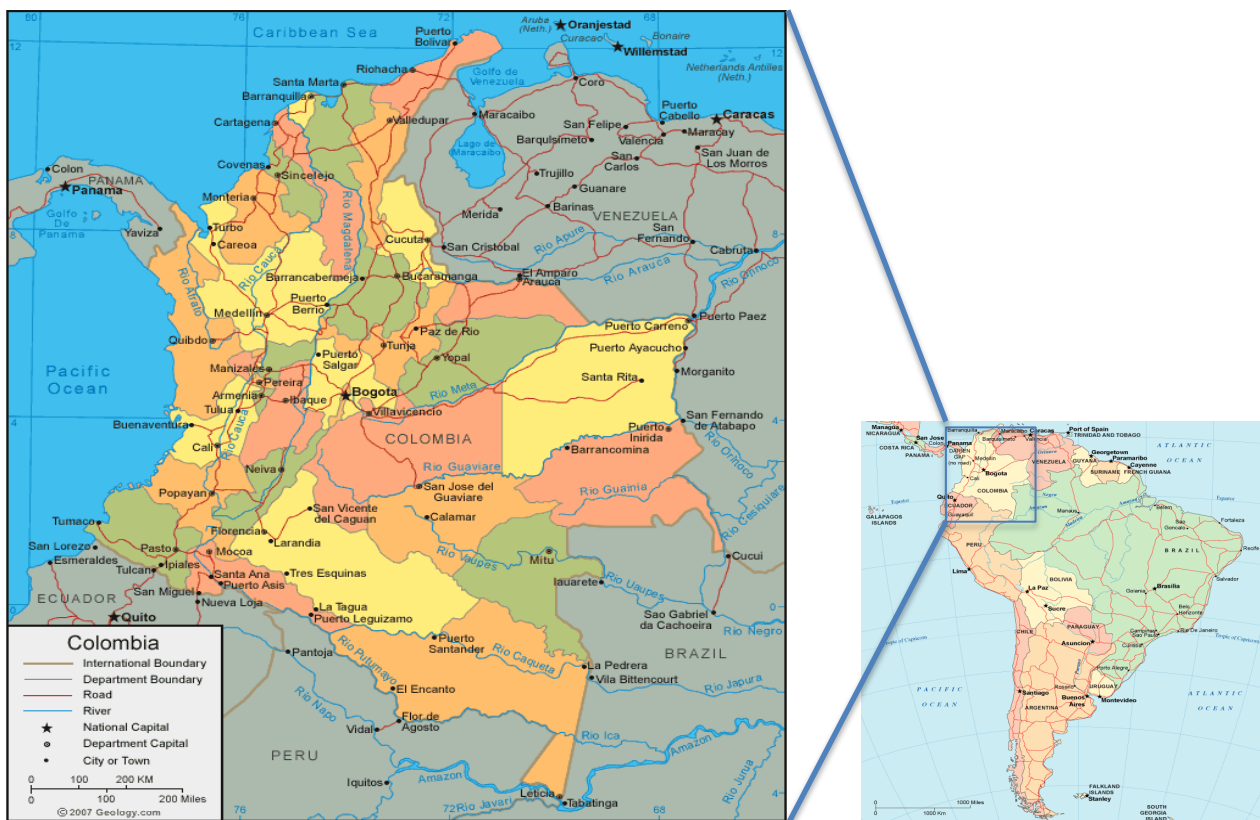


Figure 1: Country and Regional Location Map

The proposed transaction provides Epic with the opportunity to join BHP, Anglo American, Xstrata, Glencore and Drummond in the growing Colombian coal market which is the world's fourth largest exporter of coal and has the largest identified coal resource base in South America. In 2011, Colombia's overall coal production was 85.8 million tonnes (an increase of 15.4 percent over 2010) and coal exports were up 16 percent at a record 79.2 million tonnes. Recent media suggests Colombia expects to increase coal exports to approximately 150Mt by 2020.

Colombia's proximity to the Atlantic and Pacific seaborne coal export markets has driven the recent shift toward the Asian markets (exports destined for Asia up 363% in H1 2012).

About the Licences

The state of Antioquia hosts a number of coal bearing areas, with the Licences located in the southwestern part of the state in the Municipality of Titiribì. The project area offers established road infrastructure and access to ports on both the Atlantic and Pacific coasts. The State Capital, Medellin, is located approximately 70km to the north east of the town of Titiribì.

The project consists of 3 mining licences, as set out in **Table 1** below, covering a total land area of approximately 200Ha. Dominant land use in the region is private farming.

