



PALADIN ENERGY LTD

ACN 061 681 098

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

31 March 2015

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

Convertible Bonds – Cleansing Notice and Offering Circular

This announcement and the attached offering circular together constitute a cleansing notice (Cleansing Notice) for the purposes of Australian Securities and Investments Commission Class Order [CO 10/322] in connection with the offer by Paladin Energy Ltd (the "Issuer" or the "Company") of U.S.\$150,000,000 7.00% Convertible Bonds due 2020 (the "Bonds") convertible into ordinary shares of the Company (the "Ordinary Shares") to select institutional, professional and sophisticated investors as announced by the Company on 12 February 2015. The Bonds will be issued by the Company today.

This Cleansing Notice is being given to ASX Limited ("ASX") in accordance with requirements of Australian Securities and Investments Commission ("ASIC") Class Order [CO 10/322], which has been made under section 741(1) of the Corporations Act 2001 (Cth) ("Corporations Act") and which provides relief so that quoted securities issued on the conversion of convertible bonds may be on-sold to retail investors if a cleansing notice containing prospectus-like disclosure is released in connection with the issue of the convertible bonds to institutional investors. Any offering of Bonds within Australia is open only to selected investors who are sophisticated or professional investors as referred to in sections 708(8), 708(10) and 708(11) of the Corporations Act and who are not "retail clients" within the meaning of section 761G of the Corporations Act.

This Cleansing Notice does not constitute a prospectus or other disclosure document for the purposes of the Corporations Act. Neither this Cleansing Notice nor any other disclosure document in relation to the Bonds or Ordinary Shares has been lodged with ASIC.

Additional matters

The Company notes the following matters in relation to the offer of the Bonds that have arisen since the date of the attached offering circular:

- The issue of the Bonds was approved by the shareholders of the Company at an extraordinary general meeting held on 30 March 2015.
- Pursuant to its concurrent tender offer for its 2010 Bonds (as defined in the attached offering circular) described in the attached offering circular, on 30 March 2015 the Company accepted for repurchase on 2 April 2015 (the "Settlement Date") 2010 Bonds with an aggregate principal amount of US\$289,250,000 ("Accepted Bonds") for a total consideration (inclusive of accrued interest on the Accepted Bonds to the Settlement Date of US\$1,454,927.50) of US\$290,704,927.50. The consideration will be funded using the net proceeds of issue of the Bonds of US\$146,250,000 together with US\$144,454,927.50 the Company's cash balances.

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Ref: 380769

No offer

This Cleansing Notice does not constitute an offer of any Bonds for issue or sale, or an invitation to subscribe for or purchase any Bonds, and is not intended to be used in connection with any such offer or invitation. Without limitation, the attached offering circular forms part of this Cleansing Notice solely for the purposes of incorporation of the information contained therein as part of this Cleansing Notice and its inclusion in this Cleansing Notice does not constitute an offer of the Bonds for issue or sale, or an invitation to subscribe for or purchase any Bonds, to any person.

Restrictions in certain jurisdictions

The distribution of this Cleansing Notice, or the attached offering circular, and the offering, sale and delivery of Bonds and the Ordinary Shares to be issued on conversion of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Cleansing Notice or the attached offering circular comes, or who acquire interests in or deal in the Bonds, are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Cleansing Notice and other offering material relating to the Bonds, see "Subscription and Sale".

A person may not make or invite an offer of the Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish the attached offering circular or any other offering material or advertisement relating to the Bonds in Australia unless the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act and such action complies with all applicable laws, regulations and directives.

The Bonds and the Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Bonds are being offered only to buyers outside the United States in reliance on Regulation S under the Securities Act. The Bonds have not been, and will not be, offered or sold within the United States or to persons within the United States.

Yours faithfully
Paladin Energy Ltd



GILLIAN SWABY
Group Company Secretary and
EGM Corporate Services

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the Canadian Offering Memorandum and attached Offering Circular (together, the "Offering Circular") following this page and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES ARE BEING OFFERED ONLY TO BUYERS OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO PERSONS WITHIN THE UNITED STATES.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES OR TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States (within the meaning of Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that you are not a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and J.P. Morgan Securities plc (the "Sole Lead Manager") or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Lead Manager or such affiliate on behalf of Paladin Energy Ltd (the "Issuer") in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Sole Lead Manager nor the Issuer nor any person who controls the Sole Lead Manager or the Issuer nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy thereof.



PALADIN ENERGY LTD

A.C.N. 061 681 098

U.S.\$150,000,000

7.00% Convertible Bonds due 2020

Convertible into Ordinary Shares of Paladin Energy Ltd

The issue is conditional on approval by shareholders of Paladin Energy Ltd present and voting at a general meeting expected to be held on 30 March 2015.

Sole Global Coordinator and Sole Lead Manager

J.P.Morgan

Co-Managers

Nedbank Capital

The Standard Bank of South Africa Limited

IMPORTANT NOTICE

About this document

Paladin Energy Ltd (the "Issuer", "Paladin" or the "Company") has confirmed to J.P. Morgan Securities plc (the "Sole Lead Manager") that this Offering Circular contains or incorporates by reference all information regarding the Issuer and its subsidiaries as a whole (the "Group"), the Issuer's U.S.\$150,000,000 7.00% Convertible Bonds due 2020 (the "Bonds") and the ordinary shares of the Issuer issuable upon conversion of the Bonds (the "Ordinary Shares") which is (in the context of the issue of the Bonds) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing. The Issuer accepts responsibility for the information contained in this Offering Circular.

This Offering Circular should be read in its entirety. It contains general information only and does not take into account your specific objectives, financial situation, risk tolerance or needs. In the case of any doubt, you should seek the advice of a stock broker or other professional advisor.

This Offering Circular has not been and will not be, lodged with the Australian Securities and Investments Commission ("ASIC") and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 or Part 7.9 of the Corporations Act 2001 of the Commonwealth of Australia (the "Corporations Act"). It is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. It is not to be provided to any "retail client" as defined in section 761G of the Corporations Act. The Issuer is not licensed to provide financial product advice in respect of the Bonds or the Ordinary Shares. Cooling-off rights do not apply to the acquisition of the Bonds or Ordinary Shares.

None of the Company, any member of its Group, or their respective associates or directors guarantees the success of the offering of the Bonds, the repayment of capital or any particular rate of capital or income return. Investment-type products are subject to investment risk, including possible loss of income and capital invested.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Bonds other than as expressly contained in this Offering Circular or, after the date of this Offering Circular, as expressly approved in writing by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Sole Lead Manager.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Bond shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date of this Offering Circular.

In this Offering Circular, unless otherwise specified, references to "U.S.\$" or "U.S. dollars" are to United States dollars and references to "A\$" are to Australian dollars.

The information on any websites referred to in this Offering Circular or any website directly or indirectly linked to such websites is not incorporated by reference into this Offering Circular and should not be relied on.

Issuance of the Bonds is conditional on shareholder approval

Issuance of the Bonds is conditional on, among other things, approval by the Issuer's shareholders present and voting at the general meeting of the Company expected to be held on 30 March 2015.

No representations or recommendations

No representation or warranty, express or implied, is made by the Sole Lead Manager as to the accuracy or completeness of the information contained or incorporated in this Offering Circular and nothing contained or incorporated in this Offering Circular is, or shall be relied upon, as a promise or representation by the Sole Lead Manager, The Bank of New York Mellon, acting through its London branch (as the "Trustee" and the "Principal Paying, Transfer and Conversion Agent") or The Bank of New York Mellon (Luxembourg) S.A. (as "Registrar"). This Offering Circular is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Issuer, the Sole Lead Manager or the Trustee that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Bonds should be based upon such investigations as it deems necessary.

Advisers named in this Offering Circular have acted pursuant to the terms of their respective engagements, have not authorised or caused the issue of, and take no responsibility for, this Offering Circular and do not make, and should not be taken to have verified, any statement or information in this Offering Circular unless expressly stated otherwise.

Restrictions in certain jurisdictions

This Offering Circular does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Offering Circular and the offering, sale and delivery of Bonds and the Ordinary Shares to be issued on conversion of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Offering Circular and other offering material relating to the Bonds, see "Subscription and Sale".

The Bonds and the Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Bonds are being offered only to buyers outside the United States in reliance on Regulation S under the Securities Act. The Bonds have not been, and will not be, offered or sold within the United States or to persons within the United States.

Listing on the Singapore Exchange Securities Trading Limited

The Issuer has received approval in-principle from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonds, but not the Ordinary Shares, on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Approval in-principle for the listing of the Bonds on, or admission of the Bonds to, the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Bonds.

Global Bond

The Bonds will be in registered form. The Bonds will be represented on issue by a global bond (the "Global Bond"). The Global Bond will be deposited on or around 31 March 2015 (the "Closing Date") with a common depository for, and registered in the name of a nominee for the common depository for, Euroclear Bank

S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The Global Bond will be exchangeable, in whole or in part, for individual definitive Bonds in registered form serially numbered in denominations of U.S.\$250,000 or any amount in excess thereof which is an integral multiple of U.S.\$1,000 in certain limited circumstances only as described therein and herein.

Stabilisation

In connection with the issue of the Bonds, J.P. Morgan Securities plc (the "Stabilising Manager") (or any person acting for the Stabilising Manager) may effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules (and, without limitation, shall not be undertaken in circumstances where it is reasonable to expect such action would have an effect on the price at which securities are traded on a financial market, within the meaning of the Corporations Act, in Australia).

Further information on the Company

The Company is a 'disclosing entity' for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act, the Listing Rules of the Australian Securities Exchange ("ASX"), the Company Manual of the Toronto Stock Exchange ("TSX") and Canadian securities laws and regulations. Copies of documents regarding the Company lodged with ASIC or the ASX respectively may be obtained from, or inspected at, any ASIC office or the ASX respectively.

In addition, you have the right to obtain a copy of the following documents:

- the Annual Report of the Company for the years ended 30 June 2014 and 30 June 2013;
- the half year report of the Company for the half year ended 31 December 2014; and
- any continuous disclosure notices given by the Company after the lodgement of the Annual Report for the year ended 30 June 2014 and before the lodgement of the cleansing notice in accordance with ASIC Class Order 10/322 relating to the offer of the Bonds with the ASX.

These documents may be obtained from the Company, free of charge, during the period up to and including 31 March 2015 by contacting the Company Secretary at the head office of the Company at Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, Australia telephone +61 (8) 9381 4366. These documents and all other regular reporting and disclosure documents of the Company, are also available electronically on the website of the ASX, at www.asx.com.au.

Information about the Company, including the Company's Annual Information Form and audited financial statements for its most recently completed financial year, is also available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR"), available at www.sedar.com.

Non-IFRS Measure

This Offering Circular includes references to C1 cost of production, which is not a measure recognised under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). See "About the Company—Principal Assets—Kayeleker Mine, Malawi—Operations".

C1 cost of production refers to the cost of production excluding product distribution costs, sales royalties and depreciation and amortisation before adjustment for impairment. C1 cost of production is a widely used "industry standard" term. The Company uses the measure C1 cost of production as a meaningful way to compare its performance from period to period. The Company believes that, in addition to conventional

measures prepared in accordance with IFRS, certain investors use this non-IFRS measure to evaluate the Company's performance. A reconciliation of C1 cost of production to cost of goods sold is included in "Management Discussion and Analysis—Financial Review" in the Annual Report of the Company for the year ended 30 June 2014, which is incorporated by reference into this Offering Circular.

Risk Factors

Prospective purchasers of Bonds should carefully consider the risks and uncertainties described or referred to in this Offering Circular. An investment in the Bonds should be considered speculative due to various factors, including the nature of the Company's business. See "Cautionary Statement Regarding Forward-Looking Statements" (below) and the "Risk Factors" outlined in Section 5.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements concerning anticipated developments in the Company's operations in future periods, planned exploration activities, the adequacy of the Company's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "targeted", "plans", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. Information concerning the interpretation of drill results and mineral resource estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralisation might be found to be present if and when a project is actually developed.

Forward-looking statements are statements about the future and are inherently uncertain and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this document under the heading "Risk Factors". The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and, except as required by law, the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

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1. KEY FEATURES

Summary of offer

The following is a summary of the principal features of the Bonds and the offering. Terms defined under "Terms and Conditions of the Bonds" (the "Conditions") or elsewhere in this Offering Circular shall have the same respective meanings in this summary.

The following summary is qualified in its entirety by the more detailed information appearing in the attached Conditions.

Issuer	Paladin Energy Ltd.
The Bonds	U.S.\$150,000,000 7.00% Convertible Bonds due 2020.
The Offering	<p>The Bonds are being offered and sold by the Sole Lead Manager outside the United States in accordance with Regulation S under the Securities Act ("Offer" or "Offering"). The Offering in Australia is only to select investors who are sophisticated or professional investors within the meaning of sections 708(8), (10) and (11) of the Corporations Act and who are not "retail clients" within the meaning of section 761G of the Corporations Act..</p> <p>Issuance of the Bonds is conditional on, among other things, approval by the Issuer's shareholders present and voting at the general meeting of the Company expected to be held on 30 March 2015.</p>
Issue Price	100% of the principal amount.
Denomination	U.S.\$250,000 or any amount in excess thereof which is an integral multiple of U.S.\$1,000.
Closing Date	On or about 31 March 2015 (the "Closing Date").
Interest Rate	The rate of interest payable on the Bonds will be 7.00% per annum. Interest will be payable on the Bonds semi-annually in arrear in equal instalments, on 31 March and 30 September in each year (each an "Interest Payment Date"), commencing with the Interest Payment Date falling on 30 September 2015.
Status	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 2 (<i>Negative Pledge</i>) of the Conditions) unsecured obligations of the Issuer, as provided in the Conditions, ranking <i>pari passu</i> without any preference among themselves and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application.
Conversion Right	<p>Unless previously redeemed or purchased and cancelled, Bondholders will have the right to convert Bonds into Ordinary Shares at the then applicable Conversion Price at any time on or after 11 May 2015, provided that the relevant Conversion Date shall fall no later than the date falling six New York business days prior to the Final Maturity Date or, if such Bond is to be redeemed pursuant to Condition 7(b) (<i>Redemption and Purchase—Redemption at the Option of the Issuer</i>) or 7(c) (<i>Redemption and Purchase—Redemption for Taxation Reasons</i>) prior to the Final Maturity Date, then not later than the sixth New York business day before the date fixed for redemption thereof.</p> <p>Where the Bonds are in global form, the accountholders with Euroclear and/or Clearstream, Luxembourg to whose accounts the Bonds are credited shall be treated as the Bondholders for the purposes of the Conversion Right and neither Euroclear nor Clearstream, Luxembourg nor the common depository for them (or</p>

the nominee for the common depository), shall have any entitlement to exercise the Conversion Right or have Ordinary Shares issued to them.

Conversion Price

The initial Conversion Price shall be U.S.\$0.356 per Ordinary Share (as originally determined by reference to an initial conversion price in Australian dollars and translated into US Dollars at the fixed rate of US\$1.0000:AU\$1.2975). The Conversion Price will be subject to adjustment in certain circumstances described in Condition 6(b) (*Conversion of Bonds—Adjustment of Conversion Price*), including upon the making of a Dividend by the Issuer and upon the occurrence of a Change of Control.

Final Maturity

Unless previously purchased and cancelled, redeemed or converted, the Bonds will be redeemed in cash on 31 March 2020 (the "Final Maturity Date") at their principal amount.

Optional Redemption by the Issuer

The Issuer will be entitled to redeem all but not some only of the outstanding Bonds at their principal amount plus accrued interest to but excluding the date fixed for redemption (i) at any time on or after 31 March 2018, if on each of at least 20 consecutive dealing days (as defined in the Conditions) ending not earlier than five days prior to the giving of the notice of redemption, the Parity Value shall have been at least U.S.\$325,000; or (ii) if at any time prior to the date on which the relevant notice of redemption is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85% or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued pursuant to Condition 18 (*Further Issues*) and consolidated and forming a single series with the Bonds); or (iii) within 45 days after the end of the Change of Control Period. See Condition 7(b) (*Redemption at the Option of the Issuer*).

Optional Redemption by Bondholders

Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, each Bondholder shall have the right, at such Bondholder's option, following the occurrence of a Change of Control to require the Issuer to redeem such Bondholder's Bonds at their principal amount together with accrued interest.

Withholding Taxes

All payments in respect of the Bonds shall be made without deduction of or withholding for or on account of any present or future taxes imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax unless such deduction or withholding is required by law. In the event that any such deduction or withholding is required, the Issuer shall pay additional amounts in respect thereof, subject to certain customary exceptions. See Condition 9 (*Taxation*).

Tax Redemption

In the event of certain changes affecting taxes of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, the Issuer may, subject to certain conditions being satisfied, give notice to redeem the Bonds in whole, but not in part, at any time at their principal amount, together with accrued but unpaid interest to such date.

Upon such notice being given, a Bondholder may elect not to have his Bond redeemed, in which case such holder will not be entitled to receive payment of such additional amounts as are referred to in "Withholding Taxes" above in respect of any payments on the Bonds.

Negative Pledge

The Bonds will contain a negative pledge provision given by the Issuer and its Principal Subsidiaries in respect of Relevant Indebtedness. See Condition 2 (*Negative Pledge*).

Cross Default

The Bonds will contain a cross default provision, subject to a threshold of

	U.S.\$10,000,000 and excluding default in respect of Project Finance Indebtedness. See Condition 10 (<i>Events of Default</i>).
Other Events of Default	For a description of certain events that will permit acceleration of the Bonds, see Condition 10 (<i>Events of Default</i>). Upon acceleration for any such event, the Bonds will become immediately due and repayable at their principal amount, together with accrued but unpaid interest.
Trust Deed	The Bonds will be constituted by a trust deed expected to be dated 31 March 2015 ("Trust Deed") between the Issuer and the Trustee.
Trustee	The Bank of New York Mellon, acting through its London branch.
Governing Law	The Bonds and the Trust Deed (and any non-contractual obligations arising out of or in connection with the Bonds or the Trust Deed) will be governed by, and construed in accordance with, English law.
Principal Paying, Transfer and Conversion Agent	The Bank of New York Mellon, acting through its London branch.
Registrar	The Bank of New York Mellon (Luxembourg) S.A..
Form of the Bonds and Delivery	The Bonds will be in registered form without coupons attached and will be represented by a Global Bond registered in the name of a nominee for the common depository of, and deposited with a common depository for, Euroclear and Clearstream Luxembourg on or about the Closing Date.
Sales Restrictions	There are restrictions on offers and sales of the Bonds, <i>inter alia</i> , in the United States, the United Kingdom, Australia, the European Economic Area, Singapore and Hong Kong. See "Subscription and Sale".
Listing	<p>The Issuer has received approval in-principle from the SGX-ST for the listing and quotation of the Bonds, but not the Ordinary Shares, on the SGX-ST. Once listed, the Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.\$250,000 for so long as any of the Bonds are listed on the SGX-ST.</p> <p>The Company has not applied to have the Bonds admitted to dealing on the ASX or listed on the TSX, the Namibian Stock Exchange ("NSX") or any of the Munich, Berlin, Stuttgart or Frankfurt Stock Exchanges (each a "German Exchange" and together, the "German Exchanges").</p>
Lock up	The Issuer has agreed to certain restrictions on its ability and the ability of its subsidiaries to issue or dispose of Ordinary Shares or related securities during the period commencing on the date of the Subscription Agreement (as defined herein) and ending 30 days after the Closing Date (both days inclusive). See " <i>Subscription and Sale</i> ".
ISIN	XS1185538888
Common Code	118553888
Use of Proceeds	The net proceeds of the issue of the Bonds are expected to amount to approximately U.S.\$146 million, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used to partially fund the Company's concurrent tender to acquire up to U.S.\$300,000,000 of the U.S.\$300,000,000 3.625% convertible bonds due 2015 issued by the Company on 4 November 2010 (the "2010 Bonds"), with any amount not applied to the tender being utilised to strengthen the Company's balance sheet and pursue future growth opportunities.

**Currency and
Exchange Rate
Information**

The Company reports in U.S. dollars. Unless otherwise indicated, all references to "\$", or "A\$" or "dollars" in this Offering Circular refer to Australian dollars. References to "U.S.\$" in this Offering Circular refer to United States dollars. The exchange rate at 4.00 pm (Sydney time) on 25 March 2015 as reported by the Reserve Bank of Australia for the conversion of Australian dollars into United States dollars was as follows:

A\$1.00 = U.S.\$0.7873 U.S.\$1.00 = A\$1.2702

Rights and Liabilities of Ordinary Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to fully paid Ordinary Shares as set out in the Company's constitution ("Constitution").

Ranking

The Ordinary Shares issuable upon the conversion of the Bonds will rank *pari passu* with all the other Ordinary Shares that have been issued except for certain entitlements (as more fully described in the Conditions) excluded by law or for which the record date falls before the relevant issue date.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (i) at meetings of shareholders, each shareholder entitled to vote may vote in person or by proxy, attorney or representative; and
- (ii) on a show of hands, every shareholder present in person or by proxy, attorney or representative has one vote and on a poll, every shareholder present in person or by proxy, attorney or representative has one vote for each share that shareholder holds.

A person who holds a share that is not fully paid up (that is, a contributing share) shall be entitled to a fraction of a vote equal to that proportion that the amount paid up bears to the total issue price.

Dividend Rights

Subject to the rights of holders of any preference share and to the rights of the holders of any shares created or raised under any special arrangement as to dividends, dividends declared shall be payable on all shares in accordance with the Corporations Act.

Rights on Winding Up If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind, the whole or any part of the property of the Company and may for that purpose set such value as he considers fair upon any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities on which there is any liability.

Subject to the rights of the shareholders (if any) entitled to shares with special rights in a winding-up, all moneys and property that are to be distributed among shareholders on a winding up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the shares.

Transfer of Shares Subject to the Company's Constitution, the Corporations Act, applicable securities laws and the ASX Listing Rules, Ordinary Shares are freely transferable.

Future Issues Without prejudice to any special rights conferred on the holders of any existing shares or class of shares, shares for the time being unissued shall be under the control of the directors of the Company ("Directors") and subject to the Corporations Act, the ASX Listing Rules, the TSX Company Manual and the Company's Constitution, the Directors may at any time and from time to time issue such number of shares either as Ordinary Shares or shares of a named class or classes (being either an existing class or a new class) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, return of capital or otherwise, and whether as preference shares that are or at the option of the Company are liable to be redeemed, as the Directors shall, in their absolute discretion, determine.

Variation of Rights Subject to the ASX Listing Rules, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation of rights shall be subject to Sections 246B and 246E of the Corporations Act. The provisions of the Constitution relating to general meetings shall apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy one-third of the issued shares of the class.

Full details of the rights attaching to the Ordinary Shares are set out in the Company's Constitution, a copy of which can be inspected at the Company's registered office at Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, Australia during normal business hours.

2. INCORPORATION BY REFERENCE

Information has been incorporated by reference in this Offering Circular from documents filed with ASIC, the ASX and SEDAR, as the case may be. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary at Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, Australia, telephone +61 (8) 9381 4366. These documents are also available electronically through the internet from ASIC or the ASX as set out in the "Important Information" section or under the Company's profile on SEDAR.

The following documents filed with ASIC and the ASX and on SEDAR, as the case may be, are specifically incorporated by reference into this Offering Circular and form an integral part of this Offering Circular:

- (a) the audited consolidated financial statements of the Group for the year ended 30 June 2014;
- (b) the audited consolidated financial statements of the Group for the year ended 30 June 2013;
- (c) Annual Report of the Company lodged on 28 August 2014 for the year ended 30 June 2014 (the "Annual Report");
- (d) Annual Information Form dated 26 September 2014 of the Company for the year ended 30 June 2014 (the "AIF") (available on SEDAR only);
- (e) Notice of Annual General Meeting and Management Information Circular lodged on 1 October 2014 in connection with the Annual General Meeting of shareholders held on 20 November 2014;
- (f) half year report of the Company for the half year ended 31 December 2014 including the accompanying Management's Discussion and Analysis;
- (g) each quarterly activities report released by the Company after the lodgement of the Annual Report and up until the date of this Offering Circular; and
- (h) all other continuous disclosure notices (which, for the avoidance of doubt, includes each Appendix 3B (New Issue Announcements) and each Appendix 3Y (Change of Director's Interest Notice) submitted to the ASX by the Company pursuant to the ASX Listing Rules) given by the Company after the lodgement of the Annual Report and up until the date of this Offering Circular.

Each document incorporated herein by reference is current only as at the date of such document and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer and affiliates taken as a whole, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained in another document incorporated herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in related to the Bonds.

3. ABOUT THE COMPANY

HISTORY

The Company was incorporated under the name "Paladin Resources NL" in Australia on 24 September 1993 as a "no liability" company under a Memorandum and Articles of Association. In February 1994, the Company completed its initial public offering in Australia and on 29 March 1994 commenced trading on the ASX. Following changes to Australian corporations law, the Company's Memorandum and Articles of Association were replaced by a Constitution in November 1999.

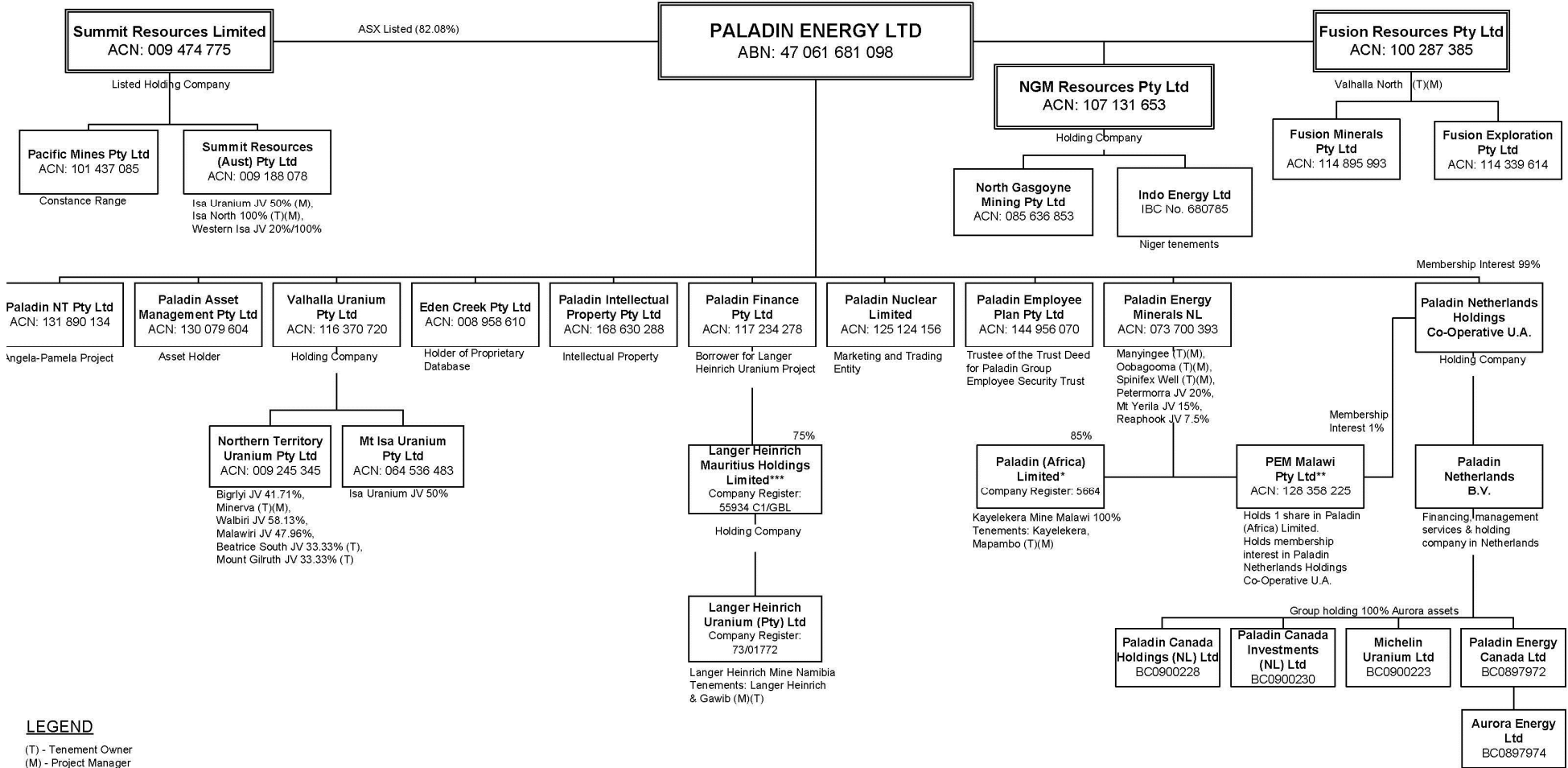
On 21 January 2000, the Company changed from a no liability company to a limited liability company. At that time, its name changed to "Paladin Resources Ltd". The Company dual-listed on the TSX on 29 April 2005. On 22 November 2007, the Company changed its name to "Paladin Energy Ltd".

