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ASX Melbourne  
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## **RUM JUNGLE RESOURCES' JOINT VENTURE PROPOSAL – RESPONSE TO CEN'S REJECTION**

Rum Jungle Resources Limited (ASX: RUM) notes the Fourth Supplementary Target's Statement released today by Central Australian Phosphate Limited (ASX: CEN).

RUM is mystified by the CEN directors' conclusion that the Monument joint venture proposal is superior to the RUM's joint venture proposal. In RUM's view, its joint venture proposal is clearly superior.

In summary, RUM proposed that:

- RUM and CEN form a 60:40 joint venture to which they would contribute their respective phosphate assets (including Barrow Creek 1 and Arganara);
- RUM would pay CEN \$2 million on formation;
- RUM would commit to sole fund \$4 million of expenditure (additional to the \$2 million payment) within the longer of one year of formation of the joint venture and 31 December 2014 (**Milestone Period**); and
- conditional on RUM complying with this sole funding obligation and delivering a pre-feasibility study before the end of the Milestone Period, RUM's interest in the joint venture would increase to 75%.

A copy of the proposed terms of RUM's joint venture proposal as given to CEN accompanies this announcement.

RUM does not consider that CEN's Fourth Supplementary Target's Statement presents a fair comparison. Specifically, RUM notes the following:

1. **RUM's total cash commitment more than Monument's** – Under its joint venture proposal, RUM's total cash commitment would be \$6 million; whereas Monument's total cash commitment under Monument joint venture proposal is only \$4 million, not \$8.8 million. Under Monument joint venture proposal, Monument has a right, but not an obligation, to sole fund the remaining \$4.8 million for further exploration and a scoping study. RUM has already expended a significant amount of money on the Barrow Creek 1 resource for exploration to convert much of the resource to a "measured" resource, metallurgy to understand the composition and behaviour of the ore and on a completed scoping study, all of which would benefit the proposed joint venture and the single development of Barrow Creek 1 and Arganara project. It does not appear from the Fourth Supplementary Target's Statement that CEN has recognised that this expenditure and knowledge has value that avoids the need for replication as would be the case if Arganara was progressed under the Monument proposal.
2. **Both CEN's and RUM's phosphate assets included in JV** – Under RUM's joint venture CEN would acquire a 40% interest in RUM's phosphate assets and receive a \$2 million payment at the outset, as well as retain a 40% interest in its own phosphate assets. Under the Monument joint venture proposal, CEN would not acquire an interest in any assets that it does not already own.
3. **Both proposals include a risk of dilution** – Under both the RUM and Monument joint venture proposals there is a risk of dilution of CEN's participating interest if CEN is unable to contribute to future exploration and development programmes. Either joint venture proposal may necessitate a capital raising by CEN to avoid dilution in the future.

4. **RUM's delivery timeframe shorter** – The timeframe under RUM's joint venture proposal is much shorter as RUM believes its knowledge of the resource and the infrastructure development parameters are much more detailed than CEN's, having already completed a scoping study. As noted above, RUM would target completion of a pre-feasibility study for a combined Barrow Creek 1 and Arganara project by the end of the Milestone Period.

In comparison, under the Monument joint venture proposal, Monument would have a period of 54 months from formation of the joint venture to complete a scoping study (not a pre-feasibility study) to earn its 51% interest in the joint venture (say towards the end of 2017, or possibly early 2018).

