



5 November, 2010

ASX & TSX: WSA

**WESTERN AREAS BOND EXCHANGE OFFERING CIRCULAR
SECTION 708A CLEANSING NOTICE**

Western Areas NL ("Western Areas") has today issued 6.375% July 2014 convertible bonds with a face value of A\$110.2 million ("2014 Bonds") pursuant to its bond exchange offer announced on 20 October 2010.

Western Areas gives the attached Offer Memorandum to ASX as a notice under section 708A(12C)(e) of the Corporations Act 2001 (Cth) as notionally inserted by Australian Securities and Investments Commission Class Order 10/322.

The full terms of the 2014 Bonds are set out in the Offer Memorandum. A summary of those terms was included in Western Areas' announcement to ASX and TSX on 25 October 2010.

ENDS

For further details, please contact:

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IMPORTANT NOTICE

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED BELOW) OR IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN OR AT ANY ADDRESS IN THE UNITED STATES OR THE REPUBLIC OF ITALY OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offer Memorandum, whether received by e-mail or otherwise received as a result of electronic communication and you are therefore required to read these disclaimer pages carefully before reading or making any other use of the Offer Memorandum. In reading the attached Offer Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Macquarie Capital Advisers Limited and UBS AG, Australia Branch (together, the “**Dealer Managers**”), The Bank of New York Mellon (the “**Exchange Agent**”) or Western Areas NL (the “**Company**”).

Confirmation of your representation: You have been sent the attached Offer Memorandum on your request and on the following basis, and you shall be deemed to have represented to the Company, the Dealer Managers and the Exchange Agent that:

- (i) you are a holder or a beneficial owner of Existing Bonds, as defined in the Offer Memorandum;
- (ii) neither you nor any beneficial owner of Existing Bonds, or any other person on whose behalf you are acting, either directly or indirectly, is a U.S. person;
- (iii) the electronic mail address which you have given to us and to which the Offer Memorandum has been delivered is not located in the United States or Italy;
- (iv) if you are in Australia or a person for whom you are acting in relation to the Existing Bonds is in Australia, you are, or that person is, a “sophisticated investor” or “professional investor”, in each case as defined in the Corporations Act 2001 of the Commonwealth of Australia (“**Australian Corporations Act**”);
- (v) you are otherwise a person to whom it is lawful to send the Offer Memorandum or to make an invitation pursuant to the Offer (as defined in the Offer Memorandum) under applicable laws; and
- (vi) you consent to delivery of the Offer Memorandum by electronic transmission to you.

The acceptance of Offers to Exchange from Holders of Existing Bonds resident in Canada (“**Canadian holders**”) is conditional on the issue of an order from the applicable Canadian securities regulatory authorities permitting the Offer to be extended to residents of Canada without compliance with the “issuer bid” rules of applicable Canadian securities legislation. Canadian holders may make Offers to Exchange pursuant to this Offer Memorandum. However, acceptance of such Offers to Exchange by the Company is subject to the relevant order being granted by the Clearing System Cut-off Date. If the relevant order is not granted by the Clearing System Cut-off Date, Offers to Exchange from Canadian holders will not be accepted.

The Offer Memorandum 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 transmission and consequently none of the Company, the Dealer Managers, the Exchange Agent, or any person who controls, or any director, officer, employee, agent or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offer Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Dealer Managers or the Exchange Agent.

If you have sold or otherwise transferred all of your Existing Bonds, please forward the Offer Memorandum to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee, provided (a) the Offer Memorandum may be lawfully delivered to such person in accordance with the laws of the jurisdiction where such person is located or resident, and (b) such person confirms the representations given in (i) to (vi) inclusive above.

THE OFFER MEMORANDUM SHOULD NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND SAVE AS REFERRED TO IN THE PREVIOUS PARAGRAPH, SHOULD NOT BE FORWARDED OR DISTRIBUTED TO ANY PERSON OTHER THAN THE RECIPIENT. ANY SUCH FORWARDING OR DISTRIBUTION OR ANY REPRODUCTION OF THE OFFER MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS RESTRICTION MAY RESULT IN A VIOLATION OF THE APPLICABLE LAWS OF CERTAIN JURISDICTIONS.

You are otherwise reminded that the Offer Memorandum has been sent to you on the basis that you are a person into whose possession the Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident and, except as specified above, you may not, nor are you authorised to, deliver the Offer Memorandum to any other person.

The communication of the Offer Memorandum and any other documents or materials relating to the Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom, and are only for circulation to persons outside the United Kingdom or to persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”)) or within Article 43(2) of the Order, or to other persons to whom they may lawfully be communicated in accordance with the Order (such persons together being the “**Relevant Persons**”). **The Offer Memorandum is only available to Relevant Persons and the transactions contemplated herein will be available only to, or engaged in only with, Relevant Persons, and this financial promotion must not be relied or acted upon by persons other than Relevant Persons.**

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN INVITATION TO PARTICIPATE IN THE OFFER OR AN OFFER OF NEW BONDS (AS DEFINED IN THE OFFER MEMORANDUM) IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NEW BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NEW BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

The distribution of the Offer Memorandum in certain jurisdictions may be restricted by law. The Offer Memorandum may only be distributed outside the United States and to persons who are not U.S. persons and may not be distributed in the Republic of Italy. Persons into whose possession the Offer Memorandum comes are required by the Company, the Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions. The attached Offer Memorandum has not been, and will not be, lodged with the Australian Securities and Investments Commission as a prospectus or other form of disclosure document under Part 6D.2 of the Australian Corporations Act.

This Offer Memorandum does not constitute an offer to buy or a solicitation of an offer to sell Existing Bonds (as defined below) in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities laws or otherwise. The distribution of this document in certain jurisdictions (in particular, the United States, Italy, the United Kingdom, Australia, Canada, Belgium, France, Singapore, Hong Kong and Switzerland) may be restricted by law. See “Offer and Distribution Restrictions” herein. Persons into whose possession this document comes are required by each of the Company, the Dealer Managers and the Exchange Agent (each as defined below) to inform themselves about, and to observe, any such restrictions. No action that would permit a public offer has been or will be taken in any jurisdiction by the Company, the Dealer Managers or the Exchange Agent.

OFFER MEMORANDUM

dated 21 October 2010

Invitation by

Western Areas NL (the “Company”)

(a company incorporated in Australia)

to the holders of its

A\$225,000,000 8.0% Convertible Bonds due 2012 (ISIN XS0307320225) (the “Existing Bonds”)

to offer to exchange a minimum principal amount of A\$100,000,000 and up to a maximum principal amount of A\$110,000,000 of its outstanding Existing Bonds for Australian dollar-denominated 6.375% Convertible Bonds due 2014 (the “New Bonds”) to be issued by the Company

The Company hereby invites the holders of the Existing Bonds (“Holder”) to Offer to Exchange any or all of their outstanding Existing Bonds for the New Bonds (the “Offer”), as more fully described herein.

The purpose of the Offer is to extend the maturity of a portion of the Company’s existing debt. There was A\$208,500,000 principal amount of the Existing Bonds outstanding as at the date of this Offer Memorandum.

The Offer is being made upon the terms and subject to the conditions contained in this Offer Memorandum. The principal amount of the New Bonds offered in exchange for each A\$250,000 in outstanding principal amount of the Existing Bonds offered and accepted for exchange will be determined based on an exchange ratio of 107% (the “Exchange Ratio”). An amount equal to accrued and unpaid interest on the Existing Bonds up to (but excluding) the Settlement Date and a Cash Rounding Amount (if applicable) will be paid in cash on the Settlement Date all as more fully described herein. The issue price of the New Bonds will be 100 per cent. of the principal amount of New Bonds and the New Bonds Coupon will be 6.375%, payable semi-annually in arrear. The initial conversion price of the New Bonds will be A\$7.7125, representing a Conversion Premium of 25% over the last closing price of the Ordinary Shares on the ASX on 20 October 2010.

Description of Existing Bonds	ISIN	Coupon	Maturity date	Aggregate amount outstanding	Exchange Ratio (%)
Existing Bonds	XS50307320225	8.0% fixed rate, payable semi-annually in arrear	2 July 2012	A\$ 208,500,000	107%

Description of New Bonds	ISIN	Coupon	Maturity date	Conversion Premium	New Bonds Issue Price
Australian dollar-denominated 6.375% Convertible Bonds due 2014	XS0552535444	6.375% fixed rate, payable semi-annually in arrear	2 July 2014	25% over the last closing price of the Ordinary Shares on the ASX on 20 October 2010	100 per cent. of principal amount

The Company intends to announce:

- in the Preliminary Results Announcement on 25 October 2010, whether the Minimum Aggregate Offer Amount has been achieved (subject to receipt of Electronic Instructions); and
- in the Final Results Announcement on 28 October 2010, (i) the aggregate principal amount of Existing Bonds accepted for exchange by the Company, (ii) the aggregate principal amount of New Bonds to be issued, and (iii) final pro ration factors (if relevant).

The Offer begins at 12:00 p.m. AEDT (2:00 a.m. London time) on 21 October 2010 and will expire at 9:00 p.m. AEDT (11:00 a.m. London time) on 22 October 2010 (such date or time with respect to the Offer, as the same may be amended, the “Expiration Date”), unless extended, re-opened or terminated as provided in this Offer Memorandum. The expected Settlement Date for the Offer is 5 November 2010.

Holders wishing to Offer to Exchange their Existing Bonds should do so in accordance with the procedures described herein under the heading “*Procedures for Participating in the Offer*”.

In order to participate in the Offer, Holders must validly offer their Existing Bonds for exchange by delivering, or arranging to have delivered on their behalf, an Offer Application. Forms of the Offer Application are annexed as Annex A and can also be obtained from the Dealer Managers. The Offer Application must be completed and be received by the Dealer Managers at the email address or the fax number specified below, during the period commencing at 12:00 p.m. AEDT (2:00 a.m. London time) on 21 October 2010 and ending on 9:00 p.m. AEDT (11:00 a.m. London time) on 22 October 2010, unless extended, re-opened or earlier terminated.

Email address : OL-WSA-Exchange@ubs.com

Fax number : +61 2 8215 8229

In addition, the Offer requires Holders of Existing Bonds who wish to participate in the Offer to complete and deliver, or arrange to have delivered on their behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Electronic Instruction that is received by the Exchange Agent by (and not validly revoked, in the limited circumstances in which revocation is permitted, prior to) 11:00 p.m. AEDT (1:00 p.m. London time) on 27 October 2010 (the “**Clearing System Cut-off Date**”). Electronic Instructions must be duly completed and received by the Exchange Agent before the Clearing System Cut-off Date in order for Holders of Existing Bonds to participate in the Offer. Holders who do not validly complete and send their Electronic Instructions will not be able to participate in the Offer.

A separate Offer Application and a separate Electronic Instruction must be submitted on behalf of each beneficial owner of the Existing Bonds. The relevant details in each Offer Application, including beneficial holder details, must be replicated in the Electronic Instructions. Offer Applications and Electronic Instructions that cannot be matched will be rejected.

In order to be eligible to participate in the Offer, a Holder must validly offer for exchange a principal amount of at least A\$250,000 of the Existing Bonds (the “**Minimum Offer Amount**”).

The Offer is conditional on a minimum aggregate principal amount of the Existing Bonds of A\$100,000,000 (the “**Minimum Aggregate Offer Amount**”) being Offered for Exchange. The maximum aggregate principal amount of Existing Bonds that will be exchanged pursuant to the offer is A\$110,000,000 (the “**Maximum Aggregate Offer Amount**”). Based on the aggregate principal amount that the Company determines to accept for Exchange, the Company may at its discretion pro rate acceptances of (all or some only) the Existing

Bonds Offered for Exchange. Whether the Company accepts any or all Offers to Exchange from Holders is at its sole and absolute discretion and the Company may decide not to accept Offers to Exchange for any reason.

Subject to applicable laws and regulations and as provided in this Offer Memorandum, the Company may, at its sole discretion, extend, re-open, amend, waive any condition of or terminate the Offer at any time. Details of any such extension, re-opening, amendment, waiver or termination will be announced as provided in this Offer Memorandum as soon as reasonably practicable after the relevant decision is made.

Offer Applications and/or Electronic Instructions submitted pursuant to the Offer and received by the Dealer Managers and Exchange Agent (as applicable) will be irrevocable except in the limited circumstances described in “Procedures for Participating in the Offer – Revocation of Offer Applications and/or Electronic Instructions”.

A description of the Company and the terms and conditions of the New Bonds are contained in this Offer Memorandum. The definitive terms and conditions of the New Bonds are described in the section “*Terms and Conditions of the New Bonds*”, and the New Bonds will be constituted by the New Bonds Trust Deed.

Dealer Managers



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GENERAL

This Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Offer. If any Holder is in any doubt as to the action it should take, it is recommended to seek its own financial advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Existing Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to offer such Existing Bonds for exchange in the Offer.

No Offer is being made, and any instructions relating to an Offer will not be accepted from, or on behalf of, Holders in any jurisdiction in which the making of the Offer would not be in compliance with the laws or regulations of such jurisdictions. See “*Offer and Distribution Restrictions*”.

None of Macquarie Capital Advisers Limited and UBS AG, Australia Branch (together, the “**Dealer Managers**”), The Bank of New York Mellon (the “**Exchange Agent**”) or the Company, or any of their respective associates or directors, makes any recommendation whether Holders should offer Existing Bonds for exchange and/or accept the New Bonds in the Offer or guarantees the repayment of capital or any particular rate of capital or income return on the New Bonds.

None of the Dealer Managers, the Exchange Agent and their respective directors, employees or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Offer, the Company or any of its affiliates contained in this Offer Memorandum or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of the information in this Offer Memorandum.

The Bank of New York Mellon, as trustee for the Holders, has not reviewed or approved this Offer Memorandum or the terms of the Offer.

Neither the delivery of this Offer Memorandum nor any exchange or purchase of Existing Bonds pursuant to the Offer shall, under any circumstances, create any implication that the information contained in this Offer Memorandum is current as of any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of the Company since the date of this Offer Memorandum.

No person has been authorised in connection with the Offer to give any information or to make any representation other than as is consistent with this Offer Memorandum and any such information or representation must not be relied upon as having been authorised by the Company, the Dealer Managers, the Exchange Agent, or any of their affiliates or respective agents.

The Company is not providing investors with any legal, business or tax advice in this Offer Memorandum. Holders should consult their own advisers to assist them in making their investment decision and to advise themselves whether they are legally permitted to offer Existing Bonds for exchange in the Offer. Holders must comply with all laws that apply to them in any place in which they buy, offer or sell any Existing Bonds or New Bonds or possess this Offer Memorandum. Holders must also obtain any consents or approvals that they need in order to acquire the New Bonds. None of the Company or the Dealer Managers are responsible for Holders’ compliance with any such legal requirements.

If any Holder has sold or otherwise transferred all of its Existing Bonds it should forward this document (subject to the offer and distribution restrictions set out in “*Offer and Distribution Restrictions*”) to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Holders who do not participate in the Offer, or whose Existing Bonds are not accepted for exchange by the Company, will continue to hold their Existing Bonds subject to their terms and conditions.

Questions and requests for assistance in connection with: (i) the Offer or the delivery of Offer Applications, may be directed to any of the Dealer Managers; and (ii) the delivery of Electronic Instructions, may be directed to the Exchange Agent, the contact details for all of which are on the last page of this Offer Memorandum.

Unless the context otherwise requires, references in this Offer Memorandum to Holders include:

- (i) each person who is shown in the records of the clearing and settlement systems of Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and, together with Euroclear, the “**Clearing Systems**” and each a “**Clearing System**”) as a holder of the Existing Bonds (also referred to as “**Direct Participants**” and each a “**Direct Participant**”);
- (ii) any broker, dealer, commercial bank, trust company or other nominee or custodian who holds Existing Bonds (each an “**Intermediary**”); and
- (iii) each beneficial owner of the Existing Bonds holding such Existing Bonds, directly or indirectly, in accounts, or through the accounts of an Intermediary, in the name of a Direct Participant acting on the beneficial owner’s behalf,

except that for the purposes of the exchange of any Existing Bonds for New Bonds and the payment of the Accrued Payment and any Cash Rounding Amount (if applicable), to the extent the beneficial owner of the relevant Existing Bonds is not a Direct Participant, the relevant New Bonds will only be delivered and such payment will only be made to the relevant Direct Participant and the delivery of such New Bonds and making of such payment to such Clearing System and by such Clearing System to such Direct Participant will satisfy any obligations of the Company and the relevant Clearing System in respect of such Existing Bonds.

Unless otherwise defined herein or the context otherwise requires, capitalised expressions used in this Offer Memorandum shall have the meanings set out under “*Definitions*”. References in this Offer Memorandum to “A\$” and “A\$ dollars” refer to Australian dollars and “US\$” refer to United States dollars.

Copies of this Offer Memorandum are available on request, subject to applicable laws and the restrictions set out in “*Offer and Distribution Restrictions*”, from the Exchange Agent or the Dealer Managers, the contact details for which appear on the last page of this Offer Memorandum.

INCORPORATION BY REFERENCE

The following documents filed with ASIC, the ASX and on the Canadian System for Electronic Document Analysis and Retrieval (“**SEDAR**”), respectively, are deemed to be incorporated by reference into, and to form part of, this Offer Memorandum:

- (a) the audited annual consolidated financial statements of the Company as at and for the financial years ended 30 June 2009 and 2010, including the directors’ remuneration report and the auditors’ report in respect of such financial statements.

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 Company and the Group, 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 Offer Memorandum to the extent that a subsequent statement contained in another incorporated document 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 Offer Memorandum. 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.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Company Secretary at Suite 3, Level 1, 11 Ventnor Avenue, West Perth, Western Australia 6005, Australia, telephone +61 (8) 9334 7777. These documents are also available electronically through the internet from the ASX as set out in the “Important Information” section or on SEDAR which can be accessed through the Company’s profile on the SEDAR website.

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

OFFER AND DISTRIBUTION RESTRICTIONS

General

The distribution of this Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Offer Memorandum comes are required by the Company, the Dealer Managers and the Exchange Agent to inform themselves about and to observe any such restrictions.

The Dealer Managers, the Trustee and the Exchange Agent (and their respective directors, employees or affiliates) make no representations or recommendations whatsoever regarding this Offer Memorandum or the Offer. The Exchange Agent is the agent of the Company and owes no duty to any Holder. None of the Company, the Dealer Managers or the Exchange Agent makes any recommendation as to whether or not Holders should participate in the Offer.

This Offer Memorandum does not constitute an invitation to participate in the Offer in any jurisdiction in which, or to any person to whom, it is unlawful to make such invitation or for there to be such participation under applicable laws. In those jurisdictions where the securities, blue sky or other laws require an Offer to be made by a licensed broker or dealer and any of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in such jurisdictions, such Offer shall be deemed to be made on behalf of the Company by such Dealer Manager or affiliate, as the case may be and the Offer are not made in any such jurisdiction where any of the Dealer Managers or any of their respective affiliates is not so licensed.

No action has been or will be taken in any jurisdiction by the Company, the Dealer Managers or the Exchange Agent that would permit a public offering of the New Bonds.

In addition to the representations referred to below in respect of the United States, each Holder participating in the Offer will also be deemed to give certain other representations as set out in “*Procedures for Participating in the Offer*”. Any offer of Existing Bonds for exchange pursuant to the Offer from a Holder that is unable to make these representations will not be accepted. Each of the Company, the Dealer Managers and the Exchange Agent reserves the right, in their absolute discretion, to investigate, in relation to any offer of Existing Bonds for exchange pursuant to the Offer, whether any such representation given by a Holder is correct and, if such investigation is undertaken and as a result the Company determines (for any reason and in its absolute discretion) that such representation is not correct, such offer shall not be accepted.

United States

Each Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this Offer Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including without limitation, by custodians, nominees or trustees) in or into the United States or to persons located or resident in the United States or to U.S. persons and the Existing Bonds cannot be Offered for Exchange by any such use, means, instruments or facilities or from within the United States or by U.S. persons. Any purported Offer to Exchange Existing Bonds resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported Offer to Exchange made by a U.S. person, a person located or resident in the United States or from within the United States or from any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.

This Offer Memorandum is not an offer of securities for sale in the United States or to U.S. persons. None of the Existing Bonds and the New Bonds have been, or will be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of U.S. persons. The purpose of this Offer Memorandum is limited to the Offer, and this Offer Memorandum may not be sent or given to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Holder of Existing Bonds participating in the Offer will represent that it is participating in such Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Offer from within the United States nor is it a U.S. person or an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person.

Italy

The Offer is not being made, directly or indirectly, in the Republic of Italy. The Offer and this Offer Memorandum have not been submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian laws and regulations. Neither this Offer Memorandum nor any other offering material relating to the Offer, the Existing Bonds or the New Bonds may be distributed or made available in the Republic of Italy.

European Economic Area

In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the “**Prospectus Directive**”), this Offer Memorandum is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This Offer Memorandum has been prepared on the basis that any offer of New Bonds in any Member State of the European Economic Area (“**EEA**”), which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to produce a prospectus for offers of New Bonds. Accordingly any person making or intending to make any offer within the EEA of New Bonds which are the subject of the offer contemplated in this Offer Memorandum may only do so in circumstances in which no obligation arises for the Company or the Dealer Managers to produce a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to and in accordance with Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Company nor the Dealer Managers have authorised, nor do they authorise, the making of any offer (i) of any New Bonds in circumstances in which an obligation arises for the Company or the Dealer Managers to publish or supplement a prospectus for such offer; or (ii) of New Bonds through any financial intermediary, other than offers made by the Dealer Managers which constitute the offering of the New Bonds contemplated in this Offer Memorandum.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any New Bonds under the offer contemplated in this Offer Memorandum will be deemed to have represented, warranted and agreed to and with each Dealer Manager and the Company that:

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (b) in the case of any New Bonds acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, (i) the New Bonds acquired by it in the offers have not been acquired

on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Dealer Managers has been given to the offer or resale; or (ii) where the New Bonds have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Bonds to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “**offer of New Bonds**” to the public in relation to any New 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 New Bonds to be offered so as to enable an investor to decide to purchase or subscribe the New 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 includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The communication of this Offer Memorandum and any other documents or materials relating to the Offer is not being made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom, and are only for circulation to persons outside the United Kingdom or to persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”)) or within Article 43(2) of the Order, or to other persons to whom it may lawfully be communicated in accordance with the Order.

Belgium

The Offer is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this Offer Memorandum or any other offering material has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission (“*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*”).

Accordingly, the Offer may not be advertised and the Offer has not been extended and will not be extended, and no memorandum, information circular, brochure or any similar documents has been distributed or will be distributed, directly or indirectly, to any individual or legal entity in Belgium other than qualified investors as defined in Article 10 of the of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

This Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offer. Accordingly, the information contained therein may not be used for any other purpose nor disclosed to any other person in Belgium.

France

The Offer is not being made, directly or indirectly, to the public in France. Neither this Offer Memorandum nor any other documents or offering materials relating to the Offer have been or shall be distributed to the public in the Republic of France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*Investisseurs Qualifiés*) other than

individuals, as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code Monétaire et Financier* are eligible to participate in the Offer. Neither this Offer Memorandum nor any other offering material relating to the Offer has been submitted for the clearance or approval of the *Autorité des Marchés Financiers*.

Singapore

This Offer Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offer Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Bonds may not be circulated or distributed, nor may the New Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to Holders of the Existing Bonds pursuant to Section 273(1)(cf) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or (ii) otherwise pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

Hong Kong

The New Bonds have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the New Bonds (including this Offer Memorandum) has been issued or been in the possession of the Dealer Managers for the purposes of issue, and will not be issued or be in the possession of the Dealer Managers for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Switzerland

The New Bonds may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. The New Bonds are being offered in Switzerland only (i) on a private placement basis and (ii) to persons who are existing holders of the Existing Bonds. Neither this Offer Memorandum nor any other offering or marketing material relating to the Company or the New Bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd, and neither this Offer Memorandum nor any other offering or marketing material relating to the Company or the New Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Australia

No prospectus or other disclosure document (as defined in the Australian Corporations Act) in relation to the Offer or the New Bonds has been or will be lodged with the Australian Securities and Investments Commission (the “ASIC”). Each Dealer Manager has represented and agreed that it:

(a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the New Bonds in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, the Offer Memorandum or other offering material or advertisement relating to any New Bonds in Australia,

unless the offeree or invitee is a “sophisticated investor” or “professional investor”, in each case as defined in the Australian Corporations Act and:

(i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or the equivalent in another currency) in either case disregarding moneys lent by the offeror or its associates;

(ii) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Australian Corporations Act;

(iii) such action complies with all applicable laws, regulations and directives; and

(iv) such action does not require any document to be lodged with ASIC.

In addition each Dealer Manager has agreed that, in connection with the primary distribution of the New Bonds, it will not offer or sell New Bonds to any person if, at the time of such sale, the officers and employees of the Dealer Manager aware of, or involved in, the sale, knew or had reasonable grounds to suspect that, as a result of such sale, any New Bonds or an interest in any New Bonds were being, or would later be, acquired (directly or indirectly) by an associate of the Company for the purpose of section 128F(9) of the Income Tax Assessment Act of 1936 of the Commonwealth of Australia and associated regulations except as permitted by section 128F(5) of that act.

Canada

Each Dealer Manager has acknowledged that no prospectus in relation to the Offer or the New Bonds has been or will be prepared and filed with any Canadian securities regulatory authority.

The acceptance of Offers to Exchange from Holders of Existing Bonds resident in Canada (“**Canadian holders**”) is conditional on the issue of an order from the applicable Canadian securities regulatory authorities permitting the Offer to be extended to residents of Canada without compliance with the “issuer bid” rules of applicable Canadian securities legislation. Canadian holders may make Offers to Exchange pursuant to this Offer Memorandum. However, acceptance of such Offers to Exchange by the Company is subject to the relevant order being granted by the Clearing System Cut-off Date. If the relevant order is not granted by the Clearing System Cut-off Date, Offers to Exchange from Holders of Existing Bonds resident in Canada will not be accepted.