Further information about the Company and its business is publicly available at its website (www.paladinenergy.com.au), on the ASX's website (www.asx.com.au) and under the Company's profile on the SEDAR website maintained by Canadian securities regulatory authorities (www.sedar.com).

GROUP STRUCTURE

The chart on the following page outlines the corporate structure, the percentage of voting securities held, the jurisdiction and registered number (where applicable) of each entity within the Group.

Paladin Corporate Group Structure



LEGEND

(T) - Tenement Owner
(M) - Project Manager

All Group Entities 100% owned with the exception of Summit Group, Paladin (Africa) Limited and Langer Heinrich Mauritius Holdings Limited (refer below).

* Malawi Government holds 15% equity.

** Holds 1 share in Paladin (Africa) Limited on trust for Paladin Energy Minerals NL.

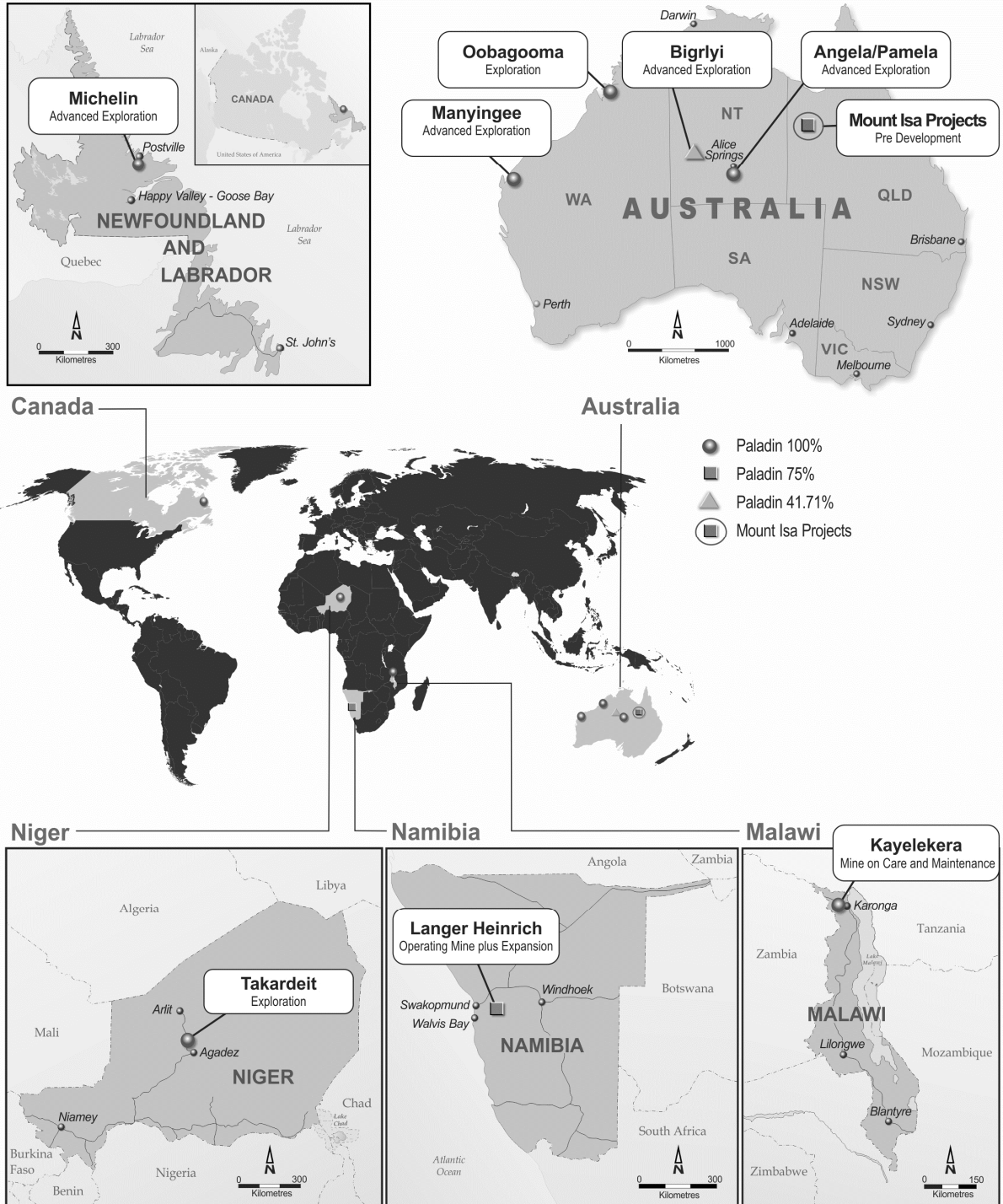
*** CNNC Overseas Uranium Holding Limited holds 25% equity.

BUSINESS

A brief overview of the Company's business is set out below.

The Company operates in the resources industry. The Company considers its value to be based on five key drivers – its one producing mine, the quality of its pipeline, the experience of its management team, its industry positioning and sustainability of its operations. Its principal business is the evaluation, development and operation of uranium projects in Africa, Canada and Australia. The Company currently sells uranium concentrates from the operating Langer Heinrich Mine and has previously developed to production phase the Kayelekera Mine (currently on "care and maintenance").

Project locations and resource overview



In addition to the resources illustrated above, the Company has a 16.75% interest in Deep Yellow Ltd (ASX: "DYL") which has projects located near Langer Heinrich in Namibia and Mount Isa in Australia.

PRINCIPAL ASSETS

An overview of the Group's principal assets are set out below.

Overview

In this Offering Circular, for those deposits that are reported as conforming to the Joint Ore Reserves Committee 2004 code (the "JORC Code 2004") or the Joint Ore Reserves Committee 2012 Code (the "JORC Code 2012"), the terms Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Ore Reserves, Proved Ore Reserves, Probable Ore Reserves and Competent Person are equivalent to the terms used in Canadian National Instrument N43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") Inferred Mineral Resources, Indicated Mineral Resources, Measured Mineral Resources, Mineral Reserves, Proven Mineral Reserves, Probable Mineral Reserves and Qualified Person, respectively.

All disclosure of scientific or technical information in this section and all information in this Offering Circular relating to exploration results, or estimates of mineral resources or ore reserves has been prepared by or prepared under the supervision of the Company's Principal Geologist, David Princep BSc FAusIMM (CP), who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a "qualified person" within the meaning of this term in NI 43-101 and a "competent person" within the meaning of this term in the JORC Code 2004 and the JORC Code 2012 and member of AusIMM. Mr Princep is a full time employee of Paladin Energy Ltd. Mr Princep has consented to the inclusion of the relevant information in this Offering Circular in the form and context in which it appears.

Paladin's attributable Mineral Resource inventory, with effect from 23 July 2014, includes 156,202t (344.4Mlb) U_3O_8 at 0.07% U_3O_8 in the Indicated and Measured categories (including ROM stockpiles) and 70,909t (156.3Mlb) of U_3O_8 at 0.06% U_3O_8 in the Inferred Resource category. A summary of the status of each of the advanced projects is detailed in the following table. This table does not include additional JORC Code 2004 and NI 43-101 compliant Mineral Resources from Bikini, Andersons, Mirrioola, Watta or Warwai deposits deriving from Paladin's 82.08% ownership of Summit Resources Ltd, nor from the Duke Batman or Honey Pot deposits.

Unless specifically noted, Mineral Resources and Ore Reserves were prepared and first disclosed under the JORC Code 2004. These estimates have not been updated since to comply with JORC Code 2012 on the basis that the information that the estimates are derived from has not materially changed since it was last reported.
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The following table details the Company's principal mineral resources assets:

<u>Project</u>	<u>Overview</u>	<u>Mining Method/ Outlook Deposit Type</u>	<u>Mineral Resources</u>
<u>Uranium Production</u>			
*Langer Heinrich Mine - 75% (Namibia, Southern Africa)	The Company's cornerstone asset commenced production in 2007. The Stage 3 expansion is complete with production at 5.2Mlb per annum (pa). Studies are underway for a further expansion to 8.5Mlb pa.	Conventional open pit; calcrete	Project life in excess of 20 years M&I (inc stockpiles): 119.8Mt @ 0.052% (136.2Mlb U ₃ O ₈) Inferred: 17.6Mt @ 0.06% (22.6Mlb U ₃ O ₈)
*Kayelekera Mine – 85% (Malawi, Southern Africa)	Paladin's second uranium mine, capable of operating at nameplate of 3.3Mlb pa. Currently on Care and Maintenance.	Conventional open pit; sandstone	Currently on care and maintenance due to low uranium prices M&I (inc stockpiles): 15.0Mt @ 0.072% (23.9Mlb U ₃ O ₈) Inferred: 5.4Mt @ 0.06% (7.4Mlb U ₃ O ₈)
<u>Uranium Development</u>			
*Aurora Project – 100% (Labrador, Canada)	Paladin's first entry into Canada. Resource definition and additional exploration has restarted and is ongoing.	Open pit - underground; metasomatic	Resource definition and extension drilling has commenced M&I: 47.6Mt @ 0.10% (100.8Mlb U ₃ O ₈) Inferred: 21.9Mt @ 0.08% (39.8Mlb U ₃ O ₈)
**Manyingee Project – 100% (Western Pilbara, Western Australia)	Resource update has been completed and planning for a field leach trial is underway.	In-situ leach; sandstone	3 year staged feasibility study required M&I: 8.4Mt @ 0.09% (15.7Mlb U ₃ O ₈) Inferred: 5.4Mt @ 0.09% (10.2Mlb U ₃ O ₈)
Oobagooma Project – 100% (West Kimberley, Western Australia)	A key pipeline asset for Paladin.	In-situ leach; sandstone	3 year reserve/resource drilling required Exploration target: 8.0Mt @ 0.12%-0.14% (U ₃ O ₈)
*Valhalla, Skál & Odin Deposits – 91.04% (Queensland, Australia)	One of Paladin's significant Australian assets. Metallurgical studies are progressing towards developing a comprehensive processing flowsheet.	Open pit - underground; metasomatic	Development dependent on market conditions M&I: 57.2Mt @ 0.07% (93.7Mlb U ₃ O ₈) Inferred: 16.3Mt @ 0.06% (22.0Mlb U ₃ O ₈)
*Bigrlyi Deposit – 41.71% (Northern Territory, Australia)	Limited work within the JV tenements. Co-operative arrangement to assess nearby regional targets.	Open pit - underground; sandstone	Future direction of project will be determined by market conditions M&I: 4.7Mt @ 0.14% (14.1Mlb U ₃ O ₈) Inferred: 2.8Mt @ 0.11% (7.1Mlb U ₃ O ₈)
*Angela Deposit – 100% (Northern Territory, Australia)	Planning has been completed for resource extension and development drilling.	Open pit - underground; sandstone	Future direction of project will be determined by market Inferred: 10.7Mt @ 0.13% (30.8Mlb U ₃ O ₈)

conditions

Mineral Resources are quoted inclusive of any Ore Reserves that may be applicable.

Mineral Resources detailed above in all cases represent 100% of the resource – not the participant's share.

**Conforms to JORC Code 2004 guidelines and is NI 43-101 compliant. In addition, the Mineral Resource for the Michelin deposit conforms to the JORC Code 2012 guidelines.*

***Conforms to JORC Code 2012 guidelines.*

(a) For Kayelekera, the Government of Malawi holds a 15% equity interest in the subsidiary, Paladin (Africa) Limited, the holder of the Kayelekera Mining Licence.

(b) For Valhalla, Skal & Odin, Paladin's interest is based on 50% deriving from the Isa Uranium Joint Venture and 41.04% via Paladin's 82.08% ownership of Summit Resources Ltd.

Langer Heinrich and Kayelekera Mineral Resources have been depleted for mining to the end of June 2014.

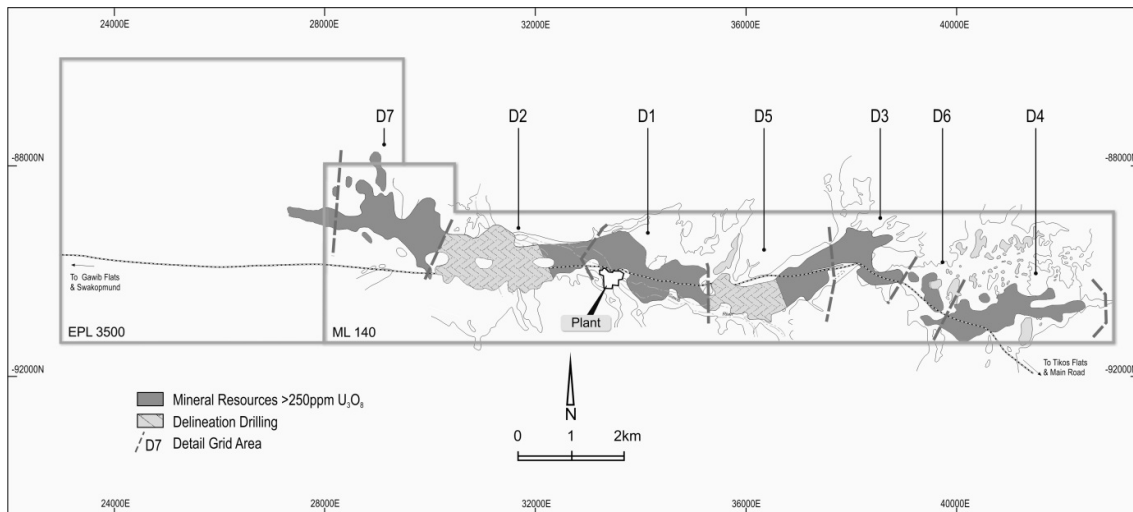
M&I = Measured and Indicated.

Langer Heinrich Mine, Namibia

Paladin purchased the Langer Heinrich Mine project ("LHM") in Namibia in August 2002 and, following development and construction, production commenced from the open pit mine and conventional alkaline leach plant in late 2006, with annual production of 2.7Mlb of U_3O_8 achieved in 2008/2009. Soon afterwards, a Stage 2 expansion was undertaken to increase production to 3.7Mlbpa U_3O_8 , followed by construction and commissioning of the Stage 3 expansion to increase production capacity to 5.2Mlbpa U_3O_8 , which was completed in FY2012.

Following the sale of a 25% equity stake in the LHM to CNNC Overseas Uranium Holding Limited ("CNNC"), a wholly-owned subsidiary of China National Nuclear Corporation, in July 2014, Paladin continues to own 75% of LHM through its Namibian subsidiary, Langer Heinrich Uranium (Pty) Ltd ("LHUPL").

Langer Heinrich is a surficial, calcrete type uranium deposit containing a Mineral Resource of 61,787t U_3O_8 (136.2Mlb U_3O_8) at a grade of 0.052% U_3O_8 in the Measured and Indicated categories (including ROM stockpiles) and 10,246t U_3O_8 (22.6Mlb U_3O_8) at a grade of 0.06% U_3O_8 of Inferred material (250ppm U_3O_8 cut-off grade) in seven mineralised zones designated Detail 1 to 7 (see figure below), along the length of the Langer Heinrich Valley within the 15km length of a contiguous paleodrainage system. The deposit is located in the Namib Desert, 80km from the major seaport of Walvis Bay.



Operations

Langer Heinrich continued its historic upward trend with record production of 5.592Mlb (2,537t) U_3O_8 in FY2014, up 5.7% from the previous year's total of 5.292Mlb (2,401t) U_3O_8 and 2.8% greater than the FY2014 budget. During the FY2014 year, the project clearly demonstrated the robustness of the process and the ability to produce at above design rates and below design feed grades.

All of these positive production outcomes in mining and processing demonstrate dynamic improvements as the last of the Stage 3 equipment was fully integrated and the additional efficiencies of this equipment were advanced by a combination of steady state operations and a strong focus on optimisation initiatives.

With the declining uranium price, initiatives to reduce the operating and unit costs at LHM continued to be front and centre, with a number of improvements identified and implemented.

Future production and possible expansion options to allow the treatment of much lower feed grade are still being considered and advanced. Various evaluations have been completed or planned on piloting and testing programmes to test the most promising options and enhancements. The goal of this work is to increase production at lower unit costs and at lower grades. The focus is also on improving process efficiencies and operability.

Mineral Resources and Ore Reserves Estimation

Mineral Resources and Ore Reserves conforming to both the JORC Code 2004 and NI 43-101 are detailed below.

Mineral Resource estimate (250ppm U₃O₈ cut-off)

	Mt	Grade % U₃O₈	t U₃O₈	Mlb U₃O₈
Measured	52.8	0.047	24,90	54.92
Indicated	67.0	0.055	36,877	81.30
Measured + Indicated	119.8	0.052	61,787	136.2
Inferred	17.6	0.06	10,246	22.6

(Figures may not add due to rounding and are quoted inclusive of any Ore Reserves, and have been depleted for mining to the end of June 2014. ROM stockpiles are included in the Measured estimation).

Ore Reserves

Economic analysis on this resource has indicated a break-even cut-off grade of 250ppm.

Ore Reserve Estimate (250ppm U₃O₈ cut-off)

	Mt	Grade % U₃O₈	t U₃O₈	Mlb U₃O₈
Proved	47.5	0.047	22,153	48.84
Probable	56.3	0.056	31,764	70.03
Total	103.8	0.052	53,917	118.87

(Ore Reserve has been depleted for mining to the end of June 2014. ROM stockpiles are included in the Proved estimation).

The Mineral Resource estimate was completed using Multi-Indicator Kriging and incorporates a specific adjustment based on expected mining parameters. As a result, additional dilution and mining recovery are not included in the Ore Reserve estimation.

These reserves form the basis of the continuing life of mine plan for the Project. The revised mine plan allows a project life in excess of 20 years, based on a processing feed rate of 3.45Mtpa.

Exploration (EPL3500)

EPL3500 covers the western extension of the mineralised Langer Heinrich paleochannel. An application to convert the EPL to a mining lease is currently in place and progressing through the regulatory process. An Environmental Impact Assessment ("EIA") was lodged with the Namibian Ministry of Environment and Tourism supporting the mining lease application and this has now been accepted with the Environmental Impact Assessment Environmental Clearance being forwarded to the Namibian Ministry of Mines and Energy.

Kayelekera Mine, Malawi

Kayelekera Mine ("KM") is located in northern Malawi, 52km west (by road) of the provincial town of Karonga and 12km south of the main road that connects Karonga with the township of Chitipa to the west.

Kayelekera is a sandstone-hosted uranium deposit associated with the Permian Karoo sediments and is hosted by the Kayelekera member of the North Rukuru sediments of the Karoo. The mineralisation is associated with seven variably oxidised, coarse grained arkoses, separated by shales and chocolate coloured mudstones. Uranium mineralisation occurs as lenses primarily within the arkose units and, to a lesser extent, in the mudstone units. The lowest level of known mineralisation currently is at a depth of approximately 160m below surface.

Kayelekera is owned 100% by Paladin (Africa) Limited ("PAL"), a subsidiary of Paladin. In July 2009, Paladin issued 15% of equity in PAL to the Government of Malawi under the terms of the Development Agreement signed between PAL and the Government of Malawi in February 2007.

The Mining Licence, ML152, covering 5,520 hectares, was granted in April 2007 for a period of 15 years, following the completion of the Development Agreement with the Government of Malawi. A Bankable Feasibility Study and EIA followed, and construction started in June 2007 which was completed in early 2009.

Due to the sustained low uranium price, it was announced in February 2014 that production would cease at Kayelekera and that the site would be placed on care and maintenance. Following a period of reagent run-down, production was halted in early May 2014. It is expected that production will recommence once the uranium price provides a sufficient incentive (approximately US\$75/lb) and grid power supply (ESCOM) is available at the site, which will replace the existing diesel generators with low cost hydroelectricity.

Operations

KM produced 2.350Mlb (1,066t) U₃O₈ in FY2014, down from last year, as a result of the transition to care and maintenance in the last quarter of the year. Once uranium prices offer sufficient incentive for restart, production, with some RIP/elution upgrades, is expected to be up to 3.3Mlb per annum.

During the FY2014, the project made exceptional progress on cost reductions mainly on the acid supply front, where the project became acid independent through a number of measures. Improvements made were increases in onsite acid production, and the addition of the nano-filtration plant, which assisted with acid recycle. In addition to acid management, other improvements were also realised in the milling, leach and RIP efficiencies, particularly with completion of modifications in the RIP section. Cost of production was successfully reduced by nearly 40% to approximately US\$33/lb over the past two years.

For further information in relation to the non-IFRS measure C1 cost of production, see "Important Notice—Non-IFRS Measure". In addition, initiatives such as grid power connection which, while not concluded as originally scheduled, still remain as further opportunities for cost reduction. In spite of improvements to both recovery of uranium from the processing circuit and the ongoing reduction in unit costs, the low uranium price resulted in a decision to place the project on "care and maintenance" in February 2014. It is expected that mining and milling operation can be quickly and effectively restarted within a short lead time when market conditions make it possible to do so profitably.

Mineral Resources and Ore Reserves Estimation

A revised and updated geological model has been completed for the project based on extensive pit mapping and structural modelling. This work was undertaken to significantly improve the understanding of the structurally complex nature of the resource and aid in targeting mineralisation within the regional tenement package. At this stage, no additional resource drilling within the Kayelekera deposit is anticipated; however, this may be reviewed based on analysis of the geology modelling.

Mineral Resources and Ore Reserves conforming to both the JORC Code 2004 and NI 43-101 are detailed below.

Mineral Resource at 300ppm U₃O₈ Cut-off

	MtGrade ppm U₃O₈	t U₃O₈	Mlb U₃O₈
Measured	2.33	838	4.30
Indicated	12.71	700	19.62
Total Measured & Indicated	15.04	722	23.93
Inferred	5.4	623	7.4

(Figures may not add due to rounding and are quoted inclusive of any Ore Reserves and are depleted for mining to end of June 2014. ROM stockpiles are included in the Measured estimation).

The Mineral Resource is unchanged from that previously reported except for depletion due to mining activities to 30 June 2014. The Mineral Resource estimate is based on Multi Indicator Kriging techniques with a specific adjustment based on parameters derived from the mining process.

Ore Reserves

Economic analysis on this Mineral Resource has indicated a break-even cut-off grade of 400ppm U₃O₈.

Ore Reserve at 400ppm U₃O₈ Cut-off

	Mt	Grade ppm U₃O₈	t U₃O₈	Mlb U₃O₈
Proved	1.98	836	1,656	3.65
Probable	5.34	882	4,709	10.38
Total	7.32	870	6,365	14.03

(Figures may not add due to rounding and are depleted for mining to end of June 2014. ROM stockpiles are included in the Proved estimation).

The underlying Ore Reserve is unchanged from what was announced in 2008 and has only been depleted for mining until 30 June 2014.

Exploration

Exploration work throughout the year concentrated on ground surveys within 5km of the mine site. Geological and geophysical work was used in conjunction with geochemistry to identify targets close to the mine site for future drilling. The intention is to define additional resources to be available when the mining operation restarts.

Canadian Development Projects

The Company, through its wholly-owned subsidiary Aurora Energy Ltd ("Aurora"), holds exploration rights to 91,500 hectares within the Central Mineral Belt of Labrador ("CMB"), Canada, approximately 140km north of Happy Valley-Goose Bay and 40km southwest of the community of Postville.

Paladin completed the acquisition of Aurora in February 2011. In March 2012, the Nunatsiavut Government, a regional, aboriginal government formed in 2005, lifted the three year moratorium on the mining, development and production of uranium on Labrador Inuit Land. Five of Paladin's six deposits in this project area fall within these lands. Paladin started exploration in the summer of 2012.

Aurora claims cover a significant area of prospective ground over the CMB. The CMB contains publically reported 83.9Mlb U₃O₈ Measured and Indicated Mineral Resources as well as an additional 86.6Mlb U₃O₈ Inferred Mineral

Resource in 12 deposits, half of which are covered by the Aurora tenements. The largest of these deposits is Michelin, the flagship of Aurora's CMB project and one of the world's top five albitite-hosted resources.

Over the last financial year, Aurora carried out geological and geophysical ground surveys in the northern summer of 2013 and a 15-hole, 4,432m drilling programme in February and March 2014. On 26 June 2014, Paladin announced a revised Mineral Resource estimate for the Michelin Deposit, conforming to both the JORC Code 2012 and Canadian National Instrument 43-101.

The 2014 Mineral Resources estimate for the Michelin Deposit was successful in converting some 13.2Mlb U₃O₈ of previously Inferred category material into the Measured and Indicated categories, as well as adding an additional 3.8Mlb U₃O₈ for a Measured and Indicated Mineral Resource total of 84.1Mlb U₃O₈. Additional Mineral Resources remaining in the Inferred category now stand at 22.9Mlb U₃O₈.

Open Pit portion Cut-off grade 250ppm			
	Mt	Grade % U₃O₈	Mlb U₃O₈
Measured	10.46	0.09	21.63
Indicated	5.94	0.09	12.26
M + I	16.39	0.09	33.89
Inferred	1.64	0.13	4.86
Underground portion Cut-off grade 500ppm			
Measured	5.11	0.11	12.45
Indicated	16.00	0.11	37.79
M + I	21.11	0.11	50.24
Inferred	7.17	0.11	18.02
Combined			
Measured	15.57	0.10	34.08
Indicated	21.93	0.10	50.05
M + I	37.50	0.10	84.13
Inferred	8.81	0.12	22.88

The additional drilling in 2012 and 2013 has infilled some areas within the previous Mineral Resource and allowed for the creation of a much more robust geological interpretation. The Mineral Resource detailed above is broken down on a similar basis to the previous Mineral Resource estimated by Aurora in 2009. Following pit optimisation studies using previous costs and a variety of uranium prices, the Open Pit ("OP") and Underground ("UG") split is determined now to be approximately 230m below surface (or 100m RL).

Additional Potential

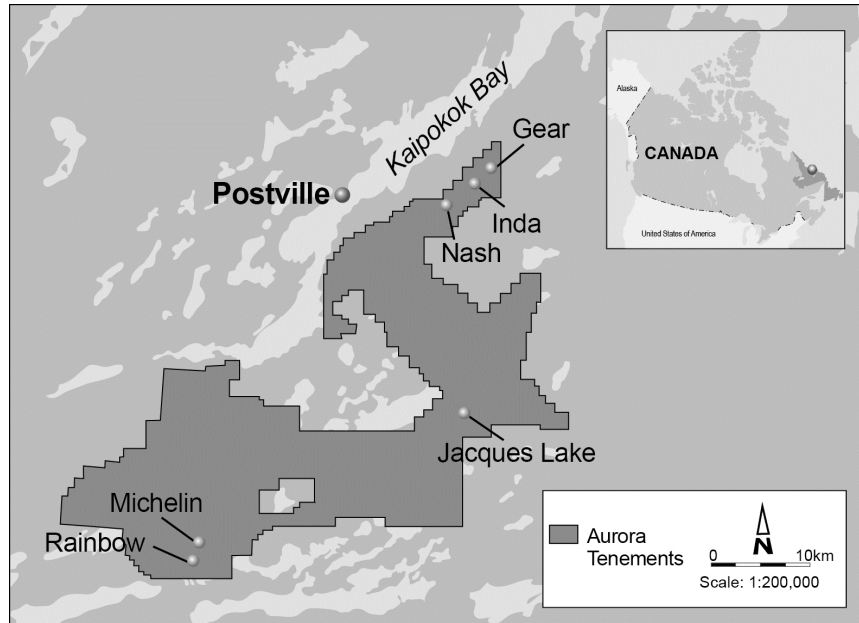
The Michelin Deposit is still open along strike and at depth. Drilling programmes have already been designed to both infill and extend the existing Mineral Resource. In addition, there are also a number of promising targets within the Michelin–Rainbow trend, which are actively being explored and are expected to contribute to the economic viability of the project. Additional Mineral Resources for other deposits within the Aurora project area are detailed below.