5. **RUM far more advanced than CEN/Monument** – As previously explained<sup>1</sup>, RUM believes it should be possible to complete a pre-feasibility study for the combined Barrow Creek 1 – Arganara project within a much shorter timeframe than the timeframe within which Monument could complete one for CEN's phosphate assets. RUM's management team have already overseen extensive drilling of the Barrow Creek 1 resource (far more extensive than the drilling which CEN has completed on Arganara) and acquired significant knowledge through metallurgical test work and the completion of a scoping study in relation to it. RUM's Barrow Creek 1 resource includes both indicated and measured resources as well as inferred resources (CEN's resources at Arganara are all inferred only). RUM has spent considerably more money on exploration and studies for the development of its Barrow Creek 1 deposit than CEN has spent on its Arganara deposit, and has established a permanent operating base at Barrow Creek 1.
6. **Strategic value of combination of Barrow Creek 1 and Arganara** – There is significant strategic value in combining the Barrow Creek 1 and Arganara deposits. For the Arganara deposit to reach production stage substantial expenditure will be required. The combination would clearly avoid the need for duplication of mine site processing and transport infrastructure and should reduce the amount of capital expenditure required to exploit both deposits. This should also result in the Arganara deposit being developed more quickly, which should assist with securing access to scarce resources such as existing transport infrastructure and port capacity as well as to markets.
7. **Neither JV proposal includes an off-take contract** – Under the Monument joint venture proposal, Monument will have a right of first refusal to enter into off-take sales contracts for CEN's share of phosphate product or other minerals recovered, with the terms of such contracts to be negotiated by the parties in good faith. This is the same under RUM's joint venture proposal. The proposed off-take sales contracts with Monument are therefore by no means certain. In RUM's opinion, significant investment (RUM would expect in excess of \$1 billion) is required for Monument to process the ore from the Arganara deposit into marketable fertiliser products, including building a mine and processing infrastructure at its Mengapur Polymetallic Project (to provide a source of sulphur), a sulphuric acid plant and possibly also downstream fertiliser production capacity, in addition to developing the mine and infrastructure at Arganara. RUM's own scoping study for Barrow Creek 1 indicated that the development of a start-up DSO operation at Barrow Creek 1 would have a capital cost of approximately \$375 million. Furthermore, RUM understands that a feasibility study for construction of the Mengapur Polymetallic Project referred to in CEN's Fourth Supplementary Target's Statement has not yet been prepared and commencement of production at the Mengapur Polymetallic Project is not certain.
8. **Potential for earlier production with RUM** – RUM is targeting first production in 2016. There is no timeframe proposed for first production from the Arganara deposit under the Monument joint venture proposal. RUM considers that it would take CEN and Monument at least 3 years after completion of the scoping study to complete further feasibility studies, to obtain necessary environmental approvals and to develop Arganara. If the scoping study for Arganara is not completed until the end of 2017 or early 2018 (as contemplated in the Monument joint venture proposal), first production at Arganara may not commence before the end of 2020 or early 2021.

If CEN shareholders do not want the Monument joint venture proposal to proceed, they should **vote against** the resolution to approve the Monument joint venture proposal.

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<sup>1</sup> See RUM's Bidder's Statement and, in particular, the Fourth Supplementary Bidder's Statement dated 7 June 2013

## RUM'S TAKEOVER OFFER FOR CEN

The status of RUM's takeover offer is unaffected by CEN's rejection of RUM's joint venture proposal.

RUM still believes that its proposal to combine RUM and CEN under the takeover offer presents CEN shareholders with a significantly more attractive value proposition than the Monument joint venture proposal. There is a clear and compelling rationale for combining RUM and CEN into a larger company as previously explained.

The consideration offered under RUM's takeover is one cent per CEN share plus one RUM share for every 13 CEN shares. RUM confirms that it will not be increasing the consideration under its takeover offer beyond this in the absence of a superior competing proposal. RUM believes the offer consideration is full and fair.

RUM also confirms that it will declare its takeover offer unconditional if it receives acceptances representing 50% of the CEN shares on issue by no later than **7pm (Melbourne time) on Wednesday, 19 June 2013** and there are no breaches of any conditions of the offer before that time other than certain breaches known to RUM.<sup>2</sup> **RUM encourages CEN shareholders to accept its takeover offer before that time to increase the chances of the takeover offer being declared unconditional.**

RUM also confirms that its takeover offer for CEN will lapse due to breaches of its offer conditions if the resolution to approve entry into the Monument joint venture is passed at the CEN general meeting scheduled to be held on 26 June 2013 and RUM has not declared its takeover offer unconditional before that time.<sup>3</sup>

If you have any questions in relation to RUM's takeover offer or how to accept it, CEN shareholders may contact RUM's Offer Information Line on 1800 810 891 (within Australia) or +61 2 8256 3353 (outside Australia).



**D W Muller MSc, MBA, FAusIMM**  
**Managing Director**

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<sup>2</sup> If RUM receives acceptances representing 50% of CEN's shares on issue by no later than 7pm (Melbourne time) Wednesday 19 June 2013, RUM will waive any breach or possible breach arising from: (i) CEN having entered into the heads of agreement with Monument as announced on 15 May 2013 (ii) any liabilities incurred before 24 May 2013 in relation to the appointment of CEN's takeover advisers; and (iii) any of the matters that were clarified by CEN in its Supplementary Explanatory Memorandum issued on 31 May 2013. Subject to the preceding sentence, RUM reserves the right to waive or rely on breaches of conditions.

<sup>3</sup> Subject to the above, RUM reserves the right to waive or rely on breaches of the conditions of its offer.

