



ASX ANNOUNCEMENT

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The Manager
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Australian Stock Exchange Limited

CALLABONNA URANIUM UPDATE

Key Points

- The Company will convert its 7.23% interest in Callabonna into 38,825,328 shares in MKY, representing 3.37% of MKY before any further capital raisings are made by MKY and subject to MKY shareholder approval.
- Callabonna's 3,533 square kilometres of uranium areas in South Australia in the Frome Embayment (see map below) are highly prospective and lie in the vicinity of four existing uranium projects – the producing Beverley Mine and the Oban, Honeymoon and 4 Mile Projects.
- The Callabonna Project has “drill-ready” sandstone channel uranium targets defined by airborne electro-magnetics.
- MKY will also have highly prospective uranium projects in the Northern Territory and Queensland.
- MKY will have a newly constituted board of Directors, which will include Mike Raetz from Callabonna who was the geologist who assembled the Callabonna tenement package and a representative from Korea's SK Energy, one of Korea's largest companies.
- As at today's market price, the Company's prospective investment in MKY is valued at approximately \$855,000.

The Board of Republic Gold Limited (“Republic” or “Company”) today announces that Callabonna Uranium Limited (“Callabonna”) has entered into an agreement to merge with MKY Resources Limited (“MKY”). Republic has a 7.23% interest in Callabonna and has agreed to the sale of all its Callabonna shares in exchange for new MKY shares.

The transaction, which is subject to MKY shareholder approval, will create a new focussed uranium exploration company with an attractive portfolio of uranium properties in South Australia, the Northern Territory and Queensland. The opportunity also provides Republic with a substantial investment in a listed company.

Republic's Managing Director; John Kelly, said:

“The Company's small investment in the Callabonna tenements in the Frome Embayment in South Australia was based on the Company's Chief Geologist, Chris Roberts and his long-time BHP colleague, Mike Raetz recognising the potential of the northern margin of the Frome Embayment. With uranium prices on the rebound and the area ready to drill, it should be an exciting time for MKY and the Company once the deal is ratified by MKY shareholders.”

The deal will also bring a cornerstone investor, SK Energy Co., Ltd ("SK Energy" - a subsidiary of SK Holdings, one of Korea's largest companies with annual sales of US\$24 billion), which has committed to provide an additional \$2 million capital to MKY.

The expanded company will likely be renamed and a revised Board, including Callabonna representatives Peter Nightingale as Chairman and Michael Raetz as Director, MKY representatives, Stephen McCaughey as Managing Director and Phil Harman as Director and a representative from SK Energy.

Under the terms of the agreement, MKY will issue 477 million MKY shares in exchange for the 39.5 million current issued shares in Callabonna. Completion of the agreement is conditional upon the completion of convertible note conversions and share sale agreements, commitments from SK Energy International ('SKEI') to subscribe for shares and options for \$2 million and obtaining all necessary regulatory and shareholder approvals.

The Company will share equally in a production royalty on the Callabonna tenements with the two other founding partners in the venture. There is a separate royalty for uranium and for other metals. The uranium royalty is calculated on a linear sliding scale varying from 0.5%, when the price for which the uranium is sold is \$20 or less per pound, increasing to 5% in the event that the price for which the uranium is sold is \$200 or more per pound. The royalty for any gold or other minerals is a flat 2%.

Full details can be found on Callabonna's website www.callabonna.com.au

Yours faithfully



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