

## ASX ANNOUNCEMENT: 05 August 2010

### MD on Latest Romang Results & Outlook

Open Briefing with Managing Director Gary Lewis



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#### In this Open Briefing<sup>®</sup>, Robust Resources MD Gary Lewis discusses

- the new geophysics survey and exploration drilling plans at Romang
- recent drilling results and geology at Lakuwahi
- the timing of a maiden JORC resource at Romang

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#### Open Briefing interview:

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Robust Resources Limited (ASX code: ROL) is more than halfway through completing a geophysics program (IP-Resistivity survey) across the Lakuwahi Project area on Romang Island. What have the results revealed so far? When do you expect to complete the balance of the survey?

##### MD Gary Lewis

The results of the IP-Resistivity survey have been very encouraging and the resistivity results correlate well with the Batu Mas mineralisation defined by the drilling to date. In addition, the resistivity anomalism extends the zone of prospectivity between Batu Mas and Batu Hitam. We have long suspected that this was the case and now the geophysics confirms it. The resistivity also confirms extensions to the north of Batu Mas (in the order of 20 times the size of the drilled area) which match very well with surface geology and geochemistry. Our drills are currently testing this zone. Also we are very excited about new targets which the geophysics has discovered that lie beneath the limestone cover. By its nature, the limestone masks the underlying volcanic geology and complicates the geochemistry, so the positive IP-Resistivity is vital to selecting drill targets under the limestone.

Although we only have the processed and modelled data for 20% of the eventual survey area, the field data acquisition is over 50% completed. The IP-Resistivity survey should be completed in September, after which the equipment will be relocated to our exciting Solath project in the north of Romang.

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Robust had commenced its resource drilling campaign before undertaking the geophysical survey. Why did you choose to do it in that order? How has this helped guide future drilling programs and your understanding of the geology?

**MD Gary Lewis**

We were very fortunate at Lakuwahi to be in possession of data from the Billiton exploration program from the late 1990s. Billiton completed 14 diamond drill holes for a total of 2424 metres and made a number of excellent precious metals and base metals intersections.

We also gained access to the Billiton helimag raw data which we were able to re-process using modern methods to produce a 3D model of the rock magnetisation. At this point we realised that we had a large-scale mineralising system on our hands. The 6km x 4km Magnetite Destruction Zone indicated a hydrothermal alteration and mineralisation system big enough to fit the entire Lihir Island orebodies in several times over.

With all the Billiton information at our finger tips we had walk-up drill targets at Lakuwahi. We commenced drilling at two prospects, Batu Mas and Batu Hitam which are located about 1.5 km apart, all within the Magnetite Destruction Zone. We adopted a careful step out drilling strategy to enable better geological understanding and to provide for hole to hole correlation.

All the while we were drilling, we recognized the need for additional 3D targeting information to help us focus our drilling outside Batu Mas and Batu Hitam and especially to define specific drill targets underneath the limestone. We engaged geophysical consultants, Southern Geosciences of Perth and they advised us that the application of a modern 3D IP-Resistivity survey would map sub-surface bodies of both silicification and sulphides.

The interim results of the IP-Resistivity survey are now progressively becoming available and we are very fortunate to be in the possession of a great deal of drilling data which can be used to calibrate the anomalies and give us confidence that the extensions and new anomalies do indeed relate to bodies of mineralised rock.

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The most recent drilling results from the Lakuwahi Project included 57m @ 3.83 g/t AuEq\* from surface (LWD 072) and 58m @ 2.71 g/t AuEq from surface (LWD 074). How well do they complement your existing resource dataset?

**MD Gary Lewis**

These two holes are drilled within the main part of Batu Mas and are fairly typical of the thick zone of gold and silver mineralisation that we have discovered there. The mineralisation starts at or near surface and varies in thickness to around 50 metres below surface. Below this is a zone of crackle brecciation with abundant infilling of base-metal sulphides (sphalerite, galena, and chalcopyrite).

The fact that the mineralisation is near surface and returning good grade bodes well for the establishment of a low-cost mining and processing operation. Metallurgical results in the precious metal zone indicates excellent extractions of 94-95% for both gold and silver.

