
EPIC RESOURCES LIMITED

ACN 146 530 378

NOTICE OF GENERAL MEETING

TIME: 10:30AM (Perth time)

DATE: Monday 30 April 2012

PLACE: Epic Resources Limited
Registered Office:
108 Outram Street
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9476 4500.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:30AM (Perth time) on 30 April 2012 at:

Epic Resources Limited (Registered Office): 108 Outram Street, West Perth, WA, 6005

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 10:30AM (Perth Time) on 21 April 2012.

VOTING IN PERSON

To vote in person, attend the General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be

aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

LETTER TO SHAREHOLDERS

Dear Shareholder

I have the pleasure of presenting an exciting opportunity which promises the potential of significant future growth for Epic Resources Limited (the **Company** or **Epic**).

The Company was incorporated on 24 September 2010 and was admitted to the official list of the ASX on 9 February 2011. The current principal activities of the Company are the discovery and/ or acquisition of commercially significant mineral projects that can be readily brought into production. The Company currently retains the right to earn a 75% joint venture interest in the Quartz Hill Project in the Northern Territory with Cazaly Iron Pty Ltd. The Quartz Hill Project is prospective for uranium and rare earth metals.

As foreshadowed in the initial public offer prospectus, while continuing its existing exploration activities, the Company is also identifying and evaluating potential new acquisitions. Through that process, Epic has identified a project in the Republic of Indonesia, which the Board considers will bring value to the Company.

Epic has entered into an agreement pursuant to which it has the right to progressively earn up to 100% of the issued capital in each of Subi Cove Development Limited (a company incorporated in the British Virgin Islands) (**Subi Cove**) and Jilliby Investments Limited (a company incorporated in the British Virgin Islands) (**Jilliby**) (**Transaction**).

The Transaction will be implemented through Subi Cove and Jilliby and their wholly owned subsidiaries, PT Sumber Mulia Sentosa (a company incorporated in the Republic of Indonesia) (**PSMS**) and PT Cahaya Bumi Lestari (a company incorporated in the Republic of Indonesia) (**PCBL**), respectively.

PSMS holds a 100% interest in coal exploration licence 545/K.355c/2010 through its wholly owned Indonesian subsidiary PT Tata Buana Kharisma (**TBK**) and PCBL holds a 100% interest in coal exploration licence 545/K.357a/2010 through its wholly owned Indonesian subsidiary PT Tata Borneo Wikajaya (**TBW**) (together, the **Licences**) (all together, the **Project**). The Licences are located in the Republic of Indonesia.

The Project is located in Mamahak Besar, Long Bagun District, Kutai Barat Regency, East Kalimantan Province and covers a total area of 15,500 hectares. The Project is prospective for coal. Geologically the Project area consists of four formations which are identified as being coal bearing formations.

The Transaction is subject to the satisfaction of a number of conditions precedent, including Shareholder approval which is being sought at the General Meeting which is the subject of this Notice of General Meeting (**Notice**). I ask that you read the Notice and attached Explanatory Statement carefully, including the associated risks, advantages and disadvantages of the Transaction.

The size of the proposed Transaction and resultant change in both activities and the scale of the Company's main undertaking represent a significant change in the Company's activities.

Your Board believes this is a unique opportunity to participate in a project which has the potential to generate significant organic growth and widespread market support for both the Project and Company.

Yours sincerely

Faldi Ismail
Executive Chairman
EPIC RESOURCES LIMITED

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 2, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES TO SUBI COVE DEVELOPMENT LIMITED AND JILLIBY INVESTMENTS LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to the passing of Resolution 1, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 69,000,000 Shares to the shareholders of Subi Cove Development Limited and Jilliby Investments Limited (or their nominees), as consideration for the acquisition of up to all of the issued fully paid ordinary shares in the capital of Subi Cove Development Limited and Jilliby Investments Limited, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: THURSDAY, 29 MARCH 2012

BY ORDER OF THE BOARD

**MRS TANYA WOOLLEY
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. OVERVIEW OF CHANGE OF ACTIVITIES

1.1 General

Epic Resources Limited is a public company listed on the official list of the ASX (ASX code: EPC) and is predominantly concerned with uranium and rare earth minerals exploration and development in Australia.

