



March 31th, 2010

ASX & TSX: WSA

ASX Limited
Level 8
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir

\$125 Million 6.4% Convertible Bond Offering Circular

Western Areas NL (**Western Areas**) has recently announced the issue of A\$125 million convertible bonds which are due in 2015. Please find attached the Offering Circular for the Convertible Bond Issue.

Regards

A handwritten signature in black ink, appearing to read 'Belladonna', is written over a light blue horizontal line.

Joseph Belladonna
Company Secretary
Western Areas NL

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WESTERN AREAS NL



ABN 68 091 049 357

A\$125,000,000

6.4% Convertible Bonds Due 2015

Convertible into Ordinary Shares of Western Areas NL

Joint Bookrunners and Managers



IMPORTANT NOTICE

GENERAL

About this document

This document (the "Offering Circular") is issued by Western Areas NL ABN 68 091 049 357 (the "Company"). This Offering Circular is a prospectus as that term is defined in the *Corporations Act 2001* (Cth) ("Corporations Act"). Any offering of the Company's A\$125,000,000 6.4% Convertible Bonds due 2015 (the "Bonds") in Australia is made under this Offering Circular and is open only to select investors who are sophisticated or professional investors as respectively defined within sections 708(8) or 708(11) of the Corporations Act.

This Offering Circular is dated 31 March 2010. A copy of this Offering Circular was lodged with the Australian Securities and Investments Commission (the "ASIC") on that date. No securities will be issued on the basis of this Offering Circular later than 12 months after the date of this Offering Circular (the "Expiry Date").

None of ASIC, ASX Limited ("ASX") or their respective officers takes any responsibility for the contents of this Offering Circular or the merits of the investment to which this Offering Circular relates. The fact that ASX have quoted the ordinary shares of the Company (the "Ordinary Shares") and may quote the Ordinary Shares into which the Bonds are convertible is not to be taken in any way as an indication of the merits of the Ordinary Shares, the Bonds or the Company

The Company has confirmed to Macquarie Capital (Singapore) Pte. Limited and UBS AG, Australia Branch (the "Joint Lead Managers") that this Offering Circular contains or incorporates by reference all information regarding the Company, the Company and its subsidiaries as a whole (the "Group"), the Bonds and the Ordinary Shares which is (in the context of the issue of the Bonds) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Company are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing. The Company accepts responsibility for the information contained in this Offering Circular. This Offering Circular should be read in its entirety. It contains general information only and does not take into account your specific objectives, financial situation or needs. In the case of any doubt, investors should seek the advice of a financial or other professional adviser.

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

The Company is not providing investors with any legal, business or tax advice in this Offering Circular. Investors should consult their own advisers to assist them in making their investment decision and to advise themselves whether they are legally permitted to purchase the Bonds. Investors must comply with all laws that apply to them in any place in which they buy, offer or sell any Bonds or possess this Offering Circular. Investors must also obtain any consents or approvals that they need in order to purchase the Bonds. None of the Company or the Joint Lead Managers is responsible for investors' compliance with any such legal requirements. The Company has not authorised the making or provision of any representation or information regarding the Company or the Bonds other than as contained in this Offering Circular or as approved for such

purpose by the Company. Any such representation or information should not be relied upon as having been authorised by the Company or the Joint Lead Managers.

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

In this Offering Circular, unless otherwise specified, references to “US\$” are to United States dollars, references to “S\$” are to Singapore dollars, references to “A\$” are to Australian dollars and references to “C\$” are to Canadian dollars.

No representations or recommendations

No representation or warranty, express or implied, is made by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon, as a promise or representation by the Joint Lead Managers or The Bank of New York Mellon (the “Trustee”). This Offering Circular is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Company, the Joint Lead Managers or the Trustee that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Bonds should be based upon such investigations as it deems necessary.