Deposit	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource		
	Mt	Grade %	t U₃O₈	Mt	Grade %	t U₃O₈	Mt	Grade %	t U₃O₈
Cut-off 0.05% &									

0.02% U ₃ O ₈		U ₃ O ₈			U ₃ O ₈			U ₃ O ₈	
Jacques Lake	0.9	0.09	747	6.0	0.07	4,327	8.1	0.05	4,103
Rainbow	0.2	0.09	193	0.8	0.09	655	0.9	0.08	739
India				1.2	0.07	826	3.3	0.07	2,171
Nash				0.7	0.08	564	0.5	0.07	367
Gear				0.4	0.08	270	0.3	0.09	279
Total	1.1	0.09	940 (2.1Mlb)	9.0	0.07	6,642 (14.6Mlb)	13.1	0.06	7,659 (16.9Mlb)

The Mineral Resources for the satellite deposits are reported at cut-off grades that contemplated underground (0.05% U₃O₈ cut-off) and open pit (0.02% U₃O₈ cut-off) mining, based on preliminary economic assumptions carried out by Aurora.

The updated 2014 Mineral Resource Estimate for the Michelin Deposit has provided added confidence in the character of the mineralisation with the significant increase in Measured and Indicated category material. Importantly, in addition, the near surface open pitable portion of the deposit now contains a substantial increase in both uranium grade and contained metal. Future drilling will concentrate on expanding the Mineral Resources at both the Michelin Deposit and the deposits and prospects occurring in the immediate surrounds.



Queensland Development Projects

The Company has an 82.08% majority shareholding in Summit Resources Limited ("Summit"), acquired in 2007. Summit's wholly-owned subsidiary, Summit Resources (Aust) Pty Ltd ("SRA"), operates and has a 50% share in the Isa Uranium Joint Venture ("IUJV"), and a 100% interest in the Mount Isa North Project ("MINP").

In addition, the Company has a 50% interest in the IUJV through its wholly owned subsidiary Mt Isa Uranium Pty Limited (giving it an effective participating interest in the IUJV of approximately 91.04%), and a 100% interest in the Valhalla North project through its ownership of Fusion Resources Limited.

The three projects include 10 deposits containing 106.2Mlb U₃O₈ Measured and Indicated Mineral Resources as well as 42.2Mlb U₃O₈ Inferred Mineral Resources. The bulk of the mineralisation is concentrated in the Valhalla deposit. Of this, 95.8Mlb U₃O₈ Measured and Indicated Mineral Resources as well as 37.4Mlb U₃O₈ Inferred Mineral Resources are attributable to Paladin. 51.4% of the Mineral Resources are located at Valhalla; the rest is distributed over the Bikini, Skal, Odin, Andersons, Mirrioola, Watta, Warwai, Duke Batman and Honey Pot deposits. The table below lists JORC Code 2004 and NI 43-101 compliant Mineral Resources by deposit, on a 100% project basis.

Deposit	Measured & Indicated Mineral Resources				Inferred Mineral Resources			Paladin Attribution
	Cut-off ppm U ₃ O ₈	Mt	Grade ppm U ₃ O ₈	t U ₃ O ₈	Mt	Grade ppm U ₃ O ₈	t U ₃ O ₈	
Valhalla*	230	34.7	830	28,778	9.1	643	5,824	91.0%
Skal*	250	14.3	640	9,177	1.4	519	708	91.0%
Odin*	250	8.2	555	4,534	5.8	590	3,430	91.0%
Bikini*	250	5.8	497	2,868	6.7	493	3,324	82.0%
Andersons*	250	1.4	1,449	2,079	0.1	1,639	204	82.0%
Watta	250				5.6	404	2,260	82.0%
Warwai	250				0.4	365	134	82.0%
Mirrioola	250				2.0	555	1,132	82.0%
Duke Batman*	250	0.5	1,370	728	0.3	1,100	325	100%
Honey Pot	250				2.6	700	1,799	100%
Total		64.9	742	48,164	34.0	563	19,140	
Total Resource Attributable to Paladin		58.5	743	43,470 (95.8Mlb)	29.9	568	16,983 (37.4Mlb)	

(Figures may not add due to rounding).

* Deposits estimated using Multiple Indicator Kriging within a wireframe envelope. All other Mineral Resources are estimated using Ordinary Kriging with an appropriate top cut. Data for all deposits is a combination of geochemical assay and downhole radiometric logging.

Metallurgical and mineralogical testwork has resulted in a better understanding of the uranium mineralisation. The mineralisation has been shown to be of a very fine grained and sometimes refractory nature, containing increased carbonate gangue minerals. Alkaline leaching has shown acceptable recoveries of 80 to 90% at high temperature and pressure, with normal reagent consumption. Radiometric sorting of the mineralisation also showed further encouraging results. Testwork in the coming years will aim at confirming an economic flow-sheet based on alkaline leach and radiometric sorting.

The exploration is managed through the three previously listed projects.

Further development of the projects will be subject to political circumstances in Queensland.

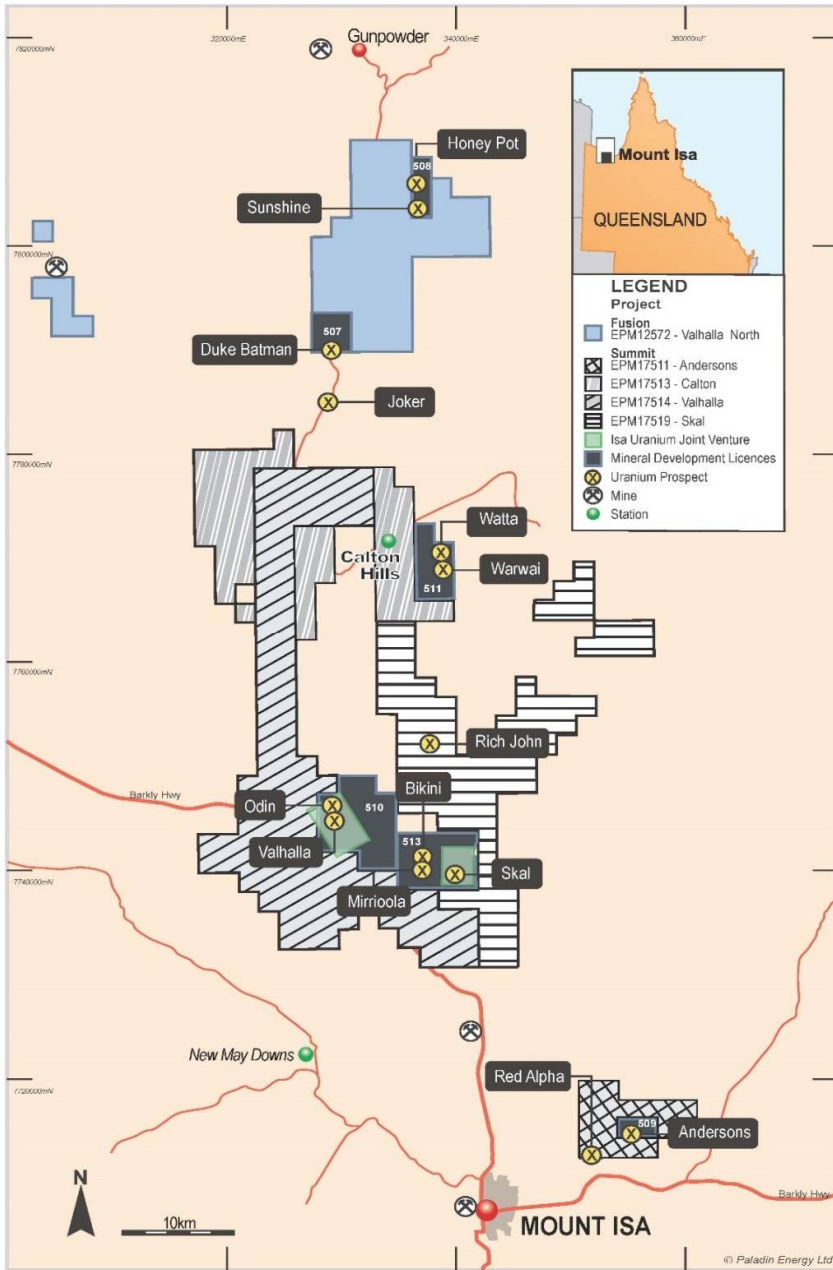
An overview of the projects and political developments in Queensland are set out below.

Isa Uranium Joint Venture

The IUJV covers ground containing the Valhalla, Odin and Skal uranium deposits 40km north of Mount Isa. Mineral Resource estimates are included in the table on the previous page.

Participants in the joint operation are SRA and Mount Isa Uranium Pty Ltd ("MIU"), each holding a 50% interest, with SRA as manager. MIU is a wholly-owned subsidiary of Valhalla Uranium Pty Ltd ("VUL"), a formerly public company and now a wholly-owned subsidiary of Paladin. Paladin's effective participating interest in the IUJV is 91.04% through its ownership of 82.08% of the issued capital of Summit.

Ground subject to the IUJV covers 17.24km² at Valhalla and 10km² at Skal. These two areas lie within a larger holding of contiguous tenements of 935km² held 100% and managed by SRA and Paladin as outlined in the map below.



Mount Isa North Project

The MINP is located 10 to 70km north and east of Mount Isa and contains numerous uranium deposits and prospects. The area is 100% held and managed by SRA utilising Paladin staff and expertise. Exploration continues on MINP where Summit holds 935km² of granted tenements that are prospective for uranium, copper and base metals. The tenements are centred on the city of Mount Isa. The project includes the Bikini, Mirrioola, Watta, Warwai and Anderson uranium deposits, as well as numerous other uranium prospects. Mineral Resource estimates are shown in the table on page 26.

Valhalla North Project

The Valhalla North Project is located on EPM 12572 totalling 215km², situated approximately 60km north of the Valhalla deposit. The geological setting is similar to the Summit/Paladin projects to the south where albitised basalts with interbedded metasediments are mineralised along east-west and north-south structures in Eastern Creek Volcanics. The project includes the Duke Batman and Honey Pot deposits and Mineral Resource estimates are listed in the table on page 26.

Queensland Uranium Politics

The Labor Party has formed government following the Queensland state election held on 31 January 2015. The Labor Party has historically opposed uranium mining and, during its most recent term in power, refused to grant licences to mine uranium in Queensland.

In 2012, the Liberal National Party government announced a change to the previous Labor government policy to allow and facilitate uranium mining in Queensland. Thereafter, in March 2013, the Queensland Uranium Implementation Committee completed its report to the then-Queensland government recommending a policy framework for the orderly development and operation of a recommenced uranium mining and export industry in Queensland, and in September 2013, the then-Minister for Natural Resources and Mines released an action plan to implement a best practice regulatory framework for uranium mining in Queensland.

The current position of the newly elected Labor government, as reflected in its 2014 state policy platform, is that it will not allow uranium mining in Queensland. To progress the currently estimated uranium mineral resources in the Mount Isa region to mineral reserve status will require the support of the Queensland state government. Through membership of industry bodies, such as the Australian Uranium Association and the Queensland Resources Council, the Company is involved in initiatives focused on facilitating Labor government support.

Western Australian Development Projects

Manyingee Uranium Project

The Manyingee uranium project ("Manyingee") is located in the north-west of Western Australia, 1,100km north of Perth and 85km inland from the coastal township of Onslow. The property is comprised of three mining leases covering 1,307 hectares. Paladin purchased Manyingee in 1998 from Afimex Mining and Exploration Pty Ltd ("AFMEX"), a subsidiary of Cogema from France.

Between 1973 and 1984, approximately 400 holes were drilled by the previous owners to establish the extent and continuity of the sediment-hosted uranium mineralisation contained in permeable sandstone in paleochannels. Field trials by AFMEX demonstrated that the Manyingee sandstone-hosted uranium deposit is amenable to extraction by in-situ recovery ("ISR").

In 2012, Paladin drilled 96 holes for 9,026m of Rotary Mud and 242m of PQ core. The drilling resulted in a new geological model and, on 14 January 2014, Paladin announced an updated Mineral Resource for the Manyingee Project. The Mineral Resource estimate conforms to both the JORC Code 2012 and NI 43-101.

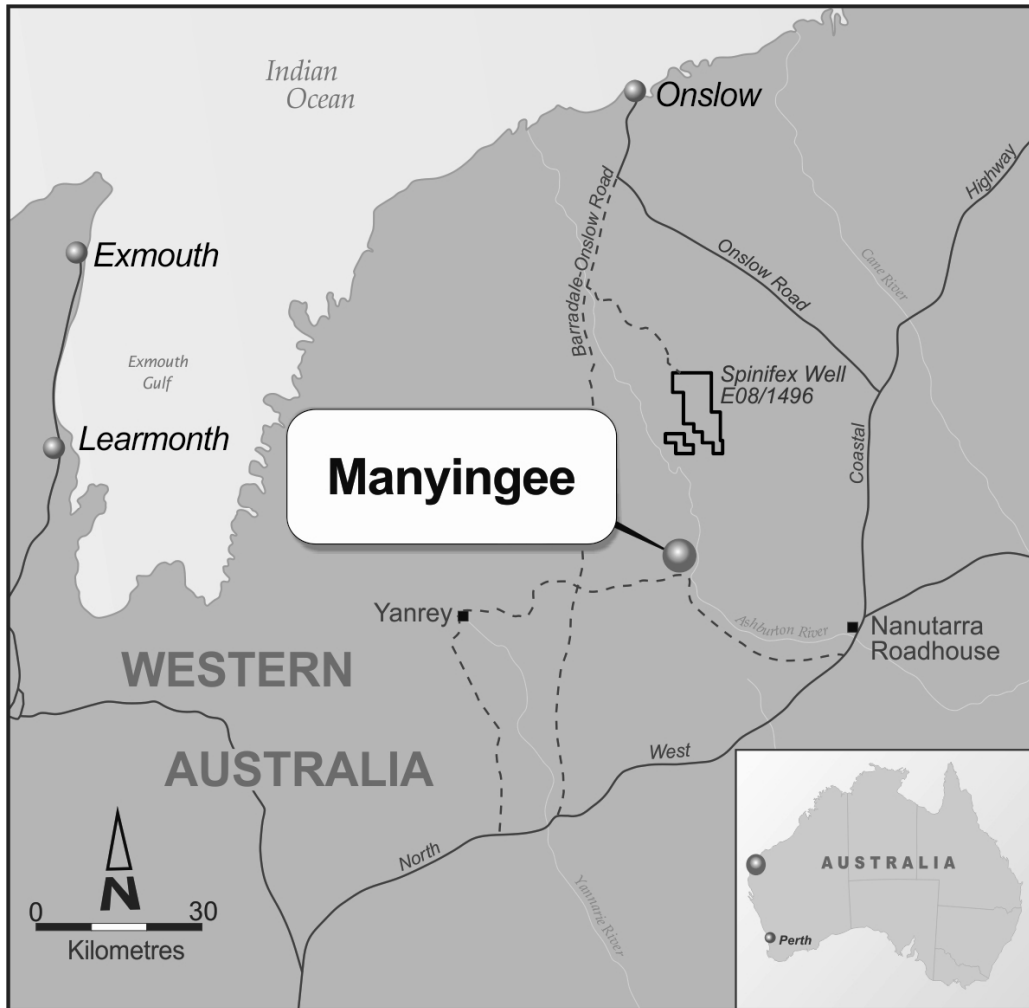
Updated Mineral Resource Estimate (250ppm U₃O₈ and 0.2m cut-off)

Unit	Mineral Resource Category	Tonnes Mt	Density g/cm ³	Grade ppm U ₃ O ₈	Pounds M	Metal t U ₃ O ₈
U2	Indicated	1.46	1.7	885	2.85	1,292
	Inferred	1.33	1.7	830	2.45	1,110
U3a	Indicated	2.65	1.7	895	5.25	2,380
	Inferred	1.88	1.7	960	3.98	1,806
U3b	Indicated	2.61	1.7	850	4.88	2,214
	Inferred	1.17	1.7	790	2.04	925
U3c	Indicated	1.18	1.7	745	1.94	881
	Inferred	0.72	1.7	790	1.25	569
U4	Indicated	0.47	1.7	765	0.80	362
	Inferred	0.30	1.7	680	0.45	203
Total	Indicated	8.37		850	15.71	7,127
	Inferred	5.41		850	10.17	4,613

(Figures may not add due to rounding).

The 2014 Mineral Resource Estimate is based on a combination of validated historical drilling and the 96 Rotary Mud and Diamond holes drilled by Paladin. The validation of the historical data, along with Prompt Fission Neutron ("PFN") probe logging of recent drill holes, has resulted in a change to the disequilibrium factor used to determine uranium grades. This change has resulted in a reduction in the Indicated Mineral Resource grade; however the overall grade of the deposit has increased due to revised geological modelling and estimation techniques.

The geology of the deposit is well understood, having been subject to extensive exploration over a number of years. The stratigraphic sequence within the deposit has been defined from the extensive dataset of downhole electric logs. A total of 35 water bores were installed at the Manyingee site by Paladin in 2012, which are used for ongoing monitoring of physical and chemical properties of the aquifer containing the uranium mineralisation. Paladin believes that the Mineral Resources on the mining leases can be increased and that commencement of production at the project can be achieved in a four to five year time frame. Current work on the project concentrates on compiling a Field Leach Trial proposal document to be submitted in 2015.



Oobagooma Uranium Project

The Oobagooma project, which is held 100% by Paladin, is located in the West Kimberley region of Western Australia, 1,900km north-north-east of Perth and 75km north-east of the regional centre of Derby. The project now comprises one application for an EPL covering approximately 450km².

In 1998, Paladin acquired a call option in relation to the purchase of Oobagooma. This arrangement was recently varied so that Paladin Energy Minerals NL is now the applicant and will, upon the anticipated grant, hold the exploration licence directly.

The Oobagooma project area was explored by AFMEX between 1983 and 1986, during which time extensive zones of uranium mineralisation were discovered. AFMEX identified a historic resource of 21.9Mlb U₃O₈ at 0.12% U₃O₈ with a 0.035% cut-off. Paladin has classified this mineralisation as an exploration target, but, after examining the AFMEX data, Paladin believes that following validation of all existing data, there is good potential to upgrade the current exploration target.

Previous tonnages, grades, assays and other technical data for Oobagooma are taken from historical records prior to the implementation of JORC Code 2012 or NI 43-101. While the data are believed to have been acquired, processed and disclosed by persons believed to be technically competent, it is unverifiable at present. A Competent Person as defined under the JORC Code 2004 or Qualified Person as defined under NI 43-101 has not done sufficient work to classify the historical estimate as current Mineral Resources. Paladin is not treating any historical estimates as current Mineral Resources as defined in either the JORC Code 2004 or NI 43-101 and the historical estimates should not be relied upon.

Northern Territory Development Projects

Bigrlyi Joint Venture

The Bigrlyi joint venture ("BJV") covers ten granted Exploration Licences in Retention ("ELRs"), located in the Ngalia Basin approximately 320km north-west of Alice Springs in the Northern Territory. Participants in BJV are Energy Metals Limited ("EME") (53.29% and Manager), Northern Territory Uranium Pty Ltd (a wholly-owned subsidiary of Paladin) (41.71%) and Southern Cross Exploration NL (5%).

EME, as the Manager of the BJV, announced in June 2011 the completion of a Pre-Feasibility Study ("PFS") for the Bigrlyi Project showing that, under current market conditions, is not economically viable. A substantial increase in the resource base, especially resources amenable to open-pit mining, is required to help the economic outcome of this project. EME is exploring the wider Ngalia Basin for additional resources on its 100% owned licences.

In late June 2011, EME released an updated Mineral Resource estimate, conforming to both the JORC Code 2004 guidelines and NI 43-101, based on all drilling to date. The breakdown of Mineral Resource category is detailed below and is reported at a 500ppm U₃O₈ cut-off grade.

Mineral Resource Classification	Tonnes Mt	Grade ppm U₃O₈	Metal t U₃O₈	Metal Mlb U₃O₈
Indicated	4.7	1,366	6,400	14.1
Inferred	2.8	1,144	3,200	7.1

Angela-Pamela Project

The Angela deposit is a sandstone-hosted roll-front type uranium deposit (now 100% held by the Company through Paladin NT Pty Ltd) with an Inferred Mineral Resource of 30.8Mlb U₃O₈ located in the Amadeus Basin of Australia's Northern Territory, approximately 25km south of Alice Springs.

In February 2008, Cameco Australia Pty Ltd ("Cameco") and the Company, through a 50:50 joint venture, won a tender in competition with numerous other applicants, for an Exploration Licence covering the Angela and Pamela uranium prospects.

The joint venture conducted drilling programmes during 2009 and 2010, including 172 holes totalling 32,810m. Cameco formally withdrew from the joint venture in 2013 after determining that the project did not meet its investment criteria at that time.

Paladin, through Paladin NT Pty Ltd, has since assumed 100% ownership of the project. Its activities have been confined to validating Uranerz Australia Ltd and Cameco drilling data, drilling three mud rotary holes to test the

feasibility of this methodology for future programmes and preparing a revised Mineral Resource estimate and public release of the resource report.

The Mineral Resource estimate is based on 794 holes totalling 180,468m and covers the Angela (1 to 5) and Pamela deposits. The mineralisation plunges shallowly, approximately 9°, to the west and the resource of the larger of the deposits, Angela 1, has been defined up to 4.3km to the west at depths up to 600m and remains open.

The cut-off for the Mineral Resource is a combination of grade greater than or equal to 300ppm U₃O₈ and thickness greater than 0.5m. The Mineral Resource estimate conforms to the JORC Code 2004 guidelines and complies with NI 43-101.

Mineral Resource Classification	Tonnes Mt	Grade ppm U ₃ O ₈	Metal t U ₃ O ₈	Metal Mlb U ₃ O ₈
Inferred	10.7	1,310	13,980	30.8

Importantly the mineralisation includes a higher grade core at a cut-off of 1,500ppm which still contains 20.2Mlb at a grade of 2,500ppm U₃O₈.

Nigerian Development Projects

Project Agadez

Project Agadez is located in northern Niger, north-west Africa, 30km west and north-west of the township of Agadez. It includes three exploration concessions: Tagait 4 ("TAG4"); Toulouk 1 ("TOU1"); Terzemazour 1 ("TER1"); and, one application Ekazan 1 ("EKA1"), all covering a total area of 990km². The concessions cover sandstone type uranium mineralisation in the Tim Mersoï Basin.

Paladin's TER1 concession contains a low-grade Inferred Mineral Resource of 11Mlbs U₃O₈ at 210ppm U₃O₈ at a cut-off grade of 120ppm U₃O₈ in shallow sediments. An in-house evaluation of the estimate indicated the possibility of higher grade mineralisation controlled by a previously unrecognised paleochannel. However, further drilling was put on hold due to an escalation of terrorist activities in the area. At this stage Paladin has suspended all field activities in the Arlit and Agadez areas due to the security situation and a *force majeure* has been requested from the government authorities for indefinite suspension of expenditure requirements.

Mineral Resource and Ore Summary

The following tables detail the Company's Mineral Resources and Ore Reserves and the changes that have occurred within FY2014. The only changes to Mineral Resource and Ore Reserve information were due to depletion for mining to 30 June 2014 at both Langer Heinrich and Kayelekera (where mining ceased in December 2013 and processing ceased in May 2014) and Mineral Resource updates for the Manyingee and Michelin deposits, as previously announced to the ASX on the 14 January 2014 and 26 June 2014 respectively. There were no other material changes to the Company's Mineral Resources and Ore Reserves.

Mineral Resources	30 June 2013			30 June 2014			Change	
	M tonnes	grade % U ₃ O ₈	Metal t U ₃ O ₈	M tonnes	grade % U ₃ O ₈	Metal t U ₃ O ₈	M tonnes	Metal t U ₃ O ₈
Canada								
Measured Jacques Lake	0.86	0.087	747	0.86	0.087	747		
Michelin	7.07	0.084	5,926	15.57	0.099	15,458	8.5	9,532

Indicated	Rainbow	0.21	0.092	193	0.21	0.092	193			
	Gear	0.35	0.077	270	0.35	0.077	270			
	Inda	1.2	0.069	826	1.2	0.069	826			
	Jacques Lake	6.04	0.072	4,327	6.04	0.072	4,327			
	Michelin	23.01	0.107	24,522	21.93	0.104	22,701	-1.08	-1,821	
	Nash	0.68	0.083	564	0.68	0.083	564			
Inferred	Rainbow	0.76	0.086	655	0.76	0.086	655			
	Gear	0.3	0.093	279	0.3	0.093	279			
	Inda	3.26	0.067	2,171	3.26	0.067	2,171			
	Jacques Lake	8.1	0.051	4,103	8.1	0.051	4,103			
	Michelin	15.97	0.103	16,370	8.81	0.118	10,378	-7.16	-5,992	
	Nash	0.51	0.072	367	0.51	0.072	367			
Rainbow	0.91	0.082	739	0.91	0.082	739				
Malawi										
Measured	Kayelekera	2.41	0.099	2,385	2.33	0.084	1,952	-0.08	-433	
Indicated		13.43	0.072	9,694	12.71	0.070	8,901	-0.72	-793	
Inferred		5.36	0.062	3,336	5.35	0.062	3,334	-0.01	-2	
Namibia										
Measured	Langer Heinrich	53.95	0.048	25,783	52.84	0.047	24,910	-1.11	873	
Indicated		70.12	0.055	38,729	66.98	0.055	36,877	-3.14	-1,852	
Inferred		17.74	0.058	10,335	17.59	0.058	10,246	-0.15	-89	
Niger										
Inferred	Takardeit	23.21	0.021	4,943	23.21	0.021	4,943			
Australia										
Measured	Valhalla	16.02	0.082	13,116	16.02	0.082	13,116			
Indicated	Bigrlyi	4.7	0.136	6,400	4.7	0.136	6,400			
	Andersons	1.4	0.145	2,079	1.4	0.145	2,079			
	Bikini	5.77	0.050	2,868	5.77	0.050	2,868			
	Duke Batman	0.53	0.137	728	0.53	0.137	728			
	Odin	8.2	0.055	4,534	8.2	0.055	4,534			
	Skal	14.3	0.064	9,177	14.3	0.064	9,177			
	Valhalla	18.64	0.084	15,662	18.64	0.084	15,662			
	Manyingee	7.87	0.102	8,080	8.37	0.085	7,127	0.5	-953	
	Inferred	Angela	10.7	0.131	13,980	10.7	0.131	13,980		
		Bigrlyi	2.8	0.114	3,200	2.8	0.114	3,200		
		Andersons	0.1	0.164	204	0.1	0.164	204		
		Bikini	6.7	0.490	3,324	6.7	0.490	3,324		
		Duke Batman	0.29	0.110	325	0.29	0.110	325		
		Honey Pot	2.56	0.070	1,799	2.56	0.070	1,799		
		Mirrioola	2	0.056	1,132	2	0.056	1,132		
		Odin	5.8	0.059	3,430	5.8	0.059	3,430		
		Skal	1.4	0.052	708	1.4	0.052	708		
		Valhalla	9.1	0.064	5,824	9.1	0.064	5,824		
		Watta	5.6	0.040	2,260	5.6	0.040	2,260		
		Warwai	0.4	0.036	134	0.4	0.036	134		
Manyingee	5.5	0.050	2,810	5.41	0.085	4,613	-0.09	1,803		

(Mineral Resources are quoted on a 100% basis. Figures may not add due to rounding. ROM stockpiles are included in the Measured estimation).

Ore Reserves	30 June 2013			30 June 2014			Change	
	M tonnes	grade % U ₃ O ₈	Metal t	M tonnes	grade % U ₃ O ₈	Metal t	M tonnes	Metal t
Malawi Kayelekera								
Proven	2.03	0.101	2,059	1.98	0.084	1,656	-0.05	-403
Probable	5.98	0.091	5,423	5.34	0.088	4,709	-0.64	-714
Namibia Langer Heinrich								
Proven	48.62	0.047	23,025	47.51	0.047	22,153	-1.11	-872
Probable	59.44	0.057	33,616	56.31	0.056	31,764	-3.13	-1,852

(Ore Reserves are quoted on a 100% basis. Figures may not add due to rounding and have been depleted for mining to the end of June 2014. ROM stockpiles are included in the Proven estimations).