## PROPOSED RUM-CEN JV TERMS

Part	Term	Summary of Term
1.	Date of agreement	[●] June 2013
2.	Parties	Rum Jungle Resources Limited ABN 33 122 131 622 ( <b>Rum Jungle</b> or <b>RUM</b> ) Central Australian Phosphate Limited ABN 91 120 787 859 ( <b>Central</b> or <b>CEN</b> )
3.	Initial Payment and JV Formation Date	<p>(a) Within 10 Business Days of the satisfaction of the Conditions, RUM shall pay to a CEN bank account an amount of \$2,000,000 immediately upon payment of which:</p> <ul style="list-style-type: none"> <li>(i) the Parties shall be deemed to have formed the Joint Venture; and</li> <li>(ii) Central shall transfer and be deemed to have transferred to RUM, and RUM shall be deemed to have acquired from Central, 60% of CEN's right, title and interest in the CEN Tenements; and</li> <li>(iii) RUM shall transfer and be deemed to have transferred to Central, and Central shall be deemed to have acquired from RUM, 40% of RUM's right, title and interest in the RUM Tenements,</li> </ul> <p>with the effect that:</p> <ul style="list-style-type: none"> <li>• Central will own a 40% Participating Interest in the Joint Venture; and</li> <li>• RUM will own a 60% Participating Interest in the Joint Venture.</li> </ul> <p>(b) The Parties acknowledge that the Parties' contributions to the Joint Venture will include the Mining Property (including Mining Information) which, in the case of RUM, will include:</p> <ul style="list-style-type: none"> <li>• the Barrow Creek 1 Scoping Study Information, and</li> <li>• baseline metallurgical testwork, the benefit of RUM's negotiations concerning native title agreements, environmental applications and approvals and mining licence applications relating to the RUM Tenements.</li> </ul>
4.	Conditions	<p>The Conditions are that:</p> <p>(a) RUM, CEN, the Central Land Council and any other relevant third party with which RUM or CEN has entered into an agreement in respect of the Tenements have executed deeds of assumption pursuant to which CEN or RUM (that is, whichever of them is not already a party to the relevant agreement) covenants to observe, comply with and be bound by the terms of the relevant agreement (if this is required pursuant to the terms of those agreements); and</p> <p>(b) any approvals required by either Party under the Listing Rules, CEN's constitution and the Corporations Act for the formation of the Joint Venture have been obtained.</p>
5.	Grant of Rights	(a) From the JV Formation Date Central grants RUM the exclusive right to:

Part	Term	Summary of Term
		<ul style="list-style-type: none"> <li>(i) acquire a further Participating Interest in accordance with Part 6 below; and</li> <li>(ii) have its employees, servants, agents and contractors enter upon the CEN Tenements and the RUM Tenements with any such vehicles, plant, machinery, materials and structures as RUM requires for the purpose of carrying out Activities.</li> </ul> <p>(b) Subject to formation of the Joint Venture and any applicable confidentiality obligations each Party shall make available to the other Party and the Manager (if any), for the benefit of the Joint Venture, all Mining Information in the possession or under the control of the first-mentioned Party to enable the Parties to benefit therefrom as joint venturers in respect of the Tenements. If any Mining Information is subject to obligations of confidentiality to a third party, it need not be made available unless and until consent of the relevant third party is given, provided that the relevant Party must, upon request of the Party asking for the information, seek the third party's consent to disclosure of the relevant information to the other Party.</p>
6.	Earning of 75% Participating Interest	<p>(a) During the Milestone Period, RUM must sole fund an aggregate amount of Expenditure of \$4,000,000 (which for the avoidance of doubt does not include the payment made pursuant to Part 3 above). For the purpose of this paragraph (a), costs, charges and expenses incurred by RUM:</p> <ul style="list-style-type: none"> <li>(i) on or in relation to Exploration on the RUM Tenements; or</li> <li>(ii) on any of the matters listed in paragraphs (a) – (r) of the definition of "Expenditure" in Part 19 below,</li> </ul> <p>after the date of entry into the agreement by the Parties to form the Joint Venture (being the date specified in Part 1 above), but before the JV Formation Date, shall be taken to be Expenditure sole funded by RUM during the Milestone Period.</p> <p>(b) Subject to:</p> <ul style="list-style-type: none"> <li>(i) RUM complying with paragraph (a) above of this Part 6; and</li> <li>(ii) RUM completing and delivering to CEN a Pre-Feasibility Study on or before the end of the Milestone Period,</li> </ul> <p style="text-align: right;"><b>(the 75% Milestone Conditions)</b></p> <p>RUM shall acquire a further 15% Participating Interest immediately after the 75% Milestone Conditions are satisfied.</p> <p>(c) On the date the 75% Milestone Conditions are satisfied, RUM will be deemed to have acquired, and Central will transfer and be deemed to have transferred to RUM, a further 37.5% of CEN's right, title and interest in the Tenements with the effect that:</p> <ul style="list-style-type: none"> <li>(i) RUM will own a 75% Participating Interest; and</li> </ul>