Restrictions in foreign jurisdictions

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

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

The Bonds and the Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The Bonds and the Ordinary Shares may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the Securities Act), except pursuant to registration under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Any offering of Bonds in Australia is made under this Offering Circular and is open only to select investors who are sophisticated or professional investors as respectively defined within sections 708(8) or 708(11) of the Corporations Act.

Listing of the Bonds on the Singapore Exchange Securities Trading Limited

Approval in-principle has been received for the listing of the Bonds on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Bonds to the SGX-ST is not to be taken as an indication of the merits of the Company or the Bonds.

Listing of Ordinary Shares

The Ordinary Shares of the Company are quoted on the stock market operated by ASX Limited (the "ASX") and the Toronto Stock Exchange (the "TSX"). Upon conversion of the Bonds, application will be made for quotation of the Ordinary Shares issuable upon conversion of the Bonds on the ASX.

Application has also been made to list the Ordinary Shares issuable upon conversion of the Bonds on the TSX.

Global Certificate

The Bonds will be in registered form. The Bonds will be represented on issue by a Global Certificate (the "Global Certificate"). The Global Certificate will be deposited on or around 8 April 2010 (the "Closing Date") with a common depositary, and registered in the name of a common nominee, for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The Global Certificate will be exchangeable, in whole or in part, for individual definitive Bonds in registered form serially numbered in denominations of A\$250,000 and integral multiples thereof in certain limited circumstances only as described therein and herein.

Stabilisation

IN CONNECTION WITH THE ISSUE OF THE BONDS, UBS AG, AUSTRALIA BRANCH AS THE STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY, WITH THE PRIOR CONSENT OF MACQUARIE CAPITAL (SINGAPORE) PTE. LIMITED, OUTSIDE AUSTRALIA (AND ON A MARKET OPERATED OUTSIDE AUSTRALIA), AND OTHERWISE SUBJECT TO ALL APPLICABLE LAWS, EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

Further information on the Company

The Company is a "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act 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 2008 and 2009;
- the half-year financial reports of the Company for the periods ended 31 December 2008 and 2009; 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 2009 and before lodgement with ASIC 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, at www.asx.com.au.

Risk Factors

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

Senior Creditors Secured Obligations

The Company's obligations (the "Senior Creditors Secured Obligations") under:

- (a) its hedging arrangements with Australia and New Zealand Banking Group Limited ("ANZ") (described in "About the Company — Hedging"); and
- (b) the A\$80 million cash financing facility and A\$10 million performance bond facility provided by ANZ (described in "About the Company — Financing"),

are secured by first ranking charges and mortgages in favour of the senior secured creditors under the senior secured creditors documentation (currently ANZ and the security trustee and the agent under the senior secured creditors documentation (together, the "Senior Secured Creditors"), over all of the present and future assets, undertaking and rights of the Company and certain subsidiaries (these are further described in "About the Company — Financing").

The obligations of the Company under the Bonds will effectively rank behind the Senior Creditors Secured Obligations by virtue of the first ranking charges and mortgages granted in favour of the Senior Secured Creditors. In the event of any winding-up of the Company, or the enforcement of any of the charges or mortgages, 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, undertakings and rights of the Company and certain subsidiaries), with only the residual amount (if any) after payment of amounts owing to the Senior Secured Creditors being available to unsecured creditors of the Company, which includes the holders of the Bonds ("Bondholders").

In addition, the Company's revenue from the Forresteria Project (which includes the Flying Fox and Spotted Quoll deposits, the New Morning/Daybreak deposit and the Diggers South and Cosmic Boy deposits) including proceeds from the sale of nickel, interest credited to any bank accounts with ANZ, liquidated damages received under any document relating to the Forresteria Project and moneys received under any hedging contract ("Allocated Revenue") are required to be deposited into designated bank accounts with ANZ and such funds may only be withdrawn and applied in accordance with the project finance cashflow waterfall set out in the senior secured creditors documentation.

On 25 March 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.