All of the Company's Mineral Resources and Ore Reserves are internally peer reviewed at the time of estimation and are subject to ongoing review, as and when required. Should any Mineral Resources or Ore Reserves be utilised within a Bankable or Definitive Feasibility Study, it is expected that an audit by independent experts would be conducted. For both mine sites, ongoing reconciliations between Mineral Resource, Ore Reserve, Mining Production and Mill Feed tonnes and grade are completed on a regular basis and, to date, there have been no material differences identified in any of these processes.

Uranium Database

Paladin owns a substantial uranium database, compiled over 30 years of investigations by the international uranium mining house, Uranerzbergbau in Germany, relating to the uranium mining and exploration industry worldwide and including detailed exploration data for Africa and Australia.

Since acquiring this substantial uranium database, which consists of extensive collections of technical, geological, metallurgical, geophysical and geochemical resources, including resource evaluations, drill hole data, downhole logging data, airborne radiometric surveys results, open-file data, and photographic archives, the Company has maintained and expanded this valuable library of data.

The data continues to be utilised by the Company as an asset for project generation to evaluate opportunities and generate new uranium prospects and projects for acquisition and exploration.

Investment in Deep Yellow Limited

The Company holds a 16.79% interest in Deep Yellow Limited ("DYL"), an ASX-listed, Namibian-focused advanced stage uranium exploration company. DYL also has a listing on the NSX.

DYL's operations in Namibia are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd ("RUN"). RUN holds 100% of two EPLs covering 1,346km² and five joint venture EPLs covering 1,764km². All seven tenements are situated in the Namib Naukluft Desert Park inland from Walvis Bay and south and west of Paladin's LHM. Its flagship is the high grade alaskite Omahola Project, where mining studies during the year under review concluded that a heap leach development strategy should have superior economics over a tank leach. Further studies are being conducted and metallurgical testwork is being planned, which is required to demonstrate the technical feasibility of a heap leach project. A processing trade-off study for the Tubas Sand Project was also completed during the year, and geological mapping followed up on new exploration targets that were identified in the previous year's successful prospectivity analysis.

STRATEGIC INITIATIVES

The Board of the Company continues to review potential strategic initiatives to enable the Company to strengthen its balance sheet and realise value from its assets.

On 24 November 2014, the Company announced a placement and entitlement offer, through which it raised a total of A\$205.2 million, comprising an A\$144.4 million discounted entitlement offer of Ordinary Shares to eligible shareholders at an issue price of A\$0.26 per Ordinary Share and a A\$60.8 million placement of Ordinary Shares to HOPU Clean Energy (Singapore) Pte Ltd, a subsidiary of HOPU Clean Energy Investment Company Limited ("HOPU"), at an issue price of A\$0.42 per Ordinary Share. As part of the transaction, HOPU also participated in the entitlement offer as an eligible shareholder and sub-underwrote the retail component of the entitlement offer, bringing its total interest in the Company after completion of the transaction to 14.99%. The average entry price for HOPU in both the placement and entitlement offer was A\$0.357. Under the terms of its subscription agreement with the Company, HOPU is entitled to board representation so long as its shareholding in the Company remains above 10%. Following completion of the transaction, Mr Wendong Zhang was appointed to the Board as HOPU's nominee.

The funds raised pursuant to the equity raising will be applied together with the proceeds of the Bonds to fund the Company's concurrent tender offer for any or all of its 2010 Bonds.

On 24 March 2015, the Company announced it had exercised an upsize option for an additional US\$50,000,000 in principal amount of the Bonds (which is comprised in the aggregate amount of US\$150,000,000 principal amount of Bonds referred to in this Offering Circular). Such additional Bonds are being acquired and facilitate an investment by a controlled subsidiary of China Investment Corporation.

The Company continues to engage in discussions on a number of initiatives to provide further long term funding flexibility and/or enable it to realise value from its assets, including potential strategic investments by international nuclear utilities with a strategic interest in the Company's production assets and development projects and/or the Company generally. There can be no assurance that such discussions will be successfully concluded.

4. DIRECTORS

Brief profiles of the directors of the Company as at the date of this Offering Circular are as follows:

Mr Rick Wayne Crabb (Non-Executive Chairman)

B. Juris (Hons), LL.B, MBA, FAICD

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law and advised in relation to numerous project developments in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. He is also the non-executive chairman of Platypus Minerals Ltd (formerly Ashburton Minerals Ltd) (since 1999), Golden Rim Resources Ltd (since 2001) and Otto Energy Ltd (since 2004). Mr Crabb is a councillor on the Western Australian Division of the Australian Institute of Company Directors.

Mr Crabb was appointed to the Paladin board on 8 February 1994 and as Chairman on 27 March 2003.

Mr John Borshoff (Managing Director)

B.Sc., F.AusIMM, FAICD

Mr Borshoff is a geologist who has been involved in the Australian and African exploration and mining industry for over 30 years. Mr Borshoff worked for International Nickel and Canadian Superior Mining before joining a German mining group, Uranerz from 1976 to 1991. He became Chief Geologist/Exploration Manager during the period 1981-1986 and served as its chief executive from 1987 to mid-1991 when the German parent of Uranerz made the decision to close its Australian operations. The primary focus of the Uranerz Group was the search and development of uranium with the company operating extensively throughout Australia, North America and Africa.

Mr Borshoff has extensive knowledge of the uranium industry and experience in company management and strategic planning. He serves on the Board of the Minerals Council of Australia.

Mr Borshoff founded Paladin and was appointed to the board on 24 September 1993.

Mr Sean Reveille Llewelyn (Non-Executive Director)

LL.B

Mr Llewelyn originally qualified and practised as a solicitor in Australia and then re-qualified in England. He has subsequently worked in the finance and merchant banking industries for more than 20 years in Australia, the UK, the United States and South Africa. His considerable finance experience has been in derivatives (a founder, President and CEO of Capital Market Technology Inc.), structured finance and early stage investment relating to the metal markets. He has been involved with the uranium industry for many years and has a comprehensive understanding of the uranium market.

Mr Llewelyn was the instigator and a driving force in the formation of Nufcor International Ltd, a major uranium marketing company, jointly owned between Anglo Gold and First Rand International.

Mr Llewelyn was appointed to the Paladin board on 12 April 2005.

Mr Donald Myron Shumka (Non-Executive Director)

B.A. (Economics), MBA

Mr Shumka is Vancouver-based Corporate Director with more than 40 years' experience in financial roles. From 2004 to 2011, he was President and Managing Director of Walden Management, a consulting firm specialising in natural resources. From 1989 to 2004, he was Managing Director, Investment Banking with CIBC World Markets and Raymond James Ltd. Prior to 1989, Mr Shumka was Vice President, Finance and Chief Financial Officer of West Fraser Timber Co. Ltd., one of Canada's largest forest products companies. He holds a Bachelor of Arts Degree in Economics from the University of British Columbia and a Master of Business Administration Degree from Harvard University. Mr Shumka is also a director of Eldorado Gold Corp. (since May 2005), Alterra Energy Corp. (since March 2008) and Odin Mining and Exploration Ltd (since July 2004).

Mr Shumka was appointed to the Paladin board on 9 July 2007.

Mr Peter Mark Donkin (Non-Executive Director)

B.Ec., LL.B

Mr Donkin has over 30 years' experience in finance, including 20 years arranging finance in the mining sector. He was the Managing Director of the Mining Finance Division of Société Générale in Australia, having worked for that bank for 21 years in both their Sydney and London offices. Prior to that, he was with the corporate and international banking division of the Royal Bank of Canada. His experience has involved arranging transactions for mining companies, both in Australia and internationally in a wide variety of financial products, including project finance, corporate finance, acquisition finance, export finance and early stage investment capital. Mr Donkin holds a Bachelor of Economics degree and a Bachelor of Law degree from the University of Sydney. He is a director of Allegiance Coal Ltd (since 2010) and was previously a director of Sphere Minerals Ltd (from March 2010 to November 2010) and Carbine Tungsten Ltd (from February to April 2013).

Mr Donkin was appointed to the Paladin board on 1 July 2010.

Mr Philip Baily (Non-Executive Director)

B.Sc., MSc

Mr Baily is a metallurgist with more than 40 years' experience in the mining industry, including some 11 years in the uranium sector. Throughout his career he has been involved in the design, construction, commissioning and operations of mineral processing plants including two uranium plants. Project locations have varied from the deserts of Australia to the tropics of Papua New Guinea and the high altitudes of Argentina. Mr Baily has extensive experience, at senior management level, in the evaluation of projects from grass roots development to the acquisition of advanced projects and operating companies. These projects have been located throughout the world, many in developing countries and environmentally sensitive areas. Mr Baily holds a Bachelor of Science and a Master of Science degree in Metallurgy from the University of New South Wales.

Mr Baily was appointed to the Paladin board on 1 October 2010.

Mr Wendong Zhang (Non-Executive Director)

B.A. (Engineering and Economics)

Mr Zhang was appointed to the Paladin Board on 25 November 2014, as a nominee of HOPU, following the completion of the Company's placement of 144,862,817 ordinary shares to HOPU on 24 November 2014.

Mr Zhang joined HOPU in 2012 where he is a Senior Managing Director, Head of International, primarily focused on international cooperation and outbound investments. With 23 years of experience in financial services and international capital markets, Mr Zhang was among the first generation Chinese bankers on Wall Street working with Morgan Stanley, UBS and Citi across New York, Hong Kong and Beijing. He also co-founded two boutique investment advisory firms focusing on China opportunities. Mr Zhang has completed advisory, financing and investment transactions for local clients, and established relationships with leading players in various sectors including conventional energy, nuclear utilities and natural resources.

Between 1991 and 2000, Mr Zhang worked at Morgan Stanley and in 1992 he was transferred from New York to Hong Kong and became one of the first members of the firm's China investment banking team, with a primary focus and responsibility on international bond issuance by China's Ministry of Finance and major financial institutions, as well as advising global clients in China. In 1994, his focus expanded to include IPO and financing transactions for many large Chinese state owned enterprises. Between 2004 and 2006, he was co-Head of China investment banking for UBS and led the development and execution of more than US\$3bn of financing and advisory transactions in energy, natural resources and financial services. Between 2007 and 2008, Mr Zhang was responsible for deal origination and execution of China investment banking business at Citi, primarily focused on the private sector and completing more than US\$1bn of financing and advisory transactions in natural resources, energy, chemical and media.

Mr. Zhang graduated from Dartmouth College, New Hampshire, USA in 1991 with a B.A. in Engineering and Economics.

Ms Gillian Swaby (Company Secretary)

B.Bus., FCIS, FAICD

Ms Swaby has been involved in financial and corporate administration for listed companies, as both Director and Company Secretary covering a broad range of industry sectors, for over 30 years. Ms Swaby has extensive experience in the area of secretarial practice, corporate governance, management accounting and corporate and financial management. In addition to her role as Group Company Secretary, the divisions of human resources, legal and corporate social responsibility also fall under her management in the role of EGM-Corporate Services.

Ms Swaby is past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and a lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company and was a member of the Paladin board for a period of 10 years. She is a director of Australia-Africa Mining Industry Group ("AAMIG").

5. INDUSTRY

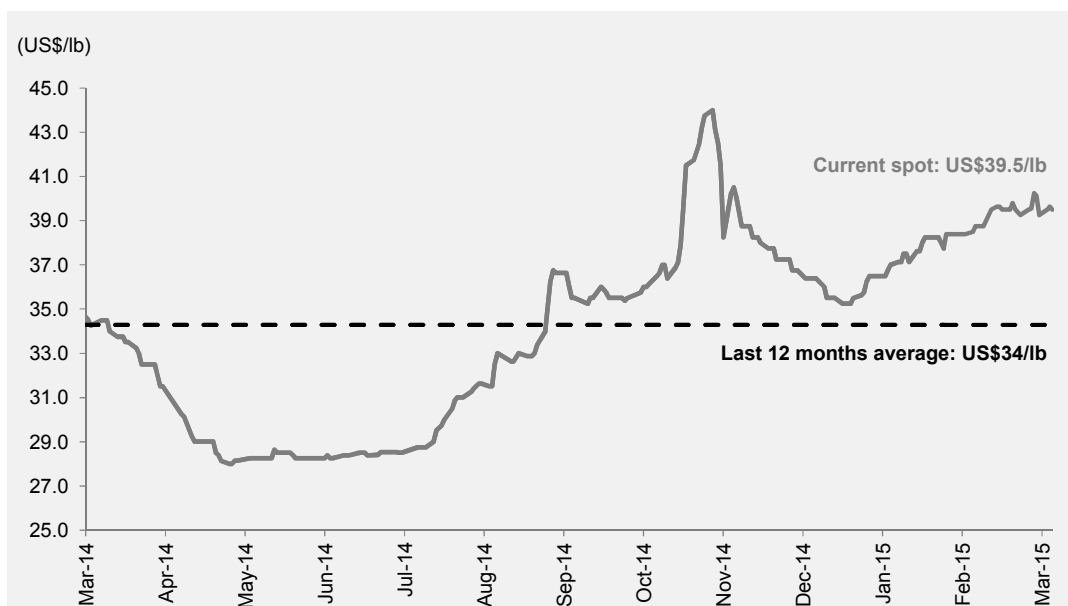
Prior to the Japanese earthquake and resulting damage to the Fukushima Daiichi nuclear plant in Japan on 11 March 2011 ("Fukushima"), the spot uranium (U_3O_8) price had rallied to a peak of U.S.\$73.00/lb in February 2011, reflecting the strong demand outlook for new nuclear reactor build-out globally. The long term contract price also peaked at U.S.\$73.00/lb in February 2011.

In response to Fukushima, countries with nuclear programs ordered various safety reviews and, in some cases, stress tests, leading to predictable delays in the licensing and construction of new reactors. Almost four years after the earthquake, the impact of Fukushima continues to negatively affect the uranium market, but to a decreasing degree.

Since mid-2014, the uranium spot price has shown increased volatility, rising from a low of U.S.\$28/lb (June 2014) to U.S.\$44.00/lb (November 2014) before retreating to U.S.\$35.50/lb (December 2014). The spot price on 25 March 2015 was U.S.\$39.50/lb. This price volatility has resulted from both a tightness in available near-term supply and the effects of possible realignment of some supply sources due to negative geopolitical developments, dominated by the economic sanctions placed on the Russian Federation by the European Union and the United States.

Primary product available for spot market sales has declined appreciably, largely due to production cutbacks that occurred during calendar year 2014 as well as operational accidents at Olympic Dam in Australia and Rossing Uranium in Namibia in early 2015, with some 12Mlb of annual production removed from the near-term market. This is likely to affect the supply in the spot market into 2015 and beyond. In addition, at least one substantial spot market seller, Navoi in Uzbekistan, committed to new long-term sales agreements thus removing a further 2Mlb to 4Mlb from the spot market supply.

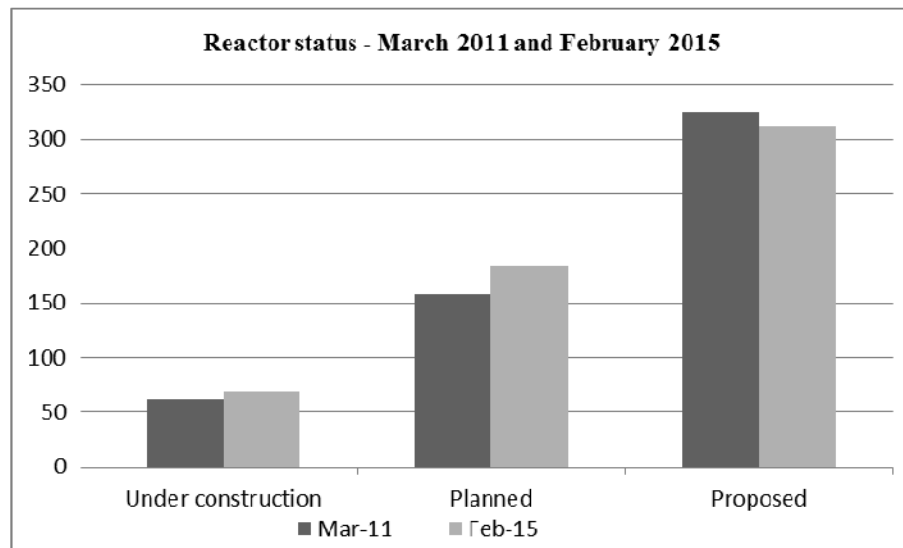
Uranium spot price performance over the past 12 months



Source: Bloomberg as at **25 March 2015**

DEMAND DYNAMICS

New reactor construction programmes have progressed over the past year. Ten reactors began construction during calendar year 2013, which along with the additional starts during the first half of calendar year 2014 brings the total to 69 units. China leads the group with 26 reactors currently under construction, followed by Russia (9), India (6) and with South Korea and the United States, each with five. The number of reactors classified by the World Nuclear Association ("WNA") as "On Order or Planned" has also risen to 184 units, with a further 312 reactors in the "Proposed" category.



Source: World Nuclear Association

China's commercial nuclear power programme has resumed after extensive post-Fukushima safety reviews, despite the fact that lingering effects resulting from the Great East Japan Earthquake in March 2011 continue to negatively impact nuclear fuel markets, including natural uranium deposits (U_3O_8). While the official forecast of installed nuclear capacity in 2020 is down marginally (due principally to the construction delay during the safety review period), the expected 2020 installed nuclear capacity is now 58Gwe (currently there are 23 reactors operating with a combined installed capacity of 19.1Gwe). However, by 2030, the installed capacity forecast expands significantly to 200Gwe.

As at February 2015, Japanese utilities had submitted applications to the Nuclear Regulation Authority for safety evaluations of 21 reactors. The NRA began accepting review applications in July 2013, with an estimated processing period of six months.

Sendai 1 & 2 (Kyushu Electric Power Company) have received all necessary approvals for restart which is expected during the second calendar quarter of 2015, subject to additional operational assessments by NRA.

On 18 December 2014, the NRA approved a draft safety test report for two reactors, Takahama 3 & 4 (Kansai Electric Power Co.), which had been placed on a fast-track review status. Subject to a public review

period, submission of supplemental safety-related documentation and approval by local governments, the restart of these two reactors is expected in 2015.

SUPPLY DYNAMICS

Global uranium production rose marginally in calendar year 2013, reaching 155Mlb from 152Mlb in 2012, with Kazakhstan output rising to 58.5Mlb, an increase of almost 6% from calendar year 2012. Global uranium production has remained relatively stable over the past five years, having risen from 133Mlb in 2009 up to current levels (154Mlb). During that period, Kazakhstan's annual uranium output increased by 22Mlb.

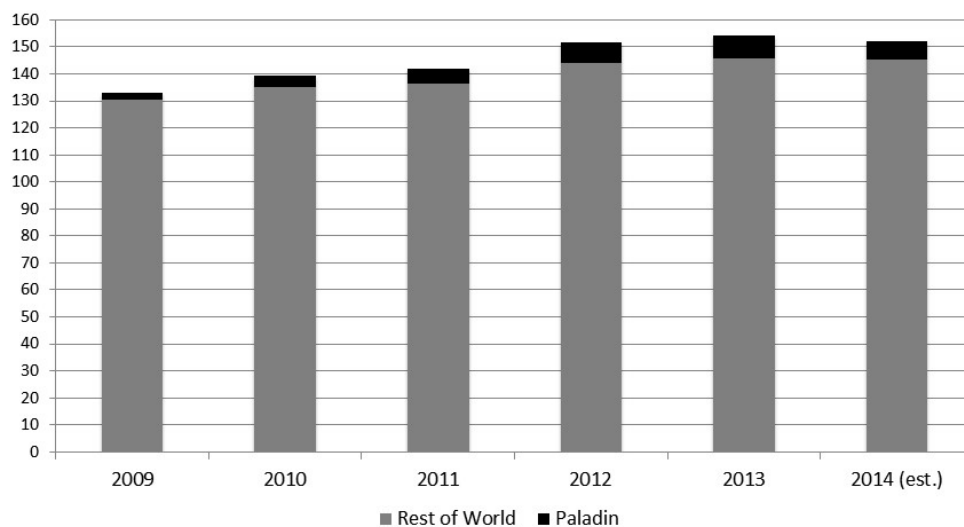
Worldwide uranium production is expected to decline to around 145Mlb in calendar year 2014 due to a number of production problems such as Rio Tinto's Ranger Mine, which only recently began to reinitiate operations following its shut-down throughout the first half of calendar year 2014 due to a leach tank failure.

A number of uranium producers have taken an increasingly proactive stance leading to production cut-backs and project delays, generally in response to depressed uranium prices. In early June, Rössing Uranium announced that production would be reduced to a level sufficient to meet higher-priced term deliveries through 2017, and that the workforce would be reduced by 23%. Based on public statements, Kazakhstan supply is likely to remain stable in the near-term due to weak market conditions.

In addition to Paladin placing its Kayelekera Mine on care and maintenance, UraniumOne ceased production at its Honeymoon ISR Mine in South Australia and has reduced operations at its Willow Creek ISR Mine in Wyoming. Ur-Energy announced that production at its Lost Creek ISR facility, also in Wyoming, is being reduced to merely satisfy existing term delivery commitments.

Looking forward into the longer term, a broad spectrum of proposed uranium production projects have been deferred, including several Cameco projects as well as the Imouraren Uranium Mine ("Areva") in Niger, which has been under construction since 2010, but has now likely been delayed until post-2020.

Global Uranium Production (2009-2014)



Source: World Nuclear Association and Paladin internal sources

NEAR-TERM URANIUM MARKET

Persistent delays in Japanese reactor operations have destabilised the uranium market as deliveries under term sales agreements are deferred or cancelled and incremental uranium is sold into the spot market. In addition, operation of some uranium enrichment facilities has been altered due to deferred Japanese deliveries, which also results in incremental uranium supplies being made available for the market.

Paladin has updated its internal assessment of uranium demand and supply, taking into account a broad spectrum of market factors, including Japanese reactor restarts, China's significant nuclear build-up programme, and recent changes to secondary uranium supplies including the expiration of the Russia-United States Highly Enriched Uranium Programme, which ended in December 2013.

This comprehensive analysis of the uranium market shows an increasing uranium supply deficit in 2020 due to current persistent low uranium prices and reactions of the production sector. In addition to Paladin's decision to place its Kayelekera Mine on care and maintenance, several anticipated production facilities have been deferred awaiting improved market conditions. It is crucial to note that these deferred projects will not proceed unless the uranium price increases from its current levels to a more sustainable pricing environment.

LONG-TERM URANIUM MARKET

Based upon Paladin's internal demand and supply assessment, Paladin believes the uranium market is likely to face a supply deficit of up to 35mmlb by 2020 due the result of growing demand and uncertain future supply brought on by diminishing secondary sources from weapons stockpiles, mine shut downs and deferred projects. Furthermore, China has confirmed its strong commitment to uranium with the build up of its reactor fleet over the next 30 years.

The World Nuclear Association (WNA) predicts annual uranium requirements to grow at 2.5% (compounded) per annum between 2014 and 2030. Of the 69 reactors currently under construction, 60% are Chinese, Indian or other Asian. China completed 13 nuclear reactors between 2007 and 2015 and has 26 new reactors under construction by the beginning of 2015. South Korea currently has 23 operating nuclear reactors with five further under construction. The Middle East is also moving away from domestic gas reserves and towards cleaner nuclear power, with the UAE currently actively building three reactors and Saudi Arabia commencing plans to build nuclear reactors.

However, future uranium supply is highly uncertain. Mined uranium has traditionally been supplemented by secondary sources such as Russian government stockpile disposals, enricher sales, and for the last twenty years, the "Megatons to Megawatts" program, under which highly enriched uranium has been converted (approximately 24mmlb U₃O₈ annually) for power generation. The program terminated in 2013 leaving a supply gap of approximately 24mmlb that will have to be filled by mining.

The current low price environment disincentivises mine development and also puts pressure to close high-cost operations. Notable examples in the past 12 months include Paladin's KM, ARMZ's Honeymoon and Rosatom's 'Priargunsky Mine No. 2. Unless prices return to pre-Fukushima levels of U.S.\$70/t+, analysts predict that a shortfall could begin as early as 2016. This shortfall is likely to be deepened by the long time frame of seven to 12 years required to bring a typical uranium mine online.

6. RISK FACTORS

There are numerous widespread risks associated with investing in any form of business and with investing in bonds and the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. Many of these risk factors are largely beyond the control of the Company and its Directors because of the nature and location of the existing and proposed business activities of the Company.

The risks set out below are not, and should not be considered to be or relied on as, an exhaustive list of the risks relevant to an investment in the company. The risks outlined are general in nature in that regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor. Additional risks and uncertainties that the Company is unaware of, or that it does not currently consider to be material, may also become important factors that adversely affect the Company's operating and financial performance or market value of the Bonds.

Investors should carefully consider the risks described below before making a decision to invest in the Bonds.

INVESTMENT SPECIFIC RISKS

The following summary, which is not exhaustive, outlines some of the major risk factors in respect of an investment in the Bonds.

Issuance of the Bonds is conditional on shareholder approval

Issuance of the Bonds is conditional on, among other things, approval by the Issuer's shareholders present and voting at the general meeting of the Company expected to be held on 30 March 2015. Persons acquiring the Bonds or otherwise benefitting from the Offer may not vote on the resolution to approve the issue of Bonds.

There can be no assurance that such approval will be obtained.

Market for Bonds

The Company has received approval in-principle from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. However, there is currently no formal trading market for the Bonds and an active trading market may not develop for the Bonds after the Offering, or if it develops, such a market may not sustain a price level for the Bonds at the Issue Price.

Other Indebtedness

The Bonds will rank *pari passu* with all other unsecured and unsubordinated obligations of the Company save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Absence of covenant protection

Other than as described herein, the Trust Deed will not limit the Company's ability to incur additional debt or liabilities (including secured indebtedness). The Trust Deed will not contain any provision specifically intended to protect holders of the Bonds in the event of a future leveraged transaction by the Company (other than secured capital markets transactions).

Certain Subsidiaries (as defined in the Conditions) of the Company have significant outstanding indebtedness, including Project Finance Indebtedness (as defined in the Conditions), and may in future incur further indebtedness, including Project Finance Indebtedness. The Company has and may in the future provide guarantees and/or indemnities in respect of such indebtedness and Project Finance Indebtedness. The

Company is a holding company with no significant assets other than the shares of its wholly-owned and non wholly-owned Subsidiaries. The ability of the Company's Subsidiaries to pay dividends and make other transfers to the Company may be limited by various regulatory, contractual, legal and tax constraints or the Subsidiaries' debt or other agreements with lenders. If as a result of these restrictions the Company is unable to ensure the continued transfer of dividends and other income to it from these Subsidiaries, this may materially and adversely impair the Company's ability to pay dividends and interest and to service its debt obligations, including its obligations under the Bonds.

Modification and waivers

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. They will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Bonds) nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Act Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial

institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. While the Bonds are in global form and held within Euroclear or Clearstream, Luxembourg (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see "Taxation—Foreign Account Tax Compliance Act"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult with their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Bonds are discharged once it has paid the common depository for the ICSDs (as registered holder of the Bonds) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

Change of law

The terms and conditions of the Bonds are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Limitation in Ability to Redeem Bonds

The Company must redeem the Bonds on the Maturity Date, on the request of a Bondholder if a Change of Control occurs or on the occurrence of an Event of Default. The Company cannot assure Bondholders that, if required, it would have sufficient cash or other financial resources at any such time or would be able to arrange financing to redeem the Bonds in cash.

Before conversion, Bondholders will not be entitled to any shareholder rights, but will be subject to all changes affecting the Ordinary Shares

A Bondholder will not be entitled to any rights with respect to the Ordinary Shares, including voting rights and rights to receive dividends or distributions. However, the Ordinary Shares which the Bondholder will receive upon conversion of his Bonds will be subject to all changes affecting the Ordinary Shares. Except for limited cases under the adjustments to the conversion price, the Bondholder will be entitled only to rights that the Company may grant with respect to its Ordinary Shares if and when it delivers Ordinary Shares to the Bondholder upon conversion of its Bonds into Ordinary Shares. For example, should the Company seek approval from shareholders for a potential merger, or if an amendment is proposed to its Constitution which may require shareholder approval, the Bondholders will not be entitled to vote on the merger or amendment.