Table 1: Mining Licence Schedule

| National Mining Register ID | State Authority ID | Area (Ha) | Status | Date Granted | Expiry Date |
|-----------------------------|--------------------|-----------|---------|--------------|-------------|
| HJBN-04 | 7569 | 52 | Granted | 30 Jan 2009 | 30 Jan 2038 |
| HJID-06 | 7425 | 11 | Granted | 4 May 2009 | 4 May 2038 |
| HJLI-01 | 7569B | 147 | Granted | 2 July 2009 | 2 July 2038 |

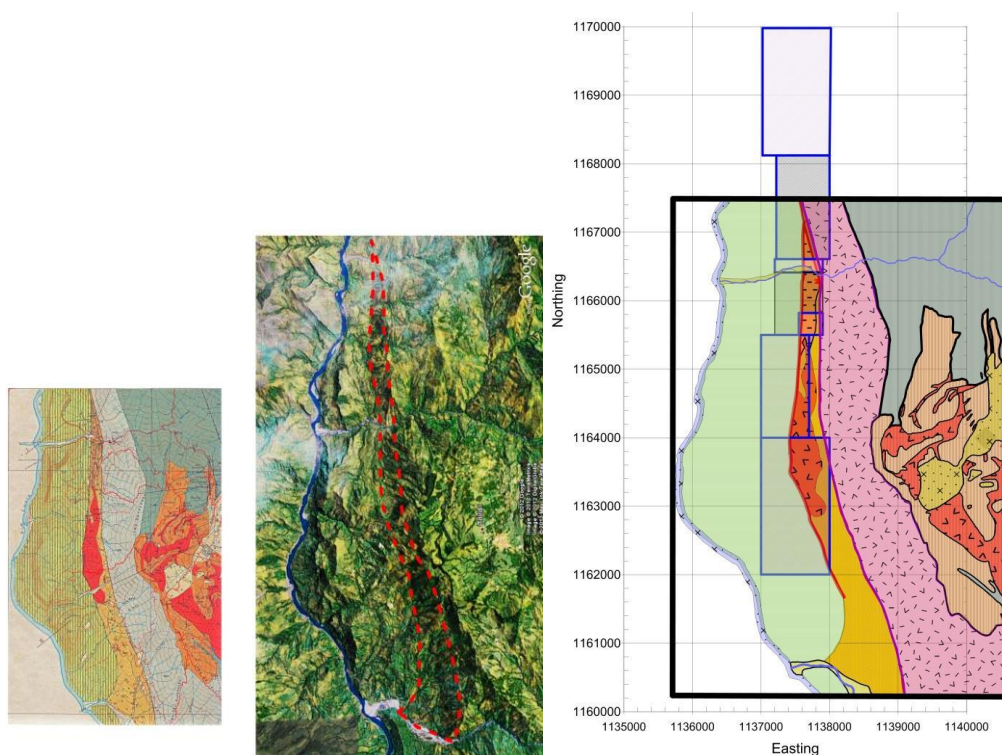


Figure 2: Regional geology of the Titiribì area and the location of the concessions.

Local Geology

The project sits in the valley of Rio Cauca that lies between the Cordillera Occidental and the Cordillera Central of the Andes Mountains. Access to the project is via hard surface road to the town of Titiribì and then via semi-improved gravel roads.

The cross section below shows the general geological structure in the El Basal area extending east

into the area north of Amagà with the coal bearing formation represented in brown. The El Basal coal area, Titiribì and Amagà are shown circled in blue.