For further information in relation to the Senior Creditors Secured Obligations and the risks in relation thereto 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", "— The Company and certain of its subsidiaries are subject to financial and other covenants" and "About the Company — Financing" and "— Hedging".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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KEY FEATURES

Summary of offer

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

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

Issuer	Western Areas NL.
The Bonds	A\$125,000,000 6.4% Convertible Bonds due 2015
The Offering	The Bonds are being offered and sold by the Joint Lead Managers outside the United States in accordance with Regulation S under the Securities Act.
Issue Price	100% of the principal amount.
Denomination	A\$250,000 and integral multiples thereof.
Closing Date	8 April 2010.
Interest Rate	The Bonds bear interest from and including the Closing Date at the rate of 6.4% per annum calculated by reference to the principal amount thereof and payable semi-annually in equal instalments in arrears on 2 January and 2 July in each year, except that the first payment of interest, to be made on 2 July 2010, will be in respect of the period from 8 April 2010 to 2 July 2010.
Status	The 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 series of 8.0% convertible bonds due 2012 and issued on 2 July 2007 ("Existing Convertible 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, Bondholders will have the right to convert Bonds into Ordinary Shares at the then applicable Conversion Price at any time on or after 19 May 2010, 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 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.

Mandatory Cash Settlement

Until shareholder approval is obtained in a general meeting of the Company in respect of the issuance of the Further Shares and notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time when the delivery of Further Shares deliverable upon conversion of the Bonds is required to satisfy the Conversion Right in respect of a Conversion Notice, if at any time, the Company is not, for any reason, able to satisfy the Conversion Right of any converting Bondholder by the valid issue of Ordinary Shares, the Company shall pay to the relevant Bondholder an amount of cash in Australian dollars equal to the Mandatory Cash Settlement Amount in order to satisfy such Conversion Right in full but not in part.

Conversion Price

The initial Conversion Price shall be A\$6.61. 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 Bonds will be redeemed in cash on 2 July 2015 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 Bonds on any date on or after 23 July 2013 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. 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 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 Bondholders

Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, each Bondholder shall have the right, at such Bondholder's option, following the occurrence of a Delisting or a Change of Control to require the Company to redeem all or some only of that Bondholder's 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, Bondholders will have the right to convert the 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 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 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 Bondholder may elect not to have his Bond redeemed, in which case such holder will not be entitled to receive payment of such additional amounts as are referred to in "Withholding Taxes" above in respect of any payments on the Bonds. See Condition 7(c) (Redemption and Purchase — Redemption for Taxation Reasons).

Negative Pledge

The 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 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 Bonds, see Condition 10 (Events of Default). Upon acceleration for any such event, the Bonds will become immediately due and repayable at their principal amount, together with accrued but unpaid interest.
Trust Deed	The Bonds will be constituted by a trust deed expected to be dated 8 April 2010 between the Company and the Trustee.
Trustee	The Bank of New York Mellon.
Governing Law	The 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 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, <i>inter alia</i> , 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 Bonds will be traded on the SGX-ST in a minimum board lot size of A\$250,000 for so long as any of the Bonds are listed on the SGX-ST. The Company has not applied to have the Bonds admitted to dealing on the ASX or listed on the TSX. Upon conversion of the Bonds, application will be made for quotation of the Ordinary Shares issuable upon conversion of the Bonds on the ASX. An application has been made to list the Ordinary Shares issuable upon conversion of the Bonds on the TSX.
Lock up	The Company has agreed to certain restrictions on its ability and the ability of its subsidiaries to issue or dispose of Ordinary Shares or related securities during the period commencing on the date of the Subscription Agreement (as defined herein) and ending 90 days after the Closing Date (both days inclusive). See “Subscription and Sale”. Each of Terrence Streeter (major shareholder and director), Julian Hanna (director), David Cooper (director), Robin Dunbar (director) and Craig Oliver (Finance Director, Chief Financial Officer and joint Company Secretary) has agreed to certain

restrictions on their ability to dispose of their respective shareholdings in the Company or related securities during the period commencing on the date of the Subscription Agreement and ending 90 days after the Closing Date (both days inclusive).