DEFINITIONS

Accrued Interest	An amount equal to interest accrued and unpaid on the Existing Bonds, from (and including) the immediately preceding interest payment date in respect of such Existing Bonds validly offered for exchange, to (but excluding) the Settlement Date, calculated in accordance with the terms and conditions of such Existing Bonds.
Accrued Payment	An amount in cash (rounded to the nearest A\$0.01, with half a cent being rounded upwards) equal to the Accrued Interest on the Existing Bonds validly offered for exchange by each relevant Holder and accepted by the Company pursuant to the Offer.
ANZ	Australia and New Zealand Banking Group Limited
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the securities market operated by it, as the context requires, or any successor.
Australian Corporations Act	The Corporations Act 2001 of the Commonwealth of Australia.
Business Day	A day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London, Perth and Sydney.
Cash Amount	An amount in A\$ paid or procured to be paid, by the Company in relation to the Offer on the Settlement Date to the relevant Clearing System for onward payment to each relevant Holder, such amount being equal to: (i) the Accrued Payment; and (ii) the Cash Rounding Amount (if applicable).
Cash Rounding Amount	The amount in cash (rounded to the nearest A\$0.01 with half a cent being rounded upwards) to be paid, or procured to be paid, by the Company in relation to the Offer to a Holder on the Settlement Date for any fractional portion of New Bonds that such Holder would otherwise be entitled to receive as a result of the application of the Exchange Ratio that is not an integral multiple A\$1,000 (above the minimum denomination of A\$250,000), which is to be calculated in the manner described in “ <i>The Offer – Exchange Ratio and Cash Rounding Amount</i> ”.
Clearing System Cut-off Date	27 October 2010 (subject to the right of the Company, at its sole discretion, to extend such date in relation to any Offer).
Clearing System Notice	The notice to be sent to Direct Participants by each of the Clearing Systems on or around 21 October 2010 informing Direct Participants, inter alia, of the procedures to be followed in order to participate in the Offer.
Clearing Systems	Clearstream, Luxembourg and Euroclear.
Clearstream, Luxembourg Company	Clearstream Banking, <i>société anonyme</i> . Western Areas NL (a company incorporated in Australia).

Conversion Premium	25% over the last closing price of the Ordinary Shares on the ASX on 20 October 2010.
Conversion Right	The right of each Bondholder to convert New Bonds into new Ordinary Shares, credited as fully paid, subject to and as provided in the New Bonds Conditions.
Dealer Managers	Macquarie Capital Advisers Limited and UBS AG, Australia Branch, and each a “ Dealer Manager ”.
Direct Participant	Each person shown in the records of the Clearing Systems as a holder of the Existing Bonds.
Electronic Instructions	The electronic exchange and blocking instructions in the form specified in the Clearing System Notice to be submitted by Direct Participants in accordance with the requirements of the Clearing Systems in order for Holders to participate in the Offer.
Electronic Withdrawal Notice	An electronic withdrawal notice submitted in accordance with the procedures of the relevant Clearing System by Bondholders wishing to exercise their right of revocation. See “ <i>Procedures for Participating in the Offer - Revocation of Offer Application and/or Electronic Instructions</i> ” for further details on the revocation process.
Euroclear	Euroclear Bank S.A./N.V.
Exchange Agent	The Bank of New York Mellon.
Exchange Ratio	107%, being the ratio that will determine the principal amount of New Bonds that each Holder whose Existing Bonds are accepted for exchange pursuant to the Offer will receive on the Settlement Date.
Existing 2012 and 2015 Bonds	The Existing Bonds and the Company’s existing series of A\$125,000,000 6.4% Convertible Bonds due 2015 issued on 8 April 2010.
Existing Bonds	A\$225,000,000 8.0% Convertible Bonds due 2012 (ISIN XS0307320225).
Expiration Date	9:00 p.m. AEDT (11:00 a.m. London time) on 22 October 2010 (subject to the right of the Company (at its sole discretion) to extend, re-open, amend and/or terminate the Offer).
Final Results Announcement	An announcement which the Company intends to release on 28 October 2010 setting out (i) the aggregate principal amount of Existing Bonds accepted for exchange by the Company, (ii) the aggregate principal amount of New Bonds to be issued, and (iii) final pro ration factors (if relevant).
Holdings	Holdings of Existing Bonds, and each a “ Holder ”.
Maximum Aggregate Offer Amount	The maximum aggregate principal amount of Existing Bonds that will be exchanged pursuant to the Offer, which shall not exceed A\$110,000,000 (subject to amendment by a maximum

	amount of A\$10,000,000 from the initial Maximum Aggregate Offer Amount at the discretion of the Company).
Minimum Aggregate Offer Amount	The minimum aggregate principal amount of Existing Bonds that will be exchanged pursuant to the Offer, which shall not be less than A\$100,000,000 (subject to amendment by a maximum amount of A\$10,000,000 from the initial Minimum Aggregate Offer Amount at the discretion of the Company).
Minimum Offer Amount	A sufficient amount of Existing Bonds validly offered by a Holder for exchange or repurchase for such Holder to be eligible to partake in the Offer. The Minimum Offer Amount is A\$250,000 principal amount of the Existing Bonds.
New Bonds	6.375% Convertible Bonds due 2014 to be issued by the Company for which Existing Bonds validly offered for exchange and accepted for exchange pursuant to the Offer will be exchanged.
New Bonds Conditions	The terms and conditions of the New Bonds, as set out in the section " <i>Terms and Conditions of the New Bonds</i> ".
New Bonds Coupon	6.375% per annum.
New Bonds Trust Deed	The trust deed expected to be dated the Settlement Date (as amended and/or supplemented from time to time) between The Bank of New York Mellon as trustee and the Company as issuer.
Notifying News Service	A recognised financial news service or services as selected by the Company.
Offer	The invitation by the Company to all Holders of Existing Bonds (subject to the offer restrictions set out in " <i>Offer and Distribution Restrictions</i> ") to offer to exchange their Existing Bonds for New Bonds.
Offer Application	The offer application form (in the form set out in Annex A).
Offer to Exchange	The making of an offer by a Holder to the Company to exchange its Existing Bonds for New Bonds, in each case made pursuant to the Offer, and " Offers to Exchange ", " Offered for Exchange " and " Offering to Exchange " shall be construed accordingly.
Ordinary Shares	The ordinary shares in the Company.
Preliminary Results Announcement	An announcement which the Company intends to release on 25 October 2010 confirming whether the Minimum Aggregate Offer Amount has been achieved (subject to receipt of Electronic Instructions).
Senior Creditors Secured Obligations	The Company's obligations under its hedging arrangements with ANZ and the A\$80 million cash financing facility and A\$10 million performance bond facility provided by ANZ, each as described in "About the Company".

Senior Creditors Securities

The first ranking charges and mortgages over all of the present and future assets, undertakings and rights of the Company, Western Platinum NL (ABN 17 097 742 580) and Australian Nickel Investments Pty Ltd (ACN 111 599 323) securing the Company's obligations under the Senior Creditors Secured Obligations as may be amended, supplemented or restated from time to time and as more fully described in "*About the Company*"

Senior Secured Creditors

The persons that the Senior Creditors Securities are granted in favour of, currently ANZ and ANZ Fiduciary Services Pty Ltd as security trustee and the agent under the Senior Creditors Securities documentation.

Settlement Date

5 November 2010 (subject to the right of the Company (at its sole discretion) to extend, re-open, amend and/or terminate the Offer).

SGX-ST

Singapore Exchange Securities Trading Limited.

United States or U.S.

United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.

RISK FACTORS AND OTHER CONSIDERATIONS

There are numerous widespread risks associated with investing in any form of business and with investing in bonds and the share market generally. There is also a range of specific risks associated with the Offer, the Company's business and its involvement in the exploration and mining industry. Investment in the New Bonds or the Ordinary Shares of the Company should be considered speculative. 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.

Investors should carefully consider the risks described below before making a decision to offer their Existing Bonds for exchange in the Offer. 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.

RISKS ASSOCIATED WITH THE OFFER

Uncertainty as to the trading market for Existing Bonds not exchanged

To the extent any Existing Bonds are offered for exchange by Holders, and accepted by the Company, pursuant to the Offer, the trading markets for Existing Bonds that remain outstanding may be significantly more limited. Such remaining Existing Bonds may command a lower market price than would a comparable issue of debt securities with greater market liquidity. A reduced market value may also make the trading price of such Existing Bonds more volatile. As a result, the market price for any Existing Bonds that remain outstanding after completion of the Offer may be adversely affected by the Offer. None of the Company, the Dealer Managers or the Exchange Agent has any duty to make a market in the Existing Bonds not exchanged in the Offer that remain outstanding.

Uncertainty as to the trading market for New Bonds

The Company does not intend to make any application for (i) the listing of the New Bonds other than for listing on the SGX-ST, or (ii) the admission to trading of the New Bonds on any market other than the Official List of the SGX-ST. The New Bonds are securities for which there is currently no trading market and for which there can be no assurance of future liquidity.

Responsibility for complying with the procedures of the Offer

Holders are responsible for complying with all of the procedures for submitting Offer Applications and/or Electronic Instructions and exchanging Existing Bonds pursuant to the terms of this Offer Memorandum. None of the Company, the Dealer Managers or the Exchange Agent assumes any responsibility for informing any Holder of irregularities with respect to any Offer Applications and/or Electronic Instruction.

The Offer is subject to certain conditions and the discretion of the Company

The Company's acceptance of Offers to Exchange any of the Existing Bonds for New Bonds validly Offered for Exchange, and not revoked (in the limited circumstances in which revocation is permitted) pursuant to the Offer is subject to, and conditional upon, certain conditions including (a) the Offer complying with the Minimum Aggregate Offer Amount and the Maximum Aggregate Offer Amount and (b) the other conditions of the Offer as set out in this Offer Memorandum having been satisfied. In addition, whether the Company accepts any or all Offers to Exchange is at its sole and absolute discretion. There can be no assurance that such conditions will be met or waived or that, in the event the Offer is not consummated, the market value and liquidity of the Existing Bonds will not be materially adversely affected. Subject to applicable laws and regulations and as provided in this Offer Memorandum, the Company has full discretion to extend, reopen, amend, waive any condition of or terminate the Offer at any time.

No assurance the Offer will be completed

Until the Final Results Announcement by the Company as to whether it accepts offers of Existing Bonds for exchange in the Offer which it expects to do at or around 7:00 p.m. AEDT (9:00 a.m. London Time) on 28 October 2010, no assurance can be given that the Offer will be completed.

Irrevocability of Offer Applications and/or Electronic Instructions

Under the Offer, the submission of a valid Offer Application and/or Electronic Instruction will be irrevocable except in the limited circumstances described in “*Procedures for Participating in the Offer – Revocation of Offer Applications and/or Electronic Instructions*”.

Compliance with offer and distribution restrictions

Holders are referred to the offer and distribution restrictions as set out in “*Offer and Distribution Restrictions*” and the agreements, acknowledgements, representations, warranties and undertakings as set out in “*Procedures for participating in the Offer – Holders’ Representations, Warranties and Undertakings*” which Holders will be deemed to make on submission of an Offer Applications. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

Differences between the Existing Bonds and the New Bonds

There are a number of differences between the terms and conditions of the Existing Bonds and the New Bonds Conditions. See “*Comparison Between certain provisions of the Existing Bonds and the New Bonds*”. The New Bonds Conditions are set out in the section titled “*Terms and Conditions of the New Bonds*”. Holders should review the New Bonds Conditions in their entirety before making a decision whether to offer Existing Bonds for exchange.

Blocking of Existing Bonds

When considering whether to participate in the Offer, Holders should take into account that restrictions on the transfer of the Existing Bonds by Holders will apply from the time of submission of Electronic Instructions. A Holder will, on submitting an Electronic Instruction, agree that its Existing Bonds will be blocked in the relevant account in the relevant Clearing System from the date the relevant Electronic Instruction is submitted until the earlier of (i) the time of settlement on the Settlement Date, and (ii) the date of any termination of the Offer (including where such Existing Bonds are not accepted for exchange pursuant to the Offer) or on which the Electronic Instruction is revoked, in the limited circumstances described in and only in accordance with the procedures set out in “*Procedures for Participating in the Offer – Revocation of Offer Applications and/or Electronic Instructions*”.

INVESTMENT SPECIFIC RISKS

The following summary outlines some of the major risk factors in respect of an investment in the New Bonds and the Company.

All of the Company’s Present and Future Assets, Undertakings and Rights are Secured

The New Bonds will be unsecured unsubordinated obligations of the Company and will rank *pari passu* in right of payment with all other existing and future unsubordinated and unsecured indebtedness of the Company. The Senior Creditors Secured Obligations are secured by the Senior Creditors Securities (as defined in “*About the Company — Financing*”). Accordingly, the obligations of the Company under the New Bonds will effectively rank behind the Senior Creditors Secured Obligations by virtue of the Senior Creditors Securities.

In the event of any winding up of the Company, or the enforcement of any of the Senior Creditors Securities, the Senior Secured Creditors will have first claim, after any creditors preferred by law, to the secured assets of the Company (being all of the present and future assets, undertaking and rights of the Company and certain

subsidiaries), with only the residual amount (if any) after payment to the Senior Secured Creditors being available to unsecured creditors of the Company, including the Bondholders. See “*About the Company — Financing*”.

In addition, to the extent the Company incurs any future secured indebtedness, the New Bonds will also effectively rank behind such secured obligations to the extent of the assets serving as security therefore.

The Company cannot make payments under the New Bonds from Allocated Revenue until it has satisfied its Payment Obligations under the Cashflow Waterfall in the Senior Secured Creditors Documentation

As described in “*About the Company — Financing*”, the Allocated Revenue is required to be deposited into designated bank accounts with ANZ and such funds can only be withdrawn and applied in accordance with the project finance cashflow waterfall set out in the senior secured creditors documentation. The Forrester Project is currently the only revenue generating project of the Company. Accordingly, if the Company wishes to use such funds to make cash payments to third parties (including Bondholders), it will need to comply with the cashflow waterfall which will require the Company first to satisfy certain payment obligations, such as repayment of the Senior Creditors Secured Obligations, before it can make such cash payments to third parties, including the Bondholders. See “*About the Company — Financing*”. The Company does not currently have any material liability in respect of the Senior Creditors Secured Obligations as no amounts are drawn-down under the Company’s facilities with ANZ. However, should the Company draw down its facilities with ANZ, these obligations may be significant.

Market for New Bonds

There is currently no formal market through which the New Bonds may be sold and purchasers may not be able to re-sell the New Bonds purchased under this Offer Memorandum. Approval in-principle has been received for the listing of the New Bonds on the SGX-ST and the Company’s Existing 2012 and 2015 Bonds are already listed on the SGX-ST. However, even if the New Bonds are listed on the SGX-ST, there can be no assurance that an active trading market will develop for the New Bonds, or that, if developed, such a market will sustain a price level at the issue price.

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 New Bonds in the event of a future leveraged transaction by the Company (other than certain secured capital markets transactions in the circumstances described in Condition 2 (Negative Pledge)).

The Company may at any time have significant outstanding indebtedness under the senior secured creditors documentation as described in “*About the Company — Financing*” and obligations owing under off balance sheet transactions, and may in future incur further indebtedness and other liabilities. In addition, the Company has and may in the future provide guarantees and/or indemnities in respect of such liabilities.

Limitation in Ability to Redeem New Bonds

The Company must redeem the New Bonds on the Maturity Date, on the request of a Bondholder if a Change of Control or a Delisting (each as defined in the New Bonds Conditions) 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 the time such a redemption obligation arises or would be able to arrange financing to redeem the New Bonds in cash.

Market Price of the New Bonds

The market price of the New 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;
- (e) the financial condition, results of operations 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) market price and status of the Company's Existing 2012 and 2015 Bonds;
- (i) changes in the industry and competition affecting the Company; and
- (j) 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 New Bonds.

Volatility of Market Price of Ordinary Shares

The market price of the Ordinary Shares may be volatile. The volatility of the market price of the Ordinary Shares may affect the ability of holders of New Bonds to sell the New Bonds at an advantageous price. Additionally, this may result in greater volatility in the market price of the New Bonds than would be expected for non-convertible debt securities. The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, including in particular mining companies considered to be development stage companies or companies in early stages of production, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Market price fluctuations in the Ordinary Shares may also arise 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. In addition, stock markets, including the ASX, the TSX and the SGX-ST 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. Any of these events could result in a decline in the market price of the New Bonds or the Ordinary Shares.

GENERAL COMPANY RISKS

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

Volatility of Nickel Prices

The Company's profitability depends upon the world market price of nickel and other metals. Prices fluctuate widely and are affected by numerous factors beyond the Company's control. Nickel prices are subject to

volatile price changes from a variety of factors including fluctuations of global and regional supply and demand and consumption patterns, increased production due to improved mining and production methods and historically high nickel prices, exchange rates, inflation rate expectations, international economic and political trends, forward sales of nickel and other metals by producers and speculators as well as other global or regional political, social or economic events. The supply for nickel and other metals consists of a combination of new mine production and existing stocks. If the market price for nickel falls below the Company's production costs and remains at such levels for any sustained period of time, it may not be economically feasible to commence or continue production. This would materially and adversely affect the Company's profitability and financial position. The Company may, depending on hedging practices, experience losses and may discontinue operations or development of a project or mining at one or more of its properties. Factors beyond the control of the Company may affect the marketability of any minerals discovered.

At the end of 2008, nickel prices fell sharply and the average nickel price received by the Company halved from US\$12.70/lb for the year 2007/08 to US\$5.90/lb for 2008/09. Nickel prices have since recovered to over US\$10/lb. Should the price of nickel drop significantly again, the economic prospects of the projects in which the Company has an interest could be significantly reduced or rendered uneconomical. There is no assurance that, even as commercial quantities of nickel are produced, a profitable market will exist for them. A decline in the market price of nickel may also require the Company to write down its mineral reserves and resources which would have a material and adverse effect on its earnings and profitability. Should any significant write-downs in reserves and resources be required, material writedown of the Company's investment in the affected mining properties and increased amortisation, reclamation and closure expenses may be required.

Speculative Nature of Mineral Exploration and Development

The Company's business operations and the exploration for, and the development of, mineral deposits are subject to significant risks and hazards inherent in the mining industry which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. The Company's exploration and production must comply with applicable mining, native title, heritage and environmental legislation. There are also less predictable factors, such as industrial accidents, industrial disputes, cost overruns and compensation claims. The success of the Company depends on the delineation of economically recoverable reserves, the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to its exploration and mining tenements as well as the timely acquisition of all necessary consents and approvals for the conduct of its exploration and production activities. 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 and proximity to infrastructure. Other factors include metal prices and government (including Federal and State government in Australia) royalty and taxation regimes, allowable production, importing and exporting restrictions, and other regulatory hurdles and requirements. Assuming discovery of a commercial orebody, 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.

Exploration and production on the Company's existing exploration and mining tenements may prove unsuccessful. Mineable resources may become depleted resulting in a reduction of the value of those tenements and a diminution in the cash flow and cash reserves of the Company as well as possible relinquishment of the exploration and mining tenements.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development. The design and construction of efficient processing facilities, the existence of competent operational management and prudent

financial administration, as well as the availability and reliability of appropriately skilled and experienced consultants also can affect successful project development.

Production Risk

The Company's principal business to date has been the evaluation, development and initial operation of nickel sulphide and platinum group element deposits projects in Australia. Commissioning of production may not proceed to plan with potential for delay in the timing of targeted production and/or for not achieving the level of targeted production. As the Company moves to increase its production levels, its 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. There is little operating history available from the Company's sites. Operating risks beyond the Company's control may expose it to uninsured liabilities.

The business of mining, exploration, development and production is subject to a variety of risks and hazards such as rock falls, cave-ins and other accidents, flooding, unexpected geological formations, environmental hazards, dam wall failures, the discharge of toxic chemicals and other hazards, the use of contractors including contract miners and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact exploration, development or production throughout. 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. See "*Uninsurable Risks*".

Further, weather conditions over a prolonged period can adversely affect exploration, production, mining and drilling operations and the timing of earning revenues.

Uninsurable Risks

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. 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.

Mineral Resources and Ore Reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the indicated level of nickel recovery will be realised. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, access to capital, profitability, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), physical characteristics of ores, such as hardness, the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining, ore haulage and processing. Mineral reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative.

Nickel price fluctuations, as well as increased production costs or reduced recovery rates, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such ore reserves. Moreover, short-term operating factors relating to ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

For the purposes of Clause 3.4 (e) in Canadian instrument 43-101, the Company warrants that mineral resources, which are not mineral reserves, do not have demonstrated economic viability.

Uncertainty Relating to Inferred Mineral Resources

Inferred mineral resources are not mineral reserves and 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 ore reserves as a result of continued exploration.

Security of Tenure

All tenements in which the Company has interests are subject to renewal conditions. In respect of the Company's Western Australian tenements, where the Company has made applications, these will generally be at the discretion of the Western Australian Minister for Mines. Third parties and the public have objection rights. The maintaining of tenements and obtaining renewals generally depends on the Company maintaining its tenements in good standing. While the Company anticipates that subsequent tenement renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

The Western Australian mining regulatory regime generally provides that exploration and mining licences are liable to plaint and/or forfeiture where there is, or has been, non-compliance with the prescribed royalties, rents or expenditure conditions.

The Native Title Act in Western Australia

The present laws in respect of native title that apply in Australia require that certain procedural rights are afforded to native title claimants, prior to the grant of mining tenement applications. These procedures may delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating agreements and resolving issues with native title parties. It is less likely, but possible, that the effect of the native title procedures may be that an application is refused.

Government Regulations

The Company's activities are subject to extensive laws and regulations (including both Federal and State laws in Australia) controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon interests of indigenous peoples and the environment, including the impact of disposal of water with high salinity. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Environmental, health and safety standards and regulations also impact upon the design and use of mining methods and equipment. 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 obtaining environmental permission, including the approval of reclamation plans, the Company must comply with existing laws and regulations and industry standards. Compliance with such laws may cause delays or require capital outlays in excess of those anticipated, causing an adverse effect on the Company. In addition, certain types of operations require environmental impact assessment and approval by government authorities. The highest levels of environmental impact assessment usually require the submission of comprehensive assessment documentation, such as an environmental impact statement. The assessment process and preparation of assessment documentation can be onerous, involve significant levels of public participation, and require significant lead times. 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 and government policy, if any, will not adversely affect the Company's operations. Furthermore, the Company cannot give any assurance that despite its precautions, breaches of environmental

laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect its financial condition and its results of operations.

The presence of Aboriginal heritage sites on tenements held by the Company or its subsidiaries may limit or preclude exploration or mining activity that disturbs those sites. The Company could experience delays and expenses in obtaining any clearances to disturb heritage sites.

The costs and delays associated with compliance with environmental, heritage, health and safety laws, regulations and permits could become such that the Company will not proceed with the development or operation of particular mines.

Further, the Company must comply with various other legal requirements imposed by company laws in Australia. Should any of those laws change over time, the legal requirements to which the Company may be subject could differ materially from current requirements.

Changes to Taxation

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.

On 2 July 2010, the Australian Government proposed a Mineral Resource Rent Tax (“MRRT”), set to come into force from 1 July 2012. The MRRT proposal replaces the previously announced Resource Super Profits Tax proposal.

Broadly, the MRRT will be imposed on the value of the relevant commodity in its first saleable form (determined at mine gate) less all costs to that point plus other allowances including a 25% extraction allowance and unutilised MRRT losses from other iron ore and coal projects in Australia. The MRRT is proposed to apply only to the assessable profits of iron ore and coal projects. As such, the MRRT will not in its currently proposed form directly affect the Company’s financial position.

There is some risk that the form of the proposed MRRT may be changed. As the current Australian Government is a minority government, the proposed MRRT may be amended in order to gain enough support to pass through Parliament. Further, the Australian Government has agreed to hold a national public “tax summit” by June 2011 although the extent to which the summit will consider the MRRT (if at all) is unclear. The Australian Government has also established a Policy Transition Group to consult with stakeholders on the technical design and practical implementation of the proposed MRRT. However, the Policy Transition Group’s role does not extend to revisiting the Australian Government’s commitment to applying the MRRT only to iron ore and coal projects.

There is no certainty that the MRRT will pass through Parliament and apply in its currently proposed form. If the MRRT is changed to apply to the mining of nickel, there is a risk that the MRRT will have an adverse affect on the Company’s profitability, net assets and cash flow.

Climate Change Risk

Increased regulation of greenhouse gas emissions could adversely affect the Group’s cost of operations. Mining of mineral resources including nickel 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 taxes or emissions trading mechanisms and tighter emission reduction targets, in jurisdictions in which the Company operates is likely to raise energy costs and costs of production over the next decade. Regulation of greenhouse gas emissions in the jurisdictions of the Company’s customers could also have an adverse effect on the demand for the Company’s production.

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 governmental authorities. Adverse changes in such legislation and difficulties in securing appropriate personnel may have a material adverse effect on the Company's business, results of operations and financial condition.

Competition for Mineral Acquisition Opportunities

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.

The Company and certain of its subsidiaries are subject to financial and other covenants

Under the senior secured creditors documentation, the Company and certain subsidiaries are subject to a number of financial covenants, undertakings and provisions which may adversely affect their future strategy and use of working capital, including, among others:

- the Company must ensure that on each quarterly date each of the project life ratio, the loan life ratio, the debt service cover ratio and the ore reserve ratio are at certain levels;
- the Company must at all times maintain in cash or other liquid assets an amount of not less than A\$25,000,000;
- as described in “*About the Company — Financing*”, the Company must pay into bank accounts with ANZ all Allocated Revenue, and prior to any event of default or breach of certain provisions, the Company may make withdrawals from those ANZ accounts to pay: operating costs relating to the Forrestania Project; capital costs relating to the Forrestania Project; royalties, fees and taxes; fees, costs and expenses incurred by the Senior Secured Creditors under the senior secured creditors documentation; obligations under hedging contracts; principal and interest under the Cash Facility; fees and moneys due under the Performance Bond Facility; mandatory prepayments; additional expenditure in accordance with a base case model; and certain distributions; and
- after any event of default or breach of certain provisions, ANZ may take exclusive control of those bank accounts so ANZ's consent is required to any withdrawals.

If any such covenants are breached and if waiver for such breach is not obtained, each Senior Secured Creditor may accelerate the repayment of, demand some or all sums outstanding under, or terminate its Senior Creditors Secured Obligations and exercise its full powers under, the senior secured creditors documentation. There can be no assurance that the Company will be able to repay the Senior Creditors Secured Obligations in the event of such an acceleration or demand. If a Senior Secured Creditor were to accelerate or demand the repayment of the moneys due under the Senior Creditors Secured Obligations, such acceleration may trigger cross-default provisions under other indebtedness of the Company. Conversely, a payment or redemption demand by a Bondholder following an event of default under the Terms and Conditions of the New Bonds may trigger the cross-default provisions in the senior secured creditors documentation. See “*About the Company — Financing*”.