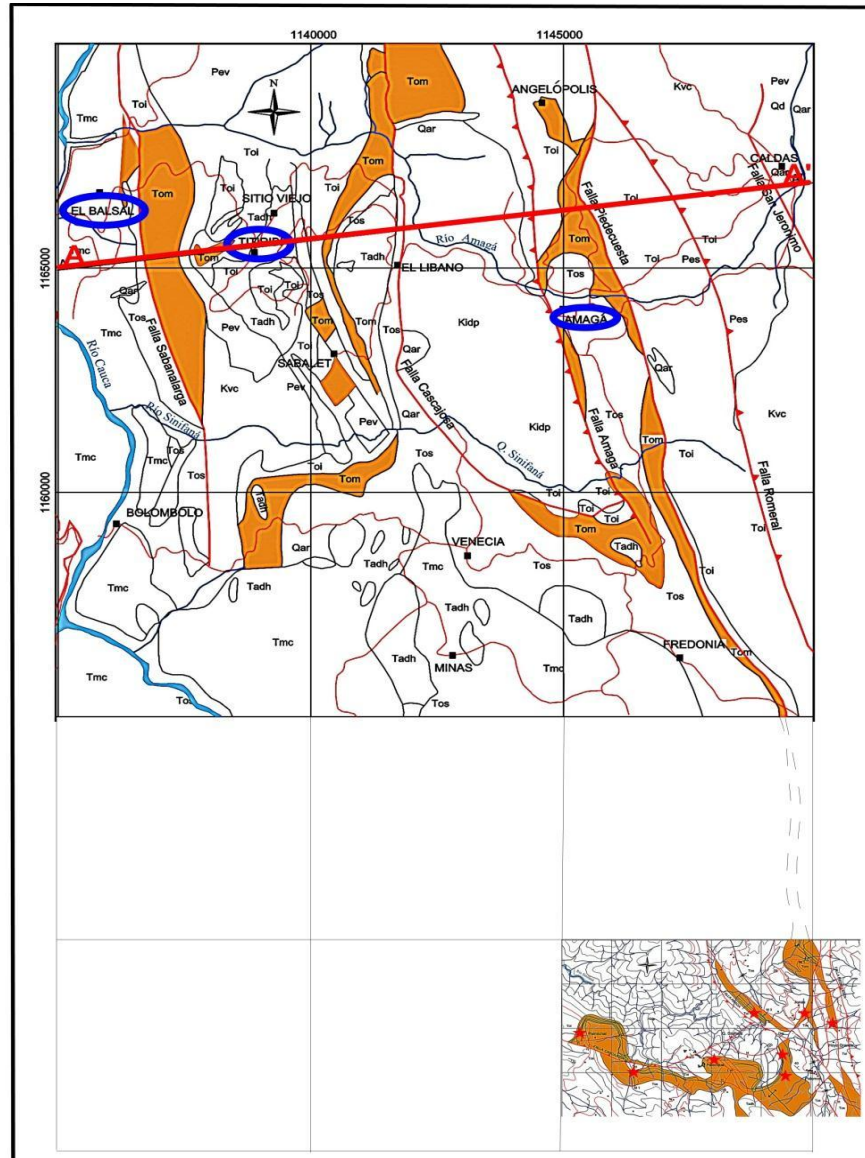


Figure 3: Local Geology

Transaction Details

Completion of the transaction contemplated by the Agreement ("**Transaction**") is subject to satisfaction (or waiver) of a number of conditions precedent ("**Conditions Precedent**") including:

1. the receipt of shareholder approval;
2. the Company completing and being satisfied with due diligence investigations on the Licences, Carbones Spain and Carbones Titiribi, to the absolute discretion of the Company; and

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3. all necessary regulatory and tax consents or approvals for the proposed transaction, if necessary, being received.

If the Conditions Precedent set out above are not satisfied (or waived by Epic) on or before 1 November 2012 or such later date as agreed by the parties, then either party may terminate the Agreement.

Initial Consideration

Subject to satisfaction of the Conditions Precedent, the Company will issue 4,500,000 Shares ("**Initial Consideration Shares**") plus pay \$200,000 to the Vendor and will also reimburse the Vendor an additional \$300,000 for cash costs incurred in securing the Licences.

Stage 1 Interest

Where, within 12 months of the satisfaction of the Conditions Precedent, the Company successfully defines:

- a 10Mt Inferred Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for coal) of coal that meets certain minimum specifications within the area covered by the Licences or any new licences acquired by Carbones Titiribi (**Licence Area**),

the Company will issue to the Vendor a further 11,000,000 Shares ("**Tranche 1 Deferred Consideration Shares**").

Stage 2 Interest

Where, within 18 months of the satisfaction of the Conditions Precedent, the Company successfully defines:

- a 20Mt Inferred Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for coal) of coal that meets certain minimum specifications within the Licence Area,

the Company will issue to the Vendor a further 11,500,000 Shares ("**Tranche 2 Deferred Consideration Shares**").

Stage 3 Interest

Where, within 18 months of the satisfaction of the Conditions Precedent:

- the volume weighted average price of the Company's shares as traded on ASX over 20 trading days equal or exceeds \$0.35,

the Company will issue to the Vendor a further 12,000,000 Shares ("**Tranche 3 Deferred Consideration Shares**").

Stage 4 Interest

Where, within 24 months of the satisfaction of the Conditions Precedent, the Company successfully defines:

- a 20Mt Indicated Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for coal) of coal that meets certain minimum specifications within the Licence Area,

the Company will issue to the Vendor a further 38,760,000 Shares ("**Tranche 4 Deferred Consideration Shares**").

