



## EXERGEN SEEKS ASX LISTING VIA MERGER WITH CAPE RANGE

ASX ANNOUNCEMENT

16 MAY 2013

**Mantle Mining Corporation Limited (ASX: MNM) “Mantle”**, is pleased to provide an update (following) that Exergen Pty Ltd (Exergen) and Cape Range Ltd (Cape Range) have announced plans for an amalgamation which will result in Exergen’s shareholders becoming the major shareholders of Cape Range.

Exergen is an Australian company which has developed a patented technology used in a process called Continuous Hydrothermal Dewatering (CHTD). CHTD upgrades low rank coal (LRC) with high moisture content in an economic and efficient manner, thereby adding significant value to those resources.

Exergen has established a joint venture with Mantle to develop the Bacchus Marsh Project in Victoria. Mantle and Exergen each hold a 50% interest in Exploration Licences (EL) 5294 and 5323 which combined host a JORC compliant Inferred Resource of 1.6Bt of LRC.

Exergen Chief Executive Officer Trevor Bourne said: “The transaction provides the company with an efficient and effective corporate structure on which to execute its strategy to become an internationally significant coal company.”

Mantle Managing Director Ian Kraemer commented that: “Mantle is pleased that Exergen continues to progress its business model in a way that will allow it to accelerate the successful demonstration of its patented (CHTD) technology.”

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### About Mantle Mining Corporation Limited

Mantle Mining (ASX: MNM) is an Australian based minerals exploration company that is focussed on a range of in high demand commodities. Mantle’s principal activities are to acquire exploration tenements and locate economically developable deposits of coal and gold. It is Mantle’s intention to progress mineral deposits through feasibility and into mining operations, to the benefit of all stakeholders.



16 May 2013

Company Announcements Officer  
Australian Securities Exchange

**ASX/MEDIA RELEASE**

## **EXERGEN SEEKS ASX LISTING VIA MERGER WITH CAPE RANGE**

Australian clean coal technology company Exergen Pty Ltd (Exergen) and Cape Range Ltd (Cape Range) have today announced plans for an amalgamation which will result in Exergen's shareholders becoming the major shareholders of Cape Range.

Today's announcement, made collectively by the Boards of Exergen and Cape Range, confirms the parties have entered into a Binding Heads of Agreement that will see Exergen merge with Cape Range via an all-scrip transaction.

Exergen is an Australian company which has developed a patented technology used in a process called Continuous Hydrothermal Dewatering (CHTD). CHTD upgrades low rank coal with high moisture content in an economic and efficient manner, thereby adding significant value to those resources.

The proposed transaction will result in the potential issue to Exergen shareholders of up to 412.5 million Cape Range shares, or approximately 87.7% of the expanded issued capital of Cape Range. The transaction is subject to a number of conditions precedent including approval by Cape Range shareholders.

Cape Range confirms that the proposed transaction with Yong Sheng Mining Company Ltd (Yong Sheng) is not proceeding due to technical difficulties and it intends to repay the fully drawn down \$500,000 loan facility made available to Cape Range by Yong Sheng.

Subject to the receipt of Cape Range shareholder approval, stage one of the Exergen transaction involves a \$2 million capital raising, via the placement of 40 million Cape Range shares at an issue price of \$0.05 per share (Initial Capital Raising)<sup>1</sup>.

Exergen Chief Executive Officer Trevor Bourne said: "The transaction provides Exergen with an efficient and effective corporate structure on which to execute its strategy to become an internationally significant coal company.

A listing on the ASX gives us the right corporate structure and the timely access to capital markets to pursue the next phase of our development. We have a clear strategy to utilise and enhance our proven technology to build a major coal business and will now focus our efforts entirely on that goal."

Cape Range Chairman Wayne Johnson said: "The company's Board was excited to have attracted such an outstanding Australian technology and projects combined with quality directors and management.

"The transaction provides Cape Range shareholders with the opportunity to participate in the development of an exciting new Australian technology with scalability and international licensing possibilities."