Company Requirements for Additional Capital in the Future

The Company's current finance facilities may be insufficient to allow for many of the exploration and development projects that the Company is currently considering. Accordingly, it is possible that the Company

will need to raise further capital to fund these aspects of the business. The success and the pricing of any such financing will be dependent upon the prevailing market conditions at that time. Furthermore, access to the remaining portion of the Cash Facility is conditional upon the Company operating the Flying Fox mine in accordance with the development plans approved by the Senior Secured Creditors and the Company being in compliance with the operational, financial and other covenants and warranties specified under the senior secured creditors documentation. In addition, it is possible that the Company may require further capital from external sources to fund its development costs to develop any newly discovered mineral deposits. Volatile markets for mineral commodities may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain additional 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. If additional capital is raised by an issue of securities, this may have the effect of diluting the interests of existing Shareholders in the Company. Any debt financing, if available, may involve financial covenants which limit the Company's operations. If the Company cannot obtain such additional financing, the Company may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

Redemption, Amendment or Refinancing of Existing 2012 and 2015 Bonds

The Company has existing convertible bonds. The Company must redeem its Existing 2012 Bonds that are not exchanged for New Bonds under the Offer and its Existing 2015 Bonds at maturity in 2012 and 2015, respectively, on request of a bondholder in certain circumstances (such as a change of control or a delisting) or on the occurrence of an event of default.

The Company cannot provide any assurances that, if required, it would have sufficient cash or other financial resources at the time such a redemption obligation arises or would be able to arrange financing to redeem the Existing 2012 and 2015 Bonds in cash which is likely to impact on the pricing of the New Bonds. Furthermore there can be no assurances that any other options such as refinancing or seeking consent to amend the tenure of the Existing 2012 and 2015 Bonds will be successful.

Operating History

The Company has a four year mining and operating history. While the Company intends to generate working capital through operation of its existing and proposed nickel 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 and Contractors

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense in Australia and globally and could adversely affect the Company's ability to develop its properties. The Company competes with numerous individuals and companies, including major mining companies, many of which have greater financial and operational resources than the Company.

As the Company's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Subsidiaries

The Company conducts certain of its operations through subsidiaries and holds certain of its assets in such 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. Any such limitations, or the

perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Dilution

The Company may undertake additional offerings of securities in the future. The increase in the number of issued Ordinary Shares or securities convertible into Ordinary Shares and the possibility of sales of such securities may have a depressive effect on the price of Ordinary Shares already in issue and of the New Bonds. The Conditions provide for an adjustment to the Conversion Price in relation to only a limited class of future offerings of securities. In addition, as a result of the issue of Ordinary Shares, the voting power and proportionate economic interest of the Company's existing shareholders (and, indirectly, of Bondholders) will be diluted.

Currency Fluctuations may affect the Company's Revenue from its Operations

Currency fluctuations may affect the Company's revenue from its operations. The Company's revenue from nickel sales and other financing activities is received in United States dollars while a significant portion of its expenses (including financing costs associated with the New Bonds) are incurred in Australian and Canadian dollars. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operating results.

Certain Directors are involved in other Mining Interests

Certain Directors of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships 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 may conflict with the interests of the Company. Directors 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.

Dividends

No guarantee can be given about future dividends, as these matters will depend on the future profits of the Company and its financial and taxation position. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

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 nickel expected to be recovered and the price expected to be realised when the metals are 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.

Effectiveness of the Company's Hedging Position Depends on External Factors

As discussed under "*About the Company*", the Company enters into hedging agreements in line with its Board policy to limit the exposure to fluctuations in commodity prices and foreign exchange movements that relate to nickel sales from the Forrestania Project. At present base metal hedging consists of quotation period hedging to manage the risk of price fluctuations for tonnes of nickel already shipped that are subject to price

finalisation. Foreign exchange contracts are entered into on shorter terms (less than 1 year) to protect against unexpected movements in foreign currency markets.

None of the Company's hedging contracts are subject to margin calls. If the Company fails to deliver the required product (being nickel or US Currency) on the maturity date of each contract then it will need to renegotiate or close out and settle the relevant contract. This will result in either a cash gain or loss to the Company depending upon the market price of nickel or the US\$/A\$ exchange rate at that point in time.

Although the risk is managed by the Company which has a comprehensive Treasury Risk Management policy and detailed budgets, forecasts and mine plans, the Company cannot guarantee the effectiveness of its hedging policies. Although hedging activities may protect the Company in certain instances, they may also limit the price that can be realised on the nickel subject to the hedge where the market price exceeds the hedge contract.

Production Revenues

To date, the Company has recorded four years of revenues from its mining operations and has commenced commercial production on one of its properties, the Flying Fox mine. The Company's operating expenses and capital expenditures may increase in subsequent years as necessary consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate. The development of the Company's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties.

Offtake Agreement

The Company is a party to two offtake agreements with BHP Billiton Nickel West Pty Ltd and Jinchuan Group Ltd. If the Company is unable to meet its required deliveries under the offtake agreements, its business, operating results and financial condition may be adversely affected.

The Jinchuan offtake agreement is expected to terminate in 2012. While the Company expects to be able to enter into additional offtake contracts before this time, there is a risk that new contracts cannot be secured or that any new contracts may be entered into on less favourable terms.

INDICATIVE OFFER TIMETABLE

The following table sets out the expected dates and times of the key events relating to the Offer. This is an indicative timetable and is subject to change.

Event	Number of Business Days from and including Announcement of Offer	Date and time
<p><i>Announcement of Offer</i> Notification of Offer made to Bondholders through Clearing System Notices.</p> <p>Notification of Offer will be submitted to the TSX for publication on its website.</p>	Day 0	20 October, 2010
<p><i>Start of Trading Halt on ASX</i></p> <p>Notification of Offer will be submitted to the SGX and the ASX for publication on their respective websites.</p> <p>Offer Memorandum available from the Dealer Managers and the Exchange Agent.</p>	Day 1	21 October, 2010 at 10:00 a.m. AEDT (12:00 a.m. London time)
<p><i>Commencement of Offer</i> Commencement of period during which Bondholders can submit Offer Applications.</p>	Day 1	21 October, 2010 at 12:00 p.m. AEDT (2:00 a.m. London time)
<p><i>Expiration Date</i> Deadline for receipt by the Dealer Managers of all Offer Applications from Bondholders (subject to the right of the Company, in its sole discretion, to extend, re-open or amend the deadline and/or terminate the Offer).</p> <p>ASX Trading Halt lifted.</p>	Day 2 Day 3	22 October, 2010 at 9:00 p.m. AEDT (11:00 a.m. London time) 25 October, 2010 at 10:00 a.m. AEDT (12:00 a.m. London time)
<p><i>Preliminary Results Announcement</i> Announcement by the Company confirming whether the Minimum Aggregate Offer Amount has been achieved (subject to receipt of Electronic Instructions).</p> <p>The announcement will be submitted by the Company to the SGX, the ASX and the TSX</p>	Day 3	25 October, 2010

for publication on their respective websites. A similar notice will be sent to Bondholders via the Clearing Systems.

Clearing System Cut-Off Date	Day 5	27 October, 2010 at 11:00 p.m. AEDT (1:00 p.m. London time)
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Final Results Announcement	Day 6	28 October, 2010 at or around 6:00 p.m. AEDT (8:00 a.m. London time)
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Announcement by the Company setting out: (i) the aggregate principal amount of Existing Bonds accepted for exchange by the Company; (ii) the aggregate principal amount of New Bonds to be issued; (iii) final pro ration factors (if relevant).

The announcement will be submitted by the Company to the SGX, the ASX and the TSX for publication on their respective websites. A similar notice will be sent to Bondholders via the Clearing Systems.

Settlement	Day 12	5 November, 2010
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Settlement Date for the Offer, including (i) delivery of the New Bonds, in exchange for the Existing Bonds validly Offered for Exchange and accepted for exchange pursuant to the Offer, and (ii) payment of Cash Amounts.

Cancellation Confirmation	Day 13	Following confirmation from the Registrar that the relevant Existing Bonds have been cancelled.
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An announcement confirming that cancellation of the relevant portion of the Existing Bonds has taken place will be submitted by the Company to the SGX, the ASX and the TSX for publication on their respective websites.

*The above dates and times are subject, where applicable, to the right of the Company to extend, re-open, amend, and/or terminate the Offer. Holders are advised to check with any bank, securities broker, custodian or other intermediary through which they hold Existing Bonds, whether such intermediary would require to receive instructions to participate in the Offer before the deadlines specified above. **The deadlines set by each Clearing System for the submission of Electronic Instructions will be earlier than the relevant deadlines above.** See “Procedures for Participating in the Offer”.*

Unless stated otherwise, announcements in relation to the Offer will be made: (i) by the issue of a press release to a Notifying News Service; (ii) by the delivery of notices to the Clearing Systems for communication to Direct Participants; (iii) through the website of the SGX-ST; and (iv) through the website of the ASX. Copies of all announcements, notices and press releases may also be obtained from the Exchange Agent, the contact details for which are on the last page of this Offer Memorandum.

THE OFFER

Introduction to the Offer

The purpose of the Offer is to extend the maturity of a portion of the Company's existing debt. The Company considers this to be a prudent exercise in enhancing flexibility in managing its capital structure. Extending the maturity of a portion of the existing debt will facilitate the retention of cash flows which can potentially be applied by the Company to fund ongoing growth at both core Forrestania operations and other regional projects as well as the Company's assets located in Finland. The increased cash available will also allow the Company to consider increased exploration activities should the nickel price trade at levels which warrant increased exploration expenditure.

There was A\$208,500,000 principal amount of the Existing Bonds outstanding as at the date of this Offer Memorandum. Subject to the receipt of sufficient valid offers to Exchange, the Company intends to exchange approximately A\$100,000,000 principal amount of the Existing Bonds for the New Bonds at the Exchange Ratio.

The Company invites Holders of Existing Bonds (subject to offer restrictions – see “*Offer and Distribution Restrictions*”, and upon the terms and subject to the conditions contained in this Offer Memorandum), to Offer to Exchange their Existing Bonds for the New Bonds.

The Offer begins on 21 October 2010 and will expire at the Expiration Date, unless the period for the Offer is extended, reopened or terminated, in each case, as provided in this Offer Memorandum.

Pricing of the New Bonds

The issue price of the New Bonds will be 100 per cent. of the principal amount of the New Bonds. The New Bonds Coupon will be 6.375%, payable semi-annually in arrear on 2 January and 2 July, except that the first payment of interest, to be made on 2 January 2011, will be in respect of the period from 5 November 2010 to 2 January 2011. The Conversion Premium over the last closing price of the Ordinary Shares on the ASX on 20 October 2010 will be 25%.

Exchange Ratio and Cash Rounding Amount

Holders of Existing Bonds accepted by the Company for exchange will receive, on the Settlement Date, an aggregate principal amount of the New Bonds (rounded down to the nearest A\$1,000 (above the minimum denomination of A\$250,000)) equal to the product of (i) the aggregate principal amount of the Existing Bonds validly offered for exchange and accepted for exchange, and (ii) the Exchange Ratio. The Exchange Ratio is subject to amendment pursuant to the terms and conditions of the Offer.

If, as a result of the application of the Exchange Ratio, a Holder would be entitled to receive an aggregate principal amount of New Bonds that is not an integral multiple of A\$1,000 (above the minimum denomination of A\$250,000), the Company will pay, or procure that there is paid, in cash to that Holder on the Settlement Date the Cash Rounding Amount, which is the amount equal to the fractional portion of such aggregate principal amount that is not such an integral multiple (rounded to the nearest A\$0.01, with half a cent being rounded upwards).

Cash Amount

On the Settlement Date, the Company will pay or procure that there is paid to all Holders who have validly Offered for Exchange their Existing Bonds pursuant to the Offer and which Existing Bonds are accepted for exchange, an amount in cash equal to the Cash Amount which is made up of:

- the Accrued Payment, being an amount in cash (rounded to the nearest A\$0.01, with half a cent being rounded upwards) equal to the Accrued Interest on the Existing Bonds validly offered for exchange by each relevant Holder and accepted by the Company pursuant to the Offer; and
- any Cash Rounding Amount.

Provided that the New Bonds and the relevant funds have been deposited with the Clearing Systems on or before the Settlement Date, no additional interest or other amount will be payable for the period of any delay in respect of the receipt by the Holder of the New Bonds or any Cash Amount.

Differences between the Existing Bonds and the New Bonds

There are a number of differences between the terms and conditions of the Existing Bonds and the New Bonds Conditions. See “*Comparison between certain provisions of the Existing Bonds and the New Bonds*”. The New Bonds Conditions are set out in the section titled “*Terms and Conditions of the New Bonds*”. Holders should review the New Bonds Conditions in their entirety before making a decision whether to offer Existing Bonds for exchange. In particular, attention is also drawn to the section headed “*Risk Factors*”.

Minimum Offer Amount

The New Bonds will be issued in the denominations of A\$250,000 and integral multiples of A\$1,000 in excess thereof. To participate in the Offer, Holders must validly offer for exchange an amount of Existing Bonds at least equal to the Minimum Offer Amount.

Acceptance of Offers to Exchange

The Company intends to announce:

- in the Preliminary Results Announcement on 25 October 2010, whether the Minimum Aggregate Offer Amount as been achieved (subject to receipt of Electronic Instructions).
- in the Final Results Announcement on 28 October 2010, (i) the aggregate principal amount of Existing Bonds accepted for exchange by the Company, (ii) the aggregate principal amount of New Bonds to be issued, and (iii) pro ration factors (if relevant).

Whether the Company accepts any or all Offers to Exchange from Holders is at its sole and absolute discretion and is conditional, *inter alia*, on compliance with the Minimum Aggregate Offer Amount and the Maximum Aggregate Offer Amount. The Company may decide not to accept Offers to Exchange for any reason at its sole and absolute discretion. Based on the aggregate principal amount that the Company determines to accept for Exchange, the Company may at its discretion pro rate acceptances of (all or some only) the Existing Bonds.

Holders whose Existing Bonds Offered for Exchange are not accepted, or who do not participate in the Offer, will not be eligible to receive New Bonds in exchange for such Existing Bonds and shall continue to hold such Existing Bonds subject to their terms and conditions.

The Company will have the discretion at any time to accept for exchange any Existing Bonds Offered for Exchange in respect of which the Offer to Exchange would otherwise be invalid or, in the sole opinion of the Company may otherwise be invalid (including Offers to Exchange after the Expiration Date).

The Company may reject any Offer to Exchange it considers at its sole discretion not to have been validly submitted in the Offer and the Company is under no obligation to any relevant Holder to furnish any reason or justification for refusing to accept such Offers to Exchange. For example, Offer Applications and/or Electronic Instructions may be rejected and not accepted and may be treated as not having been validly submitted if any such Offer to Exchange does not comply with the requirements of a particular jurisdiction. Acceptance of Offers to Exchange by Canadian holders are conditional on the issue of an order from the applicable Canadian securities regulatory authorities permitting the Offer to be extended to residents of Canada.

Any Existing Bonds that are not successfully Offered for Exchange pursuant to the Offer will remain outstanding.

Offer Thresholds

Notwithstanding the foregoing, the Offer and any acceptance by the Company of any Offer for exchange or repurchase is conditional on compliance with the Minimum Aggregate Offer Amount and the Maximum Aggregate Offer Amount (in each case subject to adjustment as set out in the definition of such terms).

Settlement

Existing Bonds

On the Settlement Date, subject to the satisfaction or waiver of the conditions to the Offer, the Company will procure that New Bonds will be delivered to the Holders of Existing Bonds in respect of Existing Bonds of such Holders validly Offered for Exchange and accepted for exchange pursuant to the Offer. In addition, on the Settlement Date, the Company will pay, or procure that there is paid, to Holders in respect of the Existing Bonds of such Holders validly Offered for Exchange and accepted for exchange pursuant to the Offer a cash amount equal to: (i) the Accrued Payment; and (ii) Cash Rounding Amounts, if applicable. The New Bonds will be delivered and cash payments made to the Clearing System accounts in which the relevant Existing Bonds are held. The delivery of such New Bonds and payment of such aggregate amounts to the Clearing Systems will discharge the obligation of the Company to all such Holders in respect of the delivery of the New Bonds and payment of the Cash Amounts.

New Bonds

The New Bonds will be issued in the denominations of A\$250,000 and integral multiples of A\$1,000 in excess thereof. Approval-in-principle has been received for the listing of the New Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the New Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company or the New Bonds.

General Conditions of the Offer

The Company expressly reserves the right, in its sole discretion, to delay acceptance of Offers to Exchange in the Offer in order to comply with applicable laws. In all cases, Offers to Exchange pursuant to such Offer will only be made after the submission of a valid Offer Application and Electronic Instruction in accordance with

the procedures described in “*Procedures for Participating in the Offer*” including the blocking of the Existing Bonds tendered in the relevant accounts at the relevant Clearing System until the earlier of (i) the time of settlement on the Settlement Date, and (ii) the date of any termination of the Offer (including where such Existing Bonds are not accepted for exchange pursuant to the Offer) or on which the Offer Application and/or Electronic Instruction is revoked, in the limited circumstances described in and only in accordance with the procedures set out in “*Procedures for Participating in the Offer – Revocation of Offer Applications and/or Electronic Instructions*”.

Submission of an Offer Application shall constitute an irrevocable (subject as noted above) undertaking to submit an Electronic Instruction for the same principal amount of Existing Bonds.

The failure of any person to receive a copy of this Offer Memorandum or any announcement made or notice issued by the Company in connection with the Offer, shall not invalidate any aspect of the Offer. No acknowledgement of receipt of any Offer Applications or Electronic Instructions and/or other documents will be given by the Company or the Exchange Agent.

Amendment and Termination of the Offer

Notwithstanding any other provision of the Offer, the Company, may, subject to applicable laws and regulations but at its option and discretion, at any time before the Company announces whether Offers to Exchange are accepted pursuant to the Offer, which it expects to do on 28 October 2010:

- (a) extend the Expiration Date or the Clearing System Cut-off Date (in which case all references in this Offer Memorandum to “Expiration Date” or “Clearing System Cut-off Date” shall, unless the context requires otherwise, be to the latest time and date to which the Expiration Date or the Clearing System Cut-off Date, respectively, has been so extended);
- (b) extend, re-open or amend the Offer in any respect (including, but not limited to, any extension, re-opening or amendment, as applicable, in relation to the Expiration Date and/or the Clearing System Cut-off Date and/or the Settlement Date);
- (c) delay acceptance of, subject to applicable law and regulations, Offer Applications and/or Electronic Instructions submitted pursuant to the Offer until satisfaction or waiver of the conditions to the Offer, even if the Offer has expired;
- (d) amend the Exchange Ratio; or
- (e) amend the Minimum Aggregate Offer Amount or the Maximum Aggregate Offer Amount by a maximum amount of A\$10,000,000 from the initial Minimum Aggregate Offer Amount or the Maximum Aggregate Offer Amount.

The Company also reserves the right at any time to waive any or all of the conditions of the Offer as set out in this Offer Memorandum. The Company will ensure Holders are notified of any such extension, re-opening or amendment as soon as is reasonably practicable after the relevant decision is made by the issue of a press release to a Notifying News Service, by way of a notice delivered to the Clearing Systems for communication to Direct Participants and through the website of the SGX-ST.

At any time before Offers to Exchange are accepted pursuant to the Offer, the Company may, at its sole discretion, terminate the Offer, including with respect to Offer Applications and/or Electronic Instructions submitted before the time of such termination, by giving notice of such termination by the issue of a press release to a Notifying News Service and a notice delivered to the Clearing Systems for communication to Direct Participants and through the website of the SGX-ST.

Announcements

All announcements will be made by the Company in relation to the Offer: (i) by the issue of a press release to a Notifying News Service; (ii) by the delivery of notices to the Clearing Systems for communication to Direct Participants; (iii) through the website of the SGX-ST; and (iv) through the website of the ASX. Significant delays may be experienced in respect of notices delivered to the Clearing Systems and Holders are urged to contact the Dealer Managers or the Exchange Agent for the relevant announcements during the course of the Offer, the contact details for which are on the last page of this Offer Memorandum.

Governing Law

The Offer, any Offer to Exchange Existing Bonds and any non-contractual obligations arising in respect thereof, shall be governed by and construed in accordance with English law (see also “*Procedures for Participating in the Offer – Governing Law*”).

COMPARISON BETWEEN CERTAIN PROVISIONS OF THE EXISTING BONDS AND THE NEW BONDS

There are a number of differences between the Existing Bonds and the New Bonds. Holders should review the New Bonds Conditions in their entirety before making a decision whether to offer Existing Bonds for exchange and consider carefully all such differences. The New Bonds Conditions are set out in the section titled “*Terms and Conditions of the New Bonds*”.

For Holders’ convenience, certain key differences between the Existing Bonds and the New Bonds are set out in the table below. The information contained in this table is a summary only and should not be considered a complete description of the particular provision summarised. The summaries below are qualified by reference to (i) the terms and conditions of the Existing Bonds, and (ii) the New Bonds Conditions.

	Existing Bonds	New Bonds
Currency		AUD
Ranking	Direct, unconditional, unsubordinated and unsecured	
Company Credit Rating		None
Form		Registered
Denomination	A\$250,000	A\$250,000 and integral multiples of A\$1,000 thereafter
Coupon	A fixed rate of 8.0 per cent. per annum, payable semi-annually in arrear.	A fixed rate of 6.375% per annum, payable semi-annually in arrear on 2 January 2011 and 2 July 2011, except that the first payment of interest, to be made on 2 January 2011, will be in respect of the period from 5 November 2010 to 2 January 2011.
Maturity Date	2 July 2012.	2 July 2014.
Conversion Price	Currently A\$8.06 per Existing Bond	A\$7.7125 per New Bond, representing a Conversion Premium of 25% over the last closing price of the Ordinary Shares on the ASX on 20 October 2010.
Conversion Price adjustments for dividends	Full dividend protection	Adjusted for cash dividends paid in respect of a fiscal year of the Company that is in excess of the 2% of the average of the closing price on each dealing day in the period 180 dealing days ending immediately before the first announcement of the relevant cash dividend.
Redemption at Option of the Company	Yes, on or after 20 July, 2010 if the parity value in respect of Existing Bonds on each of at least 20	Yes, on or after 20 July, 2012 if the parity value in respect of New Bonds on each of at least 20 consecutive

consecutive trading days ending not earlier than 5 days prior to the giving of notice of redemption is at least 130% of the principal amount of the Existing Bonds

trading days ending not earlier than 5 days prior to the giving of notice of redemption is at least 130% of the principal amount of the New Bonds

KEY FEATURES OF NEW BONDS

The following is a summary of the principal features of the New Bonds. Terms defined under “Terms and Conditions of the New Bonds” (the “Conditions”) or elsewhere in this Offer Memorandum shall have the same respective meanings in this summary.

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Offer Memorandum.

Issuer	Western Areas NL.
The Bonds	6.375% Convertible Bonds due 2014
Issue Price	100% of the principal amount.
Denomination	A\$250,000 and integral multiples of A\$1,000 thereafter.
Interest Rate	The Bonds bear interest from and including 5 November 2010 at the rate of 6.375% per annum calculated by reference to the principal amount thereof and payable semi-annually in equal instalments in arrear on 2 January and 2 July in each year, except that the first payment of interest, to be made on 2 January 2011, will be in respect of the period from 5 November 2010 to 2 January 2011.
Status	The New Bonds will constitute direct, unconditional, unsubordinated, senior and (subject to Condition 2 (Negative Pledge)) unsecured obligations of the Company, 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 Company save for such obligations that may be preferred by provisions of law that are mandatory and of general application. In particular, the Bonds will rank <i>pari passu</i> with the Company’s Existing 2012 and 2015 Bonds and effectively behind the Company’s obligations under its hedging arrangements, the A\$80 million cash financing facility and A\$10 million performance bond facility provided by ANZ.
Conversion Right	Unless previously redeemed or purchased and cancelled, holders of New Bonds will have the right to convert New Bonds into Ordinary Shares at the then applicable Conversion Price at any time on or after 16 December 2010 (41 days after settlement), provided that the relevant Conversion Date shall fall no later than the date falling 15 London business days prior to the Final Maturity Date (both dates inclusive) or, if such New Bond is to be redeemed pursuant to Condition 7(b) (Redemption and Purchase — Redemption at the Option of the Issuer) or 7(c) (Redemption and Purchase — Redemption for Taxation Reasons) prior to the Final Maturity Date, then not later than the fifth London business day before the date fixed for redemption thereof or, if earlier, the date falling five London business days prior to the Final Maturity Date.

Conversion Price

The initial Conversion Price shall be A\$7.7125. 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 Capital Distribution (defined in Condition 6(b)(iii)) by the Company (other than a Cash Dividend as defined in Condition 6(b)(iii)) paid in respect of a fiscal year of the Company that does not exceed the Reference Amount (defined in Condition 6(b)(iii)) for the applicable period under Condition 6(b)(iii), and upon the occurrence of a Change of Control.

Final Maturity

Unless previously purchased and cancelled, redeemed or converted, the New Bonds will be redeemed in cash on 2 July 2014 at their principal amount together with accrued but unpaid interest to, but excluding, such date.

Optional Redemption by the Company

The Company may redeem all or some only of the New Bonds on any date on or after 20 July 2012 and specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date, if for 20 consecutive Dealing Days, where the last day of such 20-Dealing Day period falls within five Dealing Days prior to the date upon which notice of such redemption is given, the Parity Value was at least 130% of the New Bond's principal amount. See Condition 7(b)(i) (Redemption and Purchase — Redemption at the Option of the Issuer).

The Company may redeem all but not some only of the New Bonds specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date 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 90% or more in principal amount of the Bonds originally issued. See Condition 7(b)(ii) (Redemption and Purchase — Redemption at the Option of the Issuer).

Optional Redemption by Holders of New Bonds

Unless the New Bonds have been previously redeemed, repurchased and cancelled or converted, each holder of New Bonds shall have the right, at such holder's option, following the occurrence of a Delisting or a Change of Control to require the Company to redeem all or some only of that holder's New Bonds at their principal amount together with accrued interest up to but excluding the redemption date.

Change of Control

A Change of Control will be deemed to occur in the circumstances outlined in Condition 6(b)(x) (Conversion of Bonds – Adjustment of Conversion Price). In the event of a Change of Control of the Company, holders of New Bonds will have the right to convert the New Bonds at a Conversion Price

calculated in accordance with the formula set out in Condition 6(b)(x).

Withholding Taxes

All payments in respect of the New Bonds shall be made free from any restriction or condition and 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 unless such deduction or withholding is required by law. In the event that any such deduction or withholding is required, the Company 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, the Company may, subject to certain conditions being satisfied, give notice to redeem the New Bonds in whole, but not in part, at any time at their principal amount, together with accrued but unpaid interest to but excluding such date. Upon such notice being given, a holder of New Bonds may elect not to have his New 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. See Condition 7(c) (Redemption and Purchase — Redemption for Taxation Reasons).

Negative Pledge

The New Bonds will contain a negative pledge provision given by the Company and its Subsidiaries in respect of Relevant Indebtedness (other than a Permitted Security Indebtedness). See Condition 2 (Negative Pledge).