Minimum Coal Specifications

The minimum coal specifications for the Deferred Consideration Shares is coal that has the following minimum characteristics (on an as received basis):

- (a) >5500kcal/kg;
- (b) <15% Ash; and
- (b) <1% Sulphur,

except as otherwise agreed to by Epic.

Payments due to minority holder in Carbones Titiribi

In addition to the above, cash payments will be due and payable to the holder of the 10% interest in Carbones Titiribi ("**Minority Holder**"):

- (a) a cash milestone payment - USD\$1 million upon first quarterly production annualised at 300,000 tonnes per annum from the Licences; and
- (b) bonus payments - JORC reserve linked:
 - (i) if less than a 20 million tonne JORC reserve of coal is delineated on the Licence Area - no cash payments will be due to the Minority Holder;
 - (ii) if a 20 to 30 million tonne JORC reserve of coal is delineated on the Licence Area - the Minority Holder will be entitled to a cash payment equal to USD\$0.80 per tonne of coal defined, payable USD\$0.10 in cash (within 60 days of receiving the JORC certification) and USD\$0.70 as production royalty;
 - (iii) if a 30 to 45 million tonne JORC reserve of coal is delineated on the Licence Area - the Minority Holder will be entitled to a cash payment equal to USD\$1.00 per tonne of coal defined, payable USD\$0.25 in cash (within 60 days of receiving the JORC certification) and USD\$0.75 as production royalty;
 - (iv) if a 45 to 60 million tonne JORC reserve of coal is delineated on the Licence Area - the Minority Holder will be entitled to a cash payment equal to USD\$1.00 per tonne of coal defined, payable USD\$0.35 in cash (within 60 days of receiving the JORC certification) and USD\$0.65 as production royalty;
 - (v) if a 60 to 75 million tonne JORC reserve of coal is delineated on the Licence Area - the Minority Holder will be entitled to a cash payment equal to USD\$1.00 per tonne of coal defined, payable USD\$0.50 in cash (within 60 days of receiving the JORC certification) and USD\$0.50 as production royalty; and
 - (vi) if in excess of a 75 million tonne JORC reserve of coal is delineated on the Licence Area - the Minority Holder will be entitled to a cash payment equal to USD\$1.00 per tonne of coal defined, payable USD\$0.75 in cash (within 60 days of receiving the JORC certification) and USD\$0.25 as production royalty.

Further details will be provided in a Notice of Meeting to be issued to the Company's Shareholders shortly. The Company will continue to provide regular updates to the market with the progress of the transaction and the outcomes of the legal and technical due diligence.

Mr Faldi Ismail, Executive Chairman, Epic Resources Limited, commented:

"This is an exceptionally exciting transaction for Epic. This targeted acquisition provides the Company with an attractive entry into one of the most exciting and mineral-rich countries in the world and provides potential access to a commodity that has experienced strong demand growth as a direct result of the industrialisation of China, India and Brazil.

Notwithstanding, that in securing this transaction, the Company will welcome Mr Paul Kopejtka to the Board who will bring with him in excess of 22 years' experience in the mining industry that extends to both the Australian and overseas mining industry. Mr Kopejtka has a strong track record in facilitating the growth of a number of major publicly listed companies.

The Company continues to focus on delivering shareholder value through the acquisition of projects and commodities that exhibit strong, sustained long-term demand growth."

-Ends-

About Epic Resources Limited

Epic Resources is an Australian-based exploration company that was initially established to acquire, explore, evaluate and exploit uranium-REE deposits and explore prospective uranium tenements and other minerals.

Epic Resources entered into a Farm-in Agreement with Cazaly Iron Pty Ltd (Cazaly), pursuant to which the Company has a right to earn a 75% interest in the Quartz Hill Project. In June 2012 the Company acquired the McPhees Gold Project in Western Australia and is located within the Marble Bar Mineral Field, Western Australia.

In addition to seeking to earn a 75% interest in the Quartz Hill Project and the McPhees Gold Project and as outlined in the Company's Prospectus, the Company intends to pursue new projects in the resources sector, both in Australia and overseas, by way of acquisition or investment.

These projects may include other types of minerals including, without limitation, coal, iron ore, copper, gold, manganese, tin, nickel, potash and tungsten.

For more information, visit www.epicresources.com.au or contact:

Tanya Woolley
Company Secretary
T: +61 (0) 8 9476 4500
F: +61 (0) 8 6314 1587
E: tanya@bluehorse.com.au

Francis De Souza
Non-Executive Director
T: +61 (0) 8 9476 4500
F: +61 (0) 8 6314 1587
E: francis@otsana.com.au