ISIN

XS0498542264

Common Code

049854226

Use of Proceeds

The net proceeds of the issue of the Bonds are expected to amount to approximately A\$119,000,000, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used for the purposes as set out in “Use of Proceeds”.

Currency and Exchange Rate Information

The Company reports in Australian dollars. Accordingly, unless otherwise indicated, all references to “\$”, or “A\$” in this Offering Circular refer to Australian dollars. References to “US\$”, “C\$” and “S\$” in this Offering Circular refer to United States dollars, Canadian dollars and Singapore dollars, respectively. The exchange rate at 4.00 pm (Sydney time) on 25 March 2010 as reported by Bloomberg for the conversion of Australian dollars into other currencies was as follows:

A\$1.00 = US\$0.9114 (US\$1.00 = A\$1.0972)

A\$1.00 = C\$0.9323 (C\$1.00 = A\$1.0726)

A\$1.00 = S\$1.2821 (S\$1.00 = A\$0.7800)

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 and Transfer Corporation Settlement Rules and general law.

Ranking

The Ordinary Shares issuable upon the conversion of the Bonds will rank *pari passu* with all the other Ordinary Shares that have been issued.

Voting rights

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

- (i) at meetings of shareholders, each shareholder entitled to vote may vote in person or by proxy, attorney or representative; and
- (ii) on a show of hands, every shareholder present in person or by proxy, attorney or representative has one vote and on a poll, every shareholder present in person or by proxy, attorney or representative has one vote for each share that shareholder holds. A person who holds a share that is not fully paid up (that is, a contributing share) shall be entitled to a fraction of a vote equal to that proportion that the amount paid up bears to the total issue price.

Dividend Rights

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

Rights on Winding Up

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

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

Transfer of Shares

Subject to the 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.

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 Offering Circular:

- (a) the audited annual consolidated financial statements of the Company as at and for the financial years ended 30 June 2008 and 2009, including the directors' remuneration report and the auditors' report in respect of such financial statements; and
- (b) the audited half-year financial statements of the Company as at and for the six month periods ended 31 December 2008 and 2009.

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 Offering Circular 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 Offering Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

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

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 at *www.sedar.com*.