Cross Default

The New Bonds will contain a cross default provision, subject to a threshold of A\$10,000,000. See Condition 10(c) (Events of Default).

Other Events of Default

For a description of certain events that will permit acceleration of the New Bonds, see Condition 10 (Events of Default). Upon acceleration for any such event, the New Bonds will become immediately due and repayable at their principal amount, together with accrued but unpaid interest.

Trust Deed

The New Bonds will be constituted by a trust deed expected to be dated 5 November 2010 between the Company and the Trustee.

Trustee

The Bank of New York Mellon.

Governing Law

The New Bonds and 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.

Registrar

The Bank of New York Mellon.

Form of the Bonds and Delivery

The New Bonds will be in registered form without coupons

attached and will be represented by a Global Certificate registered in the name of a nominee 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, *inter alia*, in the United States, the United Kingdom, Canada, Australia and Singapore. See “Subscription and Sale”.

Listing

Approval in-principle has been received for the listing of the Bonds on the SGX-ST. The New Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as any of the Bonds are listed on the SGX-ST. The Company has not applied to have the New Bonds admitted to dealing on the ASX or listed on the TSX.

Upon conversion of the New Bonds, application will be made for quotation of the Ordinary Shares issuable upon conversion of the New Bonds on the ASX. An application has been made to list the Ordinary Shares issuable upon conversion of the New Bonds on the TSX.

ISIN

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Common Code

055253544

PROCEDURES FOR PARTICIPATING IN THE OFFER

Holders who need assistance with respect to the procedures for participating in the Offer should contact the Exchange Agent, the contact details for which are on the last page of this Offer Memorandum.

Summary of Action to be Taken

Offers to Exchange will only be accepted pursuant to the Offer, by way of the submission of valid Offer Applications and Electronic Instructions in accordance with the procedures set out in this section “*Procedures for Participating in the Offer*”.

To participate in the Offer, a Holder should deliver, or arrange to have delivered on its behalf, both (i) an Offer Application by fax or email to the Dealer Managers by the Expiration Date, and (ii) via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Electronic Instruction, which must be received by the Clearing System Cut-off Date.

A separate Offer Application and a separate Electronic Instruction must be submitted on behalf of each beneficial owner of the Existing Bonds. The relevant details in the Offer Application, including beneficial holder details, must be replicated in the Electronic Instructions. Offer Applications and Electronic Instructions that cannot be matched will be rejected.

Holders are advised to check with any bank, securities broker, custodian or other intermediary through which they hold Existing Bonds, whether such intermediary would require to receive instructions to participate in, or revoke their instruction to participate in the Offer before the deadlines specified in this Offer Memorandum. ***The deadlines set by each Clearing System for the submission or revocation of Electronic Instructions will be earlier than the relevant deadlines specified in this Offer Memorandum.***

Submission of an Offer Application shall constitute an irrevocable undertaking (subject to the terms of the Offer) of the Holder to submit an Electronic Instruction for the same principal amount of Existing Bonds.

Procedures for Offering to Exchange Existing Bonds

General

In order to participate in the Offer, Holders must validly offer their Existing Bonds for exchange by delivering, or arranging to have delivered on their behalf, an Offer Application (in the form of Annex A). The Offer Application must be completed and be received by the Dealer Managers at the email address or the fax number specified below, during the period commencing at 12:00 p.m. AEDT (2:00 a.m. London time) on 21 October 2010 and ending at 9:00 p.m. AEDT (11:00 a.m. London time) on the Expiration Date, which will be 22 October 2010, unless extended, re-opened or earlier terminated.

Email address : OL-WSA-Exchange@ubs.com

Fax number : +61 2 8215 8229

In addition, the Offer requires that in order to participate in the Offer, Holders or the custodial entity, Intermediary or Direct Participant (as the case may be) through which Holders hold their Existing Bonds must submit, or arrange to have submitted on their behalf, by the Clearing System Cut-off Date, Electronic Instructions in the manner described below.

Offer Applications and Electronic Instructions must relate to an aggregate principal amount of Existing Bonds of at least the Minimum Offer Amount, being A\$250,000 and an aggregate principal amount of the Existing Bonds that is an integral multiple of its specified denomination(s), being A\$250,000.

By submitting an Offer Application and Electronic Instruction with respect to Existing Bonds, Holders are deemed to make certain acknowledgments, representations, warranties and undertakings to the Company, the Dealer Managers and the Exchange Agent, as set forth under “– *Holders’ Representations, Warranties and Undertakings*” below.

It is the responsibility of Holders wishing to participate in the Offer to submit or procure the submission of valid Offer Applications and Electronic Instructions in respect of their Existing Bonds. The Company only has the right to waive any defects of such instructions submitted by Holders. However, the Company is not required to waive such defects and is not required to notify a Holder of defects in its Offer Application and/or Electronic Instructions.

The submission of a valid Offer Application and/or Electronic Instruction will be irrevocable except in the limited circumstances described in “– *Revocation of Offer Application and/or Electronic Instructions*” below.

Any questions with respect to procedures relating to Offers to Exchange Existing Bonds should be directed to the Exchange Agent whose address and telephone numbers are listed on the last page of this Offer Memorandum.

Procedures for Offering to Exchange Existing Bonds held through Euroclear and Clearstream, Luxembourg

Any Holder who holds Existing Bonds through Euroclear or Clearstream, Luxembourg must arrange for a Direct Participant in Euroclear or Clearstream, Luxembourg to deliver the Holder’s Electronic Instructions (as described below) to Euroclear or Clearstream, Luxembourg prior to the Expiration Date, in addition to the Offer Applications. ***Only a Direct Participant in Euroclear or Clearstream, Luxembourg may submit Electronic Instructions in respect of Existing Bonds to Euroclear or Clearstream, Luxembourg.***

Electronic Instructions in relation to Existing Bonds held through Euroclear or Clearstream, Luxembourg comprise:

- (a) irrevocable instructions to:
 - (i) block any attempt to transfer the Holder’s Existing Bonds on or prior to the Settlement Date; and
 - (ii) debit the Holder’s account on the Settlement Date in respect of all of the Existing Bonds that such Holder has offered, or in respect of such lesser portion of such Existing Bonds as are accepted pursuant to the Offer, upon receipt of an instruction from the Exchange Agent, subject in each case to the automatic withdrawal of the irrevocable instructions in the event that the Offer is terminated by the Company prior to the Clearing System Cut-off Date or the Holder validly revokes its Offer to Exchange, as notified to Euroclear or Clearstream, Luxembourg by the Exchange Agent; and
- (b) authorisation to disclose the name of the Direct Participant and information about the foregoing instructions.

By participating in the Offer in this manner, Holders will be deemed to have acknowledged that they have received this Offer Memorandum and agree to be bound by the terms of the Offer and that the Company may enforce the terms of the Offer against such Holders.

Electronic Instructions must be delivered and received by Euroclear or Clearstream, Luxembourg in accordance with the procedures, and on or prior to the deadlines, established by them. Holders are responsible for informing themselves of those deadlines and for arranging the due and timely delivery of Electronic Instructions to Euroclear or Clearstream, Luxembourg.

Determination of Validity

All questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any Offer Application and/or Electronic Instructions pursuant to any of the procedures described above, and the form and validity (including time of receipt of notices of withdrawal) of all documents in relation to the Offer, will be determined by the Company at its sole discretion, which determination will be final and binding.

The Company reserves the absolute right to:

- (a) reject any and all Offer Applications and/or Electronic Instructions or revocation instructions not in proper form, or not made in accordance with the terms of the Offer, or in respect of which, in the opinion of its legal advisers, the acceptance may be unlawful or in breach of applicable regulations;
- (b) pro rate the Offers of Exchange of some Holders but not others;
- (c) waive any defects, irregularities or delay in the submission of any and all Offer Applications and/or Electronic Instructions or revocation instructions; and/or
- (d) waive any such defects, irregularity or delay in respect of particular Existing Bonds whether or not the Company elects to waive similar defects, irregularities or delay in respect of other Existing Bonds.

Any defect, irregularity or delay must be cured within such time as the Company determines, unless waived by it. Offer Applications and/or Electronic Instructions will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. None of the Company, the Dealer Managers or the Exchange Agent shall be under any duty to give notice to a Holder of any defects, irregularities or delays in any Offer Application and/or Electronic Instructions or revocation instructions nor shall any of them incur any liability for failure to give such notice. Holders must send all Electronic Instructions relating to their Offers to Exchange through the Clearing Systems to the Exchange Agent and not to the Company or a Dealer Manager.

Revocation of Offer Application and/or Electronic Instructions

Revocation Rights

The submission of a valid Offer Application and/or Electronic Instruction in accordance with the procedures set out in this Offer Memorandum will be irrevocable except in the limited circumstances described in this section and only in accordance with the revocation procedures set out below.

If the Company amends the Offer in any way, after the Expiration Date which, in the Company's opinion (in consultation with the Dealer Managers), is materially prejudicial to the Holders of Existing Bonds, (the "**Affected Bonds**") who have already submitted Offer Applications and/or Electronic Instructions in respect of their Existing Bonds pursuant to the Offer before the announcement of such amendment (which announcement shall include a statement whether in the Company's opinion such amendment is materially prejudicial to such Holders), then all such Offer Applications and/or Electronic Instructions in respect of the Affected Bonds may be revoked at any time from the date and time of such announcement until 3:00a.m. AEDT (5:00p.m. London time) on the second Business Day following such announcement (subject to the earlier deadlines required by the Clearing Systems and any Intermediary).

An Offer Application and/or Electronic Instruction validly submitted in accordance with the procedures set forth in the section “– Procedures for Offering to Exchange Existing Bonds” above is otherwise irrevocable.

For the avoidance of doubt, and without prejudice to the generality of the foregoing, any decision by the Company to defer the announcements of the results of the Offer (including to defer the Settlement Date by up to five Business Days (any further deferral of the Settlement Date will require a revocation period of three Business Days), amend the Minimum Aggregate Offer Amount or the Maximum Aggregate Offer Amount by less than A\$10,000,000, increase the Exchange Ratio or not to accept any or all Offers to Exchange in respect of the Existing Bonds received by the Exchange Agent prior to the Expiration Date, shall not entitle Holders to revoke any Offer Applications or Electronic Instructions. If the Company reopens the Offer after the Expiration Date, Holders will be entitled to revoke any Offer Applications and Electronic Instructions relating to the Offer during the period in which such offer is reopened.

Holders wishing to exercise any right of revocation should do so in accordance with the procedures set out below. Beneficial owners of Existing Bonds that are held through an intermediary are advised to check with such entity when it would require to receive instructions to revoke an Offer Application and/or Electronic Instruction submitted pursuant to the Offer in order to meet the Revocation Deadline. For the avoidance of doubt, any Holder who does not exercise any such right of revocation in the circumstances and in the manner specified above and as set out in “*Revocation Procedures*” below, shall be deemed to have waived such right of revocation and its original Offer Application and Electronic Instruction will remain effective.

Revocation Procedures

Holders wishing to exercise any such right of revocation should do so by submitting a valid revocation instruction to the Exchange Agent and an electronic withdrawal notice in accordance with the procedures of the relevant Clearing System (“**Electronic Withdrawal Notice**”). Beneficial owners of Existing Bonds that are held through an Intermediary are advised to check with such entity when it would require to receive instructions to revoke an Offer Application and/or Electronic Instruction in order to meet the Revocation Deadline. For the avoidance of doubt, any Holder who does not exercise any such right of revocation in the circumstances and in the manner specified above, shall be deemed to have waived such right of revocation and its original Offer Application and Electronic Instruction will remain effective.

If a Holder has validly revoked an Offer Application and/or Electronic Instruction submitted to a Clearing System in accordance with the procedures set out in this section, it will have the right to make another Offer Application and Electronic Instruction in respect of the Existing Bonds to which such original Offer Application and Electronic Instruction relates prior to the Expiration Date in accordance with the procedures described in this Offer Memorandum for Offering to Exchange Existing Bonds.

Holders’ Representations, Warranties and Undertakings

By submitting a valid Offer Application to the Exchange Agent and a valid Electronic Instruction to the relevant Clearing System in accordance with the procedures of such Clearing System, holders of the relevant Existing Bonds and any Direct Participant submitting such Electronic Instructions on such holder’s behalf shall be deemed to agree with, and acknowledge, represent, warrant and undertake to the Company, the Dealer Managers and the Exchange Agent on each of the Expiration Date and the Settlement Date (and if the holder of such Existing Bonds or the Direct Participant is unable to give these acknowledgements, agreements, representations, warranties and undertakings, such holder or Direct Participant should contact the Exchange Agent immediately):

- (a) it has received, reviewed and accepts the terms and conditions, risk factors and other considerations of the Offer and the New Bonds, and the offer and distribution restrictions, all as described in this Offer Memorandum;
- (b) upon the terms and subject to the conditions of the Offer, it Offers to Exchange the principal amount of Existing Bonds specified in its Offer Application and Electronic Instruction validly submitted and blocked in the relevant Clearing System and, subject to and effective on the acceptance for exchange by the Company in respect of such Existing Bonds pursuant to the Offer, it renounces all right, title and interest in and to all such Existing Bonds accepted for exchange pursuant to the Offer and waives and releases any rights or claims it may have against the Company with respect to any such Existing Bonds or the Offer;
- (c) it has full power and authority to Offer to Exchange the Existing Bonds subject to the Offer Application and Electronic Instruction which it has submitted pursuant to the Offer and, if such Existing Bonds are accepted for exchange pursuant to the Offer, such Existing Bonds will be transferred to, or for the account of, the Company with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Company, to be necessary or desirable to complete the transfer and/or cancellation of such Existing Bonds or to evidence such power and authority;
- (d) all authority conferred or agreed to be conferred pursuant to its Offer Applications and Electronic Instructions, its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;
- (e) it acknowledges that its Offer Application constitutes an irrevocable undertaking (subject to the terms of the Offer) to submit an Electronic Instruction for the same principal amount of Existing Bonds; and it understands that acceptance for exchange of Existing Bonds validly Offered for Exchange by it pursuant to the Offer, will constitute a binding agreement between it and the Company, in accordance with and subject to the terms and conditions of the Offer;
- (f) it understands that the Company may, at its sole discretion, extend, re-open, amend, waive any condition of or terminate the Offer at any time, and that in the event of a termination of the Offer, the Offer Application and Electronic Instruction with respect to the relevant Existing Bonds will be released (and the relevant Existing Bonds returned to the Holder);
- (g) none of the Company, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, has given it any information with respect to the Offer save the information provided by the Company as expressly set out in this Offer Memorandum nor has any of them made any recommendation to it as to whether it should offer Existing Bonds for exchange in the Offer and it has made its own decision with regard to offering Existing Bonds for exchange in the Offer based on any legal, tax or financial advice it has deemed necessary to seek;
- (h) in relation to those Existing Bonds it is Offering for Exchange pursuant to the Offer:
 - (i) it will ensure that such Existing Bonds are, and will continue to be until the time of settlement on the Settlement Date, held by it in Euroclear or Clearstream, Luxembourg (as applicable);
 - (ii) it has delivered, or has arranged to be delivered, Electronic Instructions with respect to those Existing Bonds to Euroclear or Clearstream, Luxembourg, as appropriate, by the Clearing System Cut-off Date;

- (iii) it has irrevocably authorised Euroclear or Clearstream, Luxembourg, as appropriate, in accordance with their procedures and deadlines, to block any attempt to transfer such Existing Bonds with effect on and from the date of the delivery of the relevant Electronic Instructions so that, at any time pending the transfer of such Existing Bonds on the Settlement Date to the Company or to its agent on its behalf, no transfers of such Existing Bonds may be effected;
 - (iv) it understands that the deadline for receipt of any Electronic Instructions by Euroclear or Clearstream, Luxembourg, as appropriate, is the Clearing System Cut-off Date and that any Electronic Instructions must be submitted in time for them to be received by the Clearing System Cut-off Date; and
 - (v) by blocking its Existing Bonds in its account with Euroclear or Clearstream, Luxembourg, as appropriate, it is deemed to consent, in the case of a Direct Participant, to have Euroclear and Clearstream, Luxembourg, as applicable, provide details concerning its identity to the Exchange Agent (and for the Exchange Agent to provide such details to the Company and the Dealer Managers);
- (i) it irrevocably appoints the Exchange Agent as its true and lawful agent and attorney-in-fact (with full knowledge that the Exchange Agent also acts as agent of the Company) with respect to the Existing Bonds Offered for Exchange pursuant to the Offer, with full powers of substitution (such power of attorney being deemed to be an irrevocable power of attorney coupled with an interest) to: (i) transfer ownership of such Existing Bonds on the accounts maintained by Euroclear or Clearstream, Luxembourg (as the case may be), together with all accompanying evidences of transfer and authenticity, to or to the order of the Company; and (ii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Existing Bonds (except that the Exchange Agent will have no rights to or control over, the funds of the Company, except as agent of the Company, for the offer consideration for any Existing Bonds Offered for Exchange and accepted for exchange pursuant to the Offer), all in accordance with the terms and conditions of the Offer as described in this Offer Memorandum;
 - (j) no information has been provided to it by the Company, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, with regard to the tax consequences for holders of Existing Bonds arising from any Existing Bonds Offered for Exchanged pursuant to the Offer and the receipt of the New Bonds, Accrued Payment and the Cash Rounding Amount and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Offer or in relation to the New Bonds and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Company, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments;
 - (k) it acknowledges that, should its Existing Bonds be accepted for exchange pursuant to the Offer: (i) the Cash Amount will be paid in Australian dollars subject to and in accordance with the terms of the Offer; (ii) the Cash Amount in respect of the Existing Bonds so accepted will be deposited by or on behalf of the Company, with the relevant Clearing System(s) on the Settlement Date; (iii) the Clearing Systems thereafter will make payments promptly to the relevant accounts in the Clearing Systems of the relevant Holders; and (iv) the New Bonds will be delivered and payments of the Cash Amount will be made to the Clearing System accounts in which the relevant Existing Bonds are held and the delivery of such New Bonds and payment of such amount to the Clearing Systems will discharge the obligation of the Company to all such Holders in respect of the delivery of the New Bonds and payment of such amount;

- (l) it is not a person to whom it is unlawful to make an invitation pursuant to the Offer under applicable securities laws, it has not distributed or forwarded this Offer Memorandum or any other documents or materials relating to the Offer to any such person and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Offer Applications and Electronic Instruction in respect of the Existing Bonds it is offering for exchange) complied with all laws and regulations applicable to it for the purposes of its participation in the Offer;
- (m) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or within Article 43(2) of the Order, or to whom this Offer Memorandum may lawfully be communicated in accordance with the Order;
- (n) the New Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (terms used in this and the following paragraph that are defined in Regulation S under the Securities Act are used as defined in Regulation S);
- (o) in connection with the Offer, there has been no use of the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, e-mail and other forms of electronic submission) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States and either (a) (i) it is the beneficial owner of the Existing Bonds being offered for exchange and (ii) it is resident and located outside the United States and is participating in the Offer from outside the United States and it is not a U.S. person or (b) (i) it is acting on behalf of the beneficial owner of the Existing Bonds being offered for exchange on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is resident and located outside the United States and is participating in the Offer from outside the United States and it is not a U.S. person;
- (p) either (a) if it is not located in Italy, it did not receive this Offer Memorandum or any invitation to participate in the Offer in Italy and it is not acting on behalf of investors located in Italy and it has not distributed or made available the Offer Memorandum or any other offering materials in Italy or (b) if it is located in Italy, it did not receive this Offer Memorandum or any invitation to participate in the Offer in Italy from any of the Company, the Dealer Managers and the Exchange Agent (and to this effect it acknowledges that the Offer is not being made, directly or indirectly, in the Republic of Italy, that the Offer and this Offer Memorandum have not been submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian laws and regulations and that neither this Offer Memorandum nor any other offering material relating to the Offer, the Existing Bonds or the New Bonds may be distributed or made available in the Republic of Italy) and it has not distributed or made available this Offer Memorandum or any other offering materials in Italy;
- (q) in relation to the Offer, it is not located or resident in any Member State of the European Economic Area which has implemented the Prospectus Directive save to the extent that it is (a) a legal entity that is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or (b) a legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts;

- (r) it is not located or resident in the Republic of France and if it is offering Existing Bonds for exchange or, if it is located or resident in the Republic of France, it is (i) a provider of investment services relating to portfolio management for the account of third parties (*personne fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*); and/or (ii) a qualified investor (*investisseur qualifié*), as defined in accordance with Articles L.411-1 and D.411-1 to D.411-3 of the French Code monétaire et financier;
- (s) it is not resident or located in the Kingdom of Belgium or, if it is located or resident in the Kingdom of Belgium, it is a “qualified investor” within the meaning of Article 6, paragraph 3 of the Law of 1 April 2007 on public acquisition offers (*Loi relative aux offres publiques d'acquisition / Wet op de openbare overnamebiedingen*), acting on its own account;
- (t) it is outside of Singapore, or if it is located in Singapore, it is a Holder of Existing Bonds for the purposes of Section 273(1)(cf) of the Securities and Futures Act, Chapter 289 of Singapore;
- (u) it is outside of Hong Kong or, if it is located in Hong Kong, it is (i) a professional investor as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) will only receive this Offer Memorandum in circumstances which do not result in this Offer Memorandum being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance;
- (v) (x) (i) this Offer Memorandum and any other offering or marketing document relating to the New Bonds does not constitute a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd, and (ii) the New Bonds may only be distributed or otherwise be made available in or from Switzerland on a private placement basis only; and (y) it will not (i) publicly distribute (or otherwise make publicly available) this Offer Memorandum or any other offering or marketing document relating to the New Bonds in or from Switzerland, or (ii) publicly offer, sell or advertise the New Bonds, directly or indirectly, in or from Switzerland;
- (w) it agrees not to reoffer, resell, pledge or otherwise transfer the New Bonds delivered to it pursuant to the Offer except outside the United States pursuant to Rule 903 or 904 of Regulation S under the Securities Act;
- (x) it understands that no action has been or will be taken by the Dealer Managers or their respective directors, employees or affiliates, or any person acting on behalf of the Dealer Managers or any of their respective directors, employees or affiliates, that would, or is intended to, permit a public offer of the New Bonds in any country or jurisdiction where any such action for that purpose is required and that New Bonds may not be, directly or indirectly, offered or sold and that no prospectus, form of application, advertisement or other document or information may be distributed or published in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all re-offers and sales of New Bonds by them will be made on the same terms;
- (y) if it is in Australia or a person for whom it may acquire New Bonds is in Australia, it is, or that person is, a “sophisticated investor” or a “professional investor”, in each case as defined in the Australian Corporations Act;
- (z) it is not a resident of Canada, unless prior to the Clearing System Cut-off Date the Company shall have obtained an order from the applicable Canadian securities regulatory authorities permitting the Offer to be extended to residents of Canada without compliance with the “issuer bid” requirements of applicable Canadian securities legislation;

- (aa) it is in compliance with the requirements of the Anti-Money Laundering and Counter Terrorism Financing Act 2006 of the Commonwealth of Australia and with the requirements of any equivalent laws or relevant obligations under anti-money laundering and counter-terrorism financing laws and regulations in the jurisdiction in which it is domiciled or carries on business to the extent that those laws apply to its participation in the Offer and enjoyment of its rights under the New Bonds;
- (bb) it is not, and if it is acquiring any New Bonds for or on account of one or more persons, it is not acting for, a person that is subject to financial sanctions resulting from the implementation of: (a) the UN Security Council Sanctions (through regulations under the Charter of the United Nations Act 1945 of the Commonwealth of Australia); or (b) the Australian Bilateral Sanctions (through gazetted directions under the Banking (Foreign Exchange) Regulations 1959 of the Commonwealth of Australia); and
- (cc) it acknowledges that the Company, the Dealer Managers and the Exchange Agent will rely upon the truth and accuracy of the foregoing acknowledgments, agreements, representations, warranties and undertakings.

The receipt of an Electronic Instruction by the relevant Clearing System will constitute instructions to debit the securities account of the relevant Direct Participant on the Settlement Date in respect of all of the Existing Bonds the relevant Holder has validly Offered for Exchange in the Offer, where such Existing Bonds are accepted for exchange pursuant to the Offer, upon receipt by such Clearing System of an instruction from the Exchange Agent to receive such Existing Bonds for the account of the Company and against credit of the New Bonds (if relevant) and payment by, or on behalf of the Company of any Cash Amount, subject to the automatic revocation of those instructions on the date of any termination of the Offer (including where such Existing Bonds are not accepted for exchange pursuant to the Offer) or the valid revocation of such Electronic Instructions in the limited circumstances described in “*Revocation of Offer Applications and/or Electronic Instructions*” above.

Governing Law

The Offer, any Offer Applications and Electronic Instructions, any exchange of Existing Bonds and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law. By submitting an Offer Application and/or an Electronic Instruction, the relevant Holder will irrevocably and unconditionally agree for the benefit of the Company, the Dealer Managers and the Exchange Agent that the courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Offer and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

ABOUT THE COMPANY

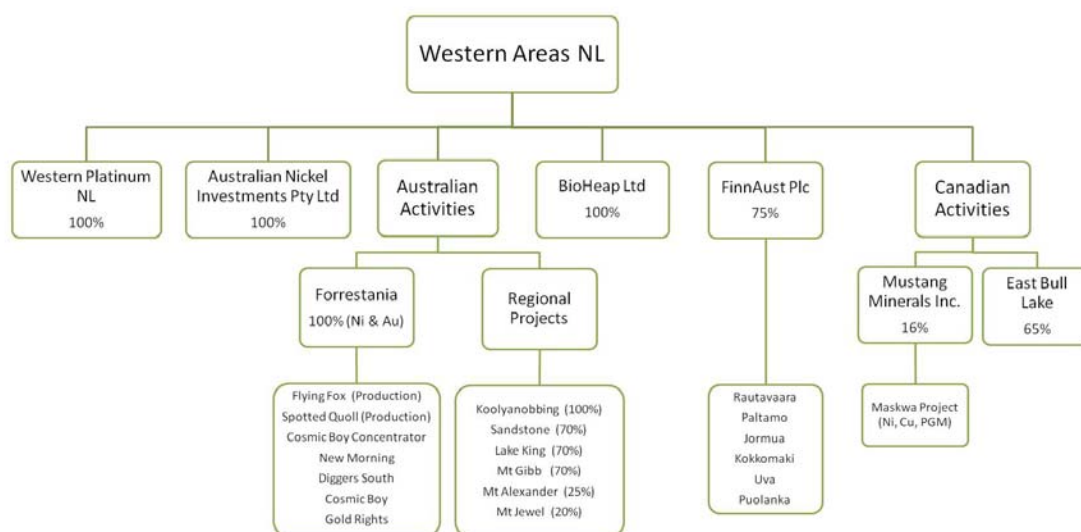
Corporate Overview

The Company is an international mid-tier nickel sulphide producer/explorer with a market capitalisation in excess of A\$1.0 Billion and approximately 6,100 shareholders as at 20 October 2010. The Company is engaged in nickel production from two mines in the Forrestania region of Western Australia and the exploration of nickel sulphide deposits in established mineral provinces in Australia, Finland and Canada. The two core assets are the Flying Fox and Spotted Quoll nickel mines which are high grade, low cost nickel mines.