The current principal activities of the Company are:

- (a) the acquisition, exploration, evaluation and exploitation of uranium deposits and the exploration of prospective uranium tenements; and
- (b) the pursuit of other projects by way of acquisition or investment, that include other types of minerals, including, without limitation, coal, iron ore, copper, gold, manganese, tin, nickel and tungsten.

The funds raised by the Company upon admission to the official list of the ASX are being used in the evaluation and exploration of currently held assets, being the Quartz Hill Project (**Quartz Hill**) located in the Northern Territory. Further details on Quartz Hill are set out in Section 1.2 below.

The Company has been actively and continuously seeking to identify and evaluate potential new mineral projects and opportunities in Australia and overseas suitable for acquisition and development by the Company.

1.2 Quartz Hill Project

On 29 October 2010, the Company entered into a farm-in agreement with Cazaly Iron Pty Ltd (**Cazaly**), pursuant to which the Company has acquired the right to earn an initial 75% interest in Quartz Hill.

Quartz Hill is located approximately 150 km east-north-east of Alice Springs, in the Northern Territory and is comprised of two granted exploration licences, EL24838 and EL25296, currently held by Cazaly. Quartz Hill is prospective for uranium and rare-earth minerals.

The Company is currently conducting a comprehensive project evaluation to identify exploration targets warranting further investigation. The Company is undertaking a review of the available historic, geological and geographical data for the region, exploration targeting based on the desktop analysis and reconnaissance sampling and mapping of identified targets.

As announced to the ASX on 14 November 2011, the Company has recently applied for three additional exploration licences in close proximity to the Quartz Hill Project as part of its regional exploration strategy.

The Company is continuing its activities as a mineral exploration company and the primary focus will be to continue with the exploration and development of the Quartz Hill Project. The Company will continue to explore its existing exploration projects located in Australia and will continue evaluating new projects within Australia as well as overseas for exploration and production possibilities.

1.3 Background to Change of Scale of Activities

On 9 February 2012, the Company announced that it had entered into a binding farm-in agreement (**Farm-in Agreement**) to acquire the right to progressively earn up to a 100% of the issued capital in Subi Cove Development Limited (**Subi Cove**) and Jilliby Investments Limited (**Jilliby**) (**Transaction**).

The Transaction will be implemented through Subi Cove and Jilliby and their wholly owned subsidiaries, PT Sumber Mulia Sentosa (a company incorporated in the Republic of Indonesia) (**PSMS**) and PT Cahaya Bumi Lestari (a company incorporated in the Republic of Indonesia) (**PCBL**), respectively.

PSMS holds a 100% interest in coal exploration licence 545/K.355c/2010 through its wholly owned Indonesian subsidiary PT Tata Buana Kharisma (**TBK**) and PCBL holds a 100% interest in coal exploration licence 545/K.357a/2010 through its wholly owned Indonesian subsidiary PT Tata Borneo Wikajaya (**TBW**) (together, the **Licences**) (all together, the **Project**). The Licences are located in the Republic of Indonesia.

The Project is located in Mamahak Besar, Long Bagun District, Kutai Barat Regency, East Kalimantan Province and is prospective for coal. The Company intends to change the nature and scale of its activities to include coal exploration and development in Indonesia and Australia.

Accordingly, Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company to become a coal, uranium and rare earth minerals exploration and development company with operations in Indonesia.

As outlined in Section 1.5 of this Explanatory Statement, the Company has entered into the Farm-in Agreement for the purpose of acquiring an interest in the Project, by progressively earning up to a 100% interest in Subi Cove and Jilliby.

Other information considered material to Shareholders' decision on whether to pass Resolution 1 is set out in this Explanatory Statement, and Shareholders are advised to read this information carefully.

1.4 The Project

The Project comprises two coal exploration licences, 545/K.355c/2010 and 545/K.357a/2010 (**Licences**) and is located in Mamahak Besar, Long Bagun District, Kutai Barat Regency, East Kalimantan Province. The registered holders of the Licences are PT Tata Buana Kharisma (**TBK**) and PT Tata Borneo Wikajaya (**TBW**) (all together, the **Project**).

The total area of the Project is 15,500 hectares. Generally, the Project area is flat to slightly undulating with elevation ranges of 10-25 meters.

Geologically the Project area consists of Ujoh Bilang, Batuayau, Harloq and Kelau Formation lithologies. These four formations are identified as being coal bearing formations, with the Harloq Formation being regarded as the most prospective for hosting economic coal mineralisation (refer to Figure 1 below).