Part	Term	Summary of Term
		<p>(ii) Central will own a 25% Participating Interest.</p> <p>(d) If RUM does not satisfy the 75% Milestone Conditions:</p> <p>(i) RUM shall not acquire the further 15% Participating Interest and, subject to Part 10 below:</p> <p>A. its Participating Interest shall remain at 60%; and</p> <p>B. CEN's Participating Interest shall remain at 40%; and</p> <p>(ii) if the 75% Milestone Conditions are not satisfied because RUM has not complied with paragraph (a) above of this Part 6, RUM shall pay to CEN 100% of the Expenditure shortfall.</p> <p>(e) Central acknowledges and agrees that the payment in paragraph (d)(ii) above shall be in full and final satisfaction of any claims that Central has in respect to RUM's failure to satisfy the 75% Milestone Conditions.</p>
7.	Transfers on formation of JV and following the earning of a further Participating Interest	<p>(a) Upon formation of the Joint Venture under Part 3 above, subject to receipt of Ministerial consent under the mining legislation applicable to the Tenements and any approvals required by Australia's foreign investment policy or legislation:</p> <p>(i) CEN must execute and deliver transfers to RUM, to be lodged for registration by RUM with the Northern Territory Department of Mines and Energy, for the transfer of 60% of CEN's legal interest in the CEN Tenements; and</p> <p>(ii) RUM must execute and deliver transfers to CEN, to be lodged for registration by RUM on CEN's behalf (together with the transfers under sub-paragraph (i) above) with the Northern Territory Department of Mines and Energy, for the transfer of 40% of RUM's legal interest in the RUM Tenements,</p> <p>within 20 Business Days of formation of the Joint Venture.</p> <p>(b) Upon RUM acquiring a further Participating Interest pursuant to Part 6 above, subject to receipt of Ministerial consent under the mining legislation applicable to the Tenements and any approvals required by Australia's foreign investment policy or legislation, Central must execute and deliver to RUM a transfer to be registered by RUM with the Northern Territory Department of Mines and Energy for the transfer of 37.5% of CEN's remaining legal interest in the Tenements to RUM within 20 Business Days of RUM satisfaction of the 75% Milestone Conditions.</p> <p>(c) Each Party must procure that its subsidiaries do all things necessary to ensure that the Party can comply with these Terms. Without limiting the preceding sentence, where these Terms require a Party to transfer title to or an interest in a Tenement or other property to the other Party and that Tenement or other property is registered in the name of or owned by a subsidiary of the first-mentioned Party, the first-mentioned Party must procure the subsidiary transfers the title or interest to the other Party in</p>

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		accordance with the relevant requirement.
8.	Management of Joint Venture	<p>(a) RUM shall in its sole and absolute discretion (after having consulted with Central) have the right to appoint the manager of the Joint Venture (<b>Manager</b>) with effect from the JV Formation Date. For the avoidance of doubt, RUM shall be entitled to appoint itself as Manager in accordance with the foregoing.</p> <p>(b) Subject to paragraph (c) below, the Manager may, after consultation with RUM and Central, in its sole and absolute discretion, determine:</p> <p>(i) the nature and extent of Activities; and</p> <p>(ii) the Programmes and Budgets.</p> <p>(c) If RUM fails to achieve the 75% Milestone Conditions before the end of the Milestone Period, or RUM achieves the 75% Milestone Conditions, management of the Joint Venture shall be undertaken by a management committee comprising of a representative of each of the Parties (<b>Management Committee</b>) with decisions of the Management Committee (including the matters in paragraph (b) above) being made by simple majority vote whereby each representative of a Party shall have such number of votes as is equivalent to their appointing Party's Participating Interest.</p> <p>(d) The Manager may charge the Joint Venture a fee for management services and administrative overheads of an amount equal to 10% of Expenditure detailed in each Budget.</p> <p>(e) The fee referred to in paragraph (d) above shall be regarded as Expenditure.</p> <p>(f) Each Party may charge the Joint Venture a reasonable fee for any services, plant, property or equipment etc it provides to the Joint Venture, as available and required.</p>
9.	Payments and Funding	<p>(a) The Manager (or, if applicable, the Management Committee), following consultation with each Party, will provide to each Party a quarterly Programme and Budget for the duration of the Joint Venture with each such Programme and Budget to be provided to each Party not later than 10 Business Days prior to 31 March, 30 June, 30 September and 31 December (as applicable).</p> <p>(b) All Expenditure incurred in conducting Programmes and otherwise incurred as contemplated by Budgets:</p> <p>(i) shall be sole funded by RUM in accordance with paragraph (a) of Part 6 above; and</p> <p>(ii) otherwise shall be funded by RUM and Central in proportion to their respective share of their aggregate Participating Interest on each date on which a contribution is due to be made.</p> <p>(c) All contributions to Expenditure required to be made by a Party shall be</p>