The Trustee may request that the Bondholders provide an indemnity and/or pre-funding and/or security to its satisfaction

In certain circumstances (including the giving of notice to the Company pursuant to Condition 10 (*Events of Default*) or the taking of enforcement steps pursuant to Condition 15 (*Enforcement*)), the Trustee may (at its sole discretion) request the Bondholders to provide an indemnity and/or pre-funding and/or security to its

satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or pre-funded and/or secured to its satisfaction. Negotiating and agreeing to any indemnity and/or pre-funding and/or security can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity or pre-funding or security to it, in breach of the terms of the Trust Deed constituting the Bonds and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the Trust Deed and the applicable law, it will be for the Bondholders to take such actions directly.

Market Price of the Bonds

The market price of the Bonds will be based on a number of factors, including:

- (a) the prevailing interest rates being paid by companies similar to the Company;
- (b) the overall condition of the financial and credit markets;
- (c) prevailing interest rates and interest rate volatility;
- (d) the markets for similar securities, including the Company's existing 2015 and 2017 Convertible Bonds;
- (e) the financial condition, results of operation and prospects of the Company;
- (f) the publication of earnings estimates or other research reports and speculation in the press or investment community;
- (g) the market price and volatility of the Ordinary Shares;
- (h) changes in the industry and competition affecting the Company; and
- (i) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Bonds.

Further, as described elsewhere in this Offering Circular, sale of the Bonds will be restricted by the Securities Act of the United States and the laws of other jurisdictions, and the sale of Ordinary Shares may also be limited by such laws. Further, the ability of a holder to convert the Bonds into Ordinary Shares will be subject to certain restrictions under the laws of Australia as described in this Offering Circular and may also be restricted by the laws of other jurisdictions. Such restrictions may limit the market for, and consequently have an adverse effect on the market price of, the Bonds.

Volatility of Market Price of Ordinary Shares May Affect Selling Price of Bonds

The market price of the Ordinary Shares may be volatile. The volatility may affect the ability of holders of Bonds to sell the Bonds at an advantageous price. Additionally, this may result in greater volatility in the market price of the Bonds than would be the case for nonconvertible debt securities. Market price fluctuations in the Ordinary Shares may be due to the operating results of the Company failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Cautionary Statement Regarding Forward-Looking Statements". The market price of Ordinary Shares, and consequently the value of the Bonds, may also be adversely affected by future issues by the Company of Ordinary Shares or securities

carrying rights to convert into or acquire Ordinary Shares, the sale of such Ordinary Shares on the open market (or the perception that such sales may occur), and/or hedging or speculative activities undertaken by investors in the market in connection with such transactions. In addition, stock markets, including the SGX-ST, the ASX, the TSX, the NSX and the German Exchanges, from time to time suffer significant price and volume fluctuations that affect the market price for securities and which may be unrelated to the operating performance of the Company. In addition, any adverse change in policies or laws concerning nuclear power imposed on the nuclear industry, or any incidents involving nuclear reactors, could negatively impact market sentiment to uranium stocks. Any of these events could result in volatility and/or a decline in the market price of the Bonds or the Ordinary Shares.

Exchange rate risks and exchange controls

The Company will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Volatility of uranium prices

The mining industry is competitive and there is no assurance that, even if significant quantities of a mineral resource are discovered or extracted, a profitable market will exist for the sale of this mineral. In particular, there can be no assurance that uranium prices will be such that the Company's properties can be mined at a profit. The only significant commercial use for uranium is to fuel civil nuclear power plants for the generation of electricity. Any adverse change in policies or laws concerning nuclear power in countries which operate nuclear power plants may negatively affect global uranium demand and the Company.

Factors beyond the control of the Company may affect the marketability of any minerals discovered.

The price of, and demand for, uranium is a significant factor in determining the Company's financial performance, however such price and demand remains sensitive to a number of external economic and political factors beyond the Company's control, including (among others): global uranium supply and demand trends, political developments in uranium producing and nuclear power generating countries/regions, unanticipated destabilising events (such as the "Fukushima incident" and persistent delays in Japanese reactor operations, etc.), currency exchange rates, general economic conditions and other factors. As a result, the Company cannot provide an assurance as to the prices it will achieve for any of its uranium product in the future.

The Company currently does not engage in any hedging or derivative transactions to manage uranium price movements.

Interest rate risks

Investment in fixed rate instruments involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate instruments.

GENERAL RISKS RELATING TO THE COMPANY'S BUSINESS

The following summary, which is not exhaustive, represents some of the more general major risk factors for the Company's business.

Demand for nuclear generation, competition from alternative energy and public perception

The impact of the Fukushima earthquake in March 2011 negatively affected the uranium market, principally by reducing demand and impacting the spot price for uranium.

Nuclear energy is in direct competition with other more conventional sources of energy, including gas, coal and hydroelectricity and is the subject of negative public opinion due to political, technological and environmental factors, including Fukushima. This may have a negative impact on the demand for uranium.

Economic conditions

Economic conditions, both domestic and global, may affect the performance of the Group. Adverse changes in macroeconomic conditions, including global and country-by-country economic growth, the cost and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, amongst others, are outside the control of the Company and may result in material adverse impacts on the Company's business and its operating results.

Speculative nature of mineral exploration and development

Development of the Company's mineral exploration properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk increases substantially when a company's properties are in the exploration phase as opposed to the development, construction and operational phase. There is no assurance that commercial quantities of ore will be discovered on any of the Company's exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production.

The discovery of mineral deposits is dependent upon a number of factors including, the technical skill of the exploration personnel involved.

The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade, metallurgy and proximity to infrastructure, metal prices and government regulations, including the availability of required authorisations, permits and licences and regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Successful development is also subject to a number of operational and other risks, including unexpected geological formations, conditions involved in the drilling and removal of material (which could result in damage and / or destruction to plant and equipment, loss of life or property, environmental damage and possible legal liability), obtaining governmental and stakeholder approvals, changes in reserves, commodity prices, exchange rates, construction costs and design requirements, delays in construction and expansion plans.

In addition, assuming discovery of a commercial ore body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced.

Most of the above factors are beyond the control of the Company.

Production risk

Ongoing production and commissioning of staged expansions to production may not proceed to plan, with potential for delay in the timing of targeted production and/or a failure to achieve the level of targeted production. In extreme circumstances, these potential delays or difficulties may necessitate additional funding which could lead to additional equity or debt requirements for the Group. In addition to potential delays, there is a risk that capital and/or operating costs will be higher than expected or there will be other unexpected changes in variables upon which expansion and commissioning decisions were made, such as the fall in the price of uranium leading to the Company's decision to place the Kayelekera mine on a care and maintenance basis. These potential scope changes and/or cost overruns may lead also to reductions in revenues and profits and / or additional funding requirements.

The Company's activities may be affected by numerous other factors beyond the Company's control. Mechanical failure of the Company's operating plant and equipment and general unanticipated operational and technical difficulties may adversely affect the Company's operations. Operating risks beyond the Company's control may expose it to uninsured liabilities. The business of mining, exploration and development is subject to a variety of risks and hazards such as cave-ins and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards and the use of contractors including contract miners. Such occurrences may delay production, increase production costs or result in damage to and destruction of, mineral properties or production facilities, personal injury, environmental damage and legal liability. The Company has insurance to protect itself against certain risks of mining and processing within ranges of coverage consistent with industry practice. However, the Company may become subject to liability for hazards that it cannot insure against or that it may elect not to insure against because of high premium costs or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on its financial condition and results of operations.

The Company is currently undertaking a number of cost management and optimisation initiatives, but it cannot be assured that these will be delivered fully or in the timeframes intended, or that the extent of the savings delivered will be as anticipated.

Changes in capital and operating cost estimates

Whilst every care has been made in estimating the capital cost and future operating costs for Paladin's projects, including contingency, the actual cost structure experienced in constructing facilities and operating mines or process plants may vary from current estimates. Any such variations could adversely affect Paladin's future financial position and performance.

The Board and management of Paladin have discretion concerning the use of Paladin's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and effectiveness of the application of capital resources are uncertain. If they are not applied effectively, Paladin's financial and/or operation performance may be adversely affected.

Uranium contracts

The Company has entered into a number of sales contracts for offtake of U₃O₈ from Langer Heinrich with large and financially sound customers. These contracts provide the Company with a diverse range of pricing

mechanisms including some contracts which are fixed price and some which are based on market price at the time of delivery, whereby such prices are subject to escalating floor and ceiling prices while allowing the Company to benefit from some upside should the spot market for U₃O₈ outperform the ceiling prices. The Company faces a risk of non-performance on these contracts as well as potential penalties if it fails to meet its obligations in terms of product quality and/or timing of delivery.

Political stability

The Company's current mining activities are principally conducted in southern Africa. In southern Africa, the Company's projects may be subject to the effect of political changes, war and civil conflict, terrorist attacks, changes in government policy, lack of law enforcement and labour unrest and the creation of new laws. These changes (which may include new or modified taxes or other government levies as well as other legislation) may impact on the profitability and viability of its properties.

Liquidity concerns and future financing

Further exploration and development of the various mineral properties in which the Company holds interests depend upon the Company's ability to obtain financing through operational cash flows, joint ventures, debt financing, equity financing or other means. In particular, the Company is exploring a number of strategic initiatives to enable it to strengthen its balance sheet and realise the value of its assets including discussions in relation to potential strategic investments by international nuclear utilities who may have a strategic interest in the Company's production assets and development projects, and the Company generally. There can be no assurance that such discussions will be successfully concluded or that the Company will be successful in otherwise implementing its strategic initiatives or obtaining financing required as and when needed. If strategic initiatives are successfully concluded such initiatives may also result in new parties having a substantial interest in the Company.

In addition, the Company is required in the ordinary course of operations and development to provide financial assurances, including insurances and performance bond or bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to the willingness of financial institutions and other third party providers of such assurances to issue such assurances for the Company's account.

Volatile markets for mineral commodities or the factors affecting financial institutions and other third parties' assessment of the Company may make it difficult or impossible for the Company to obtain facilities for the issuance of such financial assurances or of other debt financing or equity financing on favourable terms or at all. Failure to obtain such facilities or financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or joint ventures or reduce or terminate some or all of its operations, which may have a material adverse effect on the Company's financial position and performance.

Logistics

Paladin depends on the availability and affordability of reliable transportation facilities, infrastructure and certain suppliers to deliver their products to market. A lack of these could impact Paladin's production and development of projects.

Logistical risk relates to long supply lines and lack of engineering and other support facilities close to the Company's operating sites. In Africa, the transshipment of uranium concentrate through neighbouring countries for export could be subject to disruptions through transshipment licensing delays, political disputes and natural disasters.

Failures in the supply chain for specialist equipment and materials

The Company operates within a complex supply chain depending on suppliers of raw materials, services, equipment and infrastructure to ensure its mines and process plants can operate and on providers of logistics to ensure products are delivered. Failure of significant components of this supply chain due to strategic factors such as business failure or serious operational factors, could have an adverse effect on the Company's business and results of operations.

Changes in the cost of supply of key inputs

The Company's operations are resource intensive and, as a result, its costs and net earnings may be adversely affected by the availability or cost of energy, water, fuel or other key inputs. If the prices of key inputs rise significantly more than expected, or if the Company experiences interruptions in, or constraints on, its supply of key inputs, the Company's costs could increase and its results could be adversely affected.

Failure to make or integrate acquisitions

The Company's business involves the acquisition and disposal of business ventures or interests in business ventures from time to time. Business combinations entail a number of risks including the effective integration of acquisitions (including the realisation of synergies), significant one-time write-offs or restructuring charges and unanticipated costs and liabilities. All of these may be exacerbated by the diversion of management's attention away from other ongoing business concerns. The Company may also be liable for the past acts, omissions or liabilities of companies or businesses or properties it has acquired or disposed of, which may be unforeseen or greater than anticipated.

Joint ventures and other strategic partnerships may not be successful

The Company participates in several joint venture arrangements and it may enter into further joint ventures. Although the Company has sought to protect its interests, existing and future joint ventures necessarily involve special risks. Whether or not the Company holds majority interests or maintains operational control in its joint ventures, its partners may:

- have economic or business interests or goals that are inconsistent with, or opposed to, those of the Company;
- exercise veto rights to block actions that the Company believes are in its or the joint venture's best interests;
- take action contrary to the Company's policies or objectives with respect to its investments; or
- be unable or unwilling to fulfil their obligations under the joint venture or other agreements, such as contributing capital to expansion or maintenance projects.

Accordingly, the financial performance of the Company will be exposed to any failure by participants of a joint venture to which the Company is or may become a party to agree on a plan or any plan to develop a jointly owned asset, a refusal or inability of any joint owner of an asset to contribute its share of funding of the cost of development of a jointly owned asset, and to a risk of legal or other disputes with participants in any joint venture to which the Company is or may become a party.

Where projects and operations are controlled and managed by joint venture participants other than the Company, the Company may provide expertise and advice but it has limited control with respect to compliance with its standards and objectives. Improper management or ineffective policies, procedures or controls could adversely affect the value of related non managed projects and operations and, by association, damage the Company's reputation thereby harming the Company's other operations and access to new assets.

Uninsurable risks

Paladin seeks to maintain a range of insurance covers for business operations. However, Paladin's insurance will not cover every potential risk associated with its operations. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on Paladin's financial condition and financial performance.

Without limitation, the Company may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, or in amounts, which exceed policy limits.

Mineral Resources and Mineral Reserves

The mineral resources and ore reserves for Paladin's assets are estimates only and no assurance can be given that any particular recovery level will in fact be realised. Paladin's estimates are prepared in accordance with the JORC Code 2004 or 2012 (as applicable), but they are expressions of judgment from qualified professionals based on knowledge, experience, industry practice and resource modelling. As such, resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment or revision. Adjustments and revisions to resources and reserves could in turn affect Paladin's development and mining plans, including the ability to sustain or increase levels of production in the longer term.

Often, resources and reserve estimates are appropriate when made, but may change significantly over time as new information becomes available. Should Paladin encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, estimates may need to be adjusted in a way that could adversely affect Paladin's operations and may have an impact on development and mining plans.

There is also a risk that exploration targets will not be met and resources cannot be converted into reserves.

Uncertainty relating to Inferred Mineral Resources

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured or indicated resources or proven or probable mineral reserves as a result of continued exploration.

Security of tenure

All tenements in which the Company has interests are subject to renewal conditions or are yet to be granted, which will be at the discretion of the relevant Ministries in Western Australia, South Australia, Northern Territory, Queensland, Niger, Canada, Namibia and Malawi. The maintenance of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining required statutory approvals for proposed activities. While the Company anticipates that subsequent renewals or mineral tenure grants will be given as and when sought, there is no assurance that such renewals or grants will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

Australia's uranium policy

At the national level of Australian politics, both the Federal Coalition parties and the Federal Labor Party support development of the uranium industry. However, the granting of licences to mine uranium is a decision made within the residual jurisdiction of each State government and the government of the Northern Territory.

The State Labor government of South Australia supports existing mines and is receptive to new uranium projects.

The Country Liberal Party government of the Northern Territory also generally supports existing mines and is receptive to new uranium projects.

A State election held in Western Australia on 9 March 2013 resulted in the incumbent Liberal National Party being returned to power. The previous 6 September 2008 election had resulted in a change of government from the Labor Party to a Liberal-National Party coalition, whose policies allow for uranium mining in Western Australia. This reversed the no-development policy of the former state Labor Government, which previously held power in Western Australian for seven years. The change of policy has facilitated a resurgence of uranium activity in Western Australia and has cleared the way for further work on the Company's Manyingee and Oobagooma projects which are located in the state.

The Labor Party has formed government following the Queensland state election held on 31 January 2015. The Labor Party has historically opposed uranium mining and, during its most recent term in power, refused to grant licences to mine uranium in Queensland. In 2012, the Liberal National Party government announced a change to the previous Labor government policy to allow and facilitate uranium mining in Queensland. The current position of the newly elected Labor government, as reflected in its 2014 state policy platform, is that it will not allow uranium mining in Queensland. To progress the currently estimated uranium mineral resources in the Mount Isa region to mineral reserve status will require the support of the Queensland state government. Through membership of industry bodies, such as the Australian Uranium Association and the Queensland Resources Council, the Company is involved in initiatives focused on facilitating Labor government support. There can be no assurance that State or Territory governments that currently permit uranium mining will continue to do so, or that they will not be replaced in elections with governments that will re-institute the moratorium on uranium mining in Australia, or that uranium mining will be allowed in Queensland. Any adverse change in State or Territory governmental policy may materially adversely affect the financial condition and results of operations of the Group.

Canada's policy on non-resident ownership in the uranium mining sector

The federal government of Canada presently has a policy, known as the Non-Resident Ownership Policy in the Uranium Mining Sector ("NROP") that prohibits non-Canadian residents from acquiring more than a 49% ownership interest in a Canadian uranium mining property. Exemptions to the NROP are available where it can be shown that no Canadian partners can be found. Uranium exploration properties (as opposed to mining properties) are not subject to the NROP. In future the NROP may be applied to the Michelin Project such that, if the Company advances the Michelin Project from exploration to development, the Company will be required to divest a 51% interest to a Canadian partner. No assurances can be given that the NROP will be amended or that the Company will be able to obtain an exemption from the NROP to permit the Company to own a majority interest if the Michelin Project advances to development.

Aboriginal Title and consultation issues – Michelin Project

The Michelin Project is located within the traditional territory of the Inuit residing in Labrador. The area is governed by a modern day treaty which recognises the Inuit of Labrador's right to self-government through the Inuit Nunatsiavut Government. Five of the Company's deposits that comprise the Michelin Project fall within the Labrador Inuit Lands, use and access to which are governed by the Inuit Nunatsiavut Government. Development of the Michelin Project requires the collaboration and support of the Inuit and potentially other aboriginal groups. There can be no assurance that title claims as well as related consultation issues will not arise on or with respect to the Company's properties, or with respect to access to the properties, that comprise the Michelin Project. Failure to resolve such issues could result in delays to a potential project development.

Government regulations

The Company's activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted.

In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The Company's ability to exploit mineral resources and its other activities are also subject to obtaining necessary authorisation, permits and licences from relevant authorities. Such authorisations, permits and licences may not be granted in a timely manner or at all, or may be granted on conditions which impose significant additional cost on the Company and / or other participants in its joint ventures or which causes the Company and / or such other participants in its joint ventures to become unwilling to proceed with the relevant development or operations.

While it is possible that costs and delays associated with compliance with such laws, regulations and permits could become such that the Company will not proceed with the development or operation of a mine, the Company is not aware of any material environmental constraint affecting its proposed mining activities or exploration properties that would preclude the economic development or operation of any specific mine or property except as otherwise described in this Offering Circular.

Native Title

In the context of interests of native and/or indigenous peoples in Australia, the *Native Title Act 1993* (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. The risks arising because of native title and aboriginal land rights may affect the Company's ability to gain access to prospective exploration areas to obtain production titles. Mining tenement applications and existing tenements may be affected by native title claims or procedures (which may preclude or delay the granting of exploration and mining tenements), with the possibility of considerable expenses and delays involved in negotiating and resolving issues or obtaining clearances. Compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the Company's tenements.

Climate change risk

Increased regulation of greenhouse gas emissions could adversely affect the Group's cost of operations. Mining of mineral resources including uranium is relatively energy intensive and depends on fossil fuels. Regulatory change by governments in response to greenhouse gas emissions may represent an increased cost to the Company impacting profitability. Increasing regulation of greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets or the

introduction of a carbon tax in any jurisdiction in which the Company operates is likely to raise energy costs and costs of production over the next decade.

Foreign operations

The Company's operations in Namibia and Malawi are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or otherwise benefit residents of that country or region.

Changes, if any, in mining or investment policies or shifts in political attitude in any of the countries in which it operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, black economic empowerment or similar policies, employment, contractor selection and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Failure of basic infrastructure

Infrastructure in most of Africa for utilities such as electricity and water supply is under strain and underdeveloped. The Company depends on the reliable and continuous delivery of sufficient quantities of power to its projects, including through delivery of diesel to run generators to power the Kayelekera project which is not connected to a power grid. A serious failure of basic infrastructure or occurrences of power outages across the country could adversely affect production at the Company's operations in Africa.

Project profitability

The Company cannot provide assurance of its ability to operate its projects profitably. While the Company intends to generate working capital through operating its uranium mines, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for exploration and development programs.

Key personnel

Retaining qualified personnel is critical to the Company's success. The Company may face risks from the loss of key personnel, as it may be difficult to secure and retain candidates with appropriate experience and expertise. The Company has implemented incentive plans to assist in the recruitment and retention of talented people needed to achieve its business objectives. Despite this, one or more of the Company's key employees could leave their employment and this may adversely affect the Company's ability to conduct its business and, accordingly, affect the profitability, financial position and performance and prospects of the Company. The Company's success also depends on its ability to identify, attract, accommodate, motivate and retain additional suitably qualified personnel. The number of persons skilled in the acquisition, exploration, development and operation of mining properties is limited and competition for such persons is high. As the

Company's business activity grows, it will require additional personnel to meet its growing needs. If the Company is unable to access and retain the services of a sufficient number of qualified personnel, this could be disruptive to the Company's development and may materially adversely affect its profitability, financial position and performance and prospects.

Key contractors and supplier relationships

The Company relies on various key customer and supplier relationships, and relies on contractors to conduct aspects of its operations including mining operations and projects and is exposed to risks related to their activities.

A loss or deterioration in any of these relationships or a failure by customers, contractors or other counterparties to perform and manage their obligations to an acceptable standard and in accordance with key contracts could have a material adverse effect on the Company's operations, financial condition and prospects. This is beyond the Company's control.

An interruption in raw material, electricity, gas or water supply, a deterioration in the quality of raw materials or inputs supplied or an increase in the price of those raw materials or inputs could also adversely impact the quality, efficiency or cost of production.

Any or all of these events could have an adverse impact on Company's operations and its financial condition and financial performance and are beyond the Company's control.

Labour and employment matters

While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant country governmental authorities which regulates its operations. Adverse changes in such legislation may have a material adverse effect on the Company's business.

As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. In addition, given the remote location of the properties, the lack of infrastructure in the nearby surrounding areas and the shortage of a readily available labour force in the mining industry, the Company may experience difficulties retaining the requisite skilled employees in Malawi and Namibia. It is important for the Company's continued success that it attracts, develops, retains and engages the right employees. A limited supply of skilled workers could lead to an increase in labour costs or the Company being unable to attract and retain the employees it needs. When new workers are hired, it may take a considerable period of training and time before they are equipped with the requisite skills to work effectively and safely on some of the inherently dangerous tasks associated with the uranium mining industry. Failure to retain without appropriate replacement or to attract employees with the right skills for the Company's businesses could have a material adverse effect on the Company's business. While the Company believes that it will be successful in attracting and retaining qualified personnel and employees, there can be no assurance of such success.

Subsidiaries

As noted above, the Company is a holding company with no significant assets other than the shares of its wholly-owned and non wholly-owned Subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently and to meet its obligations to make payment under the Bonds. Any such limitations, or the perception that such limitations may exist now or in the future, could also have an adverse impact on the Company's valuation and share price.

Environmental and social risk

Uranium exploration and mine development is an environmentally hazardous activity which may give rise to substantial costs for environmental rehabilitation, damage control and losses. With increasingly heightened government and public sensitivity to environmental sustainability, environmental regulation is becoming more stringent. Paladin could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of certain of its properties, the storage, treatment and disposal of wastes and other issues.

Paladin operates in various markets, some of which face greater inherent risks relating to security, enforcement of obligations, fraud, bribery and corruption. Paladin has a comprehensive anti-bribery and corruption compliance guide, and honours the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions ("OECD Convention").

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits, reputational issues, increased licence conditions and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Increased costs associated with regulatory compliance and/or with litigation could have a material and adverse effect on Paladin's financial performance.

Mining operations are subject to hazards normally encountered in exploration, development and production. These include weather, natural disasters and other force majeure events; unexpected maintenance or technical problems; unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput; increases in labour costs, industrial action and other factors. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results should any of these hazards be encountered.

Currency risk

The Company's operations incur expenditures in the local currencies of Australia, South Africa, Malawi, Niger, Canada and Namibia. Revenue from operations and debt financings are in U.S. dollars. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations which may materially affect its financial position and operating results.

Competition

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Dilution

The Company may undertake additional offerings of securities in the future. The increase in the number of shares issued and the possibility of sales of such shares may have a depressive effect on the price of shares already on issue. The Conditions provide for an adjustment to the Conversion Price in relation to some but not all future offerings of securities. In addition, as a result of the issue of such additional shares, the voting power of the Company's existing shareholders will be diluted.

Dividend policy

Paladin expects to retain all earnings and other cash resources in the short term for the future operation and development of its business.

Payment of any future dividends will be at the discretion of Paladin's Board of directors after taking into account many factors, including Paladin's operating results, financial condition and current and anticipated cash needs.

No dividend has been paid during the 2014 financial year and no dividend is recommended for the 2015 financial year. The payment of dividends in the future is not guaranteed.

Estimates and assumptions are used in preparing consolidated financial statements

Preparation of the consolidated financial statements requires the Company to use estimates and assumptions.

Accounting for estimates requires the Company to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. The Company's estimates and assumptions used in the valuation of work-in-progress inventories include estimates of uranium expected to be recovered and the price expected to be realised when the product is recovered. If the estimates and assumptions are inaccurate, the Company could be required to write down the recorded value of its work in progress inventory. On an ongoing basis, the Company re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Ability to manage growth

Future operating results depend to a large extent on management's ability to successfully manage growth. This necessarily requires rapid expansion and consolidation of all aspects of the business operations, such as the development of mining operations, revenue forecasting, an effective mineral resources marketing strategy, addressing new markets, controlling expenses, implementing infrastructure and systems and managing its assets and contractors. The inability to control the costs and organisational impacts of business growth, an unpredicted decline in the growth rate of revenues without a corresponding and timely reduction in expenses or a failure to manage other issues arising from growth can have a material adverse effect on the Company's operating results.

Occupational health and safety

It is Paladin's intention to conduct its activities to the highest standards of occupational health and safety. Paladin has systems in place for the management of risks, however uranium exploration and mining is inherently a high risk environment with little margin for error. In addition, several of the projects in which Paladin has an interest are located in developing countries, and embedding systems for managing occupational health and safety risks, and maintaining and ensuring compliance with these systems, may present challenges for Paladin. Further, some of these interests are in countries where HIV/AIDS, Ebola, malaria and other diseases may represent a threat to maintaining a skilled workforce in Paladin's projects. There can be no assurance that such infections will not affect project staff, and there is the risk that operations and production could be affected in the event of such a safety threat.

If there is a failure to comply with necessary occupational health and safety requirements, this could result in safety claims, fines, penalties and compensation for damages against Paladin, as well as reputational damage.

Ability to service debt

If the Company's financial performance deteriorates, there is a risk that it will be unable to service its debt.

Certain directors are involved in other mining interests

Certain directors of the Company are, and will continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Share market conditions

As noted above, the Company is listed on the ASX, the TSX, the NSX and the German Exchanges and the price of the Company's Ordinary Shares is subject to the numerous influences that may affect both the trends in the share market and the share prices of individual companies, including movements in international and local stock markets, changes in the outlook for commodities (and, more specifically, uranium prices), inflation, interest rates, general economic conditions, changes in government, fiscal, monetary and regulatory policies. In the future, these factors may cause the Company's Ordinary Shares to trade below current prices and may affect the income and expenses of the Company.

Asset impairments

Paladin reviews the carrying amounts of its tangible and intangible assets periodically to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of the impairment, if any.

Changes in assumptions underlying the carrying value of certain assets, including assumptions relating to uranium prices, foreign exchange rates and market conditions, could result in impairment of such assets.

No assurance can be given as to the absence of significant impairment charges in future periods, including as a result of further restructuring activities or changes in assumptions underlying carrying values as a result of adverse market conditions in the industry in which Paladin operates.

General legal and taxation matters

Future earnings, asset values and the relative attractiveness of the Company's Bonds and Ordinary Shares may be affected by changes in law and government policy in the jurisdictions in which the Company operates, in particular changes to taxation laws (including stamp duty and goods and services tax).

Any change to the current rate of Company income tax or mineral royalties in jurisdictions where the company operates will impact on the profitability and performance of the Company.

Project specific risk – Langer Heinrich Mine

The Company has completed the Stage 3 expansion of the Langer Heinrich Mine with production at 5.2Mlb pa. Studies are underway in relation to the feasibility of a further expansion of 7Mlb pa to 8Mlb pa should uranium prices reach US\$75/lb and appear sustainable.