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

ABOUT THE COMPANY

3. ABOUT THE COMPANY

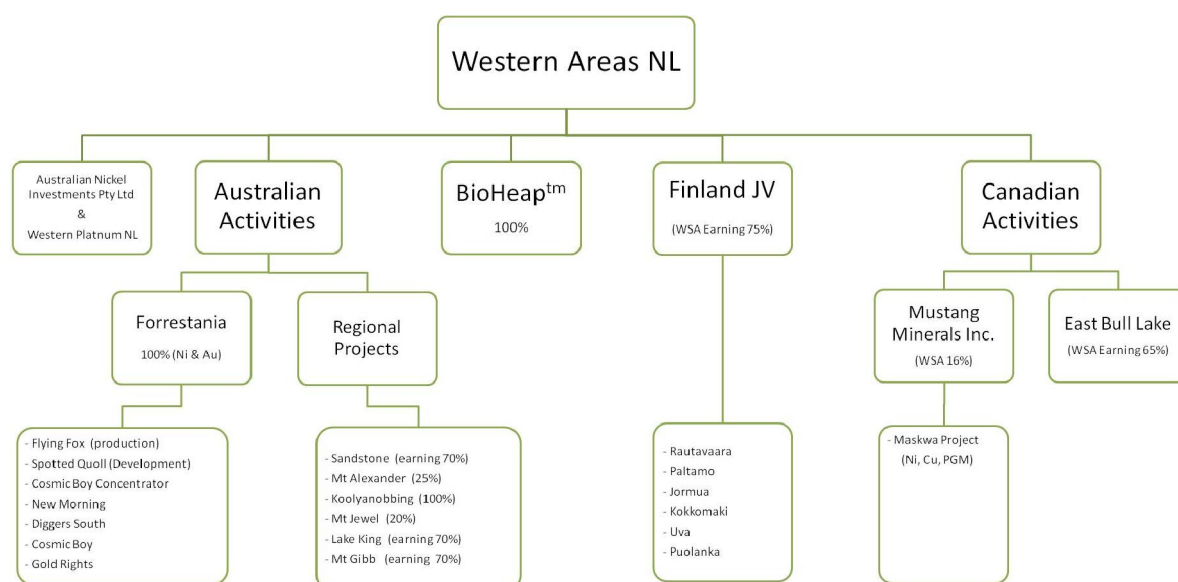
Corporate Overview

The Company is an international mid-tier nickel sulphide producer/explorer with a market capitalisation in excess of A\$900 million as at 24 March 2010 and approximately 6,300 shareholders as at 22 March 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 massive 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 for the 12 months from March 2010:

- Expand low cost production and ore reserves at the Flying Fox and Spotted Quoll mines;
- Commence production from the high grade Spotted Quoll open pit mine in the June quarter 2010;
- Complete the full feasibility study for the planned Spotted Quoll underground mine in the June quarter 2010;
- Complete the stage 2 upgrade of the Cosmic Boy nickel concentrator at the Forrestania Project to 550,000 tonnes per annum of ore;
- 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