The near-surface and relatively soft nature of the ore also makes for a cheaper mining option with a very low waste to ore (stripping) ratio. Grinding energy input (which is a large portion of the operating cost of any mill) should also be very low.

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Following these results you state that "Batu Mas mineralisation (is) open in all directions". To what extent have you tested this hypothesis? What could this mean to the overall potential resource size? How much of your total target area have you explored so far?

#### **MD Gary Lewis**

One great thing about the new geophysical results is the guidance it gives us for further drilling. We are finding that the better holes can be well-correlated with the resistivity anomaly. It will be this resistivity that helps guide our future drilling – along with the surface geology mapping, magnetics, soil geochemistry and indeed learnings from all the previous drilling. All successful exploration involves the manipulation and interpretation of multi-faceted, multi-layered data sets and the IP-Resistivity is indeed a very important new layer of data for us which I am confident, along with the proven skill of our technical people, will lead us to further exploration success.

As to the ultimate size of the prize at Lakuwahi; the major 6km by 4km Magnetite Destruction Zone is a strong indicator of the scale of the mineralising system. Our very experienced Chief Geologist on Romang, Giuseppe Lo Grasso has commented that he has never seen such a large epithermal alteration system. One would be hard-pressed to find a guy who has visited more prospects and mines than Giuseppe.

Another indicator is that the size of resistivity anomalism discovered to date is in the order of 20 times the size of the Batu Mas drilled area itself; remember that we only have 20% of the resistivity results to hand.

Total drilling is still less than 1% of the 6km by 4km Magnetite Destruction Zone, so the scope for a potential huge discovery remains and is indeed enhanced by the recent results.

We have not even begun to talk about the exciting, larger Northern part of Romang, called Solath, where our field-crews are working hard on collecting all the basic exploration data prior to starting an IP-Resistivity survey in October 2010 and commencing drilling before the end of this calendar year.

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What progress have you made toward infilling on your existing resource bank? What are the priority areas for the drilling program going forward? How soon could you release a resource update?

#### **MD Gary Lewis**

We have enormous potential for major discoveries. All the drilling we have done so far, given the almost universal positive results, is building towards a resource. We have four owner-operated rigs on site and will build to six by December 2010. In addition we plan to bring in a larger multi-purpose reverse-circulation rig in early 2011 and step up the rate of drilling. In total, our budget calls for 27,000 metres of drilling on Romang during FY 2011.

Due to the large scale of the potential of this project we feel that it is important not to announce a resource estimate prematurely. We need to define a resource that will ultimately underpin the major mining and processing project that we feel confident will eventually be built on Romang. Our intention is to keep exploring and expanding the mineralised zones that we have discovered. In addition drills will be committed to testing new targets such as the ones identified under limestone cover by the recent geophysical results – indeed we have a rig testing one of these zones now.

Our current plan is to announce a significant mineral resource to JORC standard around the end of FY 2011. We are already preparing the way by engaging Golder Associates to carry out the independent estimate and in August 2010 a Golder geologist will be conducting a site visit as part of this process.

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Romang has been described geologically as a collapsed caldera with the potential for very large base and precious metals deposits. Work done by Robust to date has focused primarily on defining a precious metals resource. Has any work been done on the likely size of the base metals assemblage? Have you prioritised any potential opportunities?

#### **MD Gary Lewis**

The precious metals potential was the cherry that first attracted us to Romang Island and indeed the initial drilling has been focused on the near-surface gold and silver zone. However it was not long before it became clear that the potential for a significant poly metallic base metal discovery also exists at Lakuwahi. Large volumes of brecciated volcanic rocks have been drilled which carry moderate grade copper-lead and zinc mineralisation; with gold and silver credits. In some areas high grade shoots have been intersected.

The base metals are certainly an emerging opportunity and one that we are actively pursuing. Composite samples of base metal mineralisation of various grades are currently being tested metallurgically and we have engaged Independent Metallurgical Operations of Perth to advise us in this matter. From a non-specialist point of view, the base metals have number of things going for them; the mining should be easy and low-cost as the base metal zone sits directly underneath the gold and silver. The rock is mostly soft and the ore mineral grains are simple and large, which should result in low-cost milling and easy flotation separation. The relatively low pyrite content also bodes well for the production of relatively high-grade concentrates.