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		made within 14 days after receipt by the Parties of an Expenditure contribution notice issued by the Manager or the Management Committee (as applicable).
10.	Dilution	<p>(a) After RUM has sole funded an aggregate amount of Expenditure of \$4,000,000 in accordance with paragraph (a) of Part 6 above, a Party may, in respect of any Programme and Budget, by giving written notice to the other Party within thirty (30) days after the issue of the Programme and Budget, elect not to contribute and should it give such a notice then its Participating Interest after completion of the relevant portion of the Programme and Budget shall reduce according to the following formula:</p> $A = \frac{B \times 100}{C}$ <p>where:</p> <p>A = the non-contributing Party's reduced Participating Interest;</p> <p>B = the total of the non-contributing Party's actual and deemed Expenditure;</p> <p>C = the total of all Parties actual and deemed Expenditure,</p> <p>and the Participating Interest of the contributing Party shall increase accordingly.</p> <p>(b) For the purposes of this Part 10, the deemed Expenditure of Central is calculated as follows:</p> $C = \frac{A \times 100}{B} - A$ <p>where:</p> <p>C = deemed Expenditure of Central;</p> <p>A = the total Expenditure of RUM pursuant to Part 6; and</p> <p>B = either (as applicable):</p> <ul style="list-style-type: none"> <li>(i) if RUM acquires a 75% Participating Interest pursuant to Part 6;</li> <li>or</li> <li>(ii) the Participating Interest of RUM at the time of issuing the notice.</li> </ul>
11.	Decision to Mine	<p>(a) Subject to the receipt of a Definitive Feasibility Study, the Management Committee may determine (<b>Mine Determination</b>) that a Mining Operation be established and is authorised to undertake such a Mining Operation.</p> <p>(b) The Mine Determination shall:</p> <ul style="list-style-type: none"> <li>(i) specify the part or parts of the Tenements (both as to surface area and depth) (<b>Mining Area</b>) required for the conduct of the Mining Operation the establishment of which is recommended;</li> </ul>



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		<p>(ii) specify the location and delineation of the ore body or ore bodies or area or areas of mineralisation proposed to be mined;</p> <p>(iii) set out in reasonable detail the nature and extent of the Mining Operation recommended; and</p> <p>(iv) set out an estimate of the expenditure of a capital nature required for the establishment of that Mining Operation.</p> <p>(c) If a Mine Determination is made and both Parties have elected to participate in Mining Operations, then:</p> <p>(i) the Parties will cooperate with each other at all times and use their best endeavours to procure the timely entry into a joint venture agreement in respect of the Mining Area which shall:</p> <ul style="list-style-type: none"> <li>A. provide for all matters necessary for the planning, financing, construction, commissioning and conduct of the Mining Operation;</li> <li>B. provide for the Parties to grant cross charges in favour of each other and the Manager;</li> <li>C. include dilution provisions that shall apply to a defaulting Party as are customary for arrangements such as that proposed above; and</li> <li>D. be consistent with the terms of the Joint Venture; and</li> </ul> <p>(ii) until that joint venture agreement is executed these Terms (or any formal joint venture agreement executed by the Parties in respect of the Joint Venture) shall continue to bind the Parties, (except that dilution in Part 11 above will not apply).</p> <p>(d) The Formal Documents will contain provisions to deal with the circumstance where a Party does not wish to participate in the proposed Mining Operation, including the right to convert its interest in the Mining Area to a royalty.</p>
12.	Minimum Participating Interest	<p>(a) If a Party has its Participating Interest diluted to a level of 5% or less, the other Party (<b>Remaining Party</b>) may elect to acquire the diluted Party's Participating Interest in exchange for the grant of a production royalty equal to 0.5% of any future gross revenue relating to the diluted Party for each quarter, payable within 1 month after the end of the quarter.</p> <p>(b) If the Remaining Party receives proceeds or benefits in any quarter from the sale or other disposal of phosphate in combination with 1 or more other products (<b>Combined Mineral Product</b>), then the royalty will be calculated and payable on the basis that the gross revenue received by the Remaining Party in relation to the Combined Mineral Product is instead taken to be an amount equal to the quantity of rock phosphate in the Combined Mineral Product (measured in metric tonnes) accepted for additional processing at any processing facility multiplied by the royalty price. The royalty price will be calculated based on independently reported prices for direct shipping ore</p>

