



## ASX Announcement

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**“African  
Focused  
Resource  
Company”**

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AIM Resources is listed on the  
ASX (code: “AIM”) and on  
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## AIM PUTS PERKOA ZINC MINE ON CARE AND MAINTENANCE

AIM Resources Limited advises that the Board has decided to suspend development activities at the Perkoa Zinc Project (“Perkoa” or “Project”) in Burkina Faso until further notice and place the Project on a “care and maintenance” program.

### Key points

- Current zinc prices and forecasts have made funding difficult for zinc projects, and a downturn in both debt and equity markets has also significantly reduced financing opportunities
- A range of alternative funding options has been explored, including strategic industry partnerships, but the Company has been unable to secure a deal the Board considers to be in the best interests of shareholders
- A care and maintenance plan will be put in place to keep Perkoa’s strategic assets in good condition, with consideration being given to re-start the Project when zinc prices are more favourable and funding options improve
- Efforts to improve the business case have yielded tangible benefits, but these changes do not compensate for the significant recent reductions in the zinc price
- Cash reserves of the Company following the implementation of the care and maintenance plan (estimated to be in the order of USD15 million), will be used in the following areas:
  - Continue to strengthen the Perkoa business case, including assessing the feasibility of extracting a silver concentrate, and increasing the reserve estimate and geological model
  - Continue exploration activities in Burkina Faso, Zambia and South Africa

- Identify and evaluate business development opportunities for expansion of the exploration portfolio
- The Board will continue to evaluate funding and strategic options for Perkoa, and most importantly, the Company will continue active work in Burkina Faso and contribute to social, environmental and community projects

The decision to suspend expenditure on the Project and to put a care and maintenance program in place is driven by prevailing economic conditions for zinc, and a thorough analysis and comparison of alternative courses of action.

### **Economic Environment**

The key economic factors leading to the decision include:

- The reduction of spot zinc prices to levels well below the price required to provide an adequate return on investment, and below the predicted cash break even point for the Project
- Global debt markets have tightened significantly
- Global equity markets have also fallen significantly. Raising equity would be very difficult and would also result in significant dilution of existing AIM Resources shareholders

### **Improvements to the Perkoa business case**

Since November 2007, the Company has delivered a number of improvements to the Perkoa business case, including:

- Production rate increased from 45kt/month to 60kt/month
- LOM ore production increased from 5.856Mt to 6.337Mt
- ROM grade increased from 13.2% to 13.8% Zn
- Downstream costs reduced

While these improvements have significantly boosted Perkoa's fundamental economic parameters, they have been unable to compensate for the reduction in the zinc price.

### **Alternatives Considered by AIM Resources**

Given the importance of this work, the Company engaged UBS Investment Bank as financial advisers, to assist with identifying the course of action that would provide the best outcome for existing AIM Resources shareholders. This process involved a detailed cost/benefit analysis and careful consideration of the risks involved. Particular importance was placed on preserving the Company's cash position, to provide AIM Resources with the flexibility to address organic opportunities from within its existing portfolio of mining interests.

A range of alternative strategies have been actively pursued and evaluated including:

#### **1. AIM Resources to fully fund the Project**

Since the publication of the updated SRK Mining Consultants' Report in March 2008, extensive work has been done to identify and consider a range of funding options for the Company to complete the Project. These have included debt only options, as well as other hybrid debt based convertible facilities. Negotiations and discussions were held with a range of potential financiers. A number of these withdrew, citing zinc prices as the key issue.

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However, two financial institutions were actively interested in the Project and offered Term Sheets to the Company which set out applicable interest rates and other commercial terms.

Careful evaluation was made of the above funding options, which included factoring in “worst case” scenarios into the zinc pricing in the critical first three years of operation. The Board reached the conclusion that establishing a funding package in the current market, would bring with it serious disadvantages and risks.

### 2. Strategic partnership

The Board has also worked on a strategy that would involve establishing a strategic partnership or alliance with an appropriate third party to share business costs, benefits and risks. While discussions with a number of parties did progress, no agreement was reached.

### 3. Sale of the Project

The Board considers that a sale of the Project in the present market would not be in the interests of shareholders.

### 4. Equity raising

Raising equity either through existing shareholders or via new shareholders in a public or private offering was considered, but was not deemed viable. The capital markets are experiencing a period of significant weakness relative to recent years, and the Board has sought to avoid, if at all possible, dilution of existing shareholders.

## **Benefits of Care and Maintenance**

Following detailed analysis of the alternatives outlined above, the Board has decided that the care and maintenance strategy for Perkoa represents the most appropriate course of action. This strategy provides the following benefits for shareholders:

### 1. Cash

Following implementation of the care and maintenance program, the Company will retain funds sufficient to pursue ongoing exploration projects, undertake further business development strategies, and maintain an active presence in Burkina Faso.

#### *Exploration*

Preserving a cash balance is critical to allow maximum value to be gained from the Company's exploration project portfolio that currently includes:

- 5 exploration permits in Burkina Faso
- Joint venture with BHP Billiton in Zambia
- Mokopane Nickel and Platinum project in South Africa

Consideration will also be given to growing the Company's exploration interests through a structured program of business development.

#### *Presence in Burkina Faso*

The Company enjoys a positive reputation and relationship with the government and local communities in Burkina Faso where it holds five exploration permits, including two immediately surrounding Perkoa.

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The Fraser Institute Annual Survey of Mining Companies 2007/2008 rated Burkina Faso highly among African countries in terms of mineral potential, and for its mining and exploration policies and other factors such as political stability and security.

Exploration work on these important assets along with contributions to social, environmental and community programs will continue and will not be interrupted.

### 2. Zinc markets

Completing the Project and commencing production at a time when the zinc market is stronger will mean a more economically robust project. The Board considers that the Project will then be better positioned to provide adequate returns to shareholders and service any future financing options.

### 3. Funding options

With the Project on hold, more time will be available to identify and evaluate a wider range of funding and strategic alternatives.

### 4. Additional Business Case Improvements

Adequate time will also be available to build and strengthen the Perkoa business case by finalising work that is progressing in the following areas:

#### *Silver*

Extraction of a silver concentrate present in the ore, which has a LOM average of 30g / tonne.

#### *Reserves*

Five additional exploration holes were drilled in the ore body early in 2007. The assay data from the ore body intersections has recently been received, and will be used to extend the geological block model and to assess the potential for an increase in the Life of Mine reserves.

Additionally, the results of the VTEM survey flown over Perkoa and the neighbouring exploration permit areas earlier this year have now been received and are currently under review.

### **Conclusion**

Given the current economic circumstances, the Board is confident that the care and maintenance program will provide the best opportunity for creation of future shareholder value from exploration projects, and from the Perkoa Project. AIM Resources' exploration properties continue to represent significant potential and inherent value that is yet to be realised.

It is the Company's objective to maximise shareholder returns by focussing primarily on high potential exploration projects, and by closely managing the risks and benefits associated with the zinc project in Perkoa.

This decision will be implemented with immediate effect.

The Company intends to conduct a series of meetings with shareholder and stakeholder groups in the near future to discuss this matter, along with business plans and the future direction of the Company.

The details relating to these meetings will be communicated in the near future.

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