The Project area has received no modern systematic exploration and will require reconnaissance geological mapping and sampling in order to determine the extent and quality of coal mineralisation.

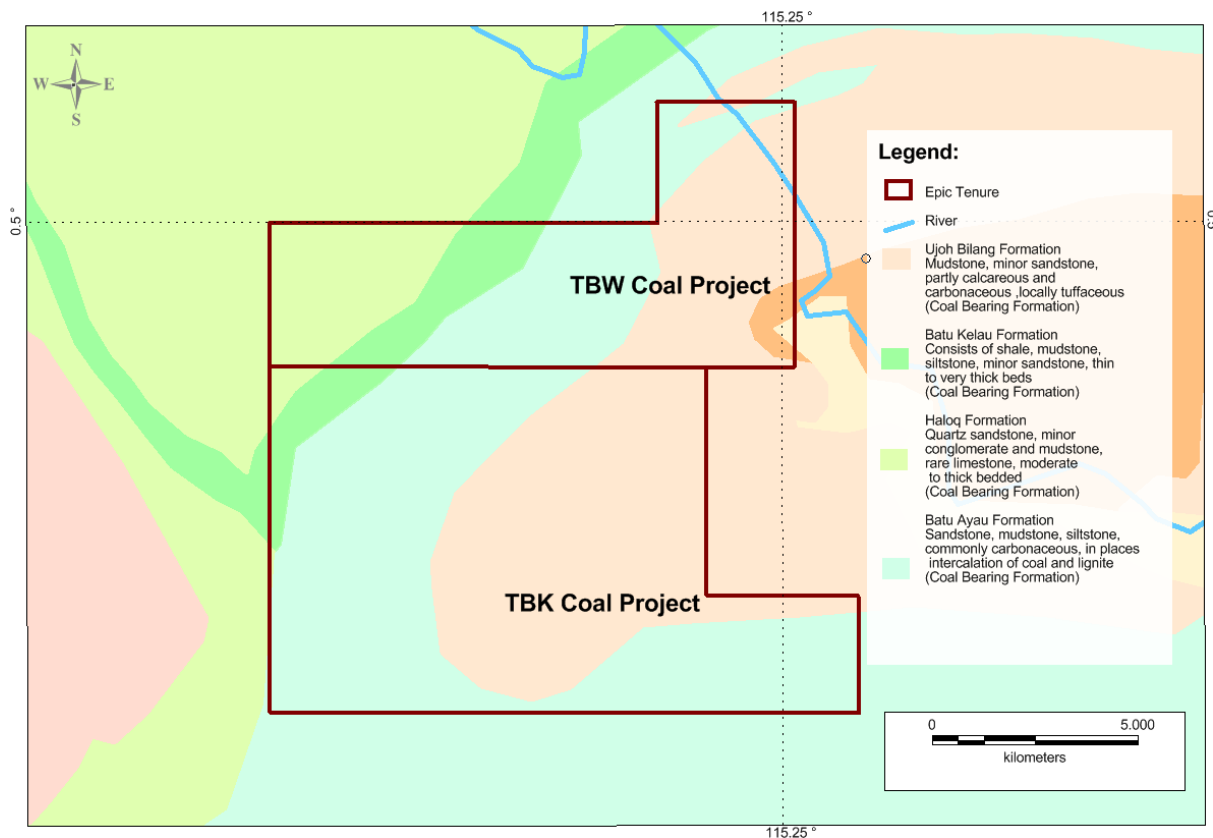


Figure 1 - Project Geology

1.5 Key Terms of the Farm-in Agreement

On or about 6 February 2012, the Company entered into a Farm-in Agreement with the shareholders of Subi Cove and Jilliby (together, the **Vendors**), pursuant to which the Company has acquired the right to earn up to a 100% interest in each of Subi Cove and Jilliby.

The key terms of the Farm-in Agreement are as follows:

- (a) The Farm-in Agreement is subject to satisfaction of the following conditions precedent:
- (i) the receipt of shareholder approval for the issue of the Tranche 1 Deferred Consideration Shares and the Tranche 2 Deferred Consideration Shares (as defined below);
 - (ii) the Company completing and being satisfied with due diligence investigations on Subi Cove, Jilliby, PSMS, PCBL, TBK and TBW's business operations including the Licences, to the absolute discretion of the Company; and
 - (iii) all necessary regulatory and tax consents or approvals for the proposed transaction, if necessary, being received,

(Conditions Precedent).