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		<p>grade rock phosphate as last published before the end of the relevant quarter, adjusted to reflect the actual grade of rock phosphate produced from the Tenements in accordance with the following formula:</p> $RP=(G/30) \times P$ <p>Where:</p> <p>(i) RP = royalty price for delivered rock phosphate (converted into Australian currency at prevailing exchange rates to be expressed in AUD per metric tonne)</p> <p>(ii) G= Grade of rock phosphate delivered from the Tenements (being the percentage concentration by weight of phosphate contained within the relevant ore)</p> <p>(iii) P= independently published price of direct shipping ore grade rock phosphate with a percentage concentration by weight of phosphate of 30% (converted into Australian currency at prevailing exchange rates to be expressed in AUD per metric tonne) as agreed by the Parties for the relevant quarter (or failing agreement within 10 business days after a written request from any Party requesting agreement on the independently published price source and any applicable exchange rate, as conclusively determined for the relevant quarter by an independent accountant nominated at the request of any Party by the Institute of Arbitrators and Mediators Australia in accordance with its Expert Determination Rules).</p>
13.	Right to Product and First Right of Refusal	<p>(a) Each Party shall have the right to receive in kind in proportion to their respective Participating Interests, and then to dispose of separately, their respective share of phosphate product or other minerals recovered from a Mining Operation conducted in respect of the Tenements.</p> <p>(b) RUM shall be entitled to a right of first refusal to (but shall not be obliged to) enter into an off-take sales contract with Central in respect of Central's share of phosphate product or other minerals recovered from the Tenements. Such off-take sales contract shall be negotiated by the Parties in good faith and shall include but not be limited to pricing to be determined by reference to an agreed benchmark having regard to any off-take terms and conditions offered to Central by any third party.</p>
14.	Caveat	Each Party may lodge caveats over the Tenements as it deems advisable to protect its interests under the Joint Venture.
15.	Assignment and Encumbrances	<p>(a) Assignment by a Party to a Related Body Corporate or an entity it Controls (within the meaning given to it in the Corporations Act 2001) is permitted provided the assignee executes a deed of covenant in respect to the Joint Venture (which deed of covenant shall include a requirement to transfer it back to the Party if it ceases to be a related body corporate or Controlled by</p>

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		<p>the Party).</p> <p>(b) If a Party wishes to assign or transfer all or part of its Participating Interest to third party, the Party must first provide the other Party with a reasonable opportunity to acquire the assigning Party's Participating Interest on terms no less favourable than those on which the third party proposes to acquire the Participating Interest.</p> <p>(c) A Party must not create or permit the creation of any Encumbrance over the whole or any part of its Participating Interest without the consent of the other Party which consent must not be unreasonably withheld or delayed.</p>
16.	Force Majeure	<p>(a) A Party shall not be liable for a failure to fulfil its obligations to the extent it is prevented or delayed in whole or part by any event of force majeure beyond its reasonable control (<b>force majeure event</b>). The obligation of the Parties are suspended for as long as the force majeure event continues.</p> <p>(b) Paragraph (a) does not apply to an obligation to pay money, other than the obligation of RUM to sole fund Expenditure under Part 6(a) above to the extent that a force majeure event prevents or delays the conduct of Activities.</p> <p>(c) The Milestone Period shall be extended by the same period as a force majeure event subsists.</p>
17.	Law and Jurisdiction	Northern Territory
18.	Stamp duty	<p>RUM and CEN shall bear and be responsible for any stamp duty payable in connection with the formation of the Joint Venture and the transactions that these Terms contemplate in the following proportions:</p> <p>(a) as to 60% of the amount of stamp duty – RUM;</p> <p>(b) as to 40% of the amount of stamp duty – CEN.</p>
19.	Definitions	<p>In these Terms, unless the context requires otherwise:</p> <p><b>Activities</b> means the conduct of Exploration on the Tenements.</p> <p><b>Barrow Creek 1 Scoping Study Information</b> means the results of, and the information in the possession or under the control of RUM underlying the results of, the Scoping Study relating to RUM's Barrow Creek 1 Phosphate Project which was the subject of RUM's announcement to the ASX made on 22 April 2013.</p> <p><b>Budget</b> means a budget of estimated Expenditure relating to the carrying out of a Programme or otherwise to be incurred during the period to which a Budget relates.</p> <p><b>CEN Tenements</b> means:</p> <p>(a) the tenements described in schedule A;</p> <p>(b) any licences, leases or other rights which may be granted in lieu of or relate to the same ground as the tenements described in schedule A; and</p>