Exergen shareholders include the company's founders, India's largest private utility company Tata Power, Leighton Holdings subsidiary Thiess, one of Japan's largest trading houses Itochu Corporation and ASX-listed minerals processing group Sedgman. Tata and Itochu represent potential off take partners in two of the largest coal markets in the world.

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Exergen's shareholders have to date invested in excess of \$40 million in developing, testing and proving its CHTD technology. Exergen has worked to add value to its patented technology both through research and through application to coal deposits.

Core to Exergen's CHTD technology is a deep shaft vertical autoclave that utilises gravity to achieve high pressure and incorporates heat recovery in its design, resulting in minimal energy input and high efficiency. The autoclave exposes coal water slurry to high temperature and pressure to transform the surface chemistry and physical structure of the coal. Up to 80% of the original moisture in the coal can be removed in the liquid state without the need for energy intensive evaporation processes.

As an effective, energy efficient and low cost method of dewatering low rank coal, CHTD technology has a range of commercial applications based on the properties of the upgraded coal. Potential products include CHTD briquettes, CHTD pulverised fuel and a CHTD slurry suitable for long distance transport or as fuel for a Direct Injection Coal Engine.

The technology has been proven via a 4tph pilot plant that was established at the Beaconsfield mine in Tasmania. The plant was developed in 2004 and upgraded in 2008 to operate at higher temperatures before being decommissioned in 2012.

Exergen is planning to further prove the CHTD technology by constructing and operating a 50tph Pre-Commercial Demonstration Plant in the Latrobe Valley, Victoria. Exergen has signed a memorandum of understanding with Energy Brix Australia Corporation (EBAC) to use the Morwell Power Station site to host the demonstration plant.

Exergen has established a joint venture with ASX listed exploration company Mantle Mining Corporation Limited (ASX code: MNM) to develop the Bacchus Marsh Project in Victoria. Mantle and Exergen each hold a 50% interest in Exploration Licences (EL) 5294 and 5323 which combined host a JORC compliant Inferred Resource of 1.6Bt (A Competent Persons Statement, as contained in Mantle Mining Corporation Limited ASX announcement on August 29, 2012, is provided at the end of this document).

## Details of Proposed Transaction

The consideration to be paid by Cape Range to Exergen shareholders is to be:

1. 162.5 million fully paid ordinary shares at settlement<sup>2</sup>; and
2. 250 million shares<sup>2</sup> (Deferred Consideration Shares) to be issued upon satisfaction of the following milestones in relation to the Pre-Commercial Demonstration Plant (PCDP):
  - o 125 million shares upon the execution of a lease with EBAC at Commercial Road, Morwell, Victoria and a site services deed with EBAC for the supply of services, including making available infrastructure to enable the construction, operation and maintenance of the PCDP; and
  - o 125 million shares upon the award of a government grant under a current joint Commonwealth and Victorian government initiative.

Cape Range will seek a waiver from ASX in order to allow it to issue these shares outside of the 3 month period after receipt of shareholder approval.

The acquisition by Cape Range of Exergen is subject to the following Conditions Precedent:

- All Exergen shareholders accepting Cape Range's offer to acquire their Exergen shares;
- Cape Range obtaining a waiver from ASX to allow it to issue the Deferred Consideration Shares outside of 3 months from the date of shareholder approval;

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- Cape Range entering into formal share sale and purchase agreements with all Exergen shareholders;
- completion by Cape Range of the Initial Capital Raising;
- Cape Range shareholders approving a 1 for 2 consolidation of its share capital (Consolidation);
- Cape Range completing a prospectus to raise a minimum of \$3,000,000 at an issue price of at least \$0.20 per share<sup>2</sup> (Prospectus);
- the approval by Cape Range shareholders of:
  - the settlement of all entitlements by Cape Range directors and others;
  - a change in the nature and/or scale of Cape Range's activities in accordance with ASX Listing Rule 11.1.2;
  - the allotment and issue of the 412.5 million Cape Range shares<sup>2</sup>; and
  - the change of name of Cape Range to Exergen Limited;
- Cape Range complying with any requirements of ASX including, if necessary, the requirements of Chapters 1 and 2 of the ASX Listing Rules, including issuing the Prospectus, as if Cape Range were applying for admission to the Official List of ASX (as required by ASX Listing Rule 11.1.3);
- Cape Range preparing and lodging the Prospectus with the Australian Securities & Investments Commission and receiving applications to meet the minimum subscription under the prospectus of not less than \$3,000,000;
- Exergen entering into or varying various agreements which are necessary as a consequence of the transaction;
- Cape Range discharging its material liabilities; and
- Cape Range retaining cash deposits of at least \$1,000,000 following the discharging of its material liabilities.