Current market conditions dictate that precious metals remain the highest priority for now. Markets change and as the industrial cycle strengthens, base metals will improve in price. It will be important to have the metallurgical results confirm our concepts and if this is the case, the base metals have considerable importance as an adjunct to precious metals production.

In the north of Romang the target is a porphyry system. The target here is gold and copper.

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Anomalously high base metal signatures feature quite prominently in the current resource record. What are the challenges to exploring and developing a polymetallic resource like Batu Mas? What are the advantages?

### MD Gary Lewis

It is not unusual for base metals and gold to go together. In fact the multi-commodity nature of the deposits on Romang Island is kind of a natural hedge and could be very important to project economics. It is indeed a challenge for a junior explorer like Robust to communicate to the market the full potential of a multi commodity project like we have on Romang. However we believe in the ultimate strength in the diversity of minerals we have at Romang. We will not leave any stone unturned to extract value for shareholders and improve the lives of the people of Maluku Province in Indonesia and more specifically, the Romang Islanders.

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Robust's exploration effort to date on Romang Island has been largely at or near surface. What plans do you have to test the depths extents of the various mineralised zones across the Project area? Would you expect mineral grades to increase with depth?

### MD Gary Lewis

Deep drilling is expensive. Deep mining is also expensive. One of the great advantages of the Romang Island mineralisation is that is shallow and amenable to low cost mining. However we are not afraid of drilling deep should the need arise. We drill on occasion to around 250 metres and indeed the rocks are still altered and, importantly, still mineralised at this depth. Our rigs are capable of reaching 500 metres plus but there needs to be a sound reason to drill that deep.

Right now we see huge scope for further discoveries within the top 200 metres and we have firmly prioritised this for sound geological and economic reasons. The porphyry targets in the north of Romang will require drilling deeper from the outset as this style of mineralisation lends itself to long drill intersections.

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You are seeking shareholder approval (General Meeting, 13/08) to acquire the outstanding 25% interest in the Romang Island tenements for a total of A\$20M (A\$16M via various placements + A\$4M cash). This will be done in two tranches. Why are you doing this now? What are the advantages for the project being 100% under Robust's control? Will this leave enough to meet your ongoing exploration program objectives or will you need to raise further capital?

### MD Gary Lewis

The reason we are looking to acquire the remaining 25% minority interests in the Romang Island Project ("Romang") now, is that we are confident that the value of this investment will grow considerably in the short term, given our aggressive +27,000 metre FY2011 drilling programme, and as we move towards delineating our initial JORC-compliant resource. We believe that having a JORC-compliant resource in place will mean a potential likely re-rating of Robust and an increased interest in the company from international institutional investors. We remain confident we can generate significant value for shareholders between now - the delineation of our maiden resource - and well into the future as the resource base continues to expand.

As outlined above, the main advantage in Robust controlling 100% of Romang is that our shareholders alone will benefit from the value uplift generated on the back of the work we are undertaking on the Island, and as the resource base expands.

Further, the Company can make funding, technical and operational decisions without reference to third parties, and in the sole interest of Robust shareholders. Over time, as the company looks to develop a mine on Romang, 100% ownership of the Project will enhance funding options as the Company looks to bring in a development partner.

In relation to funding, Robust has endeavoured to minimise the dilutionary impact on cash and capital by phasing the acquisition in two tranches, the second tranche payable on publishing a 1 Moz JORC-compliant resource (Indicated or Measured); and by funding most of the consideration (A\$12M) with \$2.10 scrip, a 44% premium to the prevailing share price<sup>1</sup>. Funding of the initial cash payment of A\$6M will be through existing cash reserves (A\$2M) with the balance coming from a placement to a strategic overseas investor.

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Thank you Gary.

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For more information about Robust Resources, visit [robustresources.com.au](http://robustresources.com.au) or call Gary Lewis on +61 2 8249 4384.

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<sup>1</sup> As at 02 August 2010

\*Gold Equivalent = gold assay + (silver assay / 60). Where the number 60 represents the ratio where 60 g/t Ag = 1g/t Au. This ratio was calculated from the five year average prices of gold and silver prices from 2004 to 14th January 2010 London market PM fix (average Gold price is USD\$657.47/oz and average Silver price is USD\$11.19/oz).