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		<p>(c) all rights to explore, mine and other privileges appurtenant to the tenements described in schedule A.</p> <p><b>Definitive Feasibility Study</b> means a detailed and comprehensive study of the technical, commercial and economic feasibility of developing commercial Mining Operations and which is:</p> <p>(a) in a form and of a scope in accordance with generally accepted industry standards; and</p> <p>(b) is of a standard that it could reasonably serve as the basis for a decision by a financial institution or financier to finance such operation.</p> <p><b>Encumbrance</b> means any mortgage, pledge, lien, charge or other form of security or interest in the nature of a security interest (including a PPS security interest).</p> <p><b>Expenditure</b> means all the costs, charges and expenses incurred by the Manager in conducting Activities, including but not limited to:</p> <p>(a) payroll costs comprising salaries, wages and all other benefits paid to or on account of employees engaged in Activities plus associated on-costs covering payroll tax, long service leave, superannuation, provident fund, annual sick leave, workers compensation and public holidays;</p> <p>(b) the cost of food, messing and accommodation for or in Activities including exploration camp establishment, additions and improvements;</p> <p>(c) the cost of establishing, operating and maintaining temporary and on-site field offices, store houses and machine shops as may be required for or in connection with Activities including supplies, telephone, telex and telegraph charges;</p> <p>(d) the cost (including installation and removal cost, operating costs and the cost of repairs and maintenance) of all equipment, supplies, plant and machinery purchased, hired, leased or otherwise procured for or in connection with Activities including without limitation surface, drilling equipment;</p> <p>(e) drilling, assay and sampling analysis expenses;</p> <p>(f) metallurgical test work costs;</p> <p>(g) travelling expenses of employees and contract personnel when travelling in connection with Activities and equipment and supplies transportation costs and expenses;</p> <p>(h) all costs and expenses incurred in connection with applying for and obtaining statutory approvals, including environmental approvals, for or in connection with the Tenements, Activities or Mining Operation;</p> <p>(i) first aid and safety costs and expenses incurred for or in connection with Activities;</p> <p>(j) all insurance coverage reasonably obtained or maintained in relation to Activities;</p>

Part	Term	Summary of Term
		<p>(k) legal, audit and consulting fees expended solely and exclusively for or in connection with Activities;</p> <p>(l) all costs and expenses associated with the maintenance of the titles to the Tenements including but not limiting to rents, rates, survey fees and labour exemption fees;</p> <p>(m) all costs and expenses associated with preparing, negotiating and executing native title agreements in relation to Tenements;</p> <p>(n) all costs and expenses reasonably incurred in or in relation to the replacement or repair of damage or loss incurred by fire, flood, storm, theft, accident or any other cause associated with the Activities and not covered by insurance;</p> <p>(o) costs of any feasibility studies in respect to the Tenements, including a Pre-Feasibility Study or Definitive Feasibility Study;</p> <p>(p) all costs and expenses incurred in undertaking marketing activities associated with securing off-take agreements (including attendance at global conferences) for phosphate product or other minerals from some or all of the Tenements;</p> <p>(q) all costs and expenses incurred in negotiating port and rail capacity for phosphate product or other minerals from some or all of the Tenements; and</p> <p>(r) infrastructure and logistical costs, including but not limited to, the construction of roads.</p> <p><b>Exploration</b> means:</p> <p>(a) all activities aimed at the discovery, location and delineation of commercially exploitable ore bodies and the analysis of samples derived from those ore bodies, including feasibility, viability and amenability studies and the administration of field offices for the performance of any of these functions; and</p> <p>(b) the study and evaluation of mining methods and of treatment of plants and processes and the preparation of pre-feasibility studies and feasibility studies, and all activities necessary, expedient, conducive or incidental thereto.</p> <p><b>Joint Venture</b> means the unincorporated joint venture in respect of the Mining Property proposed to be established between CEN and RUM in accordance with these Terms.</p> <p><b>Joint Venture Property</b> means:</p> <p>(a) the Mining Property;</p> <p>(b) all fixtures, tools, vehicles, machinery, equipment and supplies acquired, provided, gained or developed hereunder; and</p> <p>(c) all other property or rights of any description (including patents and other</p>