- (b) The Company will acquire an initial 15% interest in each of Subi Cove and Jilliby (**Stage 1 Interest**) by issuing to the Vendors (or their respective nominees) 4,000,000 Shares (**Initial Consideration Shares**), upon satisfaction of the Conditions Precedent.
- (c) Where, within 12 months of the satisfaction of the Conditions Precedent (or such longer period as agreed by the Company, but not exceeding a further 6 months), the Company successfully defines a 20mt Inferred

Mineral Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for Coal) of coal that meets the Minimum Specifications (as defined below) within the Licences (**Tranche 1 Performance Milestone**), the Company will issue to the Vendors (or their respective nominees) a further 20,000,000 Shares (**Tranche 1 Deferred Consideration Shares**).

The coal must have the following minimum characteristics (on an as received basis):

- (i) >5500 kcal/kg;
- (ii) <15% Ash; and
- (iii) <1% Sulphur,

except as otherwise agreed to by the Company (**Minimum Specifications**).

Following the issue of the Tranche 1 Deferred Consideration Shares, the Company will have earned an additional 40% interest in each of Subi Cove and Jilliby (**Stage 2 Interest**), such that the Company's total interest in each of Subi Cove and Jilliby is 55%.

- (d) If, within 18 months of the satisfaction of the Conditions Precedent (or such longer period as agreed by the Company, but not exceeding a further 6 months), the Company successfully defines:

- (i) a 20mt Indicated Mineral Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for Coal) of coal that meets the Minimum Specifications; and
- (ii) a 20mt Inferred Mineral Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for Coal) of coal that meets the Minimum Specifications,

within the Licences (**Tranche 2 Performance Milestone**), the Company will issue to the Vendors (or their respective nominees) a further 45,000,000 Shares (**Tranche 2 Deferred Consideration Shares**).

Following the issue of the Tranche 2 Deferred Consideration Shares, the Company will have earned a further 45% interest in each of Subi Cove and Jilliby (**Stage 3 Interest**), such that the Company's total interest in each of Subi Cove and Jilliby is 100%.

- (e) Subject to the acquisition completing, the Company has agreed to fully fund the exploration and development activities of the Licences (**Exploration Funding**) until the earlier of a decision to mine (**DTM**) on the Licences being made by the board of each of Subi Cove and Jilliby, or the Company earning the Stage 3 Interest.

The Vendors' interest will be free carried until DTM. After that time, the Vendors must meet all subsequent funding calls on the Licences or be diluted in accordance with a standard industry formula.

- (f) Until such time as the Company acquires the Stage 3 Interest, the Vendors agree not to:
 - (i) enter into any binding commitment to sell or otherwise deal with Subi Cove or Jilliby or the Licences with any third party; or

(ii) provide any information concerning the Licences to any prospective purchaser or investor, without the prior written consent of the Company.

(g) Notwithstanding the fact that the Farm-in Agreement is legally binding on the parties, the parties have agreed to enter into a formal farm-in agreement to more fully document the terms of the Transaction.

(h) The Farm-in Agreement contains standard representations warranties given by the Company and the Vendors which would be expected for an agreement of this type.

1.6 Pro forma balance sheet

An audited pro forma balance sheet of the Company following completion of the Transaction contemplated by this Notice of Meeting is set out in Schedule 1.

1.7 Pro forma capital structure

The capital structure of the Company following completion of the Transaction is set out below:

	Shares	Options
Currently issued capital ¹	29,625,000	3,500,000 ²
Issued to acquire the Stage 1 Interest (Resolution 2)	4,000,000	Nil
Issued to acquire the Stage 2 Interest (Resolution 2)	20,000,000	Nil
Issued to acquire the Stage 3 Interest (Resolution 2)	45,000,000	Nil
Total on completion of the Transaction ³	98,625,000	3,500,000

Notes:

- Assumes no further securities are issued prior to completion of the Transaction, other than as set out in the table.
- Options are exercisable at \$0.20 each on or before 30 January 2014.
- Assumes that no Options are exercised.

1.8 Proposed Budget

The Company has current cash reserves of \$3,683,538 as at the date of this Notice of Meeting.