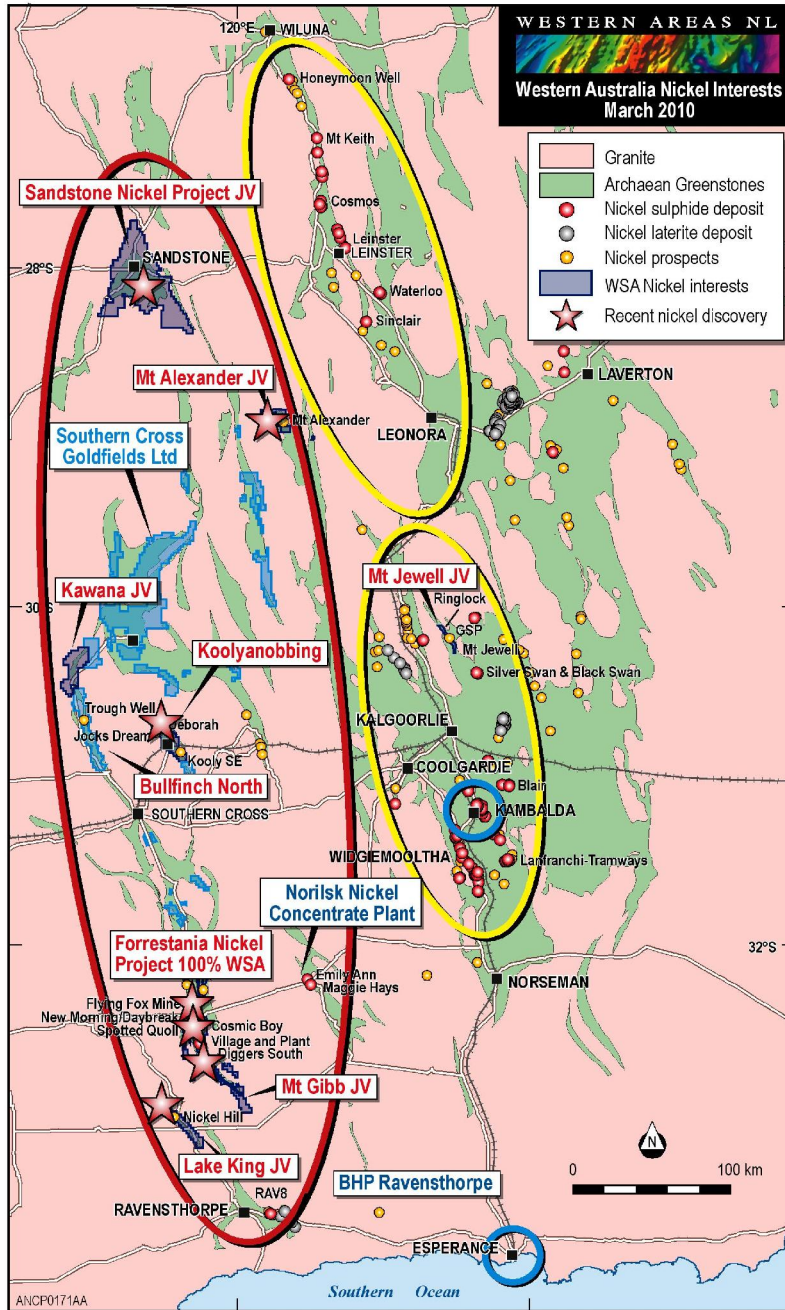
Australian Operations

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, Spotted Quoll is scheduled for first product 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 - 19 March 2010				
Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area				
T1 South	17,200	4.2	720	Probable Ore Reserve
T4	251,900	4.0	10,190	Probable Ore Reserve
T5	1,029,100	5.6	58,040	Probable Ore Reserve
2. Spotted Quoll				
Open Pit	386,000	5.1	19,900	Probable Ore Reserve
Underground	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	5,518,200	3.4	189,850	Probable Ore Reserve
1. Flying Fox Area				
Indicated Mineral Resource				
T1 South	95,900	4.3	4,170	Indicated Mineral Resource
T1 North	45,400	4.2	1,900	Indicated Mineral Resource
T4	185,400	5.8	10,820	Indicated Mineral Resource
T5 Massive Zone	903,000	6.7	60,670	Indicated Mineral Resource
T5 Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource
Total Flying Fox Indicated Mineral Resource	1,426,900	5.6	79,150	
Inferred Mineral Resource				
T1 South	35,200	4.9	1,720	Inferred Mineral Resource
T1 North	12,700	4.8	610	Inferred Mineral Resource
T4	42,100	4.8	2,010	Inferred Mineral Resource
T5 Massive Zone	84,000	5.9	4,920	Inferred Mineral Resource
T5 Disseminated Zone	357,800	1.0	3,460	Inferred Mineral Resource
T6	47,500	5.0	2,360	Inferred Mineral Resource
T7	84,000	5.0	3,370	Inferred Mineral Resource
Total Flying Fox Inferred Mineral Resource	663,300	2.8	18,450	
New Morning / Daybreak				
Indicated Mineral Resource				
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource
Total New Morning / Daybreak Indicated Mineral Resource	1,391,600	1.6	21,660	
Inferred Mineral Resource				
Massive Zone	93,100	3.5	3,260	Inferred Mineral Resource
Disseminated Zone	659,200	0.9	5,780	Inferred Mineral Resource
Total New Morning / Daybreak Inferred Mineral Resource	752,300	1.2	9,040	
Spotted Quoll				
Total Spotted Quoll Indicated Mineral Resource	1,701,000	6.0	101,310	Indicated Mineral Resource
Total Spotted Quoll Inferred Mineral Resource	231,300	6.4	14,760	Inferred Mineral Resource
Beautiful Sunday				
Total Indicated Mineral Resource	480,000	1.4	6,720	Indicated Mineral Resource
2. Cosmic Boy Area				
Indicated Mineral Resource				
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 MINERAL RESOURCE	375,900	2.4	8,950	
3. Diggers Area				
Indicated Mineral Resource				
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
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource
TOTAL DIGGERS AREA INDICATED MINERAL RESOURCE	8,414,900	1.0	87,370	
Inferred 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
TOTAL DIGGERS AREA INFERRED MINERAL RESOURCE	1,613,300	0.8	12,200	

Notes:

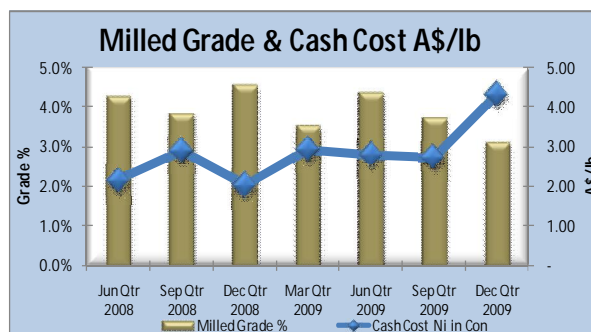
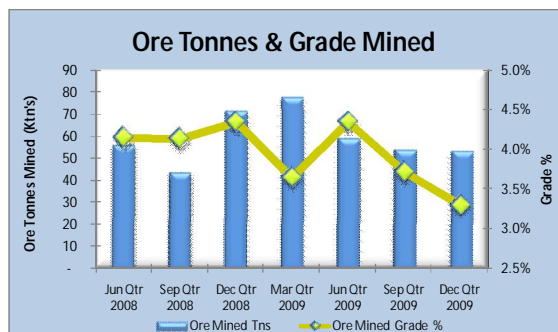
1. The Company reports its mineral resources and mineral reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). The JORC Code is one of the prevailing standard international mineral resource classification systems.

2. 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 2009 calendar year, the Forrestania Project produced 9,193 tonnes of nickel in ore from the Flying Fox mine. The Company treated over 246,000 tonnes of ore at a grade of 3.7% nickel for an average 89% recovery to produce in excess of 8,000 tonnes of nickel in concentrate. The production cash cost into concentrate was A\$3.16/lb (US\$2.54/lb). Since mine production began in 2006 Flying Fox has produced 21,240 tonnes of nickel in ore as at February 2010.



Cosmic Boy Concentrator

The Company commissioned the 300,000 tonnes per annum nickel concentrate plant at the Cosmic Boy site at the Forrestania Project in February 2009. The plant is located centrally in the Forrestania Project 20km south of the Flying Fox mine. The Cosmic Boy concentrator is located on the site of the previous treatment plant at the site. Since commissioning the plant has processed 255,000 tonnes of ore to produce 60,645 tonnes of nickel concentrate, containing 8,665 tonnes of nickel. Prior to this, the Company's ore was toll treated at a nearby third party plant.

The Stage Two expansion of the Cosmic Boy concentrator that is progressing will increase the capacity of the plant to accommodate ore from Spotted Quoll in addition to expanded production from Flying Fox. Plant capacity will be increased from the current 300,000 tonnes per annum of ore to a nominal 550,000 tonnes per annum capacity. The expansion will include installation of secondary and tertiary crushers, conversion of the SAG mill to a ball mill and installation of additional flotation and tank capacity.

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 commences in 2010 and is expected to terminate in 2012.

- 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 represents only 17% of the total contained nickel in the current Spotted Quoll Mineral Resource which is approximately 2 million tonnes at an average grade of 6.2% nickel containing 125,000 tonnes of nickel (to 640m depth). The project is on target to commence mining ore in the June 2010 quarter.

Spotted Quoll – Proposed Underground Mine

The underground feasibility study is on track to be completed by mid 2010 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 mid 2010.

BioHeap Technology

The Company announced on 22 December 2009 that it had acquired 100% of the BioHeap bacterial leaching technology 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 is in the process of being renamed BioHeap Ltd. Due diligence included a successful test work program on a range of low grade ores from Forrestania, an evaluation of

global patents on the technology and confirmation of various commercial aspects of the transaction. 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

The Company has an agreement for the right to earn a 75% interest in a number of exploration properties covering a large metal province in central Finland. During the past two years, unlisted Finnish company Magnus Minerals Ltd ("Magnus") has conducted a detailed assessment of the 150km long Kainuu Schist Belt and has built up large tenement holdings to cover six exploration projects considered to have potential for nickel/zinc/copper/cobalt deposits of the "Talvivaara type". The Talvivaara mine is operated by Talvivaara Mining Company Plc and is located in the southern part of the Kainuu Schist Belt. The Company has a target to earn 75% interest in the Finland projects from Magnus by 30 June 2010.

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 (Figure 1).