Part	Term	Summary of Term
		<p>intellectual property rights), whether real or personal, acquired, provided, gained or developed hereunder.</p> <p><b>JV Formation Date</b> means the date on which the Joint Venture is formed in accordance with Part 3 above.</p> <p><b>Milestone Period</b> means the period commencing on the date of entry into the agreement by the Parties to form the Joint Venture (being the date specified in Part 1 above) and, subject to Part 16 above, ending on the later of the first anniversary of the JV Formation Date and 31 December 2014.</p> <p><b>Mining Information</b> means all technical information including (without limitation) geological and geophysical reports, feasibility studies, surveys, mosaics, aerial photographs, samples, drill core, drill logs, drill pulp, assay results, maps and plans, production statistics and processing facility operating manuals relating to the Tenements whether in physical, written or electronic form in the possession or under the control of CEN or RUM or their respective subsidiaries. The Mining Information includes the Barrow Creek 1 Scoping Study Information.</p> <p><b>Mining Operation</b> means an operation directed to the winning and treatment of ore to produce phosphate product or other minerals from some or all of the Tenements.</p> <p><b>Mining Property</b> means all the assets owned by CEN, and all the assets owned by RUM, related to the Tenements and includes the interests in the Tenements and the Mining Information.</p> <p><b>Participating Interest</b> means in relation to a Party, the interest from time to time of that Party as tenant in common in the Joint Venture Property and that Party's right to receive in kind and to dispose of for its own account that percentage of phosphate product or other minerals recovered from the Tenements subject to the obligations attaching to the foregoing and imposed on that Party and when the expression is used in a context implying percentage or proportion then the expression means that interest expressed as a percentage.</p> <p><b>Pre-feasibility Study</b> means a study of the technical, commercial and economic feasibility of developing commercial Mining Operations, which is in a form and of a scope in accordance with generally accepted industry standards and which is a precursor to a Definitive Feasibility Study.</p> <p><b>Programme</b> means a programme of Activities.</p> <p><b>RUM Tenements</b> means:</p> <ul style="list-style-type: none"> <li>(a) the tenements described in schedule B;</li> <li>(b) any licences, leases or other rights which may be granted in lieu of or relate to the same ground as the tenements described in schedule B; and</li> <li>(c) all rights to explore, mine and other privileges appurtenant to the tenements described in schedule B.</li> </ul> <p><b>Scoping Study</b> means a study which assesses the technical and economic outcomes of various inputs in respect to all or part of the Tenements which includes but is not</p>

Part	Term	Summary of Term
		limited to: (a) metallurgical, resource and environmental assessments; and (b) logistics and engineering assessments.  <b>Tenements</b> means the CEN Tenements and the RUM Tenements.  All amounts are exclusive of GST.

#### SCHEDULE A – CEN TENEMENTS

Project Name	Tenement	Registered Owner <i>[Note: This reflects the Monument JV Term Sheet. Should CAP Limited be changed to CEN?]</i>
<b>Arganara Project:</b>		
Arganara	EL24726	CAP Limited (100%)
Arganara	MLA29854	CAP Limited (100%)
Mount Alone	EL25664	CAP Limited (100%)
George Creek	EL28648	CAP Limited (100%)
Newlands Bore	EL27987	CAP Limited (100%)
Gooding Bore	EL29374	CAP Limited (100%)
Trew Creek	EL29373	CAP Limited (100%)
<b>Lucy Creek Project:</b>		
Lucy Creek	EL24724	CAP Limited (100%)
Johanssen Range	EL24716	CAP Limited (100%)
<b>Warrabri Project:</b>		
Singleton	EL26226	CAP Limited (100%)
Shirley Creek	EL26227	CAP Limited (100%)
Wycliffe Creek	EL26228	CAP Limited (100%)
Taylor <sup>1</sup>	ELA26225	CAP Limited (100%)

<sup>1</sup> App – moratorium

**SCHEDULE B – RUM TENEMENTS**

<b>Project Name</b>	<b>Tenement</b>	<b>Registered Owner</b>
<b>Ammaroo Phosphate Project</b>	EL25183	Territory Phosphate Pty Ltd <sup>4</sup>
	EL25184	Territory Phosphate Pty Ltd
	EL25185	Territory Phosphate Pty Ltd
	EL28116	RUM
	EL28117	RUM
	EL28402	RUM
	EL28403	RUM
	EL28978	RUM
	EL28979	RUM
	EL28980	RUM
	EL29266	RUM
	EL29267	RUM
	EL26196	RUM
	ELA29773	RUM
	ELA29826	RUM
	MLA29463	RUM

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<sup>4</sup> Territory Phosphate Pty Ltd is a wholly-owned subsidiary of RUM.