The Company was incorporated under the Corporations Act on 24 December 1999 as a no liability company. In 2000, the Company completed its initial public offering pursuant to a prospectus in Australia and subsequently commenced trading on the ASX on 28 July 2000. In December 2005, the Company completed the strategic step of dual listing on the TSX in Canada.

The Company's principal asset is a 100% interest in the 90km long Forrestania Nickel Project ("**Forrestania Project**") (which includes the Flying Fox mine, Spotted Quoll mine, and the proposed New Morning, Diggers South and Cosmic Boy mines) located approximately 400km east of Perth, Western Australia. The Company is targeting combined annual production from the Flying Fox and Spotted Quoll mines of 25,000 tonnes of nickel in concentrate by 2011. The Company is also an active nickel explorer focused on exploration aimed at building mineral resources and discovering new deposits at Forrestania and has interests in advanced projects in Western Australia, Finland and Canada.

The diagram below provides an overview of the key entities which the Company controls along with its principal operations and other investments.



Note: "Cu" refers to copper, "Ni" refers to nickel, "Au" refers to gold, "PGE" or "PGM" refers to platinum group elements/metals

Business Strategy

The Company is engaged in the acquisition, exploration, development and mining of nickel sulphide deposits in established mineral provinces in Australia, Finland and Canada. The Company's main focus since October 2003 has been on exploring for and developing high grade nickel sulphide deposits at the Forrestania Project in Western Australia and exploring for nickel, copper and platinum group element deposits at the Company's other exploration projects.

Objectives

The Company has the following key objectives over the 12 months from June 2010;

- Maintain low cost production and ore reserves at the Flying Fox and Spotted Quoll mines;
- Maximise the rate of nickel sales during this time of high nickel prices;
- Complete the feasibility study for the planned Spotted Quoll underground mine in the December quarter 2010;
- Discover another Spotted Quoll or Flying Fox type deposit and expand the current mineral resources at the Forrestania Project;
- Discover a new nickel deposit on one of the regional Western Australian nickel joint venture projects which extend 400km north from Forrestania; and
- Secure a major funding and offtake partner to advance the Finland joint venture projects from the exploration stage towards potential mine production.

Dividend policy

The current dividend policy is to distribute approximately 50% of net profit after tax to holders of Ordinary Shares. No guarantee can be given about future dividends, or the level of franking or imputation (if any) of such dividends, as these matters will depend upon the future profits of the Company, its financial and taxation position and the Directors' view of the appropriate payout ratio at the time.

Asset Overview

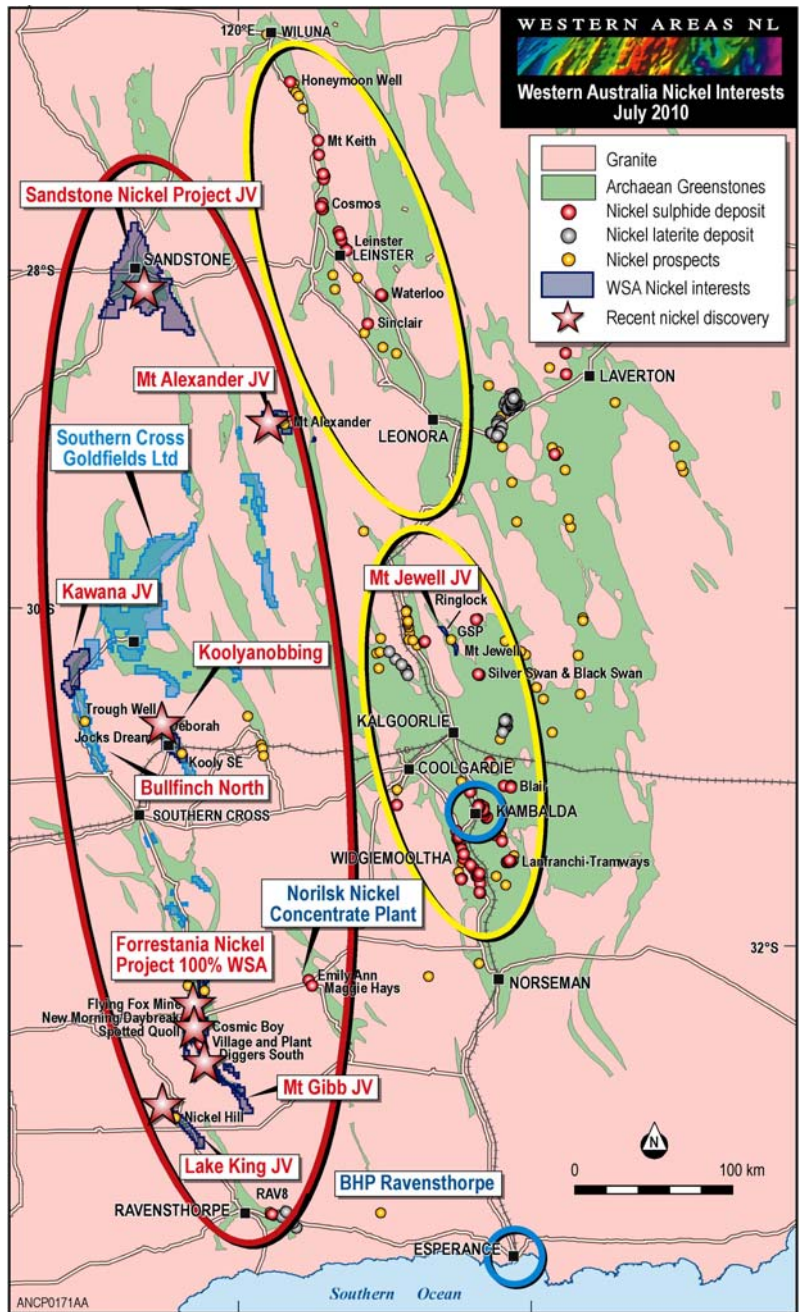
Australian Operations

Forrestania Project

The Company's principal asset is its Forrestania Project.

In April 2002, the Company entered into an agreement to earn a 75% interest in the Forrestania Project tenements (excluding precious metals rights) by undertaking and funding exploration on the tenements. The Company completed its funding obligations and earned its 75% interest under the terms of the agreement in February 2003 and purchased the remaining 25% of the Forrestania Project in October 2003, subject to a perpetual 2% net smelter royalty for nickel.

The Company has two high grade nickel deposits at the Forrestania Project; Flying Fox and Spotted Quoll. Flying Fox commenced production in late 2006 and Spotted Quoll reached commercial production during the June quarter 2010. In addition to these two mines, there are also a number of other deposits at the Forrestania Project including New Morning, Cosmic Boy and Diggers South which are being considered to be brought into production. The location of these deposits is shown in the regional location map below:



The Joint Ore Reserves Committee (“JORC”) compliant resources at the Forrestania Project are outlined in the table below:

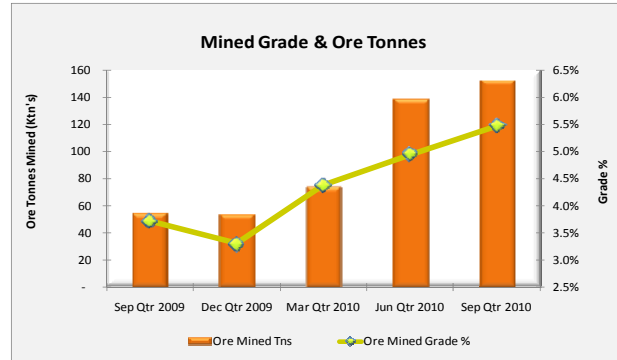
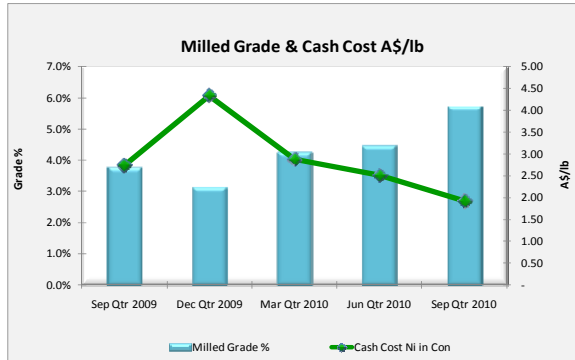
Western Areas NL Ore Reserve / Mineral Resource Table - 30 September 2010				
Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area				
T1 South	12,200	3.0	370	Probable Ore Reserve
T4	211,000	4.0	8,450	Probable Ore Reserve
T5	929,200	5.8	53,660	Probable Ore Reserve
2. Spotted Quoll				
	290,800	5.0	14,420	Probable Ore Reserve
	1,725,000	4.1	70,200	Probable Ore Reserve
3. Diggers Area				
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve
TOTAL WESTERN AREAS ORE RESERVES	5,277,200	3.4	177,900	Probable Ore Reserve
Mineral Resources				
1. Flying Fox Area				
T1 South	76,100	4.1	3,080	Indicated Mineral Resource
	35,200	4.9	1,720	Inferred Mineral Resource
T1 North	45,400	4.2	1,900	Indicated Mineral Resource
	12,700	4.8	610	Inferred Mineral Resource
T4	172,000	5.4	9,280	Indicated Mineral Resource
	21,000	3.6	760	Inferred Mineral Resource
T5 Massive Zone	837,800	6.8	57,010	Indicated Mineral Resource
	68,800	5.2	3,570	Inferred Mineral Resource
T5 Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource
	357,800	1.0	3,460	Inferred Mineral Resource
T6	44,300	5.7	2,530	Inferred Mineral Resource
T7	99,300	4.8	4,810	Inferred Mineral Resource
Total Flying Fox Indicated	1,328,500	5.5	72,860	
Total Flying Fox Inferred	639,100	2.7	17,460	
New Morning / Daybreak				
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource
	93,100	3.5	3,260	Inferred Mineral Resource
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource
	659,200	0.9	5,780	Inferred Mineral Resource
Total New Morning Indicated	1,391,600	1.6	21,660	
Total New Morning Inferred	752,300	1.2	9,040	
Spotted Quoll				
	1,609,900	5.9	95,500	Indicated Mineral Resource
	231,300	6.4	14,760	Inferred Mineral Resource
Beautiful Sunday				
	480,000	1.4	6,720	Indicated Mineral Resource
TOTAL WESTERN BELT INDICATED	4,810,000	4.0	190,020	
TOTAL WESTERN BELT INFERRED	1,622,700	2.5	41,260	
2. Cosmic Boy Area				
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource
Seagull	195,000	2.0	3,900	Indicated Mineral Resource
TOTAL COSMIC BOY AREA INDICATED	375,900	2.4	8,950	
3. Diggers Area				
Diggers South - Core	3,000,000	1.5	44,700	Indicated Mineral Resource
Diggers South - Halo	4,800,000	0.7	35,600	Indicated Mineral Resource
Digger Rocks - Core	54,900	3.7	2,030	Indicated Mineral Resource
Digger Rocks - Core	172,300	1.1	1,850	Inferred Mineral Resource
Digger Rocks - Halo	1,441,000	0.7	10,350	Inferred Mineral Resource
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource
TOTAL DIGGERS AREA INDICATED	8,414,900	1.0	87,370	
TOTAL DIGGERS AREA INFERRED	1,613,300	0.8	12,200	

Notes:

- The Company reports its mineral resources and mineral reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). The JORC Code is one of the prevailing standard international mineral resource classification systems.
- The information within this report as it relates to mineral resources and mine development activities is based on information compiled by Mr John Haywood, Mr Daniel Lougher and Mr Julian Hanna of Western Areas NL. Mr Haywood, Mr Lougher and Mr Hanna are members of AusIMM and are full time employees of the Company. Mr Haywood, Mr Lougher and Mr Hanna have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Mr Haywood, Mr Lougher and Mr Hanna consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Forrestania Project Production

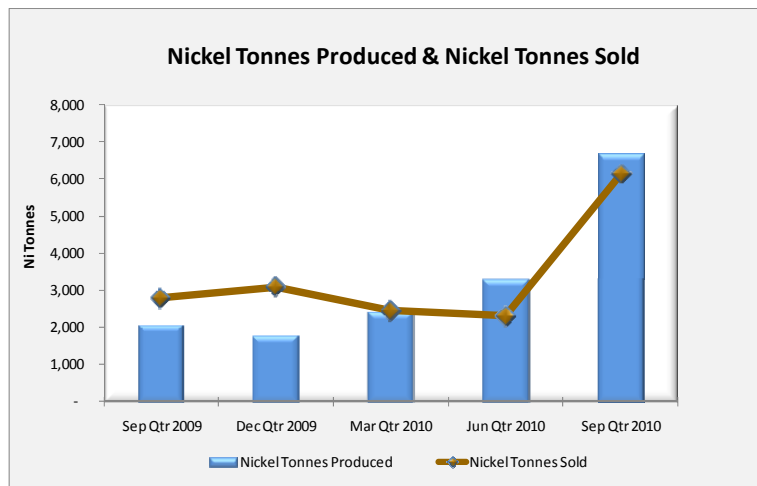
During the 2010 financial year, the Forrestania Project produced 13,800 tonnes of nickel in ore from the Flying Fox and Spotted Quoll mines. The Company treated over 270,350 tonnes of ore at a grade of 3.9% nickel for an average 90% recovery to produce 9,576 tonnes of nickel in concentrate. The production cash cost into concentrate was A\$3.00/lb (US\$2.65/lb). Since mine production began in 2006 Flying Fox has produced in excess of 29,200 tonnes of nickel in ore till the end of September 2010. Spotted Quoll has produced 8,270 tonnes of nickel in ore since mining began during March 2010.



Cosmic Boy Concentrator

The stage two expansion of the nickel concentrate plant located at the Forrestania Project was commissioned in May 2010. The plant is positioned at the Cosmic Boy site which is centrally located in the Forrestania Project and is 20km south of the Flying Fox and Spotted Quoll mines. The Cosmic Boy concentrator is located on the site of the previous treatment plant at the Forrestania Project. During the financial year 2010 the plant processed 270,350 tonnes of ore to produce 9,576 tonnes of nickel metal.

During the September quarter 2010, the Cosmic Boy Concentrator processed 131,540 tonnes of ore at a grade of 5.7% Ni at an average recovery of 89%, to produce 6,678 tonnes of nickel metal. This was the first full quarter of production since the stage two expansion was completed.



The Cosmic Boy area has substantial existing infrastructure including roads, grid power, borefields, an airstrip, tailings storage and a village with high quality accommodation for 500 people.

Offtake Agreements

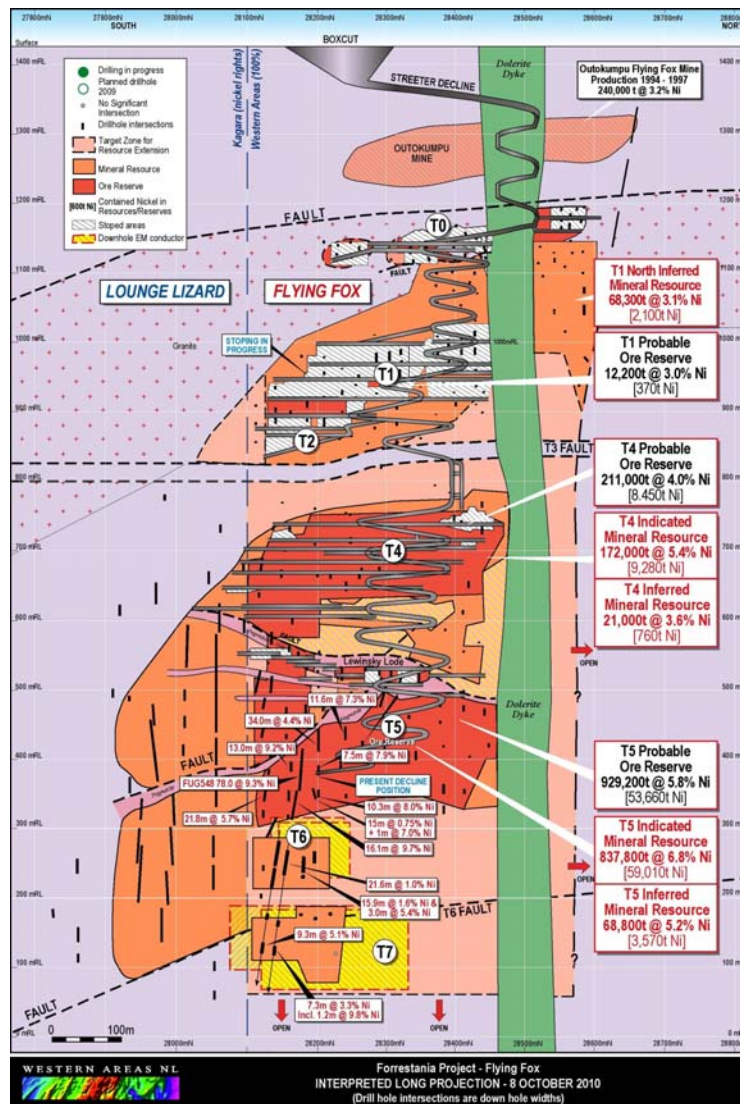
The Company has two offtake agreements with BHP Billiton Nickel West Pty Ltd, with the first agreement providing for the sale of up to 10,000 tonnes of nickel in concentrate per annum for a total of 75,000 tonnes. This agreement commenced in May 2009, with an approximate life of 7.5 years. The second agreement provides for 2,000 tonnes of nickel in concentrate per annum for a maximum of 15,000 tonnes over the life of the agreement. This agreement commences in 2012.

The Company also has an offtake contract with Jinchuan Group Ltd, which provides for the sale of up to 25,000 tonnes of nickel in concentrate over a two year period. The contract commenced in 2010 with the first shipment on July and is expected to be satisfied during 2012. The Company is currently in discussions with Jinchuan Group Ltd to ship additional concentrate for the months of October, November and December 2010 which may bring forward the completion of supply under this agreement.

Flying Fox Mine

The Flying Fox mine development commenced in December 2004 and consists of an underground decline which is designed to access a number of high grade nickel deposits extending from approximately 250m to 1,150m vertical depth from surface.

A long projection of the Flying Fox mine showing the various deposits is shown below:



Kagara Agreement

Kagara Ltd (“**Kagara**”)’s Lounge Lizard nickel deposit is located immediately adjacent to the Flying Fox mine (as shown in the long section diagram above). The Company entered into an agreement with Kagara to mine the Lounge Lizard deposit via the Flying Fox decline.

Under the terms of this agreement:

- Kagara made a non refundable A\$20 million payment to the Company in July 2009 as part refund of the capital cost of developing the Flying Fox decline and mine infrastructure. This will enable ore production of 50,000 tonnes per annum of ore from Lounge Lizard. Increased production from Lounge Lizard in units of 25,000 tonnes per annum of ore can be mined subject to approval by Kagara and payment of further refunds of capital costs at the rate of A\$10 million for each additional unit of 25,000 tonnes per annum of ore mined.
- The Company will manage and operate all aspects of the combined Flying Fox/Lounge Lizard mine and will determine the mining schedule and appropriate pro rata production levels from Flying Fox and Lounge Lizard. Kagara will pay all costs relating to developing, mining and treating ore from Lounge Lizard including royalties and the Company will charge Kagara a 20% management fee on all invoices.
- Lounge Lizard ore will be treated at the Company’s Cosmic Boy nickel concentrator. The Company will charge an ore tolling fee including a pro rata amortisation fee for the cost of the plant and infrastructure. The resulting concentrate will be sold into the Company’s nickel offtake contracts.

Spotted Quoll

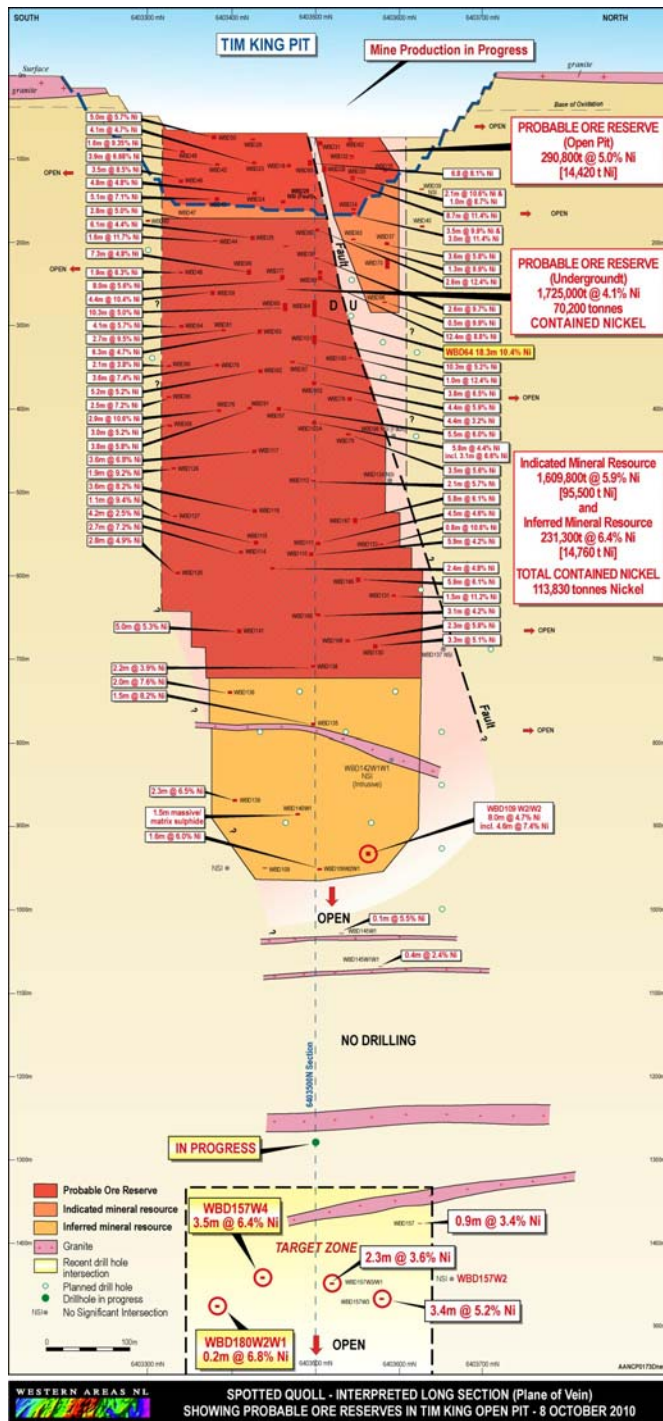
Spotted Quoll - Tim King Open Pit

The high grade Spotted Quoll deposit was discovered in October 2007 6km south of the Flying Fox mine. The feasibility study for the Tim King Open Pit at the Spotted Quoll deposit defined an ore reserve for the open pit mine of 386,000 tonnes at an average grade of 5.1% nickel containing 19,900 tonnes of nickel (previously announced on 12 August 2009). This represented only 17% of the total contained nickel in the current Spotted Quoll Mineral Resource at that time, which was approximately 2 million tonnes at an average grade of 6.2% nickel containing 125,000 tonnes of nickel (to 640m depth). The project commenced commercial ore mining in the June 2010 quarter.

Spotted Quoll – Proposed Underground Mine

The underground feasibility study is on track to be completed by the end of the 2010 calendar year with all geotechnical and resource drilling completed and metallurgical test work nearing completion. The current work being undertaken in relation to this study is focused on optimisation of the proposed decline and mine design.

The first reserve for the planned Spotted Quoll underground mine was released to the ASX on 19 March 2010. The Probable Ore Reserve of 1,725,000 tonnes at 4.1% nickel has been estimated below the Tim King Pit down to 525m vertical depth (see Spotted Quoll long section below).



New Morning Deposit

The New Morning Deposit is located 3km south of Flying Fox. The New Morning deposit was the original focus of exploration by the Company at Forrestania.

A drilling campaign has commenced to test extensions to New Morning, midway between the Spotted Quoll and Flying Fox mines. Drilling is based on a revised interpretation of the geology which has identified the potential below two granite sheets intruded along the T3 Faults. These horizontal faults are interpreted to extend from the Flying Fox mine 6km to Spotted Quoll.

Diggers South Deposit

The Diggers South Deposit is located 40km south of Flying Fox and is within 500m of a historical mine (“**Diggers Rocks**”) which produced approximately 28,000 tonnes of nickel. The Company is currently progressing a feasibility study on a 400,000 tonne per annum underground mine at Diggers South.

Other Exploration Projects (Outside Forrestania)

The Company also holds a number of other exploration projects as outlined below.

Koolyanobbing Project

The Koolyanobbing Project is located 200km north of Forrestania and comprises 3 separate nickel joint ventures with one company which is conducting iron ore mining on the tenements. These joint ventures are: Koolyanobbing North, Koolyanobbing Central and Koolyanobbing East.

Sandstone JV

The Company has a joint venture to explore a large area of nickel prospective tenements in the Sandstone greenstone belt. Sandstone is located at the northern limit of the Central Yilgarn Nickel Province and is 400km north of the Company’s main operations at the Forrestania Project. Under this joint venture, the Company has the ability to earn a 70% interest in nickel and related metals in the relevant project in an area that has had minimal previous nickel exploration. Shallow drilling has intersected anomalous nickel mineralisation in four different areas along an 8km zone within a prospective geological sequence. There is no previous nickel exploration along this sequence. On 8 March 2010, the Company announced that diamond drilling had intersected a potentially significant zone of nickel sulphide mineralisation at shallow depth in ‘Area C’ of the Sandstone Joint Venture.

Lake King Prospect

The Company has entered into an agreement to earn a 70% interest in the Lake King Project located 80km south west of Forrestania. The main interest is at the “Nickel Hill” prospect which is prospective for anomalous nickel, copper and platinum group elements.

Kawana JV (the Company earning 80%)

The Company has an agreement to explore the Kawana Project, which comprises a total of some 270km² in area. The Kawana tenements are located approximately 250km to the north west of the Forrestania Project in a similar geological setting to the Western Nickel Belt which hosts the Flying Fox and Spotted Quoll mines. Surface sampling and mapping has provided encouraging early results and drilling is planned to commence in late 2010.