There may be delays in any future expansion and there can be no guarantee that increased production targets will be met in the anticipated time-frame or at all.

A syndicated loan facility in relation to the Langer Heinrich project is fully drawn, with an outstanding balance of U.S.\$65.5 million as at 31 December 2014. The loan is repayable in several instalments over the period to 31 December 2019 and the obligations of Paladin Finance Pty Ltd (as borrower) under the loan

facility are secured against its ownership of 75% of the shares in Langer Heinrich Uranium (Pty) Ltd, the company that owns the Langer Heinrich Mine assets. The facility is also supported by a guarantee from Paladin Energy Limited. The capacity of the borrower to repay the loan is dependent on the cash flow generated by the mine.

Project specific risk – Kayelekera Mine

Kayelekera is capable of operating at nameplate of 3.3Mlb pa. It was announced in February 2014 that production would cease at Kayelekera and that the site would be placed on care and maintenance. Following a period of reagent run-down, production ceased in early May 2014. It is expected that production will recommence once the uranium price provides a sufficient incentive (approximately US\$75/lb) and grid power supply (ESCOM) is available on site to replace the existing diesel generators with low cost hydroelectricity. However, there is no guarantee that either of the above two triggers for restart will eventuate in the future.

Kayelekera is owned 100% by Paladin (Africa) Limited ("PAL"), a subsidiary of Paladin. In July 2009, Paladin issued 15% of equity in PAL to the Government of Malawi under the terms of the Development Agreement signed between PAL and the Government in February 2007. The Company has received a positive response from the Government of Malawi regarding plans for Kayelekera exploration and for future grid power supply development.

Litigation

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, which claims may be with or without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's mining and project development operations.

A dispute has arisen between a Group company and a contractor in relation to the contract for the Stage 3 expansion at LHM. The contractor is seeking payment of the disputed sum of N\$151.1M, which is approximately US\$13.0M. The Group denies the claim and will vigorously defend it. The Group is also counter claiming damages from the contractor and cross-claiming from another contractor. The precise quantum of the counter-claim and cross claim has not yet been established, but is expected to exceed the contractor's claim.

The risks described above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment advisor before making a decision to subscribe for Bonds.

7. FINANCIAL INFORMATION

Overview

The Company's 31 December 2014 half year consolidated financial statements have been reviewed by the auditors and prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Set out below are:

- a table setting out the consolidated capitalisation of the Company as at 31 December 2014 as adjusted after giving effect to the issue of the Bonds under the Offering;
- the adjusted unaudited consolidated statement of financial position of the Issuer as at 31 December 2014 to reflect the effect of the Offering on the Issuer's financial position. The historical consolidated statement of financial position is based on the 31 December 2014 half year consolidated financial statements for the Issuer that have been reviewed by the auditors. The 31 December 2014 half year consolidated financial statements most recently lodged by the Issuer with ASIC can be obtained as set out in the "Important Notice";
- information on assumptions and adjustments;
- information on use of proceeds; and
- information on earnings coverage.

In this Offering Circular, the terms "Issuer", "Company", "we", "us", "our" and "Group" refer to Paladin Energy Ltd and its subsidiaries, unless the context otherwise requires.

As a result of rounding adjustments, the figures or percentages in a column may not add up to the total for that column.

The half year consolidated financial statements of the Company that have been reviewed by the auditors, most recently lodged with ASIC, may be obtained from the Company or the ASX as set out in the "Important Notice". Prospective investors are advised to obtain and read these documents before making their investment decision in relation to the Bonds.

Consolidated capitalisation and share capital after Offering

The following table sets forth the consolidated capitalisation of the Company as at 31 December 2014 as adjusted after giving effect to the issue of the Bonds under the Offering. This table should be read in conjunction with the Company's historical consolidated financial statements and related notes thereto that have been reviewed by the auditors for the half year ended 31 December 2014, and management's discussion and analysis thereon incorporated by reference in this Offering Circular.

As at 25 March 2015, the Company's issued share capital was 1,666,927,668.

	Historical as at 31 December 2014 (Reviewed by the auditors – U.S.\$m)	Adjusted as at 31 December 2014 and after giving effect to the issue of the Bonds (Unaudited – U.S.\$m)
Cash and cash equivalents	333.9	479.7
Ordinary Shares issued (unlimited authorised)	1,666,927,668 Number of shares	1,666,927,668 Number of shares
Non-current interest bearing loans and other borrowings	400.6	523.1

Adjusted consolidated statement of financial position for the Company reflecting effect of the Offer

(a) Introduction

This section provides an overview of the historical consolidated statement of financial position of the Company as at 31 December 2014 together with the unaudited adjusted consolidated statement of financial position of the Company as at 31 December 2014, to show the effect of completion of the Offer.

(b) Consolidated Statements of Financial Position

Set out below is the historical consolidated statement of financial position of the Company as at 31 December 2014 and the unaudited adjusted consolidated statement of financial position of the Company, as at 31 December 2014 after giving effect to the issue of the Bonds.

These consolidated statements of financial position should be read in conjunction with the financial statements for the Company and other information contained in this document or released to ASX in accordance the Company's continuous disclosure obligations.

**HISTORICAL AND ADJUSTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS
AT 31 DECEMBER 2014 AFTER GIVING EFFECT TO THE ISSUE OF THE BONDS**

	Historical (reviewed by the auditors)	Adjustments	Adjusted (unaudited)
	U.S.\$m	U.S.\$m	U.S.\$m
ASSETS			
Current assets			
Cash and cash equivalents	333.9	145.8	479.7
Trade and other receivables	44.4		44.4
Prepayments	6.8		6.8
Inventories	77.1		77.1
Assets classified as held for sale	3.8		3.8
TOTAL CURRENT ASSETS	466.0	145.8	611.8
Non current assets			
Trade and other receivables	0.7		0.7
Inventories	160.4		160.4
Other financial assets	4.1		4.1
Property, plant and equipment	278.8		278.8
Mine development	46.6		46.6
Exploration and evaluation expenditure	610.2		610.2
Intangible assets	11.9		11.9
TOTAL NON CURRENT ASSETS	1,112.7		1,112.7
TOTAL ASSETS	1,578.7	145.8	1,724.5
LIABILITIES			
Current liabilities			
Trade and other payables	36.2		36.2
Interest bearing loans and borrowings	299.3		299.3
Provisions	5.0		5.0
TOTAL CURRENT LIABILITIES	340.5		340.5
Non-current liabilities			
Interest bearing loans and borrowings	303.3	122.5	425.8
Other interest bearing loans - CNNC	97.3		97.3
Deferred tax liabilities	101.7		101.7
Provisions	77.9		77.9
Unearned revenue	200.0		200.0
TOTAL NON CURRENT LIABILITIES	780.2	122.5	902.7
TOTAL LIABILITIES	1,120.7	122.5	1,243.2
NET ASSETS	458.0	23.3	481.3

	Historical (reviewed by the auditors)	Adjustments	Adjusted (unaudited)
	U.S.\$m	U.S.\$m	U.S.\$m
EQUITY			
Contributed equity	2,095.6		2,095.6
Reserves	85.6	16.3	101.9
Accumulated losses	(1,693.2)	7.0	(1,686.2)
Parent interests	488.0	23.3	511.3
Non-controlling interests	(30.0)		(30.0)
TOTAL EQUITY	458.0	23.3	481.3

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

Basis of preparation of the unaudited adjusted consolidated statement of financial position after giving effect to the issue of the Bonds

For the purposes of preparing the unaudited adjusted consolidated statement of financial position, the Company has extracted the historical consolidated statement of financial position from the financial statements for the half year ended 31 December 2014. These half year financial statements were reviewed by the auditors.

Accounting entries have then been made, consistent with the terms of the Offer and the assumptions set out below, in order to arrive at an unaudited adjusted consolidated statement of financial position of the Company as at 31 December 2014.

The adjusted consolidated statement of financial position is indicative only. The directors of the Company have drawn their conclusions based on the known facts and other information publicly available. If the facts, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.

Adjustments and assumptions used in preparing the unaudited adjusted consolidated statement of financial position

The following adjustments and assumptions have been made in the preparation of the adjusted unaudited consolidated statement of financial position of the Company, as set out in "*Basis of preparation of the unaudited adjusted consolidated statement of financial position after giving effect to the issue of the Bonds*" above:

- The issue of U.S.\$150,000,000 in aggregate principal amount of convertible bonds in accordance with the Offer.
- The deduction of the Sole Lead Manager's commission payable on the Closing Date and estimated expenses of U.S.\$4,250,000 for the Offering.
- The allocation of the convertible bond in accordance with the Company's stated accounting policy has been assumed to be a liability for 84.05% of the gross proceeds less a proportionate share of fees and expenses; and the balance allocated to an equity reserve.

- The adjusted unaudited consolidated statement of financial position of the Company has not been adjusted to reflect the application of the proceeds of the issue of the Bonds to the Company's concurrent tender which is described below under the heading "Use of Proceeds".

Use of Proceeds

The net proceeds of the issue of the Bonds are expected to amount to approximately U.S.\$145,750,000, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used by the Issuer to partially fund the Company's concurrent tender to acquire up to U.S.\$300,000,000 of the Company's 2010 Bonds, with any amount not applied to the tender being utilised to strengthen the Company's balance sheet and pursue future growth opportunities.

Under the terms of the Company's concurrent tender offer, the Company will (subject to certain conditions) be required to accept for repurchase 2010 Bonds tendered by holders who have received an allocation of the Bonds from the Sole Lead Manager in a principal amount equal to 2.5 times the amount of such allocation.

8. GLOBAL BOND PROVISIONS

This section summarises the provisions relating to the Bonds while represented by the Global Bonds.

Initial Issue of Bonds

Upon the initial registration of the Bonds in the name of a nominee for the common depository of Euroclear and Clearstream, Luxembourg and delivery of the Global Bond to a common depository for Euroclear and Clearstream, Luxembourg (the "Common Depository"), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Bonds equal to the nominal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a Bond represented by the Global Bond must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of the Bond and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by the Global Bond and such obligations of the Issuer will be discharged by payment to the holder of the Bond, as the case may be, in respect of each amount so paid.

Exchange

The Global Bond will be exchangeable (free of charge to the holder of the Global Bond and the Bondholders) in whole, but not in part, for the definitive Bonds described below if, but only if, (i) the Global Bond is held on behalf of Clearstream, Luxembourg and/or Euroclear and either such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) there shall have occurred and be continuing an Event of Default. Thereupon the holder may give notice to the Trustee of its intention to exchange the Global Bond for definitive certificates in respect of the Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bonds in registered form, printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. Such definitive Bonds will be registered in the name of the accountholders at Clearstream, Luxembourg and Euroclear which previously had Bonds credited to the accounts.

"Exchange Date" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which the banks are open for business in the city in which the specified office of the Registrar is located.

Conversion Rights

Subject to the requirements of Euroclear and Clearstream, Luxembourg, the Conversion Rights attaching to the Bonds in respect of which the Global Bond is issued may be exercised by the presentation to or to the

order of the Principal Paying, Transfer and Conversion Agent of one or more Conversion Notices duly completed by or on behalf of the accountholders with Euroclear and/or Clearstream, Luxembourg to whose accounts such Bonds are credited. A Conversion Notice may not specify Euroclear or Clearstream, Luxembourg, or the common depository who holds the Bonds or their behalf (or the nominee for the common depository), as the person to who Ordinary Shares are to be issued pursuant to such Conversion Notice. The exercise of the Conversion Right shall be notified by the Principal Paying, Transfer and Conversion Agent to the Registrar and the holder of the Global Bond.

Redemption at the Option of the Issuer

The options of the Issuer provided for in Condition 7(b) (*Redemption and Purchase—Redemption at the Option of the Issuer*) and 7(c) (*Redemption and Purchase—Redemption for Taxation Reasons*) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in, and containing the information required by, that Condition.

Tax Election Option of the Bondholders

The option of the Bondholders provided for in Condition 7(c) (*Redemption and Purchase—Redemption for Taxation Reasons*) may be exercised by the holder of the Global Bond by giving notice to any Paying, Transfer and Conversion Agent within the time limits relating to the deposit of Bonds in Condition 7(c) (*Redemption and Purchase—Redemption for Taxation Reasons*) and substantially in the form of the Bondholders Tax Election Notice as set out in Schedule 3 to the Paying, Transfer and Conversion Agency Agreement. Such notice shall be obtainable from the specified office of any Paying, Transfer and Conversion Agent and shall state the number of Bonds in respect of which the option is exercised. Upon exercise of the option the relevant Bondholder shall present the Global Bond to the Registrar for annotation in Schedule A thereto accordingly.

Redemption at Option of the Bondholders

The Bondholders' put options in Condition 7(e) (*Redemption and Purchase—Redemption at the option of the Bondholders*) may be exercised by the holder of the Global Bond giving notice to the Principal Paying, Transfer and Conversion Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Bond for endorsement or exercise within the time limits specified in such Conditions and the principal amount of the Bonds will be reduced in the Register accordingly.

Trustee's Powers

In considering the interests of Bondholders the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds represented by this Global Bond.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds represented by the Global Bond shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal amount of their interest in the Bonds set out in the certificate of the holder as if they were themselves the holder of Bonds in such principal amount.

Payments

Payments of principal in respect of Bonds represented by the Global Bond will be made against presentation and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying, Transfer and Conversion Agent or such other Agent as shall have been notified to the holder of the Global Bond for such purpose.

Each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment (such day to be deemed to be, for the purpose of the Conditions, the Record Date), where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notice to holders of the Bonds may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, except that the Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed and/or admitted to trading.

Prescription

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become prescribed after a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions).

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

Redemption or Purchase and Cancellation

Cancellation of any Bonds to be cancelled following their purchase will be effected by endorsement by or on behalf of the Principal Paying, Transfer and Conversion Agent of the reduction in the principal amount of the Global Bond and by an appropriate entry made in the Register maintained in respect of the Bonds.

Meetings

At any meeting of Bondholders, the holder of the Global Bond will be treated as having one vote in respect of each U.S.\$1,000 in principal amount of Bonds.

The Trustee may allow to attend and speak (but not to vote) at any meeting of Bondholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Bonds represented by this Global Bond on confirmation of entitlement and proof of his identity.

9. TAX IMPLICATIONS

AUSTRALIAN TAXATION

INTRODUCTION

Scope

The following is a general summary of the material Australian income tax and capital gains tax ("CGT") consequences arising under the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* (together, the "Tax Act") and any relevant regulations, rulings, or judicial or administrative interpretations as at the date of this Offering Circular in relation to an investment in the Bonds by a purchaser of the Bonds ("Bondholder").

This general summary is not intended to be nor should it be construed to be legal or tax advice to any particular investor. Prospective investors are urged to contact their tax advisers for specific advice relating to their particular circumstances, in particular in relation to local taxes in their home jurisdictions.

While the Issuer has sought legal advice on the Australian taxation implications of the Bonds, it has not sought, and does not intend to seek, a ruling from the Australian Taxation Office or any other revenue authority in relation to this matter.

Payments under the Bonds

It should be noted that the Bonds should be properly characterised as debt interests in the Issuer for Australian tax purposes on the basis that the Issuer is under an effectively non-contingent obligation to pay the Bondholders (in the form of interest and the redemption price) an amount at least equal to the amount paid by Bondholders for the Bonds.

Accordingly, "interest" payments made under the Bonds will constitute interest or amounts in the nature of interest in the hands of the Bondholders for Australian tax purposes.

NON-RESIDENT INVESTORS

Scope

The following paragraphs deal with the consequences to a Bondholder who:

- is not a resident of Australia for tax purposes and does not acquire their Bonds in the course of carrying on a business at or through a permanent establishment in Australia, or who is an Australian tax resident who acquires the Bonds in the course of carrying on business at or through a permanent establishment outside Australia (each an "Offshore Holder");
- purchased the Bonds pursuant to the offer detailed in this Offering Circular; and
- holds the Bonds on capital account.

This summary assumes that the issue of the Bonds by the Issuer will satisfy one of the public offer tests that are described in section 128F(3) of the Tax Act.

Australian withholding taxation

Payments of interest or amounts in the nature of interest to an Offshore Holder will be subject to a 10% Australian interest withholding tax on the gross amount of the payment unless either the exemption provided by section 128F of the Tax Act applies or an exemption is available under a double tax treaty. As it is assumed

that an exemption under section 128F will be available, no further consideration is given to exemptions under double tax treaties. If section 128F of the Tax Act does apply, there will be no Australian withholding tax on payments of interest or amounts in the nature of interest.

The Issuer intends to issue the Bonds in a manner which will satisfy the public offer test and which otherwise meets all relevant requirements of section 128F of the Tax Act. If that is done, then based on the current legislation and administration policy of the Australian Taxation Office, the exemption will be available.

However, the exemption in section 128F of the Tax Act is not available in respect of interest paid to an Offshore Holder if, at the time when the amount is paid, the Issuer knows, or has reasonable grounds to suspect, that:

- the Offshore Holder is an where interest is paid to an "associate", as defined in section 128F(9) of the Tax Act, of the Issuer; and
- the associate does not receive the payment (other than in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme).

The exemption under section 128F will also not be available in relation to the payment of the interest) or if the Issuer knew or had reasonable grounds to suspect the Bonds would be acquired by an Offshore Holder who is an "associate" at the time of the issue of the Bonds (other than in the capacity of (i) a dealer, manager, or underwriter in relation to the placement of the Bonds or (ii) a clearing house, custodian, funds manager or responsible entity of a registered scheme).

Profits or Gains on Disposal or Redemption of the Bonds

General

Any profit or gain made on a disposal or a redemption of the Bonds by an Offshore Holder generally will not be subject to Australian tax provided that such profit or gain does not have an Australian source (as described under "Australian Source" below).

Australian Source

Whether a profit or gain on a disposal or a redemption of the Bonds has an Australian source is a question of fact that will be determined on the basis of the circumstances existing at the time of the disposal or redemption.

In general, the profit or gain should not have an Australian source provided that the Bonds are:

- acquired and held by the Offshore Holder outside Australia;
- held (at all times) in connection with a business conducted exclusively outside Australia; and
- are disposed of to another non-resident, either directly or through a non-resident agent, where all negotiations are conducted outside Australia and all transaction documents are concluded outside Australia.

However, this is not an exhaustive list of the factors that can determine source, nor would the absence of one of these elements, of itself, mean that there is an Australian source. The determination of source will depend on a weighing up of all the relevant circumstances.

Double Tax Treaty

If the profit or gain on disposal or redemption of a Bond is Australian sourced, an Offshore Holder may be eligible for relief from Australian tax on such profit or gain under a double tax treaty between Australia and

the Bondholder's country of residence. Prospective purchasers should consult their tax advisers regarding their entitlement to benefits under a tax treaty.

Conversion of Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon conversion of the relevant Bond.

For income tax and CGT purposes, no taxable gain or profit should arise to the Bondholder on the conversion of the Bond into Ordinary Shares even if the gain or profit has an Australian source.

Ordinary Shares

The Ordinary Shares issued to a Bondholder on an exercise of the Conversion Rights are CGT assets.

The cost base of the Ordinary Shares for CGT purposes will be the cost base of the Bonds at the time of conversion plus any amounts paid to convert the Bonds. A subsequent disposal of Ordinary Shares by a Bondholder should not give rise to any capital gains or capital losses on disposal unless the Ordinary Shares constitute Taxable Australian Property ("TAP"). Broadly, Ordinary Shares should not be considered TAP unless:

- the Bondholder used the Ordinary Shares in the course of carrying on a business at or through a permanent establishment in Australia; or
- the Bondholder (together with its associates) owns or has owned throughout a twelve month period in the two years before a disposal, at least 10% of the Ordinary Shares of the Issuer and the market value of assets of the Issuer are wholly or predominantly Australian real property.

Imputation System

Australia has an imputation system where tax paid at the company level is imputed to shareholders in determining the taxation consequences of dividends paid by the company. A dividend will be treated as "franked" where the dividend is paid out of profits of the company that have already been subject to tax. Offshore Holders would generally be subject to Australian dividend withholding tax at a rate of 30% to the extent that dividends paid by the Issuer on its Ordinary Shares were unfranked (the rate of withholding tax may be reduced in accordance with any double tax treaty between the Bondholder's home jurisdiction and Australia). However, Offshore Holders will not be subject to Australian withholding tax or other Australian income tax in relation to fully franked dividends paid on the Ordinary Shares or on the unfranked part of the dividends paid on the Ordinary Shares declared as conduit foreign income.

RESIDENTS

Scope

The following is a summary for a Bondholder who:

- is a resident of Australia for income tax purposes or is a non-resident who holds their Bonds in the course of carrying on business at or through a permanent establishment in Australia;
- purchased the Bonds pursuant to the offer detailed in this Offering Circular; and
- holds the Bonds on capital account.

Interest

Interest income paid under the Bonds will be included in a Bondholder's assessable income.

Profits or Gains on Disposal or Redemption of the Bonds

General

Any profit or gain made on a disposal or a redemption of the Bonds will be included in a Bondholder's assessable income.

Conversion of Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon conversion of the relevant Bond.

For Australian income tax and CGT purposes, no taxable gain or profit should arise to the Bondholder on the conversion of the Bond into Ordinary Shares.

Ordinary Shares

The Ordinary Shares issued to a Bondholder on an exercise of the Conversion Rights are CGT assets. The cost base of the Ordinary Shares for CGT purposes will be the cost base of the Bonds at the time of conversion plus any amounts paid to convert the Bonds. A subsequent disposal of Ordinary Shares by a Bondholder may give rise to ordinary income or capital gains on disposal.

Foreign Exchange Rules

As the Bonds are to be issued in U.S. dollars, depending on the Bondholders' specific circumstances, the principal and interest payments will give rise to income tax implications. Bondholders should seek their own advice regarding potential foreign exchange implications.

GOODS AND SERVICES TAX

Goods and services tax ("GST") should not be payable by the Bondholders in respect of the issue or redemption of Bonds by the Issuer or the conversion of Bonds into Ordinary Shares.

STAMP DUTY

Subject to the Bonds being debt interests (within the meaning of Division 974 of the Income Tax Assessment Act 1997 (Cth)) as described above, the issue or transfer of the Bonds will not be subject to stamp duty in any Australian jurisdiction. Whilst shares in the Issuer remain quoted on the ASX, the conversion of the Bonds into Ordinary Shares, or the transfer of the Ordinary Shares after conversion, will not be subject to stamp duty in any Australian jurisdiction except in certain circumstances. Under current laws, stamp duty at transfer of land rates (up to 5.5%) may be chargeable in some Australian jurisdictions if the Issuer is a "landholder" or equivalent under applicable duties legislation and the conversion or transfer results in a person and its defined associates holding an interest of 90% or more in the Issuer. The duty consequences will be different if ASX quotation of Ordinary Shares has ceased.

Further stamp duty advice should be sought before any conversion of Bonds or transfer of Ordinary Shares which may result in a person and its associates holding an interest of 90% or more in the Issuer, or if ASX quotation of shares in Issuer has ceased at the time of such conversion or transfer.

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

EU SAVINGS DIRECTIVE

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. They will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

FOREIGN ACCOUNT TAX COMPLIANCE ACT

FATCA imposes a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a Participating FFI by entering into an agreement with the U.S. Internal Revenue Service ("IRS") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA.

The new withholding regime is now in effect for payments from sources within the United States and will apply to foreign passthru payments (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the grandfathering date, which is the date that is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are published in the Federal Register, or which are materially modified after the grandfathering date and (ii) any Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Bonds are issued on or before the grandfathering date and additional Bonds of the same series are issued after that date, the additional Bonds may not be treated as grandfathered, which may have negative consequences for the existing Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

The Issuer and financial institutions through which payments on the Bonds are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

While the Bonds are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer, any Paying Agent and the common depository, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds. The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Bonds will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.

10. SUBSCRIPTION AND SALE

This section summarises the Subscription Agreement entered into by the Company and the Sole Lead Manager. It also sets out restrictions on the Offering in various jurisdictions.

SUBSCRIPTION AGREEMENT

J.P. Morgan Securities plc (the "Sole Lead Manager") has entered into a subscription agreement dated 12 February 2015 with the Issuer (the "Subscription Agreement"). Upon the terms and subject to the conditions contained therein, the Sole Lead Manager has agreed to subscribe or procure subscribers either directly or through any of its affiliates for the aggregate principal amount of the Bonds at the issue price of 100% of their principal amount (the "Issue Price").

The Issuer has agreed to pay to the Sole Lead Manager a commission based on the gross proceeds of the Bonds payable on the Closing Date.

The Issuer has also agreed to reimburse the Sole Lead Manager for certain of its expenses incurred in connection with the management of the issue of the Bonds. The Sole Lead Manager is entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

The Issuer has undertaken that during the period commencing on the date of the Subscription Agreement and ending 30 days after the Closing Date, it will not, and the Issuer has undertaken to procure that none of its subsidiaries or affiliates (as defined in the Subscription Agreement) (or any person acting on their behalf) will, without the prior written consent of the Sole Lead Manager, (i) directly or indirectly, issue, offer, sell, contract to issue, offer or sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) (A) any Ordinary Shares or any securities convertible or exchangeable into or exercisable for Ordinary Shares or any warrants or other rights to purchase or subscribe or otherwise acquire Ordinary Shares or (B) any security or financial product whose value is determined directly or indirectly by reference to the price of Ordinary Shares, including equity swaps, forward sales and options representing the right to receive any Ordinary Shares, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Ordinary Shares, whether any such transaction described in paragraph (i) or (ii) above is to be settled by delivery of Ordinary Shares or any other securities, in cash or otherwise. The foregoing sentence shall not apply (a) to the issue of the Bonds or (b) the issuance of Ordinary Shares or other securities of the Company under any employee benefit plan or dividend reinvestment plan of the Company in effect as at the date of the Subscription Agreement or (c) in connection with transactions which have already been publicly announced or (d) pursuant to conversion of the Bonds or the conversion or exchange of any existing bonds or other existing securities of the Company which carry the right of conversion or exchange into Ordinary Shares or (e) upon exercise of existing options in respect of Ordinary Shares or (f) to any issuance of Ordinary Shares or other securities of the Company as consideration for any bona fide arm's length acquisition by the Company provided that, if (and only if) such issuance occurs before the Closing Date, the Issuer obtains the prior written consent of the Sole Lead Manager (such consent not to be unreasonably withheld or delayed) and makes an adjustment to the Conversion Price as if the Bonds have already been issued as of the date of the Subscription Agreement. For the purposes of this undertaking and the exceptions to it, the term "Ordinary Shares" includes participation certificates and any depositary or other receipt, instrument, rights or entitlement representing Ordinary Shares.

The Sole Lead Manager and each of its affiliates has or may have, in the past, performed investment banking and advisory services for the Issuer and the Group, for which they have received customary fees and

expenses. The Sole Lead Manager and each of its affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer and the Group in the ordinary course of their businesses.

SALE RESTRICTIONS

United States of America

The Bonds and the Ordinary Shares to be delivered upon conversion of the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction not subject to the registration requirements of the Securities Act. The Sole Lead Manager has represented and agreed that it has not offered or sold, and has agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its Affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

The Sole Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Australia

The Sole Lead Manager has represented and agreed in the Subscription Agreement that it:

- (a) has not made or invited, and will not make or invite, an offer of the Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published or made available, and will not distribute or publish or make available, the Offering Circular or any other offering material or advertisement relating to any Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not (otherwise than by reason of section 708(14) or 708A of the Corporations Act) require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (ii) such action complies with all applicable Australian laws, regulations and directives (including without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act, (iii) such action does not require any document to be lodged with ASIC and (iv) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761 G of the Corporations Act.

In addition, the Sole Lead Manager represents and agrees that it will not sell, transfer or assign Bonds to a person, or procure a person to subscribe for Bonds, in circumstances where it knows, or has reasonable grounds to suspect, that the person is an associate (within the meaning of section 128F of the Tax Act) of the Issuer.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Sole Lead Manager represents, warrants and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of Bonds to the public in that Relevant Member State prior to the publication of a prospectus in relation to such offer which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall result in a requirement for the publication by the Issuer or the Sole Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Singapore

The Sole Lead Manager has acknowledged that the Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, the Sole Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) pursuant to Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

The Sole Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than:
 - (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance; or
 - (ii) in other circumstances which do not require a document that is a "prospectus" or do not result in any document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public or an invitation of offers by the public within the meaning of that ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Bonds, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

General

Under the terms of the Subscription Agreement, no action has been or will be taken in any jurisdiction by the Sole Lead Manager or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. The Sole Lead Manager has agreed in the

Subscription Agreement that it will comply (to the best of its knowledge and belief) with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular or any such other material, in all cases at its own expense. Under the terms of the Subscription Agreement, the Issuer will not have any responsibility for obtaining any consent, approval or permission required for the acquisition, offer, sale or delivery by the Sole Lead Manager of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery.