The Company intends to apply the current cash reserves as follows:

Item	Amount
Estimated Costs of the Transaction	\$100,000
Exploration expenditure on the Company's existing assets (Quartz Hill) (Year 2)	\$1,515,000
Expenditure on the Project (Year 1)	\$365,675
Working Capital and Corporate Administration	\$350,000
TOTAL	\$2,330,675

The proposed budget table above is a statement of current intentions as at the date of this Notice of Meeting. Intervening events may alter the way funds are ultimately applied by the Company.

1.9 Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) the Transaction represents a significant investment opportunity for the Company to diversify its interests to include coal exploration and development in a highly prospective region of the world;
- (b) the acquisition of existing companies, will enable the Company to tap into the established nature of Subi Cove and Jilliby, allowing the Company to avoid the start-up costs and bureaucratic delay involved in a foreigner acquiring a new company in Indonesia;
- (c) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Transaction;
- (d) the Company will also continue to assess a range of uranium, rare earth minerals and coal exploration and mining projects within Australia and internationally for potential acquisition or joint venture, with a view to increasing the number of projects held by the Company;
- (e) the Transaction will reduce risk in the Company's operating profile through increased geographic diversity and community exposure; and
- (f) the Transaction represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's Shares.

1.10 Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) the Company will be changing the nature and scale of its activities to include coal exploration activities in Indonesia, which may not be consistent with the objectives of all Shareholders;
- (b) the acquisition of the Project will result in the issue of the Company's Shares to the Vendors which will have a dilutionary effect on the holdings of Shareholders;
- (c) exploration activities on the Project may not identify an economically viable coal resource and accordingly the Company may not proceed any further than the Stage 1 Interest;
- (d) significant future outlays of funds will be required in the form of exploration commitments; and
- (e) risk factors associated with the change in nature of the Company's activities associated with the Project. Some of these risks are summarised in Section 1.11 below.

1.11 Risk factors

Shareholders should be aware that if the proposed Transaction is approved, the Company will be changing the scale of its activities. Based on the information available, a non-exhaustive list of risk factors are as follows:

Risks relating to the Change in Scale of Activities

Risks relating to the Project

The Project is located in Indonesia. The Company will be subject to the risks associated with operating in Indonesia. Indonesia is considered to be a developing country and, as such, subject to increased sovereign risk. These Indonesian operations are subject to a number of risks, including:

- (a) difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (b) potential difficulties in protecting rights and interests in assets;
- (c) difficulties in securing costs for transportation and shipping; and
- (d) restrictive governmental actions, such as foreign investment, imposition of trade quotas, tariffs and other taxes.

Additional risks can include economic instability or change, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.

Changes to Indonesian mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

Mining Rights

Mining rights which are granted to Indonesian companies do not constitute a right to the land itself. A mining right holder must settle access to land with local land owners. To the extent that third parties have competing concession rights with respect to the land, agreement must be reached with the competing concession holders. There is no guarantee that successful settlement will be reached in this context.

Joint Venture Risk

The Company is subject to the risk that changes in the status of any of the Company's joint ventures (including changes caused by financial failure or default by a participant in the joint venture) may adversely affect the operations and performance of the Company.

Exploration and Development Risks

The business of coal exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable reserves;
- (b) access to adequate capital for project development;

- (c) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;
- (e) obtaining consents and approvals necessary for the conduct of coal exploration, development and production; and
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from the Project undergoing an exploration and development program depends on successful exploration and establishment of production facilities. Factors including costs and reliability and commodity prices affect successful project development and operations.

Mining activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment.

Industry operating risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown and environmental hazards such as accidental spills or leakages, or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of coal. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

Resource and Reserve Estimates

Future resource estimates will be expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the project's operations.

General Economic and Political Risks

Changes in the general economic and political climate in Indonesia and on a global basis could impact on economic growth, coal prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any coal activity that may be conducted by the Company.

Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to coal production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices

fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for coal, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Indonesian and Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar, the Indonesian Rupiah and the Australian Dollar as determined in international markets.

Environmental Risks

The Company will be subject to environmental laws and regulations in connection with operations it may pursue in the coal industry, which operations the Company currently proposes to be in Indonesia. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Competition

The Company will compete with other companies, including major coal companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce coal, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

Insurance

Insurance against all risks associated with coal production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify coal reserves, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reserve

problems which may affect production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

General Risks

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others

not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

1.12 Plans for the Company if the Resolutions are not passed

If the Resolutions are not passed and the acquisition of the right to progressively earn an interest in the Project is not completed, the Company will continue to develop its existing projects and look for potential projects in order to identify a further significant project to take the Company forward.