BioHeap Technology

The Company announced on 22 December 2009 that it had acquired 100% of the BioHeap bacterial leaching technology (“**Bioheap**”) from Pacific Ore Ltd through the acquisition of all of the shares in Pacific Ore (Australia) Pty Ltd (the owner of that technology). Pacific Ore (Australia) Pty Ltd has since been renamed BioHeap Ltd. BioHeap is a bacterial heap leaching technology developed to leach low grade sulphide ores to produce intermediate products which can be sold directly to nickel refineries. A large amount of test work has been carried out on a range of nickel and copper deposits.

Finland Operations

Western Areas has an agreement with Magnus Minerals Ltd (“**Magnus**”), an unlisted Finnish company, to earn 75% in six exploration projects in the Kainuu Schist Belt and three exploration projects in the adjacent Outokumpu - Savonranta Belt in Finland. Western Areas has already earned a 75% interest in the Kainuu Schist Belt Project.

The JV partners consider that the Kainuu Schist Belt may represent a major metal province with potential to host multiple base metal deposits.

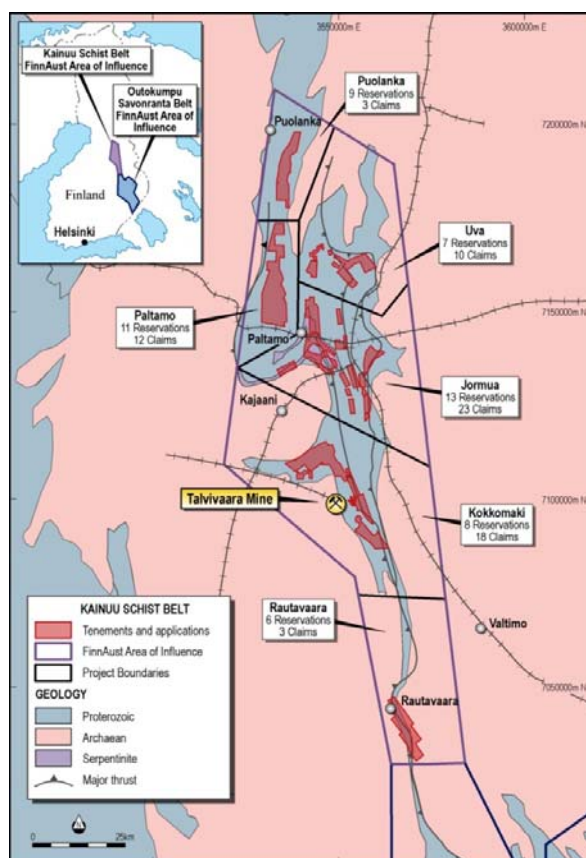
The Company and Magnus believe the 180km long Kainuu Schist Belt has the potential to develop into a metal province with multiple base metal sulphide deposits. The Company / Magnus joint venture has a significant tenement holding in this belt.

The six Company/Magnus joint venture projects consist of large, coincident magnetic/electromagnetic complexes from 10 to 20km long, made up of a number of separate targets each 1 to 2km long. Numerous targets have been identified for drilling within the three main project areas: Rautavaara, Kokkomaki and Paltamo. (Magnetic anomalies indicate the occurrence of magnetic pyrrhotite sulphide and coincident electromagnetic anomalies indicate the total sulphide and graphitic content of the black schist ore host – similar to “Talvivaara type” deposits.)

The Company commenced drilling to test a number of targets in the Finland joint venture in December 2009. Two targets have been tested to date with encouraging results. Drilling at R1 target at the Rautavaara Project intersected wide zones of Talvivaara type sulphide mineralisation and at the P1 target at the Paltamo Project also intersected a wide zone of zinc mineralisation.

The Company and Magnus have appointed UBS AG, Australia Branch and Rothschild Australia to find a suitable partner to assist with funding the exploration and development of the Finland joint venture projects. The Company and Magnus may consider listing a new company to advance these projects.

The main objectives of introducing a partner are to fund a three stage program including exploration/resource drilling, metallurgical test work, feasibility studies and potential project development. The incoming partner would be provided the opportunity to earn equity in one or more of the projects and with an opportunity to secure the potential for long term offtake contracts for a range of nickel, zinc and copper products.



Plan of Kainuu Schist Belt in Finland where Western Areas has earned 75% JV interest

Canadian Operations

The Company has a strategy to acquire quality nickel assets in Canada. The key requirements for acquiring Canadian assets are that they must be advanced projects with well established infrastructure that have the potential to be brought into production within two to three years.

East Bull Lake

The Company has a joint venture with Canadian listed nickel company Mustang Minerals Corp. (TSX:MUM) (“**Mustang**”) to explore the East Bull Lake Project located 80km west of Sudbury, Ontario. East Bull Lake is a 20km long mafic intrusive complex which consists of two separate zoned intrusions joined by a 5km long feeder dyke. The project is considered to have potential to host nickel/copper/PGM deposits.

Investment in Mustang Minerals

The Company owns 14% of Mustang. Mustang has exploration holdings for nickel/copper and PGE’s in Manitoba and Ontario and is undertaking a feasibility study for an open pit mine at the Makwa nickel deposit in southern Manitoba.

Hedging

Western Areas’ nickel hedging consists of quotation period (QP) hedging to manage the risk of price fluctuations for nickel already shipped to customers that is still subject to price finalisation. Foreign exchange contracts are entered into on shorter terms (less than 1 year) to provide some protection against unexpected movements in foreign currency markets. Details of these hedges are as follows:

Fiscal Year 2011

Nickel Hedging Forward Sale

Ni Tonnes Sold	300
US\$ Sales Price	22,366

Nickel Hedging Collar Style Options

Ni Tonnes Sold	600
US\$ Price/Tonne Call	24,341
US\$ Price/Tonne Put	20,333

Foreign Exchange Options

US\$ Sold (\$’000)	5,000
US\$ Put (US cents)	0.9253

Foreign Exchange Collar Options

US\$ Sold (\$’000)	10,000
US\$ Call (US cents)	0.8189
US\$ Put (US cents)	0.9089

The hedging contracts listed above are not subject to margin calls.

Financing

The Company has the following financing facilities in place:

	Facility limit (A\$'000)	Undrawn Portion of Facility (A\$'000)
- Cash advance facility - ANZ	80,000	80,000
- Performance bond facility - ANZ	10,000	3,414
TOTAL	90,000	83,414

As set forth in the table above, the corporate finance facilities of A\$80.0 million provided by ANZ is undrawn.

ANZ Facility Agreement

The Company has entered into a facility agreement dated 21 December 2006 with ANZ (“**ANZ Facility Agreement**”) comprised of a cash facility of A\$80 million (“**Cash Facility**”) and a performance bond facility of A\$10 million (“**Performance Bond Facility**”). The Cash Facility may be used to meet the Company’s general corporate purposes in the ordinary course of its ordinary business. The Performance Bond Facility may be used to meet the Company’s performance bond obligations to the Department of Mines and Petroleum in Western Australia in respect of the Forrestania Project.

Repayments under the Cash Facility are amortising and that facility must be repaid on the earlier of the first date on which the ore reserve tail in relation to the Flying Fox mine is less than 25% (“**Reserve Date**”) and 31 March 2012.

Access to the undrawn portion of the Cash Facility is conditional upon ANZ giving its prior written consent to any drawdown under the Cash Facility, the Company operating the Flying Fox mine in accordance with development plans approved by the Senior Secured Creditors, the Company being in compliance with the operational, financial, amortising limits and other covenants and warranties specified in the senior secured creditors documentation.

ANZ must be released from its obligations under all performance bonds issued under the Performance Bond Facility on the earlier of the Reserve Date and 31 March 2012.

The ANZ Facility Agreement contains representations, warranties, covenants and undertakings in respect of the Forrestania Project and the Company and its subsidiaries, and events of default and events of review, that are usual for facilities of this nature.

The Company’s obligations under the Senior Creditors Secured Obligations are secured by first ranking charges and mortgages over all of the present and future assets, undertakings and rights of the Company, Western Platinum NL (ABN 17 097 742 580) (“**WPNL**”) and Australian Nickel Investments Pty Ltd (ACN 111 599 323)(“**ANI**”). Such charges and mortgages are specifically:

- a deed of charge dated 19 June 2009 between each company described in the schedule to that deed (being the Company, WPNL and ANI) and ANZ Fiduciary Services Pty Ltd (in its capacity as security trustee of the Forrestania Security Trust) (“**Security Trustee**”);
- a deed of charge dated 19 June 2009 between the Company and the Security Trustee;
- a mining mortgage dated 19 June 2009 between the Company and the Security Trustee;
- a share mortgage dated 19 June 2009 between the Company and the Security Trustee;
- a deed of charge dated 25 February 2005 between the Company and the Security Trustee; a mining

mortgage dated 25 February 2005 between the Company and the Security Trustee; a share mortgage dated 21 December 2006 between the Company and the Security Trustee; and

- a deed of charge dated 21 December 2006 between each company described in the schedule to that deed (being the Company, WPNL and ANI) and the Security Trustee,

as each may be amended, supplemented or restated from time to time (together, the “**Senior Creditors Securities**”).

Consequently, the obligations of the Company under the Bonds will effectively rank behind the Senior Creditors Secured Obligations by virtue of the Senior Creditors Securities. See “*Risk Factors — All of the Company’s present and future assets, undertakings and rights are secured*”, “— *The Company cannot make payments under the Bonds from Allocated Revenue until it has satisfied its payment obligations under the cashflow waterfall in the senior secured creditors documentation*” and “— *The Company and certain of its subsidiaries are subject to financial and other covenants*”.

The senior secured creditors documentation includes a cashflow waterfall of a type normally seen in this style of facility. Under the senior secured creditors documentation, the Allocated Revenue is required to be deposited into designated bank accounts with ANZ.

Prior to any event of default or breach of certain provisions, the Company may use funds in those designated bank accounts to pay operating costs relating to the Forresteria Project, capital costs relating to the Forresteria Project, royalties, fees and taxes, fees, costs and expenses incurred by the Senior Secured Creditors, obligations under hedging contracts, principal and interest under the Cash Facility, fees and moneys due under the Performance Bond Facility, mandatory prepayments, additional expenditure in accordance with a base case model, certain distributions and after any event of default or breach of certain provisions, ANZ may take exclusive control of those bank accounts such that ANZ’s consent is required to any withdrawals.

Other cash inflows of the Company other than Allocated Revenue, such as the proceeds from the issue of the Bonds, will not be subject to the cashflow waterfall requirements under the senior secured creditors documentation.

On 20 October 2010, ANZ, as agent for the Senior Secured Creditors, granted its written consent to the Company in respect of the issue and offering of the Bonds.

Existing 2012 and 2015 Bonds

In addition to the ANZ Facility outlined above, the Company has the Existing 2012 and 2015 Bonds, being:

- ***A\$225 million 8.0% convertible bonds due 2012*** (the “**Existing Bonds**”)

The Existing Bonds are the subject of the Offer as set out in this Offer Memorandum.

The Existing Bonds are quoted on the SGX-ST. These convertible bonds are direct, unconditional, unsubordinated, senior and unsecured obligations of the Company, carry a coupon of 8.00% per annum and are convertible into the Company’s shares at a specified conversion price per share (subject to standard adjustments for certain corporate actions).

The conversion right of the Existing Bonds can be exercised by the holder any time after 41 days from completion, subject to the Company’s right to cash settle in lieu of the issue of ordinary shares. Unless previously redeemed or converted, the Existing Bonds will be redeemed at par on 2 July 2012.

The Company has in the past purchased and cancelled Existing Bonds on market. There remains an aggregate principal amount of A\$208.5 million of Existing Bonds outstanding as at the date of this Offer Memorandum.

The full terms of the Existing Bonds are set out in the Offer Memorandum released to ASX on 29 June 2007 and available in the manner described in the section “— *Additional Information — Further information about the Company*”.

- ***A\$125 million 6.40% convertible bonds due July 2015*** (the “**Existing 2015 Bonds**”)

The Existing 2015 Bonds were issued in April 2010. These convertible bonds are direct, unconditional, unsubordinated, senior and unsecured obligations of the Company, carry a coupon of 6.40% per annum and are convertible into the Company’s shares at a specified conversion price per share (subject to standard adjustments for certain corporate actions).

The Existing 2015 Bonds were issued at a premium of approximately 28% to the closing price of Western Areas shares prior to the launch. The proceeds were utilised to extend the maturity of some of the Company’s existing loan debt profiles until 2015, at a lower average interest rate. These bonds were settled and issued on 8th April 2010 and are quoted on the Singapore Stock Exchange.

The full terms of the Existing 2015 Bonds are set out in the Offer Memorandum released to ASX on 31 March 2010 and available in the manner described in the section “– *Additional Information – Further information about the Company*”.

DIRECTORS

Brief profiles of the Directors and senior management of the Company as at the date of this Offer Memorandum are as follows:

Directors

Terrence Streeter (Non-Executive Chairman) Age 66

Mr Streeter is a Perth based businessman with extensive experience in exploration and mining companies and has held various interests in the nickel sulphide industry for over 30 years. Mr Streeter serves on the Remuneration, Nomination, Treasury and Audit & Risk Management Committees.

During the past three years Mr Streeter has also served as a director of the following other listed companies:

- Midas Resources Limited (since February 2003)
- Fox Resources Limited (since June 2005)
- Minera IRL (resigned 17 July 2009)

Julian Hanna (Managing Director & Chief Executive Officer) Age 57

B.Sc

Mr Hanna is a geologist with over 30 years experience in gold and base metal exploration and mine development. He has a BSc in geology and is a member of Australasian Institute of Mining & Metallurgy. He has been involved in the discovery and development of several gold and base metal deposits. Mr Hanna is a member of the Nomination Committee.

During the past three years Mr Hanna has also served as a director of Mustang Minerals Corp (since December 2006).

David Cooper (Non-Executive Director) Age 69

CPA

Mr Cooper is a Certified Practising Accountant with over 20 years experience in the area of taxation and business administration, including as Practice Manager for TA Mairs and Co Pty Ltd. Mr Cooper is the Chairman of the Remuneration, Nomination, Treasury and Audit & Risk Management Committees.

Robin Dunbar (Non-Executive Director) Age 50

MBA

Mr Dunbar is based in Toronto, Canada and has held a number of senior positions in both commercial and the corporate banking sectors and is currently the President of Mustang Minerals Corporation. Mr Dunbar is a member of the Audit & Risk, Nomination, Treasury and Remuneration Committees.

During the past three years Mr Dunbar has also served as a director of the following other listed companies:

- Mustang Minerals Corp. (since November 1997)
- VG Gold Corp. (Successor to Veldron Gold Inc) (since September 2005)
- Aquila Resources Inc. (since May 2006)

Richard Yeates (Non-Executive Director) Age 51

B.Sc

Mr Yeates is a geologist with more than 26 years mining industry experience in various roles and has significant experience across a wide range of resource projects around the world. He is familiar with both the ASX and TSX regulatory environments and has had exposure to international resource funds and financial institutions.

Daniel Lougher (Operations Director) Age 50

B.Sc Msc. Eng

Mr. Lougher is a qualified Mining Engineer with over 20 years experience in all facets of resource and mining project exploration, feasibility, development and operational activities in Australia and overseas. He is a member of the Australasian Institute of Mining & Metallurgy.

Senior Management

Charles Wilkinson (General Manager Exploration)

B.Sc

Mr Wilkinson is a geologist with more than 20 years experience, in both mining and mineral exploration across a range of commodities in Australia and overseas. He has held a number of senior and executive management roles, including Exploration Manager – Australia with WMC. Mr Wilkinson is a member of the Australasian Institute of Mining & Metallurgy.

Joseph Belladonna (Chief Financial Officer and Company Secretary)

B.Bus, CPA

Mr Belladonna has been employed at Western Areas NL since 2005, originally as the Financial Controller and then as the Company Secretary. Mr Belladonna was appointed as the Chief Financial Officer on 1 July 2010. Mr Belladonna is a Certified Practising Accountant who has over 10 years experience in the resources industry including Gold and Base Metals in a range of management positions.

FINANCIAL INFORMATION

Overview

The Company is an Australian company. Accordingly, its audited consolidated financial statements are currently presented in Australian dollars and in accordance with Australian equivalents to International Financial Reporting Standards (“A-IFRS”).

Set out below are:

- a table setting out the consolidated capitalisation of the Company as at 30 June 2010 as adjusted after giving effect to the issue of the New Bonds under the Offer;
- information on assumptions and adjustments; and
- summary of the key financial statements as at and for the years ended 30 June 2009 and 2010.

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

The audited financial reports of the Company, most recently lodged with ASIC, may be obtained from the Company or the ASX as set out in “*Incorporation by Reference*”. Prospective investors are advised to obtain and read these documents before making their investment decision in relation to the New Bonds.

Consolidated Capitalisation and Share Capital after Offer

The following table sets forth the consolidated capitalisation of the Company as at 30 June 2010 as adjusted after giving effect to the issue of the New Bonds under the Offer. This table should be read in conjunction with the Company’s audited consolidated financial statements for the year ended 30 June 2010 and related notes thereto, and management’s discussion and analysis thereon incorporated by reference in this Offer Memorandum.

Save as described below, there has been no material adverse change in the capitalisation of the Company since 30 June 2010.

	As at 30 June 2010	As at 30 June 2010 after giving effect to the issue of the New Bonds
	(audited)	(pro forma)
	A\$(000's)	A\$(000's)
Cash and cash equivalents	65,368	59,622
Number of Ordinary Shares issued (unlimited authorised)	179,735,899	179,735,899
Number of Options (to subscribe for new Ordinary Shares)(1)	7,300,000	7,300,000
Long term debt	295,370	291,303

- (1) These options are unlisted options, which have been issued to Directors and employees of the Company. They represent 4.06% of the Ordinary Shares on issue as at 30 June 2010 on a fully diluted basis prior to issue of the New Bonds. The exercise price and expiry dates of the options are as follows:

Share Options on Issue

The following options were outstanding at 30 June 2010:

	Option Terms (Exercise Price and Maturity)						TOTAL
	Employee	Employee	Employee	Director	Director	Employee	
	A\$7.50	A\$15.00	A\$17.00	A\$17.00	A\$7.50	A\$7.25	
	Jan 2011	May 2011	May 2011	May 2011	Nov 2012	Sep 2012	
Outstanding Balance	500,000	1,730,000	400,000	2,400,000	600,000	1,670,000	7,300,000

Option Vesting Conditions:

A\$7.50 – Jan 2011 and A\$15.00 – May 2011, vest one third on the grant date, one third 12 months after grant date and the final third 24 months after grant date.

The A\$17.00 – May 2011 Directors' options are fully vested.

The A\$17.00 – May 2011 Employee vest one third on the grant date, one third 12 months after grant date and the final third 24 months after grant date.

A\$7.25 – Sept 2012 and A\$7.50 – Nov 2012 options vest half 24 months before expiry and the remaining half vests 12 months before the expiry date.

Effect of the New Bonds on the Company

The Ordinary Shares to be issued upon conversion of the New Bonds will be issued fully paid and will rank from the date of issue equally for dividend and other rights with existing Ordinary Shares. An application has been made to list the Ordinary Shares to be issued on conversion of the New Bonds on the TSX. Upon conversion of the New Bonds, the Company will apply to the ASX for quotation of the Ordinary Shares issued on conversion of the New Bonds. If the Ordinary Shares of the Company are quoted at the time of conversion, the Company anticipates that the ASX would grant quotation to the Ordinary Shares issued on conversion of the New Bonds. However, quotation of such Ordinary Shares is a matter within the discretion of the ASX and the TSX.

In the event of a full conversion of the New Bonds issued (assuming an Exchange Ratio of 107% and A\$100 million principal amount of the Existing Bonds are exchanged pursuant to the Offer), based on the initial

Conversion Price of the New Bonds and the number of Ordinary Shares on issue at the date of this Offer Memorandum, following conversion of the New Bonds into Ordinary Shares:

- the Company would have 193,609,481 Ordinary Shares on issue; and
- the Ordinary Shares issued as a result of conversion would constitute 7.17% of the Ordinary Shares on issue assuming none of the Existing 2012 and 2015 Bonds are converted.

Based on the current conversion price applicable to the Existing 2012 and 2015 Bonds, the number of Ordinary Shares that would be issued as a result of conversion of all of the Existing 2012 and 2015 Bonds (assuming A\$100 million principal amount of the Existing Bonds are exchanged pursuant to the Offer) is 32,371,707.

Price of Ordinary Shares

The following table sets out the high and low closing prices, in Australian dollars, of Ordinary Shares on the ASX for the calendar year periods indicated:

Period	High (\$A)	Low (\$A)
2010		
Fourth quarter (up to and including 20 October 2010)	6.19	5.96
Third quarter	6.30	3.75
Second quarter	5.80	3.71
First quarter	5.60	3.87
2009		
Fourth quarter	5.38	4.66
Third quarter	6.33	4.61
Second quarter	6.09	3.30
First quarter	4.23	3.06
2008		
Fourth quarter	7.82	2.68
Third quarter	10.20	6.95
Second quarter	11.65	5.98
First quarter	6.67	3.84

Source: Bloomberg

On 20 October 2010, the closing price for Ordinary Shares on the ASX was A\$6.17.

Pro-forma balance sheet for the group reflecting the effects of the Offer

This section provides an overview of the audited balance sheet as at 30 June 2010 together with the unaudited pro-forma balance sheet post Offer.

Pro-Forma Balance Sheet as at 30 June 2010

	WSA Consolidated Group (audited)	Pro-Forma adjustments	WSA Consolidated Group (unaudited)
	<u>A\$ (000's)</u>	<u>A\$ (000's)</u>	<u>A\$ (000's)</u>
Current assets			
Cash and cash equivalents	65,368	(5,746)	59,622
Trade and other receivables	16,700	-	16,700
Inventories	25,228	-	25,228
Total current assets	107,296	(5,746)	101,550
Non-current assets			
Property, plant and equipment	111,108	-	111,108
Intangible asset	506	-	506
Exploration and evaluation	94,895	-	94,895
Mine development	180,403	-	180,403
Deferred tax assets	24,228	-	24,228
Other financial assets	2,303	-	2,303
Total non-current assets	413,443	-	413,443
Total assets	520,739	(5,746)	514,993
Current liabilities			
Trade and other payables	46,765	-	46,765
Short term borrowings	83	-	83
Short term provisions	1,057	-	1,057
Other financial liabilities	496	-	496
Total current liabilities	48,401	-	48,401
Non-current liabilities			
Long term borrowings	295,370	(4,067)	291,303
Long term provisions	4,886	-	4,886
Total non-current liabilities	300,256	(4,067)	296,189
Total liabilities	348,657	(4,067)	344,590
Net assets	173,082	(1,679)	170,403
Equity			
Issued capital	202,611	-	202,611
Reserves	74,177	4,911	79,088
Accumulated losses	(104,706)	(6,590)	(111,296)
Total equity	172,082	(1,679)	170,403

Adjustment and Assumptions used in the Preparation for the Unaudited pro-forma Balance Sheet

The above balance sheet adjustments have been made assuming that the principal amount of A\$100,000,000 of Existing Bonds is exchanged at the Exchange Ratio of 107%. The allocation of the convertible bond has been assumed to be a liability for 87.8% of the gross proceeds with the balance allocated to equity reserve. The fee assumed based on the above issue size and premium is 2.5% and is payable to the Dealer Managers. This fee has been capitalised as a borrowing cost to 87.8% liability threshold with the remaining taken to an equity reserve.

Summary Financial Information

The following tables set forth the summary consolidated financial information of the Company as at and for the periods indicated.

The tables below are derived from the Company's published audited consolidated financial statements as at and for the years ended 30 June 2009 and 2010 (each of which have been audited by WHK Horwath, Chartered Accountants, and are incorporated by reference into this Offer Memorandum).

The Company's consolidated financial statements are prepared and presented in accordance with A-IFRS.

Consolidated Income Statement

	For the year ended 30 June	
	(audited)	
	2010	2009
	<i>A\$ (000's)</i>	<i>A\$ (000's)</i>
Gross profit from operations	51,765	3,599
Other Income	23,037	3,784
Employee benefits expenses	(4,319)	(4,158)
Finance costs	(30,852)	(26,185)
Foreign exchange adjustments	117	(2,522)
Share based payments	(4,731)	(4,922)
Realised derivative losses	(6,499)	-
Unrealised movement in market value of derivatives	(422)	691
Impairment of non-current assets	(212)	(9,328)
Administration and other expenses	(5,026)	(8,671)
Profit / (Loss) before income tax	22,858	(47,712)
Income tax (expense) / benefit	(8,646)	12,540
Net Profit / (Loss) attributable to members of the parent entity	14,212	(35,172)
Basic & Diluted earnings / (loss) per share (cents per share)	8.0	(20.9)

Consolidated Balance Sheet

	As at 30 June	
	(audited)	
	2010	2009
	A\$ (000's)	A\$ (000's)
Current assets		
Cash and cash equivalents	65,368	80,210
Trade and other receivables	16,700	28,873
Inventory	25,228	29,577
Other financial assets	-	956
Total current assets	107,296	139,616
Non-current assets		
Property, plant and equipment	111,108	81,713
Intangible asset	506	-
Exploration and evaluation	94,895	80,059
Mine development	180,403	141,511
Deferred tax assets	24,228	32,874
Other financial assets	2,303	2,825
Total non-current assets	413,443	338,982
Total assets	520,739	478,598
Current liabilities		
Trade and other payables	46,765	43,328
Short term borrowings	83	2,553
Short term provisions	1,057	868
Other financial liabilities	496	-
Total current liabilities	48,401	46,749
Non-current liabilities		
Long term borrowings	295,370	289,885
Long term provisions	4,886	4,682
Other financial liabilities	-	-
Total non-current liabilities	300,256	294,567
Total liabilities	348,657	341,316
Net assets	172,082	137,282
Equity		
Issued capital	202,611	198,892
Reserves	74,177	51,915
Accumulated losses	(104,706)	(113,525)
Total equity	172,082	137,282

RIGHTS AND LIABILITIES OF ORDINARY SHARES

The following is a 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"). The rights attaching to Ordinary Shares are in certain circumstances regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.

Ranking	The Ordinary Shares issuable upon the conversion of the Bonds will rank <i>pari passu</i> with all the other Ordinary Shares that have been issued.
Voting rights	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares:</p> <ul style="list-style-type: none">(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	<p>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.</p> <p>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.</p>
Transfer of Shares	Subject to the Constitution, the Corporations Act and any other 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 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) at such price 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

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 Corporations Act and this Constitution relating to special resolutions and general meetings will, with such modifications as the circumstances require, apply to such special resolution.

Full details of the rights attaching to the Ordinary Shares are set out in the Constitution, a copy of which can be inspected at the Company’s registered office at Suite 3, Level 1, 11 Ventnor Avenue, West Perth, Western Australia 6005, Australia during normal business hours.