11. ADDITIONAL INFORMATION

OWNERSHIP RESTRICTIONS

FATA

The acquisition of interests in the Company is regulated by the Australian Foreign Acquisitions and Takeovers Act 1975 (Cth) ("FATA").

FATA generally prohibits (with the sanction of penalties) the acquisition by a "foreign person" of certain interests in the Company (including Ordinary Shares and Bonds) and gives the Treasurer of the Commonwealth of Australia power to make an order prohibiting such an acquisition where it is proposed or to make a divestment order where such an acquisition has occurred, if a single foreign person (alone or together with its associates) would have an interest in 15% or more of the shares, votes or potential votes (including through interests in Ordinary Shares such as Bonds and options) of the Company, or a number of foreign persons (alone or together with their respective associates) would have in aggregate an interest in 40% or more of the shares, votes or potential votes (including through interests in Ordinary Shares such as Bonds and options) of the Company, unless prior notice of the acquisition has been given to the Treasurer and the Treasurer has either stated that there is no objection to the acquisition or a statutory period has expired without the Treasurer objecting. The restrictions under FATA apply equally to acquisitions of interests through issue or transfer.

The Bonds will confer an interest in Ordinary Shares for the purposes of FATA. As the Conversion Price will be subject to adjustment in certain circumstances described in Condition 6(b) (*Conversion of Bonds—Adjustment of Conversion Price*), including upon the making of a Dividend by the Issuer and upon the occurrence of a Change of Control, the percentage interests held in the Ordinary Shares and the levels of voting power and potential voting power conferred, cannot be determined precisely until the time the Bonds are converted. In these circumstances, FATA provides that the Bonds (being rights over shares) will be treated as having been exercised at a particular point in time (for example, at the time the Bonds are acquired) to determine whether a person will acquire a controlling interest that requires the approval of the Treasurer.

Investors requiring further information as to whether notification under FATA to the Treasurer (through the Foreign Investment and Review Board) is required in respect of a proposed investment or further investment in the Company should consult their professional advisers.

Takeover Restrictions

The acquisition of interests in the Company is also regulated by the takeover provisions in Chapter 6 of the Corporations Act. These provisions prohibit (with the sanction of penalties) the acquisition of relevant interests in the Ordinary Shares, if as a result of the acquisition the acquirer's (or another party's) "voting power" in the Company would increase to above 20%, or would increase from a starting point that is above 20% and below 90%. That prohibition is subject to a number of exceptions, including for acquisitions pursuant to a regulated takeover bid. Chapter 6C of the Corporations Act also contains provisions requiring market disclosure of relevant interests (and changes in relevant interests) in the Ordinary Shares by persons holding "voting power" in the Company of 5% or more.

Investors requiring further information relating to takeover restrictions should consult their professional advisers as these matters may be applicable to the conversion of the Bonds.

ASX Listing Rules

The ASX Listing Rules prohibit the issue of equity or convertible securities if those securities, when aggregated with any other securities of the same class issued during the previous 12 months, exceeds 15% of the same class of security on issue at the commencement of that period of 12 months except, *inter alia*, with prior shareholder approval, to ordinary shareholders pro rata, pursuant to a takeover or scheme of arrangement, to finance a takeover or scheme of arrangement, or an exercise by the directors of a declared right to dispose of the shortfall remaining after a pro rata equity offering.

Issuance of the Bonds is conditional on, among other things, approval by the Issuer's shareholders present and voting at the general meeting of the Company expected to be held on 30 March 2015, with the effect that the issuance and conversion of the Bonds will not be included in the Issuer's 15% calculation.

Investors requiring further information relating to restrictions under the ASX Listing Rules should consult their professional advisers as these matters may be applicable to the conversion of the Bonds.

INTERESTS AND FEES

Interests of Directors

Other than as set out below or elsewhere in this Offering Circular, no Director or a candidate for election as Director has, or has had within the two years prior to lodgement of this Offering Circular, any interest in:

- the promotion or formation of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offering; or
- the Offering,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or any candidate for election as a Director:

- to induce him or her to become, or to qualify him or her as, a Director; or
- for services rendered by him or her in connection with the formation or promotion of the Company or the Offering.

Details of the interests of the Directors in the securities of the Company as at the date hereof, including those held directly and indirectly, are disclosed in the Company's most recent annual report dated 28 August 2014.

Details on the Directors' remuneration are contained in the most recently lodged annual report for the Company.

The information described above can be obtained from the Company, ASIC or the ASX respectively, as set out in the "Important Notice".

Interests of Promoters, Advisers and Experts

Other than as set out in the Offering Circular, no promoter, no professional, adviser or expert named as such in this Offering Circular and no Underwriter to the Offering or financial services licensee named as a financial services licensee involved in the Offering has, or has had within the two years prior to lodgement of this Offering Circular, any interest in:

- the promotion or formation of the Company;

- property acquired or proposed to be acquired by the Company in connection with its promotion or formation or the Offering; or
- the Offering

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any such persons for services rendered by him or her in connection with the promotion of the Company or the Offering.

J.P. Morgan Securities plc has acted as the Sole Lead Manager of the Offer. It will receive fees in connection with the Offering as set out under "*Subscription and Sale—Subscription Agreement*" above.

Ernst & Young have acted as auditors of the Company. The Sole Lead Manager may also hold interests in the Bonds for their own account.

The Trustee, the Registrar and the Agents (as defined in the Conditions) have also received or will also receive fees in respect of their respective appointment and may hold interests in the Bonds for their own account.

AUTHORISATIONS AND CONSENTS

Written consents have been given and as of the date of this Offering Circular, have not been withdrawn by the parties identified below on the terms stated below. Each of the parties set out below:

- does not make, or purport to make, any statement in this Offering Circular and is not aware of any statement in this Offering Circular, which purports to be based on a statement made by them; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Offering Circular other than a reference to its name.

Auditors' Consent

Ernst & Young have consented to the incorporation by reference in this Offering Circular of their independent audit reports to the shareholders of the company on the financial reports of the Company for the years ended 30 June 2014 and 2013 and the review statement on the interim financial statements for the half year ended 31 December 2014.

12. GENERAL INFORMATION

- (1) The Company's corporate head office and principal place of business is located at Level 4, 502 Hay Street, Subiaco, Western Australia, 6008, Australia.
- (2) The auditors of the Company in Australia are Ernst & Young.
- (3) The transfer agent and registrar for the Ordinary Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario located at 100 University Avenue, 11th Floor, North Tower and Computershare Investor Services Pty Ltd at its offices located at Level 2, 45 St. Georges Terrace, Perth, Western Australia.
- (4) The issue of the Bonds and the Ordinary Shares to be issued on conversion of the Bonds and the terms of the offering and the issue of the Bonds were approved by resolutions of the Board of Directors of the Company passed on 12 February 2015.
- (5) Copies of the constitutive documents of the Company and copies of the Trust Deed and the Agency Agreement (upon execution) will be available for inspection and the published financial statements of the Company will be available for collection at the specified office of the Principal Paying, Transfer and Conversion Agent during normal business hours, so long as any of the Bonds is outstanding and are also available under the Company's profile on SEDAR at www.sedar.com.
- (6) The Bonds have been accepted for clearance through Euroclear and Clearstream. The ISIN for the Bonds is XS1185538888 and the Common Code for the Bonds is 118553888.
- (7) The Company has obtained or will at the date of issue obtain all consents, approvals and authorisations in Australia, Singapore, Canada, Namibia and Germany required to be obtained in connection with the issue and performance of its obligations under the Bonds.
- (8) Except as set out in this Offering Circular or in the Company's ASX and TSX disclosure, there has been no significant change in the financial or trading position of the Company and its subsidiaries as a whole since 31 December 2014 and no material adverse change in the financial position or prospects of the Company and its subsidiaries as a whole since 31 December 2014.
- (9) Except as described in this Offering Circular or in the Company's ASX and TSX disclosure, none of the Company nor any of its subsidiaries is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds nor, so far as the Company is aware, is any such litigation or arbitration pending or threatened.
- (10) The financial statements of the Company for the six months ended 31 December 2014 as incorporated by reference in this Offering Circular have been reviewed by Ernst & Young, auditors to the Company, in accordance with Australian Auditing Standards, as stated in their independent review report appearing therein. The financial statements of the Company as at and for the year ended 30 June 2014 and the year ended 30 June 2013 as incorporated by reference in this Offering Circular have been audited by Ernst & Young, auditors to the Company, as stated in their independent audit reports appearing therein.
- (11) The Issuer has received approval in-principle for the listing of the Bonds on the SGX-ST. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered

for payment or redemption, in the event that the Global Bond is exchanged for individual definitive Bonds. In addition, in the event that the Global Bond is exchanged for individual definitive Bonds, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive Bonds, including details of the paying agent in Singapore.

- (12) Other than as provided in Condition 6(b) (*Conversion of Bonds—Adjustment of Conversion Price*), the Bondholders do not have any participating rights in the event of a takeover offer for the Issuer.

13. TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the U.S.\$150,000,000 7.00 per cent Convertible Bonds due 2020 (the “Bonds” which expression shall, unless otherwise indicated, include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds (“Further Bonds”)) was (save in respect of any such further bonds) authorised by a resolution of the board of directors of Paladin Energy Ltd (ACN 061 681 098) (the “Issuer”) passed on 12 February 2015 and a resolution of the shareholders of the Issuer passed on 30 March 2015. The Bonds are constituted by a trust deed dated 31 March 2015 (the “Trust Deed”) between the Issuer and The Bank of New York Mellon acting through its London branch (the “Trustee”, which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the “Conditions”) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds. The Bondholders (as defined below) are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated 31 March 2015 (the “Agency Agreement”) relating to the Bonds between the Issuer, the Trustee, The Bank of New York Mellon acting through its London branch (the “Principal Paying, Transfer and Conversion Agent”, which expression shall include any successor as principal paying, transfer and conversion agent under the Agency Agreement), the paying, transfer and conversion agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the “Paying, Transfer and Conversion Agents”, which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and The Bank of New York Mellon (Luxembourg) S.A. in its capacity as registrar (the “Registrar”, which expression shall include any successor as registrar under the Agency Agreement). Copies of the Trust Deed and the Agency Agreement are available for inspection at the office of the Trustee at One Canada Square, 40th Floor, London E14 5AL, United Kingdom and at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1 Form, Denomination, Title and Status

(a) Form and Denomination

The Bonds are in registered form, serially numbered, in principal amounts of U.S.\$250,000 and integral multiples of U.S.\$1,000 in excess thereof (“authorised denominations”).

(b) Title

Title to the Bonds will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate representing it) and no person will be liable for so treating the holder.

(c) *Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves. The payment obligations of the Issuer under the Bonds rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2 Negative Pledge

So long as any of the Bonds remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist and will ensure that none of its Principal Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a “Security Interest”) upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of, or indemnity in respect of, any Relevant Indebtedness (other than a Permitted Security Interest) unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to the satisfaction of the Trustee to ensure that:

- (i) all amounts payable by the Issuer under the Bonds and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Trustee; or
- (ii) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Bonds and the Trust Deed either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

“Permitted Security Interest” means a Security Interest in respect of property or assets of a Principal Subsidiary of the Issuer, which Security Interest existed before the relevant entity became a Principal Subsidiary of the Issuer and was not created in contemplation of such entity becoming a Principal Subsidiary of the Issuer and provided that the principal amount of such Relevant Indebtedness is not increased.

3 Definitions

In these Conditions, unless otherwise provided:

“Additional Ordinary Shares” has the meaning provided in Condition 6(c).

“Auditors” means the auditors for the time being of the Issuer or, if they are unable or unwilling to carry out any action requested of them under the Trust Deed or the Bonds, such other firm of accountants as may be nominated by the Issuer and approved in writing by the Trustee for the purpose or, failing such nomination, as selected by the Trustee.

“Australian dollars” and “A\$” means the lawful currency of the Commonwealth of Australia.

“Australian Securities Exchange” means the Australian Securities Exchange or ASX Limited (ABN 98008624691) (as the context requires).

“Bondholder” and “holder” mean the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

“business day” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“Cash Dividend” has the meaning provided in Condition 6(b)(iii).

“Change of Control” has the meaning provided in Condition 6(b)(x);

“Change of Control Notice” has the meaning provided in Condition 6(g).

“Change of Control Period” has the meaning provided in Condition 6(b)(x).

“Closing Date” means 31 March 2015.

“Conversion Date” has the meaning provided in Condition 6(h).

“Conversion Notice” has the meaning provided in Condition 6(h).

“Conversion Price” has the meaning provided in Condition 6(a).

“Conversion Right” has the meaning provided in Condition 6(a).

“Corporations Act” means the Corporations Act 2001 (Cth) of Australia.

“Current Market Price” means, in respect of an Ordinary Share at a particular date, the average of the Volume Weighted Average Price of an Ordinary Share for the five consecutive Dealing Days ending on such date; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement); or
- (b) if the Ordinary Shares to be issued or transferred and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement),

and provided further that if on each of the said five Dealing Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or other entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five Dealing Days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in

that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by a Financial Adviser.

“Dealing Day” means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business, other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time.

“Dividend” means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property and however described and whether payable out of a share premium account, profits, retained earnings or any other capital or revenue reserve or account (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves but, for the avoidance of doubt, excluding an issue of Ordinary Shares or other Securities which has not been credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then for the purposes of this definition the Dividend in question shall be treated as a Cash Dividend of the greater of (i) such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, Fair Market Value of such other property or assets (as at the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or transferred and delivered is determined);
- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by the Issuer or any Subsidiary of the Issuer shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a “Specified Share Day”) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Dealing Days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price, on the five Dealing Days immediately preceding the date of such announcement, in which case such purchase, redemption or buy back shall be deemed to constitute a dividend in cash in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back; and

- (d) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by a Financial Adviser.

“equity share capital” means, in relation to a company, its issued share capital excluding any part of that capital which, neither as regards dividends nor as regards capital, carries any right to participate beyond a specified amount in a distribution.

“Exempt Newco Scheme” means a Newco Scheme (as defined below) where immediately after completion of the relevant scheme of arrangement (as defined below) the ordinary shares of Newco (as defined below) are (1) admitted to trading on the Relevant Stock Exchange or (2) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Issuer or Newco may determine.

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined in good faith by a Financial Adviser provided that (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Spin-Off Securities, Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by a Financial Adviser), the fair market value (a) of such Spin-Off Securities or Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities or Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five Dealing Days on the relevant market commencing on such date (or, if later, the first such Dealing Day such Spin-Off Securities, Securities, options, warrants or other rights are publicly traded); (iv) where Spin-Off Securities, Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Spin-Off Securities, Securities, options, warrants or other rights shall be determined in good faith by a Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Spin-Off Securities, Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof; (v) in the case of (i) translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and in any other case, translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date and (vi) in the case of (i) and (ii) disregarding any withholding or deduction required to be made on account of tax and any associated tax credit.

“Final Maturity Date” means 31 March 2020.

“Financial Adviser” means an investment bank of international repute appointed by the Issuer and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee), appointed by the Trustee following notification to the Issuer provided that the Trustee has no obligation to make such appointment unless it has been indemnified and/or pre-funded and/or provided with security to its satisfaction in respect of the costs, fees and expenses of such adviser.

“indebtedness for borrowed money” means any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of (i) money borrowed or raised (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or

other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

“Interest Payment Date” has the meaning provided in Condition 5(a).

“Loan Notes” means notes, bonds, debentures, debenture stock, loan stock or other securities issued to commercial banks or other participants in loan syndication markets which are not intended to be listed or ordinarily dealt in on any recognised listing authority, stock exchange or over-the-counter or other securities market and which for the avoidance of doubt shall not include any notes, bonds, debentures, debenture stock, loan stock or other securities issued in the capital markets, whether by way of public offer or private placement.

“Newco Scheme” means a scheme of arrangement or analogous proceeding (a “scheme of arrangement”) which effects the interposition of a limited liability company (“Newco”) between the Shareholders of the Issuer immediately prior to the scheme of arrangement (the “Existing Shareholders”) and the Issuer; provided that only ordinary shares of Newco are issued to Existing Shareholders and that immediately after completion of the scheme of arrangement the only shareholders of Newco are the Existing Shareholders and that all Subsidiaries of the Issuer immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after the scheme of arrangement and that the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and Voting Rights of or in respect of those Subsidiaries as was held by the Issuer immediately prior to the scheme of arrangement and that such scheme of arrangement does not envisage or contemplate and was not proposed or adopted in contemplation of any change in respect of such holdings.

“Non-Cash Dividend” has the meaning provided in Condition 6(b)(iii).

“Optional Redemption Date” has the meaning provided in Condition 7(b).

“Optional Redemption Notice” has the meaning provided in Condition 7(b).

“Ordinary Shares” means fully paid ordinary shares in the capital of the Issuer.

“Parity Value” means, in respect of any Dealing Day, the U.S. dollar amount calculated as follows:

$$PV = OS \times MP$$

where:

$$PV = \text{the Parity Value}$$

$$OS = \text{the number of Ordinary Shares that would fall to be delivered on the exercise of Conversion Rights in respect of a Bond in the principal amount of U.S. \$250,000, assuming the Conversion Date to be such Dealing Day}$$

$$MP = \text{the closing price for the Ordinary Shares as published by or derived from the Relevant Stock Exchange on such Dealing Day (provided that if on any such Dealing Day the Ordinary Shares shall have been quoted cum-Dividend or cum-any other entitlement the closing price on such Dealing Day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement), translated, if not in U.S. dollars, into U.S. dollars at the Prevailing Rate on such Dealing Day.}$$

A “person” includes any individual, company, corporation, firm, partnership, joint venture, undertaking,

association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

“Potential Event of Default” means an event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or the fulfilment of any other requirement provided for in Condition 10, become an Event of Default (as defined in Condition 10).

“Prevailing Rate” means, in respect of any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 p.m. (London time) on that date as appearing on the Relevant Page or if such rate cannot be determined on that day, the rate prevailing as at or about 12 p.m. (London time) on the immediately preceding day on which such rate can be so determined.

“Principal Subsidiary” of the Issuer at any time shall mean any Subsidiary of the Issuer (not being a Subsidiary falling within sub-paragraph (iv) of the definition of “Project Finance Indebtedness” and whose only indebtedness for borrowed money is Project Finance Indebtedness):

- (i) whose (a) profits on ordinary activities before tax or (b) total assets represent 10 per cent or more of the consolidated profits on ordinary activities before tax of the Issuer and its Subsidiaries or, as the case may be, consolidated total assets of the Issuer and its Subsidiaries, in each case as calculated by reference to the then latest audited financial statements of such Subsidiary and the then latest audited consolidated financial statements of the Issuer provided that (i) in the case of a Subsidiary acquired or an entity which becomes a Subsidiary after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, the reference to the then latest audited consolidated financial statements of the Issuer for the purposes of the calculation of the above shall until the consolidated audited financial statements of the Issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a Subsidiary, be deemed to be a reference to the then latest consolidated financial statements of the Issuer adjusted in such manner as may be appropriate to consolidate the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary in such financial statements, (ii) if, in the case of any Subsidiary, no audited financial statements are prepared, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be determined by reference to its unaudited annual financial statements (if any) or on the basis of *pro forma* financial statements, (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Issuer and (iv) if the latest financial statements of any Subsidiary of the Issuer are not prepared on the basis of the same accounting principles, policies and practices of the latest consolidated audited financial statements of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on *pro forma* financial statements or, as the case may be, consolidated financial statements of such Subsidiary prepared on the same accounting principles, policies and practices as adopted in the latest consolidated audited financial statements of the Issuer, or an appropriate restatement or adjustment to the relevant financial statements of such Subsidiary; or
- (ii) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary of the Issuer, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary of the Issuer and the transferee Subsidiary shall cease to be a Principal Subsidiary of the Issuer under the provisions of this sub-paragraph (ii) upon publication of its next audited financial statements but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time

after the date on which such audited financial statements have been published by virtue of the provisions of sub-paragraph (i) above or (as a result of another transfer to which this sub-paragraph (ii) applies) before, on or at any time after such date by virtue of the provisions of this sub-paragraph (ii).

A report by the Auditors that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Bondholders.

“Project Finance Indebtedness” means any present or future indebtedness incurred to finance the ownership, acquisition, construction, creation, development, maintenance and/or operation of an asset (whether or not an asset of the Issuer or any of its Subsidiaries), or any associated rehabilitation works, in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Issuer or any of its Subsidiaries) has or have no recourse whatsoever to the Issuer or any of its Subsidiaries for the repayment thereof other than:

- (i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset or the business of owning, acquiring, constructing, developing, maintaining and/or operating such asset; and/or
- (ii) (A) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given over such asset (and/or any other assets primarily used in the business of owning, acquiring, constructing, creating, developing, maintaining and/or operating such asset) or the income, cash flow or other proceeds deriving therefrom (or given over shares or the like in the capital of the borrower or owner of the asset or any Subsidiary described in paragraph (iv)) to secure such indebtedness, provided that (aa) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement and (bb) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of the Issuer or any of its Subsidiaries (other than a Subsidiary described in paragraph (iv)) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the Issuer or any of its Subsidiaries (other than a Subsidiary described in paragraph (iv)) or any of its assets (save for the assets the subject of such encumbrance); and/or (B) recourse against the assets, income, cashflow, proceeds or shares or the like subject to an encumbrance referred to in this paragraph (ii); and/or
- (iii) recourse under any form of assurance, undertakings or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) or under an indemnity for breach of an obligation or representation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition other than costs to complete tests or project completion tests) of the Issuer or any of its Subsidiaries; and/or
- (iv) recourse against (aa) any Subsidiary, or the assets of any Subsidiary, whose principal business comprises the ownership, acquisition, construction, creation, development, maintenance and/or operation of the asset concerned; or (bb) any Subsidiary, or the assets of any Subsidiary, whose principal business comprises the ownership or financing, directly or indirectly, of any Subsidiary described in paragraph (iv)(aa); and/or
- (v) recourse under any guarantee and/or indemnity of such indebtedness or completion of construction or development of an asset, provided that in any such case the guarantee and/or indemnity is (to the extent not permitted by any of the foregoing paragraphs) released or discharged if completion of the

relevant construction or development occurs on or prior to the agreed date for completion referred to in or in connection with the guarantee and/or indemnity and no default under or in connection with such indebtedness, guarantee or indemnity or any agreement relating thereto is then subsisting.

“Record Date” has the meaning provided in Condition 8(c).

“Reference Date” has the meaning provided in Condition 6(a).

“Relevant Currency” means Australian dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the Australian Securities Exchange is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or traded on the Relevant Stock Exchange.

“Relevant Date” means, in respect of any Bond, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer or to the Bondholders in accordance with Condition 17 that, upon further presentation of the Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

“Relevant Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash and which (in any case) are or are capable of being quoted, listed or ordinarily dealt in on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market, but shall in any event not include Project Finance Indebtedness or any indebtedness in the form of or represented by Loan Notes.

“Relevant Page” means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

“Relevant Stock Exchange” means (i) in respect of the Semi-Annual Period commencing on the Closing Date, the Australian Securities Exchange; and (ii) in respect of any subsequent Semi-Annual Period, the Relevant Stock Exchange in respect of the preceding Semi-Annual Period, unless the Issuer shall on the London business day immediately succeeding the last day of such preceding Semi-Annual Period have delivered to the Trustee a certificate of the Issuer signed by two Directors of the Issuer that the average daily trading volume in respect of the Ordinary Shares on any other stock exchange or securities market on which the Ordinary Shares are listed or quoted or dealt in (and have been so listed or quoted or dealt in throughout the preceding Semi-Annual Period) shall for such preceding Semi-Annual Period have been greater than 150 per cent of the average daily trading volume in respect of the Ordinary Shares on such Relevant Stock Exchange, in which case the Relevant Stock Exchange in respect of the relevant Semi-Annual Period shall be such other stock exchange or securities market and such Relevant Stock Exchange as so determined shall be the Relevant Stock Exchange for the purposes of any relevant calculation or determination to be made (including a determination of Current Market Price) as at any date falling within the relevant Semi-Annual Period (including any constituent calculation or determination, including a determination of Volume Weighted Average Price for the purposes of determining Current Market Price, to be made for the purpose of such calculation or determination). For the purposes of determining the average daily trading volume of the Ordinary Shares where the Ordinary Shares are represented by certificates or depositary or other receipts which are listed or quoted or dealt in on the relevant stock exchange or securities market, such average daily trading volume shall be determined by dividing the average daily trading volume of such certificates or depositary or other receipts by the number of Ordinary Shares represented by such certificate or depositary or other receipts at the relevant time.

“Retroactive Adjustment” has the meaning provided in Condition 6(c).

“Securities” means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

“Semi-Annual Date” means 31 March and 30 September in each year.

“Semi-Annual Period” means the period commencing on (and including) a Semi-Annual Date and ending on (but excluding) the next following Semi-Annual Date, with the first Semi-Annual Period commencing on 30 September 2015.

“Shareholders” means the holders of Ordinary Shares.

“Specified Date” has the meaning provided in Condition 6(b)(vii) and (viii).

“Spin-Off” means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries.

“Spin-Off Securities” means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

“Subsidiary” means, in relation to the Issuer, any entity which is a subsidiary of the Issuer within the meaning of Part 1.2 Division 6 of the Corporations Act or is a subsidiary of or otherwise controlled by the Issuer within the meaning of any approved accounting standard applicable to the Issuer.

“Tax Redemption Date” has the meaning provided in Condition 7(c).

“Tax Redemption Notice” has the meaning provided in Condition 7(c).

“TSX” means the Toronto Stock Exchange.

“U.S. dollars” and “U.S.\$” means United States dollars.

“Volume Weighted Average Price” means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any Dealing Day, the volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of an Ordinary Share) from Bloomberg page AQR or (in the case of a Security (other than an Ordinary Share) or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by a Financial Adviser on such Dealing Day, provided that if on any such Dealing Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such Dealing Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined.

“Voting Rights” means the right generally to vote at a general meeting of shareholders of the Issuer.

References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as a Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(b), (c), (h) and (i), Condition 7(h) and Condition 11 only, (a) references to the “issue” of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries and (b) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 6(b)(iv) and (vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as in issue.

4 Registration and Transfer of Bonds

(a) Registration

The Issuer will cause a register (the “Register”) to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of Bonds.

(b) Transfer

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in whole or in part in an authorised denomination by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 7(b) or 7(c); (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(h); (iii) in respect of which a holder shall have exercised its option to require the Issuer to redeem pursuant to Condition 7(e) or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 8(c)) in respect of any payment of interest on the Bonds.

5 Interest

(a) *Interest Rate*

The Bonds bear interest from and including the Closing Date at the rate (the “Interest Rate”) of 7.00 per cent per annum calculated by reference to the principal amount thereof and payable semi-annually in equal instalments in arrear on 31 March and 30 September in each year (each an “Interest Payment Date”), commencing with the Interest Payment Date falling on 30 September 2015.

If interest is required to be calculated for a period other than an Interest Period it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed

“Interest Period” means the payment period beginning on (and including) the Closing Date and ending on (but excluding) 30 September 2015, being the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(j)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (b) the day seven days after the Trustee or the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6 Conversion of Bonds

(a) Conversion Right and Conversion Price

Subject as provided below, each Bond shall entitle the holder to convert into new Ordinary Shares, credited as fully paid, subject to and as provided in these Conditions (a “Conversion Right”).

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall (subject as aforesaid) be determined by dividing the principal amount of the Bonds to be converted by the conversion price (the “Conversion Price”) in effect on the relevant Conversion Date.

The initial Conversion Price is US\$0.356 per Ordinary Share (for the avoidance of doubt, as originally determined by reference to the initial conversion price in Australian dollars and translated into U.S. dollars at the fixed rate of U.S.\$1.0000:A\$1.2975). The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery, to or as directed by the relevant Bondholder of Ordinary Shares credited as paid up in full as provided in this Condition 6.