In addition, Exergen will have the right to appoint not less than 3 nominees to the board of Cape Range.

## **Initial Capital Raising**

Subject to the receipt of Cape Range shareholder approval, the company is to complete a capital raising of a minimum of \$2,000,000 by way of an equity placement of not less than 40,000,000 shares at an issue price of \$0.05 per share<sup>1</sup>. As Cape Range is proposing a change in nature and scale of its activities as a result of the acquisition of Exergen, ASX has indicated that the shares issued under the initial capital raising will be escrowed as if those shares were issued as seed capital prior to an entity applying to be listed for the first time. It is anticipated that a general meeting, to enable shareholders to approve the Initial Capital Raising will be held on or around 21 June 2013.

Cape Range intends to use the funds raised from the initial capital raising towards the costs of the acquisition of Exergen, satisfying the obligations of the Company to Yong Sheng and for general working capital.

## **Consolidation of Cape Range's Share Capital**

Following completion of the Initial Capital Raising and subject to the receipt of shareholder approval, Cape Range is to consolidate its share capital on a 1 for 2 basis.

## **Cape Range Shareholder Loyalty Option Issue**

Cape Range is to undertake a 1 for 1 issue of loyalty options, at an issue price of \$0.01 per loyalty option, to all Cape Range shareholders as at the date which is 3 months after Cape Range is readmitted to the

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official list of the ASX. Each loyalty option is exercisable at \$0.25 and expires 12 months after their issue. Application will be made to ASX for the granting of official quotation for the loyalty options.

## Capital Structure

As a result of the acquisition of Exergen, the proposed capital structure of Cape Range will be as set out below:

Issued Capital	Shares
Existing shares on issue	45,393,158
Initial capital raising	40,000,000
<b>SUB-TOTAL</b>	<b>85,393,158</b>
Consolidation (1 for 2)	42,696,579
Issue of shares under Prospectus	15,000,000
Consideration shares	162,500,000
Deferred Consideration Shares	250,000,000
<b>TOTAL</b>	<b>470,196,579</b>

## Proposed Timetable\*

An indicative timetable for the acquisition of Exergen and associated corporate activities is set out below:

Event	Date
Announcement of transaction	16 May 2013
Hold general meeting for initial capital raising	21 June 2013
Lodgment of Prospectus	26 June 2013
Hold general meeting for remainder of transaction	5 July 2013
Commence consolidation timetable	5 July 2013
Complete consolidation timetable	22 July 2013
Complete Prospectus capital raising	24 July 2013
Re-instatement to trading	31 July 2013

\* The timetable set out above is indicative only and is subject to change. Cape Range will keep shareholders informed on the timing of implementing the transaction as it progresses.

A notice of general meeting is being prepared to enable shareholders to consider, inter alia, the acquisition of Exergen and should be available to shareholders during June. In addition, Cape Range will also be convening its Annual General Meeting.

ENDS

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Notes

1. To be issued pre Consolidation; and
2. To be issued post Consolidation.

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## **Competent Persons Statement**

Statements in this report relating to the Bacchus Marsh Brown Coal Resource estimates are based on a report provided to the Company by AMC Consultants Pty Ltd, dated August 2012: "Information in this report that relates to Coal Resource estimates prepared by AMC Consultants Pty Ltd is based on information compiled by Ms K Zunica, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of AMC Consultants Pty Ltd. The estimates are based on exploration data provided by Mantle Mining Corporation Ltd. Ms Zunica has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking, 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". Ms Zunica has provided written consent to the inclusion in the report of the matters based on her information in the form and context in which it appears."