GLOBAL CERTIFICATE PROVISIONS

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

Initial Issue of New Bonds

Upon the initial registration of the New Bonds in the name of a nominee of Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate 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 New 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 New Bond represented by the Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Company to the holder of the underlying New Bond and in relation to all other rights arising under the Global Certificate, 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 Company in respect of payments due on the New Bonds for so long as the New Bonds are represented by the Global Certificate and such obligations of the Company will be discharged by payment to the holder of the underlying New Bond, as the case may be, in respect of each amount so paid.

Exchange

The Global Certificate will be exchangeable (free of charge to the holder of the Global Certificate and the Bondholders) in whole, but not in part, for the definitive New Bonds described below if, but only if, the Global Certificate 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. Thereupon the holder may give notice to the Trustee of its intention to exchange the Global Certificate for definitive certificates in respect of the New Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date, the Company will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive New 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 New Bonds will be registered in the name of the accountholders at Clearstream, Luxembourg and Euroclear which previously had New 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 New Bonds in respect of which the Global Certificate 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 a holder of a book-entry interest in such New Bonds. 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 Certificate.

Redemption at the Option of the Company

The options of the Company 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 Company giving notice to the Bondholders within the time limits set out in, and containing the information required by, that Condition.

No drawing of New Bonds will be required under Condition 7(i) (Selection of Bonds) in the event that the Company exercises its redemption option in Condition 7(b) (Redemption and Purchase — Redemption at the Option of the Issuer) in respect of less than the aggregate principal amount of the New Bonds in respect of which the Global Certificate is issued.

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 Certificate by giving notice to any Paying, Transfer and Conversion Agent within the time limits relating to the deposit of New 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 4 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 New Bonds in respect of which the option is exercised. Upon exercise of the option the relevant Bondholder shall present the Global Certificate to the Registrar for annotation in Schedule A thereto accordingly.

Redemption at Option of the Bondholders

The Bondholders' put option in Condition 7(e) (Redemption at the Option of Bondholders) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying, Transfer and Conversion Agent of the principal amount of New Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in such New Bonds Conditions and the principal amount of the New 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 New Bonds and (b) consider such interests on the basis that such accountholders were the holders of the New Bonds represented by this Global Certificate.

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 New Bonds represented by the Global Certificate 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 New Bonds set out in the certificate of the holder as if they were themselves the holders of New Bonds in such principal amounts.

Payments

Payments of principal in respect of New Bonds represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the New Bonds, surrender of the Global Certificate 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 Certificate 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, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Notices

So long as the New Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notice to holders of the New 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 New Bonds Conditions, except that the Company 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 New Bonds are for the time being listed and/or admitted to trading.

Prescription

Claims against the Company in respect of principal and interest on the New Bonds while the New Bonds are represented by the Global Certificate 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 New Bonds Conditions).

Claims in respect of any other amounts payable in respect of the New 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 New 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 Certificate and by an appropriate entry made in the Register maintained in respect of the New Bonds.

Meetings

At any meeting of Bondholders, the holder of the Global Certificate will be treated as having one vote in respect of each A\$1,000 in principal amount of New 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 New Bonds represented by this Global Certificate on confirmation of entitlement and proof of his identity.

DEALER MANAGERS AND EXCHANGE AGENT

The Company has retained Macquarie Capital Advisers Limited and UBS AG, Australia Branch as Dealer Managers for the Offer pursuant to the Dealer Manager Agreement dated the date of this Offer Memorandum (the “**Dealer Manager Agreement**”), and The Bank of New York Mellon to act as Exchange Agent pursuant to the Exchange Agency Agreement dated the date of this Offer Memorandum. The Dealer Managers and their affiliates may contact Holders regarding the Offer and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Offer Memorandum and related materials to Holders. The Company has entered into a Dealer Manager Agreement with the Dealer Managers, which contains certain provisions regarding payment for fees, expense reimbursement and indemnity arrangements. The Dealer Managers and their affiliates have provided and continue to provide certain investment banking services to the Company for which it has received and will receive compensation that is customary for services of such nature.

None of the Dealer Managers, the Exchange Agent and their respective directors, employees or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Offer or the Company or any of its affiliates contained in this Offer Memorandum or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of the information in this Offer Memorandum.

Each of the Dealer Managers may hold Existing Bonds for its own account or on behalf of other investors and may (i) submit Offer Applications and Electronic Instructions for its account and (ii) submit Offer Applications and Electronic Instructions (subject to the offer restrictions set out in “*Offer and Distribution Restrictions*”) on behalf of other Holders.

None of the Dealer Managers, the Exchange Agent and their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Offer, or any recommendation as to whether Holders should offer their Existing Bonds in the Offer.

The Exchange Agent is the agent of the Company and owes no duty to any holder of Existing Bonds except in the limited circumstances described in this Offer Memorandum.

The Dealer Managers are acting exclusively for the Company and no one else in connection with the arrangements described in this Offer Memorandum and will not be responsible to anyone other than the Company for providing the protections afforded to customers of the Dealer Managers, or for advising any other person in connection with the arrangements described in this Offer Memorandum.

The Dealer Managers and each of their affiliates have or may have, in the past, performed investment banking and advisory services for the Company and the Group, for which they have received customary fees and expenses. The Dealer Managers and each of their affiliates may, from time to time, engage in further transactions with, and perform services for, the Company and the Group in the ordinary course of their businesses.

Company Undertaking

Pursuant to the Dealer Manager Agreement, the Company has undertaken that during the period commencing on 20 October 2010 and ending 90 days after the Closing Date, it will not, and the Company has undertaken to procure that none of its subsidiaries will, without the prior written consent of the Dealer Managers, (i) directly or indirectly, issue, offer, pledge, sell, contract to issue or sell, issue or sell any option or contract to purchase, purchase any option or contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into

or exercisable or exchangeable for Ordinary Shares or announce an intention to do any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares, whether any such swap or transaction described in paragraph (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise or (iii) restructure or agree to restructure its Existing 2012 and 2015 Bonds in any way that would result in the Issuer directly or indirectly issuing, contracting to issue or otherwise transfer or disposing of, directly or indirectly, any Ordinary Shares or announce its intention to do any of the foregoing. The foregoing sentence shall not apply (a) to the Offer or the New Bonds or (b) in connection with transactions which have already been publicly announced or (c) pursuant to conversion of the New Bonds or the conversion or exchange of any existing bonds or other securities which carry the right of conversion or exchange into Ordinary Shares or (d) pursuant to any redemption or repurchase of existing bonds or other securities which carry the right of conversion or exchange into Ordinary Shares and which have been publicly disclosed or (e) upon exercise of existing options in respect of Ordinary Shares which have been publicly disclosed or (f) to the issue or grant of securities under any employees' or directors' incentive scheme (whether or not in existence as at 20 October 2010) or (g) to an issue of securities as consideration for any merger or acquisition provided that the Company obtains the prior written consent of the Dealer Managers.

TAX CONSEQUENCES

OFFER

In view of the number of different jurisdictions where tax laws may apply to a Holder, this Offer Memorandum does not discuss the tax consequences for Holders arising from the exchange of the Existing Bonds for the New Bonds in the Offer. Each Holder is urged to consult its own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to it or to the exchange or purchase of its Existing Bonds and the receipt of the New Bonds, the Accrued Payment and any Cash Rounding Amount (if applicable) pursuant to the Offer. Each Holder is liable for its own taxes and has no recourse to the Company, the Dealer Managers, or the Exchange Agent with respect to taxes arising in connection with the Offer.

NEW BONDS - 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* (“Tax Acts”) and any relevant regulations, rulings, or judicial or administrative interpretations as at the date of this Offer Memorandum in relation to an investment in the New Bonds by a 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 Company has sought legal advice on the Australian taxation implications of the New 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 New Bonds

It should be noted that the New Bonds should be properly characterised as debt interests in the Company for Australian tax purposes on the basis that the Company 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 issue price for the New Bonds.

Accordingly, payments made under the New Bonds will constitute interest or amounts in the nature of interest in the hands of the Bondholders.

NON-RESIDENT INVESTORS

Scope

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

- is not a resident of Australia for tax purposes;
- does not carry on business in Australia or have a permanent establishment or fixed base in Australia;
- purchased the New Bonds pursuant to the offer detailed in this Offer Memorandum; and
- holds the New Bonds on capital account.

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

Australian withholding Taxation — Exemption

Payments of interest or amounts in the nature of interest to a Bondholder will be subject to a 10% withholding tax 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 Company intends to issue the New 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 administrative policy of the Australian Taxation Office, the exemption should be available.

Australian withholding Tax — Associates

The exemption in section 128F of the Tax Act is not available where New Bonds are issued or interest is paid to an associate, as defined in section 128F of the Tax Act, of the Company if the Company knew or had reasonable grounds to suspect the payee was an associate at the time the interest is paid (other than in the capacity of a dealer, manager, or underwriter in relation to the placement of the New Bonds or a clearing house, custodian, funds manager or responsible entity of a registered scheme).

Profits or Gains on Disposal or Redemption of the New Bonds

General

Any profit or gain made on a disposal or redemption of the New Bonds will be subject to Australian tax unless 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 redemption of the New 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 New Bonds are:

- acquired, held and dealt with outside Australia; and
- held in connection with a business conducted exclusively 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, as it will depend on all the relevant circumstances.

Double Tax Treaty

If the profit or gain on disposal or redemption of a New Bond is deemed to have an Australian source, a Bondholder 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 New Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon surrendering the relevant New Bond to the Company.

For income tax and CGT purposes, no taxable gain or profit should arise to the Bondholder on the conversion of the New Bond into Ordinary Shares even if the gain or profit has an Australian source, as the conversion is not regarded as a taxable event.

CGT

Disposal of the New Bonds or the Ordinary Shares arising from the conversion of the New Bonds will not be subject to CGT unless the taxable Australian real property (“**TAusRP**”) of the Company is greater than 50% of its assets. Broadly, TAusRP is Australian land (including a lease of land) and mining, quarrying and prospecting rights.

Even if the TAusRP of the Company is greater than 50%, CGT is only applicable to non-residents who hold 10% or more of the Ordinary Shares in the Company either at the time of disposal or throughout a 12 month period in the 24 months prior to disposal. There is an argument that a disposal of the New Bonds could give rise to a CGT liability on the basis that they represent an option or right to acquire 10% or more of the Ordinary Shares in the Company, but the better view is that the disposal of the New Bonds will not give rise to such a liability even if the TAusRP of the Company is greater than 50%. Non-residents holding 10% or more of the issued capital of the Company at any time, and holders of substantial parcels of New Bonds (i.e. representing 10% or more of the issued capital of the Company, if converted) should seek their own tax advice before they dispose of any Ordinary Shares or New Bonds.

Dividends

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. The Bondholders would be subject to Australian dividend withholding tax at a rate of 30% to the extent that the dividends paid by the Company 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, the Bondholders would not be subject to Australian dividend withholding tax or other Australian income tax in relation to fully franked dividends paid on the Ordinary Shares.

Taxation of Financial Arrangements

Non-residents may need to consider the impact of the taxation of financial arrangements provisions referred to below, and any relevant double tax treaty provisions, if they have any gains under those provisions that have an Australian source.

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 carries on business in Australia or through a permanent establishment or fixed place in Australia and the holding of the New Bonds is connected with such place of business; and
- purchased the New Bonds pursuant to the offer detailed in this Offer Memorandum.

Interest

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

Profits or Gains on Disposal or Redemption of the New Bonds

General

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

Conversion of New Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon surrendering the relevant New Bond to the Company.

For income tax and CGT purposes, no taxable gain or profit should arise to the Bondholder on the conversion of the New Bond into Ordinary Shares as the conversion is not regarded as a taxable event.

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 New Bonds at the time of conversion plus any amounts paid to convert the New Bonds. A subsequent disposal of Ordinary Shares by a Bondholder may give rise to ordinary income or capital gains on disposal.

Dividends

Dividends paid by the Company on Ordinary Shares will be included in a Bondholder's assessable income. To the extent that those dividends are franked, a Bondholder is generally required to gross-up the dividend and will generally receive a tax offset against their tax liability.

Taxation of Financial Arrangements

The *Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009* (“**TOFA Act**”) made amendments to the Tax Acts that operate to tax gains and losses arising from certain “financial arrangements” on revenue account and in some cases on a compounding accruals basis. The amendments will apply for tax years commencing on or after 1 July 2010 (unless a taxpayer elects to apply the amendments to tax years from 1 July 2009). Taxpayers can also elect to apply the amendments to existing financial arrangements held at the relevant start date.

Certain types of investors such as individuals, superannuation funds, managed investment schemes and financial entities may be exempt from the application of the TOFA Act unless they make an election for it to apply. Other entities which are considered small may also qualify for an exemption. As the application of the TOFA Act is dependent on the facts and circumstances of the Bondholder, Bondholders should obtain their own advice in relation to the potential applicability of the amendments contained in the TOFA Act, in light of their own individual facts and circumstances.

GOODS AND SERVICES TAX (“GST”)

GST should not be payable by the Bondholders in respect of the issue or redemption of New Bonds by the Company or the conversion of New Bonds into Ordinary Shares.

STAMP DUTY

The issue or transfer of the New Bonds will not be subject to stamp duty in any Australian jurisdiction. As the Company is listed on the ASX, the conversion of the New Bonds into Ordinary Shares, or the transfer of the Ordinary Shares after conversion, will not be subject to stamp duty except in certain circumstances. In the event that the Ordinary Shares are suspended from quotation, stamp duty may be assessed in an Australian jurisdiction where the Company holds interests in land at the time of the conversion or transfer, if the Company is “land rich” and the conversion or transfer results in a person and its defined associates holding an

interest of 50% or more in the Company. In the event that the Ordinary Shares remain quoted on the ASX, stamp duty may be chargeable if the Company is “land rich” in Western Australia, South Australia, New South Wales or the Northern Territory and the conversion or transfer results in a person and its defined associates holding an interest of 90% or more in the Company. In general, a company will be land rich in a particular jurisdiction if it is entitled to land in that jurisdiction with a value equal to or greater than a specified amount (starting from A\$500,000). In some jurisdictions, the company’s worldwide land must also have a total value equal to or greater than a specified percentage (usually 60%) of the value of all property (other than certain excluded items) to which it is entitled.

Further stamp duty advice should be sought before any conversion of New Bonds or transfer of Ordinary Shares which may result in a person and its associates holding an interest of 50% or more in the Company.

ADDITIONAL INFORMATION

FURTHER INFORMATION ABOUT 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 and the Listing Rules of ASX (the “**ASX Listing Rules**”). Copies of documents regarding the Company lodged with ASIC or ASX, respectively, may be obtained from, or inspected at, any ASIC office or the ASX, respectively.

In addition, a copy of the following documents may be obtained, as described below:

- the consolidated annual reports of the Company for the financial years ended 30 June 2009 and 2010; and
- any other document used to notify ASX of information relating to the issuer under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the lodgement with ASIC after the annual report of the Company for the financial year ended 30 June 2010 and before lodgement with ASX of this Offering Circular.

These documents may be obtained from the Company, free of charge, by contacting the Company Secretary at the head office of the Company at Suite 3, Level 1, 11 Ventnor Avenue, West Perth, Western Australia 6005, Australia, telephone +61 (8) 9334 7777. These documents, and all other regular reporting and disclosure documents of the Company, are also available electronically on the website of ASX.

OWNERSHIP RESTRICTIONS

Foreign Acquisitions and Takeovers

The acquisition of interests in the Company is regulated by the Australian Foreign Acquisitions and Takeovers Act 1975 (the “**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 New Bonds), and gives the Treasurer of the Commonwealth of Australia power to make a divestment order in respect of such an acquisition, if as a consequence of that acquisition a single foreign person (alone or together with its associates) would have an interest in 15% or more of the Ordinary Shares, votes or potential votes (including through interests in Ordinary Shares such as convertible 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 of the Company (including through interests in Ordinary Shares such as convertible bonds and options), 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.

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 adviser.

Takeover Restrictions

The acquisition of interests in the Company is 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 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 disclosure to the Company and ASX of the relevant interests (and changes in relevant interests) in Ordinary Shares of persons holding voting power in the Company of 5% or more.

ASX Listing Rules

The ASX Listing Rules prohibit the issue of equity securities (including convertible securities) if the number of those securities, when aggregated with the number of any other equity securities issued during the previous 12 months, exceeds 15% of the number of equity securities on issue at the commencement of that period of 12 months, except with prior shareholder approval, or subject to certain exceptions, including exceptions for offers to ordinary shareholders pro rata, or pursuant to a takeover or scheme of arrangement, or 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.

INTERESTS AND FEES

Interests of Directors

Other than as set out below or elsewhere in this Offer Memorandum, no Director or proposed Director has, or has had within the two years prior to lodgement of this Offer Memorandum, 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 Offer; or
- the Offer,

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 proposed 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 Offer.

Details of the interests of the Directors in the securities of the Company as at 21 October 2010 including those held directly and indirectly, are set out in the table included below:

Directors' interests in the Company's shares (direct and indirect) as at 21 October 2010:

Director Name	Ordinary Shares Held	Options over the Company's shares	Total Interest
Julian Hanna	1,360,179	600,000	1,960,179
Terrence Streeter	25,809,410	400,000	26,209,410
David Cooper	1,000,000	400,000	1,400,000
Robin Dunbar	102,500	400,000	502,500
Richard Yeates	6,000	-	6,000
Daniel Lougher	50,884	600,000	650,884

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

Expenses and Fees of Professional Advisers

The total estimated expenses and fees of the Offer (including legal, management and consulting fees, registration and listing fees and other expenses) will be approximately A\$3,000,000, which is payable by the Company.

ASX CONFIRMATIONS

ASX has confirmed the following to the Company:

- the terms of the New Bonds are appropriate and equitable for the purposes of ASX Listing Rule 6.1; and
- the conversion or redemption of the New Bonds in accordance with the terms will not constitute a divestment of the New Bonds for the purposes of ASX Listing Rule 6.12.

CONSENTS

Each of the parties referred to as consenting parties who are named below:

- (a) has given, and has not, before the lodgement of this Offer Memorandum with ASX, withdrawn its written consent to be named in this Offer Memorandum in the form and context in which it is named;
- (b) has not made any statement, that is included in this Offer Memorandum or on which a statement made in this Offer Memorandum is based, other than as specified below; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Offer Memorandum, other than the reference to its name and a statement included in this Offer Memorandum with the consent of that person as specified.

Role	Consenting parties
Dealer Manager	UBS AG, Australia Branch
Dealer Manager	Macquarie Capital Advisers Limited
Trustee	The Bank of New York Mellon, London branch
Principal paying, transfer and conversion agent	The Bank of New York Mellon, London branch
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Legal Adviser to the Dealer Managers as to English law	Linklaters
Legal Adviser to the Company as to Australian law	Blake Dawson
Legal Adviser to the Company as to Canadian law	Blake, Cassels & Graydon LLP
Auditors to the Company	WHK Horwath, Chartered Accountants
Competent Persons	John Haywood, Daniel Lougher and Julian Hanna

WHK Horwath, Chartered Accountants, as auditor to the Company, has given, and has not, before the lodgement of this Offer Memorandum with ASX, withdrawn its consent to the incorporation by reference in this Offer Memorandum of the audited financial reports for the financial years ended and as at 30 June 2009 and 2010 and to the inclusion of any figures relating to the Company and its subsidiaries used in, or

incorporated by reference into, this Offer Memorandum and correctly referred to, expressly or impliedly, as being figures audited by WHK Horwath, Chartered Accountants.

GENERAL INFORMATION

- (1) The Company's corporate head office and principal place of business is located at Suite 3, Level 1, 11 Ventnor Avenue, West Perth, Western Australia 6005, Australia.
- (2) The auditors to the Company in Australia are WHK Horwath, Chartered Accountants.
- (3) The principal paying, transfer and conversion agent for the New Bonds is The Bank of New York Mellon, London branch at its offices located at One Canada Square, 40th Floor, London E14 5AL, United Kingdom. The Registrar for the New Bonds is The Bank of New York Mellon (Luxembourg) S.A. at its offices located at Vertigo Building – Polaris 2-4 rue Eugène Ruppert L-2453 Luxembourg.
- (4) The issue of the New Bonds and the Ordinary Shares to be issued on conversion of the New Bonds and the terms of the Offer and the issue of the New Bonds were approved by resolutions of the Board of Directors of the Company passed on 18 October 2010.
- (5) Copies of the constitutive documents of the Company and copies of the Trust Deed and the Paying, Transfer and Conversion 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 New Bonds is outstanding.
- (6) The New Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the New Bonds is XS0552535444. The Common Code for the New Bonds is 055253544.
- (7) The Company has obtained or will at the date of issue obtain all consents, approvals and authorisations in Australia, Canada and Singapore required to be obtained by it in connection with the issue and performance of the New Bonds.
- (8) Except as set out in this Offer Memorandum, there has been no significant change in the financial or trading position of the Company or the Group since 30 June 2010 and no material adverse change in the financial position or prospects of the Company or the Group since 30 June 2010.
- (9) Except as described in this Offer Memorandum, 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 New 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 financial years ended and as at 30 June 2009 and 2010, which are incorporated by reference in this Offer Memorandum, have been audited by WHK Horwath, Chartered Accountants, auditors to the Company, as stated in their reports appearing therein.
- (11) Approval in-principle has been received for the listing of the New Bonds on the SGX-ST. So long as the New 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 New Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for individual definitive New Bonds. In addition, in the event that the Global Certificate is exchanged for individual definitive New 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 New Bonds, including details of the paying agent in Singapore.

TERMS AND CONDITIONS OF THE NEW 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 A\$● 6.375% Convertible Bonds due 2014 (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) was (save in respect of any such further bonds) authorised by a resolution of the board of directors of Western Areas NL (ABN 68 091 049 357) (the “**Issuer**”) passed on 18 October 2010. The Bonds are constituted by a trust deed dated 5 November 2010 (the “**Trust Deed**”) between the Issuer and The Bank of New York Mellon (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 form 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 to have notice of those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated 5 November 2010 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee and The Bank of New York Mellon (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 A\$250,000 and integral multiples of A\$1,000 thereafter (“**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, senior 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 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 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; 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.

3 Definitions

In these Conditions, unless otherwise provided:

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

“**Alternative Stock Exchange**” means at any time, in the case of the Ordinary Shares, if they are not at that time listed and traded on the Australian Securities Exchange or the TSX, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in.

“**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.

“**ASX**” or “**Australian Securities Exchange**” means ASX Limited (ABN 98 008 624 691) or the market operated by it, 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.

“**Capital Distribution**” has the meaning provided in Condition 6(b)(iii).

“**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 5 November 2010.

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

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

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

“**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 of Australia.

“**Current Market Price**” means, in respect of an Ordinary Share at a particular date, the arithmetic average of the Volume Weighted Average Price of an Ordinary Share for each day during 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), in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; 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), in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

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, 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.

A “**Delisting**” occurs when the Ordinary Shares cease to be listed or admitted to trading on the Australian Securities Exchange or the TSX or any Alternative Stock Exchange (as relevant).

“**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 share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction in capital (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) provided that:

- (a) Where: (1) 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) or (2) there shall be any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares as at the date of first public announcement of such capitalisation or, if later, the date on which the number of Ordinary Shares to 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 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) 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 2 July 2014.

“Financial Adviser” means an independent 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 provided with security to its satisfaction in respect of the costs, fees and expenses of such adviser.

“Further Shares” means the number of Ordinary Shares to be issued by the Issuer in respect of a Bondholder exercising a Conversion Right in excess of the number of Ordinary Shares that the Issuer can issue in

compliance with ASX Listing Rule 7.1 on the Closing Date without first obtaining approval of Shareholders, being 26,960,384 Ordinary Shares.

“**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).

“**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 Australian dollar amount calculated as follows:

$$PV = OS \times MP$$

where:

PV = the Parity Value

OS = 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 A\$250,000, assuming the Conversion Date to be such dealing day

MP = 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 Australian dollars, into Australian dollars at the Prevailing Rate on such dealing day.

“**Permitted Security Interest**” means a Security Interest in respect of property or assets of a Subsidiary of the Issuer, which Security Interest existed before the relevant entity became a Subsidiary of the Issuer and was

not created in contemplation of such entity becoming a Subsidiary of the Issuer and provided that the principal amount of such Relevant Indebtedness is not increased.

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).

“**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.

“**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 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.

A “**Relevant Event**” occurs when:

- (i) there is a Delisting; or
- (ii) there is a Change of Control.

“**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 intended to be quoted, listed or ordinarily dealt in on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market or are or are intended to be cleared through a trading system.

“**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% of the average daily trading volume in respect of the Ordinary Shares on the Relevant Stock Exchange in respect of the preceding Semi-Annual Period, 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 multiplying 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 2 January and 2 July 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, provided that the first Semi-Annual Period shall be the period from 5 November 2010 to 2 January 2011.

“**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.

“**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 (in the case of Ordinary Shares) the Relevant Stock Exchange or (in the case of other Securities or Spin-Off Securities) 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.

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 a specified office 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 conversions 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 6.375% per annum calculated by reference to the principal amount thereof and payable semi-annually in equal instalments in arrear on 2 January and 2 July in each year (each an “**Interest Payment Date**”), except that the first payment of interest, to be made on 2 January 2011, will be in respect of the period from 5 November 2010 to 2 January 2011.

If interest is required to be calculated for a period other than an Interest Period (as defined below) 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) 2 January 2011, 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 accrue from the due date for redemption or repayment at the rate specified in Condition 8(f) (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

- (i) **Conversion Period and Conversion Price:** Subject as provided below, each Bond shall entitle the holder to convert such Bond 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 A\$7.7125 per Ordinary Share but will be subject to adjustment in the manner provided 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, at any time subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 16 December 2010, provided that the relevant Conversion Date shall not fall later than on the date falling 15 London business days prior to the Final Maturity Date (both days inclusive) 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 fifth London 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 five London business days prior to the Final Maturity Date (the “**Conversion Period**”).

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.

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**”).

- (ii) **Fractions:** 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.

(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, (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares or (3) where any such Ordinary Shares are or

are expressed to be issued in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), 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 Capital Distribution to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the relevant Capital Distribution 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 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 the date 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, 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 Capital Distribution attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Ordinary Shares entitled to receive the relevant Capital Distribution (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 Capital Distribution 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, on the first date upon which the Fair Market Value of the relevant Capital Distribution 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.

In making any calculations for the purposes of this Condition 6(b)(iii), such adjustments (if any) shall be made as a Financial Adviser may determine in good faith to be appropriate to reflect (i) any consolidation or sub-division of any Ordinary Shares or the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event) or any increase in the number of Ordinary Shares in issue in relation to the fiscal year of the Issuer in question, or (ii) any change in the fiscal year of the Issuer, or (iii) any adjustment to the Conversion Price made in the fiscal year of the Issuer in question.