1.13 Directors' Recommendation

The Directors of the Company unanimously recommend the Transaction and that Shareholders vote in favour of Resolutions 1 and 2. It is the view of the Directors that the Transaction will give the Company's Shareholders the opportunity to participate in a potentially significant exploration and development programme in respect of a highly prospective coal project.

2. RESOLUTION 1 – APPROVAL TO CHANGE SCALE OF ACTIVITIES

2.1 General

Resolution 1 seeks approval from Shareholders for a change in the scale of the activities of the Company to expand the focus of the Company's activities into Indonesia by acquiring the right to progressively earn up to a 100% interest each of Subi Cove and Jilliby, and accordingly, earn up to a 100% interest in the Project.

As outlined in Section 1 of this Explanatory Statement, the Company has entered into the Farm-in Agreement whereby the Company has the right to progressively acquire up to a 100% interest in the Project.

The Farm-in Agreement is subject to the Conditions Precedent summarised in Section 1.5 above.

A detailed description of the Project is outlined in Section 1.4 above.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the scale of the Company's activities as a result of the Transaction requires the Company in accordance with ASX Listing Rule 11.1.2 to obtain Shareholder approval and must comply with any requirements of ASX in relation to the Notice of Meeting.

However, ASX has also indicated to the Company that the change in the scale of the Company's activities as a result of the Transaction does not require the

Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

3. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES TO SUBI COVE DEVELOPMENT LIMITED AND JILLIBY INVESTMENTS LIMITED

3.1 General

As outlined in Section 1 of this Explanatory Statement, the Company has entered into a Farm-in Agreement pursuant to which the Company has acquired the right to progressively earn up to a 100% interest each of Subi Cove and Jilliby, and accordingly, earn up to a 100% interest in the Project.

As consideration for the acquisition of the shares in each of Subi Cove and Jilliby, the Company is required, subject to Shareholder approval, to issue to the Vendors (or their respective nominees) up to a total of 69,000,000 Shares as follows:

- (a) 4,000,000 Shares (**Initial Consideration Shares**) for an initial 15% interest in each of Subi Cove and Jilliby (**Stage 1 Interest**) upon satisfaction of the Conditions Precedent (set out in Section 1.5(a) above);
- (b) a further 20,000,000 Shares (**Tranche 1 Deferred Consideration Shares**) where, within 12 months of the satisfaction of the Conditions Precedent (or such longer period as agreed by the Company, but not exceeding a further 6 months), the Company successfully defines a 20mt Inferred Mineral Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for Coal) of coal that meets the Minimum Specifications (as defined below) within the Licences (**Tranche 1 Performance Milestone**).

The coal must have the following minimum characteristics (on an as received basis):

- (i) >5500 kcal/kg;
- (ii) <15% Ash; and
- (iii) <1% Sulphur,

except as otherwise agreed to by the Company (**Minimum Specifications**).

Following the issue of the Tranche 1 Deferred Consideration Shares, the Company will have earned an additional 40% interest in each of Subi Cove and Jilliby (**Stage 2 Interest**), such that the Company's total interest in each of Subi Cove and Jilliby is 55%.

- (c) a further 45,000,000 Shares (**Tranche 2 Deferred Consideration Shares**) if, within 18 months of the satisfaction of the Conditions Precedent (or such longer period as agreed by the Company, but not exceeding a further 6 months), the Company successfully defines:
 - (i) a 20mt Indicated Mineral Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for Coal) of coal that meets the Minimum Specifications; and
 - (ii) a 20mt Inferred Mineral Resource in accordance with JORC Guidelines (as that term is defined for the purposes of JORC Guidelines for Coal) of coal that meets the Minimum Specifications,

within the Licences (**Tranche 2 Performance Milestone**).

Following the issue of the Tranche 2 Deferred Consideration Shares, the Company will have earned a further 45% interest in each of Subi Cove and Jilliby (**Stage 3 Interest**), such that the Company's total interest in each of Subi Cove and Jilliby is 100%.

The Initial Consideration Shares, the Tranche 1 Deferred Consideration Shares and the Tranche 2 Deferred Consideration Shares are hereafter referred to as the "**Consideration Shares**".