Subject to and as provided in these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 11 May 2015, provided that the relevant Conversion Date shall not fall later than on the date falling six New York business days prior to the Final Maturity Date or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, not later than the sixth New York business day before the date fixed for redemption thereof pursuant to Condition 7(b) or 7(c), unless there shall be default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, the date falling six New York business days prior to the Final Maturity Date.

Conversion Rights in respect of a Bond may not be exercised following the giving of a notice by the holder thereof pursuant to Condition 7(e).

Conversion Rights may not be exercised following the giving of notice by the Trustee pursuant to Condition 10.

Conversion Rights may not be exercised by a Bondholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

Conversion Rights may only be exercised in respect of an authorised denomination. Where Conversion Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver such new Bond to the Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary

mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

Fractions of Ordinary Shares will not be delivered on conversion or pursuant to Condition 6(c) and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Ordinary Shares to be delivered on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such Ordinary Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Ordinary Shares.

The Issuer will procure that Ordinary Shares to be issued or transferred and delivered on conversion will be issued or transferred and delivered to the holder of the Bonds completing the relevant Conversion Notice or his nominee. Such Ordinary Shares will be deemed to be issued or transferred and delivered as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 6(c) will be deemed to be issued or transferred and delivered as of the date the relevant Retroactive Adjustment takes effect or as at the date of issue or transfer and delivery of Ordinary Shares if the adjustment results from the issue or transfer and delivery of Ordinary Shares (each such date, the "Reference Date").

(b) *Adjustment of Conversion Price*

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and
B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive or (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (iii) If and whenever the Issuer shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the relevant Dividend by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the on the Dealing Day immediately preceding the first date the Ordinary Shares are traded on the Relevant Stock Exchange ex- the relevant Dividend or, in the case of a purchase, redemption or buy-back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, on which such Ordinary Shares (or depositary or other receipts or certificates) are purchased, redeemed or bought back or, in the case of a Spin-Off, is the Current Market Price of an Ordinary Share on the Dealing Day immediately preceding the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off; and

B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately prior to such purchase, redemption or buy back).

Such adjustment shall become effective on the date on which the Dividend is paid or made or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, on the date such purchase, redemption or buy back is made or, in any such case if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

For the purposes of the above, the Fair Market Value of a Cash Dividend shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be determined as at the date of the first public announcement of the relevant Dividend and in the case of a Non-Cash Dividend, the Fair Market Value of the relevant

Dividend shall be the Fair Market Value of the relevant Spin-Off Securities or, as the case may be, the relevant property or assets.

“Non-Cash Dividend” means any Dividend which is not a Cash Dividend and shall include a Spin-Off.

“Cash Dividend” means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than one falling within paragraph (b) of the definition of "Spin-Off" and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of "Dividend" and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of "Dividend" shall be treated as being a Non-Cash Dividend.

- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case at a price per Ordinary Share which is less than 95 per cent of the Current Market Price per Ordinary Share on the Dealing Day immediately preceding the first date on which the Ordinary Shares are traded on the Relevant Stock Exchange ex-options, ex-warrants or ex-rights (the “ex-date”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Ordinary Shares in issue at close of business on the Dealing Day immediately preceding the ex-date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such Ordinary Shares, options, warrants or other rights.

- (v) If and whenever the Issuer shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Dealing Day immediately preceding the first date on which the Ordinary Shares are traded ex-options, ex-warrants or ex-rights (the “ex-date”); and

B is the Fair Market Value on the Dealing Day immediately preceding the ex-date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the date of issue of the Securities or grant of such rights.

- (vi) If and whenever the Issuer shall issue (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares), in each case at a price per Ordinary Share which is less than 95 per cent of the Current Market Price per Ordinary Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

- (vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds, which term for this purpose shall exclude any Further Bonds), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall so grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares or shall so issue or grant any options, warrants or rights to convert into, purchase or subscribe for Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase or redesignation is less than 95 per cent of the Current Market Price per Ordinary Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued by the Issuer for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or upon the exercise of any such options, warrants or rights or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto or upon exercise of such options, warrants or rights at the initial conversion, exchange, exercise or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation;

provided that if at the time of issue of the relevant Securities or date of issue or grant of such options, warrants or rights (as used in this sub-paragraph (b)(vii) the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or conversion are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided) then for the purposes of this sub-paragraph (b)(vii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the Bonds, which term shall for this purpose include any Further Bonds) as are mentioned in sub-paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent of the Current Market Price per Ordinary Share on the Dealing Day immediately preceding the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as a Financial Adviser shall consider appropriate for any previous adjustment under this sub-paragraph or sub-paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this sub-paragraph (b)(viii) the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then for the purposes of this paragraph (b)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

- (ix) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraphs (b)(ii), (iii), (iv), (vi) or (vii) above or (x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent of the Current Market Price per Ordinary Share on the relevant Dealing Day) or under sub-paragraph (b)(v) above and other than in relation to an Offer or a Scheme, as defined in sub-paragraph (b)(x) below)) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Dealing Day immediately preceding the date on which the terms of such offer are first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

- (x) If:
- (i) an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer (an “Offer”); or
 - (ii) any person proposes a scheme of arrangement with regard to such acquisition (other than an Exempt Newco Scheme) (a “Scheme”);

and (such offer or scheme having become or been declared unconditional in all respects) more than 50 per cent of the Voting Rights of the issued share capital of the Issuer have or will become unconditionally vested in the offeror and/or such associate(s) as aforesaid, or an event occurs which has a like or similar effect (a “Change of Control”), then upon any exercise of Conversion Rights where the Conversion Date falls during the period (the “Change of Control Period”) commencing on the occurrence of the Change of Control and ending 30 calendar days following the Change of Control or, if later, 30 calendar days following the date on which a Change of Control Notice as required by Condition 6(g) is given, the Conversion Price (the “Change of Control Conversion Price”) shall be as determined pursuant to the following formula:

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

where:

- COCCP = means the Change of Control Conversion Price
- OCP = means the Conversion Price in effect on the relevant Conversion Date, disregarding the application of this paragraph (b)(x)
- CP = means 25 per cent (expressed as a fraction)
- c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date
- t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date

- (xi) If the Issuer (after consultation with the Trustee) determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this

Condition 6(b) (even if the relevant circumstance is specifically excluded from the operation of sub-paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request a Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (b)(xi) if such Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by a Financial Adviser to be in its opinion appropriate to give the intended result and provided further that, for the avoidance of doubt, the issue of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (iv), (vi), (vii) and (viii), the following provisions shall apply:

- (A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (B) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number

of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (C) if the consideration or price determined pursuant to (A) or (B) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency it shall be converted into the Relevant Currency at the Prevailing Rate on the date of the first public announcement of the terms of issue of such Ordinary Shares or, as the case may be, Securities; and
- (D) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Bond shall be after any consolidation, reclassification or sub-division as is mentioned in Condition 6(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6(b)(ii), (iii), (iv), (v) or (ix), or after any such issue or grant as is mentioned in Condition 6(b)(vi) and (vii), or of the terms of any such modification as is mentioned in Condition 6(b)(viii) in any case in circumstances where the relevant Conversion Date falls before the relevant adjustment becomes effective under Condition 6(b) (such adjustment, a “Retroactive Adjustment”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the “Additional Ordinary Shares”) as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bond (together with any fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued or delivered on conversion of such Bond if the relevant adjustment (more particularly referred to in the said provisions of Condition 6(b)) to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date.

(d) *Decision of a Financial Adviser*

If any doubt shall arise as to the appropriate adjustment to the Conversion Price or as to the occurrence of a Change of Control, the Issuer shall consult a Financial Adviser and the written opinion of such Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all parties, save in the case of manifest error.

(e) *Employees’ Share Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, transferred, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or contractors or former employees or contractors (including Directors or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to any employees’ share or option scheme.

(f) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of U.S.\$0.001, shall be rounded down to the nearest whole multiple of U.S.\$0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 17 and the Trustee promptly after the determination thereof.

The Issuer undertakes that it shall not take any action and shall procure that no action is taken, that would otherwise result in the inability to issue Ordinary Shares on conversion as fully paid.

(g) *Change of Control*

Within 14 calendar days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a “Change of Control Notice”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to require the Issuer to redeem their Bonds as provided in Condition 7(e)(i).

The Change of Control Notice shall also specify:

- (i) the nature of the Change of Control;
- (ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price (on the basis of such Conversion Price) applicable pursuant to Condition 6(b)(x) during the Change of Control Period;
- (iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (iv) the Change of Control Put Date and the last day of the Change of Control Period;
- (v) details of the right of the Issuer to redeem any Bonds which shall not previously have been converted or redeemed pursuant to Condition 7(e)(i); and
- (vi) such other information relating to the Change of Control as the Trustee may reasonably require.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so.

(h) *Procedure for exercise of Conversion Rights*

The Conversion Right may be exercised by a Bondholder by delivering the relevant Bond to the specified office of any Paying, Transfer and Conversion Agent, no later than 3:00p.m. (London time), accompanied by a duly completed and signed notice of conversion (a “Conversion Notice”) in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is

made after 3:00p.m. (London time) or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following business day.

A Conversion Notice, once delivered, shall be irrevocable unless the Issuer consents in writing to its withdrawal.

The conversion date in respect of a Bond (the "Conversion Date") shall be the second Perth business day following the date of the delivery of the Bonds and the Conversion Notice.

A Bondholder exercising a Conversion Right shall be responsible for paying directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on conversion (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Australia or Canada (or any province, state or territory thereof) in respect of the allotment and issue of any Ordinary Shares on such conversion or in respect of the delivery of any Ordinary Shares on such conversion (including any Additional Ordinary Shares), which shall be paid by the Issuer) and such Bondholder shall be responsible for paying all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such conversion. For the avoidance of doubt, none of the Agents and the Trustee shall be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for requiring that such amounts are paid or for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

Each Bondholder exercising a Conversion Right must provide to the Principal Paying, Transfer and Conversion Agent a certificate confirming (i) its compliance with applicable fiscal or other laws or regulations; and (ii) that all relevant taxes and capital, stamp, issue and registration and transfer taxes and duties (if any) have been paid.

Ordinary Shares to be issued on exercise of Conversion Rights will be issued, at the option of the Bondholder exercising its Conversion Right as specified in the Conversion Notice, either:

- (a) in uncertificated form through the securities trading system known as the Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Ltd ("CHESS") or in "book-entry-only" form eligible for deposit at The Canadian Depository for Securities Limited ("CDS") (or any successor licensed clearance and settlement facility applicable to the Ordinary Shares), or
- (b) in certificated form registered in the name of or as directed by the Bondholder in the relevant Conversion Notice,

and in the case of (a) the Ordinary Shares will be credited to the CHESS account or the CDS Participant account specified in the Conversion Notice, or in the case of (b) the certificate for the Ordinary Shares will be mailed to the relevant Bondholder (at the risk of such Bondholder) to the address specified in the Conversion Notice, or if a Bondholder does not specify a valid CHESS account or CDS Participant account in the Conversion Notice, a certificate for the Ordinary Shares will be mailed to the relevant Bondholder (at the risk of such Bondholder) to the address specified in the Register, in each case by a date which is generally expected to be not later than three Toronto business days (in the case of Ordinary Shares to be issued in "book-entry only" form eligible for deposit at CDS) or three Perth business days (in the case of Ordinary Shares to be issued through CHESS or in certificated form) after the relevant Conversion Date.

Statements of holdings for Ordinary Shares issued on exercise of Conversion Rights through CHESSE will be dispatched by the Issuer by mail free of charge as soon as practicable but in any event within 10 Perth business days after the relevant Conversion Date.

(i) *Ordinary Shares*

- (i) Ordinary Shares issued or transferred and delivered upon conversion of the Bonds will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.
- (ii) Save as provided in Condition 6(j), no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(j) *Interest on Conversion*

If any notice requiring the redemption of any Bonds is given pursuant to Condition 7(b) or 7(c) on or after the fifteenth calendar day prior to a record date in respect of any Dividend or distribution payable in respect of the Ordinary Shares which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) and where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the applicable Interest Rate on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to, a U.S. dollar account with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(k) *Purchase or Redemption of Ordinary Shares*

The Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back its own shares (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Bondholders.

(l) *No duty to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

7 Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 7(b) or 7(c).

(b) *Redemption at the Option of the Issuer*

On giving not less than 30 nor more than 60 days' notice (an "Optional Redemption Notice") to the Trustee and to the Bondholders (which notice shall be irrevocable) in accordance with Condition 17, the Issuer may redeem all but not some only of the Bonds on the date (the "Optional Redemption Date") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date:

- (i) at any time on or after 31 March 2018, if the Parity Value on each of at least 20 consecutive Dealing Days ending not earlier than 5 Dealing Days prior to the giving of the relevant Optional Redemption Notice, shall have been at least U.S.\$325,000; or
- (ii) if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds); or
- (iii) within the period of 45 days after the end of the Change of Control Period.

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "Tax Redemption Notice") to the Bondholders (which notice shall be irrevocable) redeem (subject to the second following paragraph) all and not some only, of the Bonds on the date ("Tax Redemption Date") at their principal amount, together with accrued but unpaid interest to such date, if (i) the Issuer certifies to the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments on the Bonds pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 12 February 2015 and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in (i) and (ii) above which shall be conclusive and binding on the Bondholders.

Upon the expiry of a Tax Redemption Notice, the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued interest to such date.

If the Issuer gives a notice of redemption pursuant to this Condition 7(c), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made on such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts on the Bonds shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

(d) *Optional and Tax Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date, (ii) the Conversion Price, the aggregate principal amount of the Bonds outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Bondholders.

(e) *Redemption at the option of Bondholders*

- (i) Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at its principal amount, together with accrued interest to such date. To exercise such right, the holder of the relevant Bond must, at any time in the Change of Control Period, deliver a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "Put Exercise Notice") to the specified office of any Paying, Transfer and Conversion Agent. The "Change of Control Put Date" shall be the 14th calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account with a bank in New York City specified by the relevant Bondholder in the Put Exercise Notice.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

- (ii) In the event that the Ordinary Shares cease to be quoted, listed or admitted to trading (as applicable) on the Australian Securities Exchange and the TSX and that situation continues for a period of at least 10 calendar days (a "Delisting"), the holder of each Bond will have the right (the "Delisting Put Right") to require the Issuer to redeem that Bond on the Delisting Put Date (as defined below) at its principal amount, together with accrued interest to such date (the "Delisting Put Price"). For the avoidance of doubt:

- (A) neither a trading halt nor a suspension of the Ordinary Shares from quotation, listing or trading (whether or not continuing for 10 calendar days or more) will constitute a Delisting; and
- (B) no Delisting will occur so long as the Ordinary Shares are quoted, listed or admitted to trading (as applicable) on either the Australian Securities Exchange or the TSX.

Within 14 calendar days following the occurrence of a Delisting, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a “Delisting Notice”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Delisting Put Right as provided in these Conditions and their entitlement to require the Issuer to redeem their Bonds as provided in this Condition 17(e)(ii).

The Delisting Notice shall also specify:

- (I) the date and nature of the Delisting and, briefly, the events causing such Delisting;
- (II) the Conversion Price immediately prior to the occurrence of the Delisting;
- (III) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (IV) the Delisting Put Date, the Delisting Put Price and the last day of the Delisting Period (as defined below); and
- (V) such other information relating to the Delisting as the Trustee may reasonably require.

The Trustee shall not be required to take any steps to ascertain whether a Delisting or any event which could lead to a Delisting has occurred or may occur and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so.

To exercise such right, the holder of the relevant Bond must, at any time in the period (the “Delisting Period”) commencing on the occurrence of the Delisting and ending 30 calendar days following the Delisting or, if later, 30 calendar days following the date on which a Delisting Notice is given, deliver a duly completed and signed Put Exercise Notice to the specified office of any Paying, Transfer and Conversion Agent. The “Delisting Put Date” shall be the 14th calendar day after the expiry of the Delisting Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account with a bank in New York City specified by the relevant Bondholder in the Put Exercise Notice.

- (iii) A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Delisting Put Date.

(f) Purchase

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase Bonds in the open market or otherwise at any price.

(g) Cancellation

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries

shall be surrendered to the Principal Paying, Transfer and Conversion Agent for cancellation and may not be reissued or re-sold.

(h) Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail, save that a notice of redemption given by a Bondholder pursuant to Condition 7(e) shall prevail over any other notice of redemption given pursuant to this Condition 7, whether given before, after or at the same time as any notice of redemption under Condition 7(e).

8 Payments

(a) Principal

Payment of principal in respect of the Bonds and accrued interest payable on a redemption of the Bonds other than on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Bonds at the specified office of the Registrar or of any of the Paying, Transfer and Conversion Agents.

(b) Interest and other Amounts

- (i) Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.
- (ii) Payments of all amounts other than as provided in Condition 8(a) and (b)(i) will be made as provided in these Conditions.

(c) Record Date

Record Date means the sixth New York business day before the due date for the relevant payment.

(d) Payments

Each payment in respect of the Bonds pursuant to Condition 8(a) and (b)(i) will be made by transfer to a U.S. dollar account with a bank in New York City as notified to the Registrar by the relevant Bondholder by no later than the relevant Record Date.

The Issuer will not be required to make any such payment in respect of the Bonds until 6 business days after the Bondholder has provided the necessary account details for payment in accordance with this Condition 8(d).

(e) Payments subject to fiscal laws

All payments in respect of the Bonds are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices in connection with any of the foregoing or adopted pursuant to any intergovernmental agreement between the United States and another jurisdiction to improve tax compliance or to implement any of the foregoing (collectively, “**FATCA Requirements**”). No commissions or expenses shall be charged to the Bondholders in respect of any payments made in accordance with this Condition 8.

(f) *Delay in payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day, (ii) if the Bondholder is late in surrendering the relevant Bond or (iii) if the Bondholder does not provide the necessary account details for payment in accordance with these Conditions.

(g) *Business Days*

In this Condition, “business day” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business, in London, New York City and (where such surrender is required by these Conditions) in the place of the specified office of the Registrar or relevant Paying, Transfer and Conversion Agent, to whom the relevant Bond is surrendered.

(h) *Paying, Transfer and Conversion Agents, etc.*

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying, Transfer and Conversion Agent or the Registrar and appoint additional or other Paying, Transfer and Conversion Agents or Registrar, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent or another Registrar, (ii) maintain Paying, Transfer and Conversion Agents having specified offices in at least one major European city including a Paying, Transfer and Conversion Agent having a specified office in London, (iii) maintain a Paying, Transfer and Conversion Agent with a specified office in a European Union member state (to the extent there is such a European Union member state) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, (iv) so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require, maintain a Paying, Transfer and Conversion Agent having a specified office in Singapore and (v) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(i) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

9 Taxation

All payments made by on or behalf the Issuer in respect of the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been

receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Commonwealth of Australia otherwise than merely by holding the Bond or by receiving amounts in respect of the Bond or where the withholding or deduction is required on account of a tax liability that the holder has or may have otherwise than as a result of such holding or receipt; or
- (b) (in the case of a payment on redemption) if the Bond is surrendered more than 30 days after the Relevant Date, or in any case if the relevant Bondholder does not provide the necessary account details for payment in accordance with these Conditions within 24 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amount had the Issuer been obliged, following the surrender of the Bond (in the case of payment on redemption) and provision of the necessary account details for payment in accordance with these Conditions, to make the payment on the last day of the period of 30 days following the Relevant Date; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, or any Directive amending such Directive or Directives, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying, Transfer or Conversion Agent in a Member State of the European Union; or
- (e) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges by reason of the holder being an associate of the Issuer for the purposes of section 128F of the Income Tax Assessment Act 1936 of Australia (as amended).

For the avoidance of doubt, no additional amounts will be required to be paid on account of any deduction or withholding pursuant to a FATCA Requirement (as defined in Condition 8(e)).

References in these Conditions and the Trust Deed to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

This Condition 9 shall not apply in respect of payments on any Bonds which are the subject of an election by the relevant Bondholder pursuant to Condition 7(c).

10 Events of Default

The Trustee at its discretion may and if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or pre-funded and/or secured to its satisfaction and provided that in the case of paragraphs (b), (c), (d) and (g) (and, to the extent analogous, (h)) or, in relation to a Principal Subsidiary, paragraphs (e) and (f) (and, to the extent analogous, (h)) the Trustee shall have certified to the Issuer that in its opinion such event is materially prejudicial to the interests of the Bondholders), give notice to the Issuer that the Bonds are, and they shall accordingly thereby immediately

become, due and repayable at their principal amount together with accrued interest if any of the following events (each an “Event of Default”) shall have occurred:

- (a) default is made for more than 10 days in the payment on the due date of any amount payable in respect of the Bonds; or
- (b) the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed and the default is not remedied within 45 days (or such longer period as the Trustee may permit) after the Issuer shall have received from the Trustee written notice of such default requiring it to be remedied; or
- (c)
 - (i) any other present or future indebtedness for borrowed money of the Issuer or any Subsidiary of the Issuer becomes due and payable prior to its stated maturity by reason of an event of default (however described); or
 - (ii) any such indebtedness is not paid when due or within any originally applicable grace period; or
 - (iii) the Issuer or any Subsidiary of the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money; or
 - (iv) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiary of the Issuer for any indebtedness for borrowed money (or any guarantee of, or indemnity in respect of, indebtedness for borrowed money) that has become payable becomes enforceable and steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager, controller or other similar person),

and the aggregate amount of the indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$10,000,000 (or its equivalent in other currencies). For the purposes of this paragraph (c), “indebtedness for borrowed money” shall exclude Project Finance Indebtedness; or

- (d) a distress, attachment, execution or other legal process is levied or enforced on or against all or any substantial part of the property, assets or revenues of the Issuer or any Principal Subsidiary of the Issuer which is not discharged, removed, stayed or paid within 30 days; or
- (e) the Issuer or any Principal Subsidiary of the Issuer (i) is or states that it is insolvent or unable to pay its debts, (ii) is presumed under the Corporations Act to be insolvent (other than as a result of a failure to pay a statutory demand in relation to a claim the subject of a bona-fide dispute), (iii) stops, suspends or threatens to stop or suspend payment of its debts generally, or (iv) makes or enters into a general assignment or an arrangement or composition or compromise with or for the benefit of its creditors (other than in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation permitted under paragraph (f)); or
- (f) an administrator (as defined in the Corporations Act) or liquidator or a like or similar officer is appointed in respect of the Issuer or any Principal Subsidiary or a court order is made or a resolution passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary of the Issuer, or the Issuer or any Principal Subsidiary of the Issuer ceases or threatens to cease to carry on business (other than in the case of a Principal Subsidiary, as a result of a *bona fide* disposal of such business or its assets), except in any such case for the purpose of and followed by a reconstruction, amalgamation,

reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary of the Issuer, where that Principal Subsidiary is solvent or its undertaking and assets are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or

- (g) a final judgment or judgments of a court or courts of competent jurisdiction for the payment of money aggregating in excess of U.S.\$10,000,000 (or its equivalent in the relevant currency of payment) are rendered against the Issuer or any Principal Subsidiary of the Issuer and which judgments are not bonded, discharged or stayed pending appeal within 60 days (or such longer period as the Trustee may permit) after the Latest Date, or are not discharged within 60 days (or such longer period as the Trustee may permit) after the later of the expiration of such stay and the Latest Date; or
- (h) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (f) above.

“Latest Date” means the latest of (i) the entry of such judgment; (ii) if such judgment specifies a date by which it must be satisfied, the date so specified; and (iii) the time allowed or specified under applicable law for such judgment to be bonded, discharged or stayed pending appeal.

11 Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution of the Bondholders or with the prior written approval of the Trustee where, in its opinion, it is not materially prejudicial to the interests of the Bondholders to give such approval:

- (a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares; or
 - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or contractor or former employee or contractor (including Directors or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to an employees’ share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price; or

- (b) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(b) shall prevent:
 - (i) any consolidation, reclassification or subdivision of the Ordinary Shares; or
 - (ii) any modification of such rights which is not, in the opinion of a Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
 - (iii) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments or the fact that the consideration per Ordinary Share receivable therefore is at least 95 per cent of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or
 - (iv) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Issuer shall have instructed a Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in an decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent of the Current Market Price per Ordinary Share at the close of business on the last Dealing Day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or any other action taken if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (e) not reduce its issued share capital, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
 - (i) pursuant to the terms of issue of the relevant share capital; or
 - (ii) by means of a purchase or redemption of share capital of the Issuer to the extent permitted by applicable law; or
 - (iii) by way of transfer to reserves as permitted under applicable law; or
 - (iv) where the reduction is permitted by applicable law and the Trustee is advised by a Financial Adviser, acting as an expert, that the interests of the Bondholders will not be materially prejudiced by such reduction; or

- (v) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, result in) an adjustment to the Conversion Price,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time enjoy pursuant to applicable law to purchase its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Bondholders;

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in Section 11 of the Corporations Act)) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders;
- (g) in the event of a Newco Scheme the Issuer shall take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the scheme of arrangement (i) such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be converted into or exchanged for ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed and (ii) the ordinary shares of Newco are:
 - (A) admitted to listing on the Relevant Stock Exchange; or
 - (B) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market;
- (h) use its best endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Australian Securities Exchange and the TSX and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (i) not change the jurisdiction in which it is domiciled or resident or to whose taxing authority it is subject generally unless it would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Bonds;
- (j) if there is a change in the Relevant Stock Exchange, notify the Trustee and the Bondholders in accordance with Condition 17 by not later than 7 days after the commencement of the relevant Semi-Annual Period; and

- (k) for so long as any Bond remains outstanding and subject to the occurrence of a Change of Control, use its reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing and to trading on the Australian Securities Exchange and the TSX.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually a certificate of the Issuer, as to there not having occurred an Event of Default or Potential Event of Default since the date of the last such certificate (with the first such certificate being issued within 12 months after the Closing Date) or if such event has occurred as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in this Condition 11, nor be liable to any person for not so doing.

12 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal, interest or other sums payable in respect of such Bonds shall be forfeited and revert to the Issuer.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

13 Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification and Waiver, Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds (other than deferring the earliest date on which the Bonds may be redeemed pursuant to Condition 7(b)(i)) or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount, or interest on, the Bonds or to reduce the amount payable on redemption of the Bonds or modifying or cancelling the Conversion Rights, (iii) to increase the Conversion Price other than in accordance with these Conditions, (iv) to change the currency of any payment in respect of the Bonds, (v) to change the governing law of the Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition

14(c)), or (vi) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one-half, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed). An Extraordinary Resolution is a resolution in respect of which not less than three-quarters of the votes cast shall have been in favour at a meeting of Bondholders duly convened and held in accordance with the Trust Deed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

(b) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bond or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Trustee so requires, such modification shall be notified to the Bondholders promptly in accordance with Condition 17.

(c) *Substitution*

The Trustee may, without the consent of the Bondholders, agree with the Issuer to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Bonds and the Trust Deed of any Subsidiary of the Issuer subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer and (b) the Bonds continuing to be convertible or exchangeable into Ordinary Shares as provided in these Conditions *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate provided that in any such case, (x) the Trustee is satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution and (y) certain other conditions set out in the Trust Deed are complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and shall be notified promptly to the Bondholders.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

15 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Bonds unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16 The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking any action or proceedings unless indemnified and/or pre-funded and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants (including the Auditors), financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under a condition hereof or any provision of the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in the absence of manifest error.

17 Notices

All notices regarding the Bonds will be valid if published in a leading daily newspaper having circulation in (i) Asia (which is expected to be the *Asian Wall Street Journal*) and (ii) Europe (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

So long as the Bonds are represented by a Global Bond and such Global Bond is held on behalf of a clearing system, and where the rules of the Singapore Exchange Securities Trading Limited so permit, notices to Bondholders shall be given by delivery of the relevant notice to such clearing system for communication by them to their respective accountholders instead of in accordance with Condition 17.

18 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) (in either case, referred to herein as the "Further Bonds") or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. Any further notes, bonds or debentures consolidated and forming a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes, bonds or debentures of other series in certain circumstances where the Trustee so decides.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 (United Kingdom).

20 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Agency Agreement, the Bonds and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Bonds are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds (including any action or proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Agent for Service of Process*

The Issuer has irrevocably appointed Law Debenture Corporate Services Limited at its registered office for the time being, currently at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

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