“Capital Distribution” means:

- (a) any Dividend which is expressed by the Issuer or declared by the Board of Directors of the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to shareholders of the Issuer or any analogous or similar term; or
- (b) any Non-Cash Dividend; or
- (c) any Cash Dividend (the **“Relevant Dividend”**) paid or made in respect of a fiscal year of the Issuer (the **“Relevant Fiscal Year”**) if the sum of:
 - (i) the Fair Market Value of the Relevant Dividend per Ordinary Share; and
 - (ii) the aggregate of the Fair Market Value per Ordinary Share of any other Cash Dividend or Cash Dividends per Ordinary Share paid or made in respect of the Relevant Fiscal Year (disregarding for such purpose any amount previously determined to exceed the Reference Amount in respect of the Relevant Fiscal Year),

such sum being the **“Current Year’s Dividends”**, exceeds the Reference Amount, and in such case the amount of the relevant Capital Distribution shall be the lesser of (i) the amount by which the Current Year’s Dividends exceeds the Reference Amount and (ii) the amount of the Relevant Dividend.

“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, translated into the relevant currency, 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.

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

“Reference Amount” means 2% of the average of the closing price of an Ordinary Share on each dealing day in the period of 180 Dealing Days ending on the Dealing Day immediately preceding the date of first public announcement of the Relevant Dividend provided that if on any such Dealing Day the closing price of the Ordinary Shares shall have been based on a price cum-Dividend or cum-any other entitlement, the closing price of an Ordinary Share 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 other entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement.

- (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% 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**”) of 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 any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) shall be issued to Shareholders as a class by way of rights or there shall be granted 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 on the Relevant Stock Exchange ex-rights, ex-options or ex-warrants (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% 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 the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- 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 6(b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall 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 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% 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) 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 upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95% 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% 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:

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

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 to all) Shareholders (or all (or as nearly as may be practicable to all) Shareholders other than the offeror and/or any associate (as defined in sections 11 and 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 of arrangement become or been declared unconditional in all respects, and the offeror has acquired at any time during the relevant offer period a relevant interest in more than 50% of the Shares in issue or the scheme of arrangement if approved and implemented will result in a person acquiring a relevant interest in more than 50% of the Shares that will be in issue after the scheme of arrangement is implemented, 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 Condition 6(b)(x)

CP = means 25% (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.

The Issuer has undertaken that it will not take any corporate or other action which is equivalent to Conditions 6(b)(i) to 6(b)(x) that would cause the Conversion Price of the Bonds to be adjusted in a manner that contravenes the Corporations Act or the Listing Rules of the ASX.

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), 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:

- (i) 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; or
- (ii) warrants or options are issued, transferred, offered, allotted, appropriated or granted to, or for the benefit of, Directors or the personal service company of the Directors or their spouses or relatives, in each case, of the Issuer or to trustees to be held for the benefit of any such person, in any such case provided that (A) such warrants or options are approved by the Shareholders in accordance with the Listing Rules of the ASX and (B) the exercise price of such warrants or options are equal to or greater than the Current Market Price of the Ordinary Shares on the date the board of Directors resolve to issue such warrants or options.

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

On any adjustment to the Conversion Price, the resultant Conversion Price, if not an integral multiple of A\$0.001, shall be rounded down to the nearest whole multiple of A\$0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1% 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).

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); 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, during its usual business hours, 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 the end of normal business hours 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 such business day.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be the next Sydney business day following the date of the delivery of the Bonds and the Conversion Notice.

A Bondholder exercising a Conversion Right:

- (i) shall, subject to Condition 6(h)(ii) below, 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 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; but

- (ii) shall not be responsible for 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, other than landholder or landrich duty payable in any State or Territory of Australia on the issue of Ordinary Shares on conversion to a Bondholder where the conversion will result in the Bondholder and its defined associates (if any) acquiring either (a) an interest of 90% or more in the Issuer (for the purposes of the relevant duty legislation) if the Ordinary Shares remain quoted on the ASX and the Issuer remains listed by the ASX; or (b) an interest of 50% or more in the Issuer (for the purposes of the relevant duty legislation) if the Ordinary Shares are not at that time quoted on the ASX or the Issuer is not at that time listed by the ASX, which the Bondholder will be responsible for paying.

For the avoidance of doubt, none of the Agents nor 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 any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

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 four Toronto business days (in the case of Ordinary Shares to be issued in “book-entry only” form eligible for deposit at CDS) or four Sydney 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 CHESS will be dispatched by the Issuer by mail free of charge as soon as practicable but in any event within 10 Sydney 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, an Australian dollar account with a bank in Sydney, Australia 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.

Neither the Trustee nor the Paying, Transfer and Conversion Agents shall be under any duty to determine, calculate or verify the Conversion Price and/or any adjustments to it 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, the Trustee and the Principal Paying, Transfer and Conversion Agent (which notice shall be irrevocable) in accordance with Condition 17:

- (i) the Issuer may redeem all or some only of the Bonds on any date (an "**Optional Redemption Date**") on or after 20 July 2012 and specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date, if for 20 consecutive Dealing Days, where the last day of such 20-Dealing Day period falls within five Dealing Days prior to the date upon which notice of such redemption is given, the Parity Value was at least 130% of the Bond's principal amount; or
- (ii) the Issuer may redeem all but not some only of the Bonds on any date (an "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to but excluding such date 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 90% or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds).

(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, the Trustee and the Principal Paying, Transfer and Conversion Agent (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 the Closing Date, 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*

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Bonds on the Relevant Event Redemption Date (as defined below) at their principal amount, together with accrued interest to but excluding the redemption date. 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 redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Relevant Event Redemption Notice**") together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The "**Relevant Event Redemption Date**" shall be the 14th day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of Relevant Event Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.

The Issuer shall give notice to the Bondholders, the Trustee and the Agents in accordance with Condition 17 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition and shall give brief details of the Relevant Event.

(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. Any purchase by tender shall, subject to compliance with applicable laws and regulations, be made available to all Bondholders alike.

(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).

(i) *Selection of Bonds*

In the case of a redemption of some only of the Bonds pursuant to Conditions 7(b)(i), the Bonds to be redeemed will be selected individually by lot by the Principal Paying, Transfer and Conversion Agent, in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate and fair not more than 70 days and not less than 15 days prior to the date fixed for redemption.

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, which shall be for value on such Interest Payment Date, (or, if such Interest Payment Date is not a business day (as defined below), for value on the first following day which is a business day) 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 business day, in the place of the specified office of the Registrar, 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 an Australian dollar account with a bank in Sydney, Australia 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 six 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 any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(f) *Default Interest and Delay In Payment*

If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions (including as provided in Condition 5(b)), interest shall accrue on the overdue sum at the rate of 10.0% per annum from the due date. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

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 Sydney and London 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 or 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 another Registrar, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent and a Registrar, (ii) maintain Paying, Transfer and Conversion Agents having specified offices in at least two major European cities including a Paying, Transfer and Conversion Agent having a specified office in London, (iii) a Paying, Transfer and Conversion Agent with a specified office in 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, 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, the Trustee and the Principal Paying, Transfer and Conversion Agent 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 the receipt of 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 surrendering of the Bond (in the case of payment on redemption) and providing 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 law implementing or complying with, or introduced in order to conform to, such Directive; 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).

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) (Redemption for Taxation Reasons).

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 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 Subsidiary, paragraphs (e) and (f) (and, to the extent analogous, (h)), 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 in the payment on the due date of (i) any principal payable in respect of the Bonds or (ii) any interest payable in respect of the Bonds for more than five Sydney business days; 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 (unless in the opinion of the Trustee, certified in writing to the Issuer, the default is incapable of remedy) is not remedied within 30 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 (or becomes capable of being declared) 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
 - (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 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 A\$10,000,000 (or its equivalent in other currencies); 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 Subsidiary of the Issuer which is not discharged, removed, stayed or paid within 30 days; or
- (e) the Issuer or any Subsidiary of the Issuer (i) is (or is, or could be, deemed by law or a court to be) 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 Subsidiary or a court order is made or a resolution passed for the winding-up or dissolution of the Issuer or any Subsidiary of the Issuer, or the Issuer or any Subsidiary of the Issuer ceases or threatens to cease to carry on business (other than in the case of a 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 Subsidiary of the Issuer, where that 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 A\$10,000,000 (or its equivalent in the relevant currency of payment) are rendered against the Issuer or any Subsidiary of the Issuer and which judgments are not bonded, discharged or stayed pending appeal within 30 days (or such longer period as the Trustee may permit) after the Latest Date, or are not discharged within 30 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 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 therefor is at least 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 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 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 they 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 sections 11 and 12 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, the Trustee and the Principal Paying, Transfer and Conversion Agent 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 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 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% 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 50%, 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 75% 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% 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, the Trustee and the Principal Paying, Transfer and Conversion Agent 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, the Trustee and the Principal Paying, Transfer and Conversion Agent.

(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 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 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 Certificate and such Global Certificate is held on behalf of a clearing system, 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) 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 and the Bonds and any non-contractual obligations arising out of or in connection with them 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 and accordingly any legal action or proceedings 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 Blake, Cassels & Graydon LLP at its registered office for the time being, currently at 23 College Hill, 5th Floor, London, EC4R 2RP, United Kingdom 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.

ANNEX A : FORM OF OFFER APPLICATION

**Form of Offer Application relating to the A\$225,000,000 8.0% Convertible Bonds due 2012
issued by Western Areas NL**

If you need assistance in completing this form, please contact the personnel at the Dealer Managers:

UBS AG, AUSTRALIA BRANCH

For information by telephone: Grant Wearin (+61 2 9324 2347) /
Chris Madderson (+44 207 567 8678)

Email: OL-WSA-Exchange@ubs.com
Fax: +61 2 8215 8229
Attention: Grant Wearin / Chris Madderson

MACQUARIE CAPITAL ADVISERS LIMITED

For information by telephone: Roland Sharman (+852 3922 2095)
Email: roland.sharman@macquarie.com

Any questions in relation to the electronic instructions should be directed to the Exchange Agent:

THE BANK OF NEW YORK MELLON

40th Floor, One Canada Square
London E14 5AL
United Kingdom
Tel: +44 20 7964 4958
Fax: +44 20 7964 2536
Email : eventsadmin@bnymellon.com

This form is to be submitted by e-mail or fax (if e-mail is not possible) to the Dealer Managers no later than 9:00 p.m. (AEDT) (11:00 a.m. London time) on 22 October 2010.

Failure to properly complete and deliver, by the date and time indicated by the Company, may result in this Offer Application being treated as null and void.

Completed Offer Applications to be e-mailed (in pdf form, where possible) to:

OL-WSA-Exchange@ubs.com

or by fax to:

Fax No: +61 2 8215 8229

Attention: Grant Wearin / Chris Madderson

1. We acknowledge that we have received and reviewed the Offer Memorandum dated 21 October 2010 and that this Offer Application is subject to the terms and conditions contained in the Offer Memorandum. Terms used in this Offer Application shall, unless the context otherwise requires, bear the same meanings as set forth in the Offer Memorandum.
2. Upon the terms and subject to the conditions of the Offer Memorandum, we hereby irrevocably offer to exchange the principal amount of the Existing Bonds, as specified in paragraph 6 below. *The*

principal amount of Existing Bonds offered for exchange must be integral multiples of A\$250,000 in each case.

3. We hereby represent and warrant that we have full power and authority to submit this Offer Application in respect of the Existing Bonds specified in this Offer Application. We will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Company to be necessary or desirable to complete the Offer or to evidence such power and authority. We irrevocably (subject to the terms of the Offer) undertake to deliver an Electronic Instruction for the same principal amount of Existing Bonds set out below prior to the Clearing System Cut-off Date.
4. All authority conferred or agreed to be conferred pursuant to this Offer Application and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned.
5. **By submitting this Offer Application, holders of the relevant Existing Bonds agrees, acknowledges, represents, warrants and undertakes, at the time of execution of this Offer Application and on the Settlement Date, to the Company that:**
 - (a) it has received, reviewed and accepts the terms and conditions, risk factors and other considerations of the Offer and the New Bonds, and the offer and distribution restrictions, all as described in the Offer Memorandum;
 - (b) upon the terms and subject to the conditions of the Offer, it Offers to Exchange the principal amount of Existing Bonds specified in this Offer Application and the Electronic Instruction validly submitted and blocked in the relevant Clearing System and, subject to and effective on the acceptance for exchange by the Company in respect of such Existing Bonds pursuant to the Offer, it renounces all right, title and interest in and to all such Existing Bonds accepted for exchange pursuant to the Offer and waives and releases any rights or claims it may have against the Company with respect to any such Existing Bonds or the Offer;
 - (c) it has full power and authority to Offer to Exchange the Existing Bonds subject to this Offer Application and the Electronic Instruction which it has submitted pursuant to the Offer and, if such Existing Bonds are accepted for exchange pursuant to the Offer, such Existing Bonds will be transferred to, or for the account of, the Company with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Company, to be necessary or desirable to complete the transfer and/or cancellation of such Existing Bonds or to evidence such power and authority;
 - (d) all authority conferred or agreed to be conferred pursuant to this Offer Application and the Electronic Instruction, its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;
 - (e) it acknowledges that this Offer Application constitutes an irrevocable undertaking (subject to the terms of the Offer) to submit an Electronic Instruction for the same principal amount of Existing Bonds; and it understands that acceptance for exchange of Existing Bonds validly Offered for Exchange by it pursuant to the Offer, will constitute a binding agreement between it and the Company, in accordance with and subject to the terms and conditions of the Offer;

- (f) it understands that the Company may, at its sole discretion, extend, re-open, amend, waive any condition of or terminate the Offer at any time, and that in the event of a termination of the Offer, the Offer Application and Electronic Instruction with respect to the relevant Existing Bonds will be released (and the relevant Existing Bonds returned to the Holder);
- (g) none of the Company, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, has given it any information with respect to the Offer save as expressly set out in the Offer Memorandum nor has any of them made any recommendation to it as to whether it should offer Existing Bonds for exchange in the Offer and it has made its own decision with regard to offering Existing Bonds for exchange in the Offer based on any legal, tax or financial advice it has deemed necessary to seek;
- (h) in relation to those Existing Bonds it is Offering for Exchange pursuant to the Offer:
 - (i) it will ensure that such Existing Bonds are, and will continue to be until the time of settlement on the Settlement Date, held by it in Euroclear or Clearstream, Luxembourg (as applicable);
 - (ii) it has delivered, or has arranged to be delivered, Electronic Instructions with respect to those Existing Bonds to Euroclear or Clearstream, Luxembourg, as appropriate, by the Clearing System Cut-off Date;
 - (iii) it has irrevocably authorised Euroclear or Clearstream, Luxembourg, as appropriate, in accordance with their procedures and deadlines, to block any attempt to transfer such Existing Bonds with effect on and from the date of the delivery of the relevant Electronic Instructions so that, at any time pending the transfer of such Existing Bonds on the Settlement Date to the Company or to its agent on its behalf, no transfers of such Existing Bonds may be effected;
 - (iv) it understands that the deadline for receipt of any Electronic Instructions by Euroclear or Clearstream, Luxembourg, as appropriate, is the Clearing System Cut-off Date and that any Electronic Instructions must be submitted in time for them to be received by the Clearing System Cut-off Date; and
 - (v) by blocking its Existing Bonds in its account with Euroclear or Clearstream, Luxembourg, as appropriate, it is deemed to consent, in the case of a Direct Participant, to have Euroclear and Clearstream, Luxembourg, as applicable, provide details concerning its identity to the Exchange Agent (and for the Exchange Agent to provide such details to the Company and the Dealer Managers);
- (i) it irrevocably appoints the Exchange Agent as its true and lawful agent and attorney-in-fact (with full knowledge that the Exchange Agent also acts as agent of the Company) with respect to the Existing Bonds Offered for Exchange pursuant to the Offer, with full powers of substitution (such power of attorney being deemed to be an irrevocable power of attorney coupled with an interest) to: (i) transfer ownership of such Existing Bonds on the accounts maintained by Euroclear or Clearstream, Luxembourg (as the case may be), together with all accompanying evidences of transfer and authenticity, to or to the order of the Company and (ii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Existing Bonds (except that the Exchange Agent will have no rights to or control over, the funds of the Company, except as agent of the Company, for the offer consideration for any Existing Bonds Offered for Exchange and accepted for exchange pursuant to the Offer), all in accordance with the terms and conditions of the Offer as described in the Offer Memorandum;

- (j) no information has been provided to it by the Company, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, with regard to the tax consequences for holders of Existing Bonds arising from any Existing Bonds Offered for Exchange pursuant to the Offer and the receipt of the New Bonds, Accrued Payment and the Cash Rounding Amount and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Offer or in relation to the New Bonds and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Company, the Dealer Managers or the Exchange Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments;
- (k) it acknowledges that, should its Existing Bonds be accepted for exchange pursuant to the Offer:
 - (i) the Cash Amount will be paid in Australian dollars subject to and in accordance with the terms of the Offer;
 - (ii) the Cash Amount in respect of the Existing Bonds so accepted will be deposited by or on behalf of the Company, with the relevant Clearing System(s) on the Settlement Date;
 - (iii) the Clearing Systems thereafter will make payments promptly to the relevant accounts in the Clearing Systems of the relevant Holders; and
 - (iv) the New Bonds will be delivered and payments of the Cash Amount will be made to the Clearing System accounts in which the relevant Existing Bonds are held and the delivery of such New Bonds and payment of such amount to the Clearing Systems will discharge the obligation of the Company to all such Holders in respect of the delivery of the New Bonds and payment of such amount;
- (l) it is not a person to whom it is unlawful to make an invitation pursuant to the Offer under applicable securities laws, it has not distributed or forwarded the Offer Memorandum or any other documents or materials relating to the Offer to any such person and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of this Offer Application and the Electronic Instruction in respect of the Existing Bonds it is offering for exchange) complied with all laws and regulations applicable to it for the purposes of its participation in the Offer;
- (m) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or within Article 43(2) of the Order, or to whom the Offer Memorandum may lawfully be communicated in accordance with the Order;
- (n) the New Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (terms used in this and the following paragraph that are defined in Regulation S under the Securities Act are used as defined in Regulation S);
- (o) in connection with the Offer, there has been no use of the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, e-mail and other forms of electronic submission) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States and either (a) (i) it is the beneficial owner of the Existing Bonds being offered for exchange and (ii) it is resident and located outside the United States and is participating in the Offer from outside the United States and it is not a U.S. person or (b) (i) it is acting on behalf of the beneficial owner of the Existing Bonds being offered for exchange on a non-discretionary basis and has been duly authorised to so act and (ii) such

beneficial owner has confirmed to it that it is resident and located outside the United States and is participating in the Offer from outside the United States and it is not a U.S. person;

- (p) either (a) if it is not located in Italy, it did not receive the Offer Memorandum or any invitation to participate in the Offer in Italy and it is not acting on behalf of investors located in Italy and it has not distributed or made available the Offer Memorandum or any other offering materials in Italy or (b) if it is located in Italy, it did not receive the Offer Memorandum or any invitation to participate in the Offer in Italy from any of the Company, the Dealer Managers and the Exchange Agent (and to this effect it acknowledges that the Offer is not being made, directly or indirectly, in the Republic of Italy, that the Offer and the Offer Memorandum have not been submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian laws and regulations and that neither this Offer Memorandum nor any other offering material relating to the Offer, the Existing Bonds or the New Bonds may be distributed or made available in the Republic of Italy) and it has not distributed or made available the Offer Memorandum or any other offering materials in Italy;
- (q) in relation to the Offer, it is not located or resident in any Member State of the European Economic Area which has implemented the Prospectus Directive save to the extent that it is (a) a legal entity that is authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or (b) a legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts;
- (r) it is not located or resident in the Republic of France and if it is offering Existing Bonds for exchange or, if it is located or resident in the Republic of France, it is (i) a provider of investment services relating to portfolio management for the account of third parties (*personne fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*); and/or (ii) a qualified investor (*investisseur qualifié*), as defined in accordance with Articles L.411-1 and D.411-1 to D.411-3 of the French Code monétaire et financier;
- (s) it is not resident or located in the Kingdom of Belgium or, if it is located or resident in the Kingdom of Belgium, it is a “qualified investor” within the meaning of Article 6, paragraph 3 of the Law of 1 April 2007 on public acquisition offers (*Loi relative aux offres publiques d’acquisition / Wet op de openbare overnamebiedingen*), acting on its own account;
- (t) it is outside of Singapore, or if it is located in Singapore, it is a Holder of Existing Bonds for the purposes of Section 273(1)(cf) of the Securities and Futures Act, Chapter 289 of Singapore;
- (u) it is outside of Hong Kong or, if it is located in Hong Kong, it is (i) a professional investor as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) will only receive the Offer Memorandum in circumstances which do not result in the Offer Memorandum being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance;
- (v) (x) (i) the Offer Memorandum and any other offering or marketing document relating to the New Bonds does not constitute a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd, and (ii) the New Bonds may only be distributed or otherwise be made available in or from Switzerland on a private placement basis only; and (y) it will not (i) publicly distribute (or otherwise make publicly available) the Offer

Memorandum or any other offering or marketing document relating to the New Bonds in or from Switzerland, or (ii) publicly offer, sell or advertise the New Bonds, directly or indirectly, in or from Switzerland;

- (w) it agrees not to reoffer, resell, pledge or otherwise transfer the New Bonds delivered to it pursuant to the Offer except outside the United States pursuant to Rule 903 or 904 of Regulation S under the Securities Act;
- (x) it understands that no action has been or will be taken by the Dealer Managers or their respective directors, employees or affiliates, or any person acting on behalf of the Dealer Managers or any of their respective directors, employees or affiliates, that would, or is intended to, permit a public offer of the New Bonds in any country or jurisdiction where any such action for that purpose is required and that New Bonds may not be, directly or indirectly, offered or sold and that no prospectus, form of application, advertisement or other document or information may be distributed or published in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all re-offers and sales of New Bonds by them will be made on the same terms;
- (y) if it is in Australia or a person for whom it may acquire New Bonds is in Australia, it is, or that person is, a “sophisticated investor” or a “professional investor”, in each case as defined in the Australian Corporations Act;
- (z) it is not a resident of Canada, unless prior to the Clearing System Cut-off Date the Company shall have obtained an order from the applicable Canadian securities regulatory authorities permitting the Offer to be extended to residents of Canada without compliance with the “issuer bid” requirements of applicable Canadian securities legislation;
- (aa) it is in compliance with the requirements of the Anti-Money Laundering and Counter Terrorism Financing Act 2006 of the Commonwealth of Australia and with the requirements of any equivalent laws or relevant obligations under anti-money laundering and counter-terrorism financing laws and regulations in the jurisdiction in which it is domiciled or carries on business to the extent that those laws apply to its participation in the Offer and enjoyment of its rights under the New Bonds; and
- (bb) it is not, and if it is acquiring any New Bonds for or on account of one or more persons, it is not acting for, a person that is subject to financial sanctions resulting from the implementation of: (a) the UN Security Council Sanctions (through regulations under the Charter of the United Nations Act 1945 of the Commonwealth of Australia); or (b) the Australian Bilateral Sanctions (through gazetted directions under the Banking (Foreign Exchange) Regulations 1959 of the Commonwealth of Australia).

The Dealer Managers and the Exchange Agent are entitled to and may rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements.

6. I/we hereby offer to exchange the following principal amount of Existing Bonds pursuant to the Offer:

Principal Amount of Existing Bonds for exchange: A\$.....

7. Authorisation of production in proceedings

I/We hereby authorise the production of this Offer Application in any administrative or legal proceedings instituted in connection with which this Offer Application may be relevant.

8. Ownership

The custodian (if applicable) of the Existing Bonds specified in this Offer Application (if applicable) is:

The beneficial owner (if applicable) of the Existing Bonds specified in this Offer Application (if applicable) is:

9. We confirm our agreement to the terms set out above.

Signed:Date:

Print name of Signatory⁽¹⁾:

Capacity⁽¹⁾:

(for and on behalf of)

Print name of Bondholder:

Name of contact person:

Telephone number⁽²⁾:

Fax number⁽²⁾:

E-mail:

Clearing System (please indicate either Euroclear or Clearstream, Luxembourg as applicable):

.....

Clearing System Account No:

Notes to paragraph 9:

- 1. In relation to any Existing Bonds, if the signatory is an attorney, executor, administrator, trustee, guardian, officer of a corporation or other person acting in a fiduciary or representative capacity, such signatory must provide the capacity in which he/she is acting and the power of attorney or other authority in a form satisfactory to the Company.*
- 2. Include country and area code in telephone and fax numbers.*

REGISTERED OFFICE OF THE COMPANY

Suite 3
Level 1, 11 Ventnor Avenue
West Perth
Western Australia 6005
Australia

TRUSTEE OF THE NEW BONDS

The Bank of New York Mellon
One Canada Square, 48th Floor
London E14 5AL
United Kingdom

PRINCIPAL PAYING, TRANSFER AND CONVERSION AGENT OF THE NEW BONDS

The Bank of New York Mellon
One Canada Square, 40th Floor
London E14 5AL
United Kingdom

REGISTRAR OF THE NEW BONDS

The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building – Polaris 2-4 rue
Eugène Ruppert L-2453
Luxembourg

LEGAL ADVISERS

To the Company as to Australian law

Blake Dawson
Level 32
Exchange Plaza
2 The Esplanade
Perth WA 6000
Australia

To the Company as to Canadian law

Blake, Cassels & Graydon LLP
23 College Hill
5th Floor
London
EC4R 2RP

To the Dealer Managers as to English law

Linklaters
10th Floor, Alexandra House
18 Chater Road
Central
Hong Kong
China

AUDITORS TO THE COMPANY

WHK Horwath, Chartered Accountants
Level 6
256 St. George's Terrace
Perth WA 6000
Australia

Requests for information in relation to the Offer should be directed to:

THE DEALER MANAGERS

UBS AG, Australia Branch

For information by telephone: Grant Wearin (+61 2 9324 2347) / Chris Madderson (+44 207 567 8678)

Email: OL-WSA-Exchange@ubs.com

Fax: +61 2 8215 8229

Attention: Grant Wearin / Chris Madderson

and

Macquarie Capital Advisers Limited

For information by telephone: Roland Sharman (+852 3922 2095)

Email: roland.sharman@macquarie.com

Requests for information in relation to the procedures for exchanging Existing Bonds in, and for any documents or materials relating to, the Offer should be directed to:

THE EXCHANGE AGENT

The Bank of New York Mellon

40th Floor, One Canada Square

London E14 5AL

United Kingdom

Tel: +44 20 7964 4958

Fax: +44 20 7964 2536

Email : eventsadmin@bnymellon.com

WESTERN AREAS NL

