

Salmon River concludes agreement to amend terms for acquisition of Treppo Grande shares

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VANCOUVER, Oct. 25, 2012 /CNW/ - [Salmon River Resources Ltd.](#) (TSX.V: SAL) (together with its subsidiaries individually and jointly referred to as "Salmon River" or the "Company") is pleased to announce that it has concluded negotiations to amend the terms of its acquisition of all the outstanding shares of Treppo Grande Iron Pty. Ltd. ("TGI"), a private Australian company whose principal asset is a 100% interest in five exploration tenements referred to as the Treppo Grande Iron Ore Project (the "Project"). The tenements cover an area of approximately 403 sq. km and are located approximately 210 km northwest of Kalgoorlie in Western Australia, in the Yilgarn region, an area with several operating iron ore mines. The tenements include Mt. Manning South (E77/1208), Mt. Manning North (E77/1209), Lake Barlee (E30/397), Riverena (E30/379) and Menzies (P29/1895).

Under the terms of the revised Sale Agreement (the "Agreement"), the Purchase Price for TGI shares has been amended from the originally agreed A\$100 million cash purchase price to provide for payments over time as follows:

- Non-refundable Pre-Completion Payments of A\$2 million, already paid by the Company previously;
- A further non-refundable Pre-Completion Payment of A\$4 million payable on or before 15 December 2012;
- A Completion Payment of \$A21 million payable on or before 15 March 2013;
- Issuance of Salmon River shares equivalent to 5% of the shares outstanding as at the Completion Date and providing certain pre-emptive rights thereafter.

In addition to the payments above, the Company has also agreed to the following additional compensation to the Vendor of the TGI shares on or after commencement of commercial production:

- At commencement of commercial production, an initial A\$10 million to the Vendor;
- At commencement of commercial production (or any time thereafter), for each additional 100 million tonnes of JORC compliant iron ore resource grading 50% Fe or more in excess of 100 million tonnes, an additional amount of \$10 million per 100 million tonnes of such JORC compliant iron ore, up to a maximum aggregate of A\$ 50 million for 500 million tonnes of ore or more;
- Following commencement of commercial production, a Royalty of A\$1.00 per dry metric tonne of all iron ore produced and sold from the Tenements.

Salmon River has also agreed to incur not less than \$2,500,000 in exploration expenditures within the Tenements by no later than 15 March 2013 based on a plan to be approved by the Vendor no later than 31 October 2012.

Doug Betts, Chairman and Acting CEO commented, "We continue to believe in the significance of the Treppo Grande Project to the Company. The Amending Agreement provides additional time for Salmon River to continue with its exploration program and to complete financing arrangements necessary to ensure the continued success of the Project. The revised terms also provide a better basis for Salmon River to secure future funding for development of what we believe is a project with significant potential."

As noted previously, during the last several months, Salmon River has also been involved in extensive negotiations with a number of strategic and financial investors regarding funding for payments under the terms of the Acquisition Agreement and for the furthering of the Treppo Grande Project. The Company continues discussions with these potential investors.

Recent volatility in iron ore prices has created uncertainty in the marketplace, however the Company remains confident of the ultimate success of the project, especially given the potential of the Treppo Grande Iron Project and the improved acquisition terms. The TGI Sale Agreement and any financing proposals will be subject to approval by the TSX Venture Exchange and may require shareholder approvals. There can be no assurance that these discussions will be successfully completed or required approvals obtained.

ABOUT SALMON RIVER RESOURCES LTD.

[Salmon River Resources Limited](#) (TSXv: SAL) is a mineral exploration company engaged in the exploration for and development of commercial deposits of iron ore in Western Australia. It exercised its option to acquire five tenements in the Yilgarn region of Western Australia including the Treppo Grande iron ore project, approximately 210 kilometres northwest of Kalgoorlie, comprising three tenements covering approximately 396.7 km². Completion of the acquisition of the tenements is subject to certain conditions, including cash payments and issuance of shares to the Vendor. For further information see our website at www.salmonriver.com.au.

Forward-Looking Statements:

This press release contains forward-looking statements that are based on the beliefs of management and reflect Salmon River's current expectations. This press release relates to the Exercise of the Treppo Grande Option, further exploration and future financing requirements. The forward-looking statements are based on certain assumptions, which could change materially in the future, including the assumption that the current negotiations will lead to definitive agreements, that the transactions and financings contemplated herein will be completed, that Salmon River will be able to complete on its exercise of the Treppo Grande option and that the Treppo Grande property will ever be developed. By their nature, forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include the risk that the definitive agreements contemplated may not be completed, that Salmon River may not complete the financings in the amounts contemplated and that the Company may not complete on its exercise of the Treppo Grande option. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking information. Forward-looking information is provided as of the date of this press release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required in accordance with applicable laws.

Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading "Risk Factors" and elsewhere in the Company's periodic filings with Canadian securities regulatory authorities. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The Company does not assume the obligation to update any forward-looking statement.

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