Resolution 2 seeks Shareholder approval for the allotment and issue of the Consideration Shares to the Vendors (or their respective nominees) in consideration for acquiring their respective shares in Subi Cove and Jilliby to enable the Company to acquire up to a 100% interest in each company, pursuant to the Farm-in Agreement.

None of the subscribers pursuant to this issue will be related parties of the Company.

3.2 ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Directors to issue the Consideration Shares to the Vendors during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.3 ASX Waiver Application

ASX Listing Rule 7.3.2 provides that if Shareholder approval is obtained to an issue of shares pursuant to ASX Listing Rule 7.1, a company will have a period of 3 months after its general meeting where Shareholder approval is obtained (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1 to issue the shares.

Pursuant to ASX Listing Rule 7.3.2, the Consideration Shares the subject of Resolution 2 must be issued within three (3) months from the date of the Shareholder approval.

ASX has granted a waiver of ASX Listing Rule 7.3.2 to the Company to issue the Tranche 1 Deferred Consideration Shares and the Tranche 2 Deferred Consideration Shares outside the 3 month period following the Meeting. The issue of each tranche of the Deferred Consideration Shares is dependent on the achievement of the relevant Performance Milestone. Accordingly, the effect of Resolution 2 will be to allow the Directors to issue the Tranche 1 Deferred Consideration Shares and the Tranche 2 Deferred Consideration Shares upon the achievement of the relevant Performance Milestone.

3.4 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Consideration Shares to be issued is 69,000,000 Shares in the following tranches:

- (i) 4,000,000 Initial Consideration Shares to acquire the Stage 1 Interest;
 - (ii) 20,000,000 Tranche 1 Deferred Consideration Shares to acquire the Stage 2 Interest; and
 - (iii) 45,000,000 Deferred Tranche 2 Consideration Shares to acquire the Stage 3 Interest;
- (b) the Initial Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Tranche 1 Deferred Consideration Shares and the Tranche 2 Deferred Consideration Shares, if issued, will be issued on achievement of their relevant Performance Milestone. Details of the Performance Milestones are set out in Section 1.5 above.

If the Performance Milestones are met, the Deferred Consideration Shares will be issued as follows:

- (i) 20,000,000 Tranche 1 Deferred Consideration Shares, within 12 months of the satisfaction of the Conditions Precedent (or such longer period as agreed by the Company, but not exceeding a further 6 months), on achievement of the Tranche 1 Performance Milestone; and
 - (ii) 45,000,000 Tranche 2 Deferred Consideration Shares, within 18 months of the satisfaction of the Conditions Precedent (or such longer period as agreed by the Company, but not exceeding a further 6 months), on achievement of the Tranche 2 Performance Milestone;
- (d) the Consideration Shares will be issued for nil cash consideration for the acquisition of the Project. Accordingly, no funds will be raised from their issue;
- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (and will rank equally with the Company's existing Shares); and
- (f) the Deferred Consideration Shares will be issued on the achievement of their relevant Performance Milestone (set out in Section 1.5 above); and
- (g) the Consideration Shares will be allotted and issued to the Vendors (or their respective nominees) (as detailed in Section 1.5 above), who are not related parties of the Company.

4. ENQUIRIES

Shareholders are requested to contact the Company Secretary, Mrs Tanya Woolley on (+ 61 8) 9476 4500 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company or **Epic** means Epic Resources Limited (ACN 146 530 378).

Conditions Precedent means the conditions precedent to the Farm-in Agreement, as set out in Section 1.5(a) of the Explanatory Statement.

Consideration Shares has the meaning given to it in Section 3.1 of the Explanatory Statement.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Deferred Consideration Shares means the Tranche 1 Deferred Consideration Shares and the Tranche 2 Deferred Consideration Shares.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Farm-in Agreement means the binding farm-in agreement between the Company and the Vendors dated 6 February 2012, pursuant to which the Company has acquired the right to progressively earn up to a 100% interest in each of Subi Cove and Jilliby, and accordingly, earn up to a 100% interest in the Project.

General Meeting or **Meeting** means the meeting convened by the Notice.

Initial Consideration Shares means 4,000,000 Shares.

Jilliby means Jilliby Investments Limited (a company incorporated in the British Virgin Islands).

JORC Guidelines for Coal means Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves.

Licences means 545/K.355c/2010 and 545/K.357a/2010 located in Mamahak Besar, Long Bagun District, Kutai Barat Regency, East Kalimantan Province, Indonesia.

Minimum Specifications has the meaning given to it in Section 1.5 of the Explanatory Statement.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

PCBL means PT Cahaya Bumi Lestari (a company incorporated in the Republic of Indonesia).

Performance Milestone means either the Tranche 1 Performance Milestone or the Tranche 2 Performance Milestone (or both of them if the context requires).

Project means PT Tata Buana Kharisma 545/K.355c/2010 and PT Tata Borneo Wikajaya as holder of licence 545/K.357a/2010, collectively.

Proxy Form means the proxy form accompanying the Notice.

PSMS means PT Sumber Mulia Sentosa (a company incorporated in the Republic of Indonesia).

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Stage 1 Interest has the meaning given to it in Section 1.5(b) of the Explanatory Statement.

Stage 2 Interest has the meaning given to it in Section 1.5(c) of the Explanatory Statement.

Stage 3 Interest has the meaning given to it in Section 1.5(d) of the Explanatory Statement.

Subi Cove means Subi Cove Development Limited (a company incorporated in the British Virgin Islands).

TBK means PT Tata Buana Kharisma (a company incorporated in the Republic of Indonesia).

TBW means PT Tata Borneo Wikajaya (a company incorporated in the Republic of Indonesia).

Tranche 1 Deferred Consideration Shares means 20,000,000 Shares.

Tranche 2 Deferred Consideration Shares means 45,000,000 Shares.

Tranche 1 Performance Milestone has the meaning given to it in Section 1.5(c) of the Explanatory Statement.

Tranche 2 Performance Milestone has the meaning given to it in Section 1.5(d) of the Explanatory Statement.

Transaction means the acquisition of the right to progressively earn up to a 100% interest in each of Subi Cove and Jilliby, and accordingly, earn up to a 100% interest in the Project.

Vendors means the shareholders of Subi Cove and Jilliby.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 –AUDITED PRO FORMA BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	Audited 31/12/2012	Proforma Adjustment	Proforma 31/12/2012
<u>Current Assets</u>				
Cash On Hand	1	3,755,693	(110,000)	3,645,693
Trade Receivables	1	11,137	10,000	21,137
Exploration & Evaluation	1, 2	295,500	13,555,000	13,850,500
Total Current Assets		4,062,330	13,455,000	17,517,330
<u>Non-Current Assets</u>				
Fixed Assets		3,907	-	3,907
Total Non-Current Assets		3,907	-	3,907
Total Assets		4,066,237	13,455,000	17,521,237
<u>Liabilities</u>				
Current Liabilities				
Trade Creditors		28,316	-	28,316
Other Creditors		6,602	-	6,602
Total Current Liabilities		34,918	-	34,918
Total Liabilities		34,918	-	34,918
Net Assets		4,031,319	13,455,000	17,486,319
<u>Equity</u>				
Share Capital		4,172,912	13,455,000	17,627,912
Reserves		355,123	-	355,123
Accumulated Profit & Losses		(496,716)	-	(496,716)
Total Equity		4,031,319	13,455,000	17,486,319

Notes:

1. The payment of expenses of the Transaction totalling an estimated \$100,000 (exclusive of GST) where \$100,000 is capitalised to exploration and \$10,000 recognised as GST receivable.
2. The purchase of 100% of the issued capital in each of Subi Cove and Jilliby by issuing to the Vendors 4,000,000 Initial Consideration Shares, 20,000,000 Tranche 1 Deferred Consideration Shares and 45,000,000 Tranche 2 Deferred Consideration Shares.
3. The issue of 69,000,000 Shares at 19.5 cents pursuant to Stage 1, 2 and 3 of the Transaction (based on the closing price of the Company's Shares as at 29 February 2012 of 19.5 cents).

PROXY FORM

**APPOINTMENT OF PROXY
EPIC RESOURCES LIMITED
ACN 146 530 378**

GENERAL MEETING

I/We

of

being a member of Epic Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 10:30am (Perth Time), on Monday, 30 April 2012 at 108 Outram Street, West Perth and at any adjournment thereof.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Consideration Shares to Subi Cove Development Limited and Jiliby Investments Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____ %

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

**EPIC RESOURCES LIMITED
ACN 146 530 378**

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at an General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one-half of the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Epic Resources Limited, PO Box 1346, West Perth, WA 6872; or
 - (a) facsimile to the Company on facsimile number +61 8 6314 1587; or
 - (b) email to the Company at tanya@bluehorse.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.