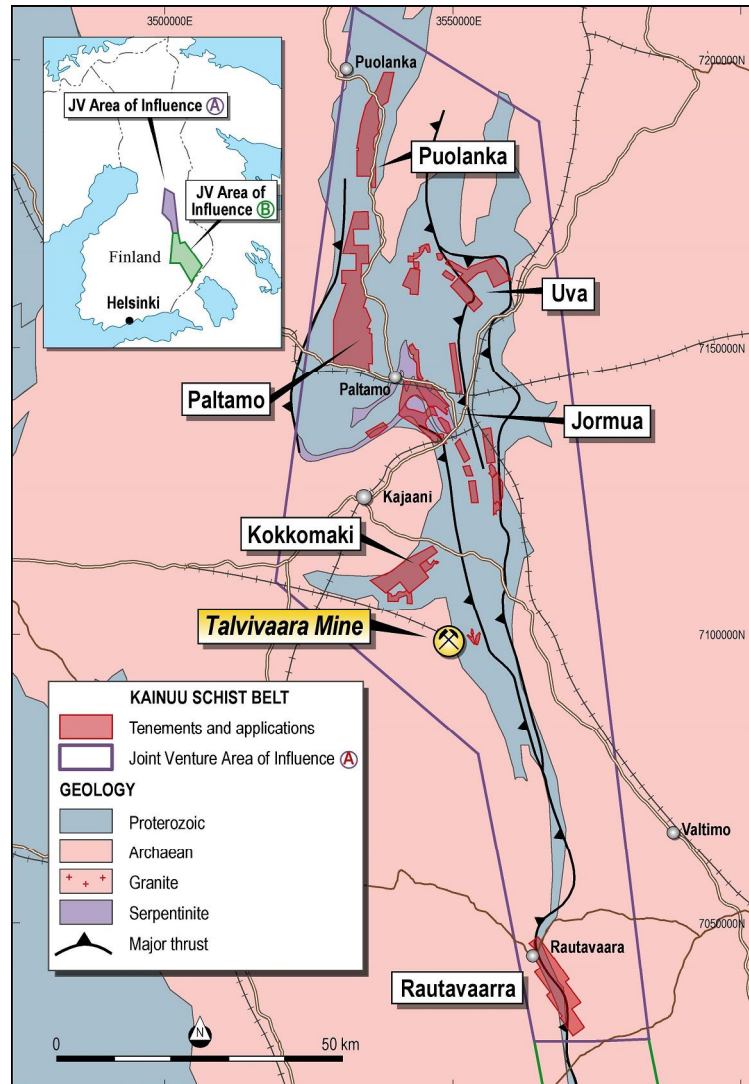
The six Company/Magnus joint venture projects consist of large, coincident magnetic/electromagnetic complexes from 10 to 20km long, made up of a number of separate targets each 1 to 2km long. Numerous targets have been identified for drilling within the three main project areas: Rautavaara, Kokkomaki 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 drilling at the P1 target at the Paltamo Project also intersected a wide zone of zinc mineralisation. Drilling is ongoing at Paltamo.

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 with 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.

FIGURE 1: KAINUU SCHIST BELT



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 16% 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 Maskwa nickel deposit in southern Manitoba.

Hedging

The Company enters into hedging agreements in line with the policy of the Company's board 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.

Details of these hedges are as follows:

	Fiscal Year 2010	Fiscal Year 2011	Total
Nickel Hedging Forward Sales			
Ni Tonnes Sold	1,200	-	1,200
US\$ Price/Tonne	19,054	-	19,054
Nickel Hedging Collar Style Options			
Ni Tonnes Sold	200	-	200
US\$ Price/Tonne Call	23,320	-	23,320
US\$ Price/Tonne Put	21,000	-	21,000
Foreign Exchange Options			
US\$ Sold (\$'000)	7,500	2,500	10,000
US\$ Put (US cents)	0.8984	0.9328	0.9040
Foreign Exchange Collar Options			
US\$ Sold (\$'000)	10,500	7,500	18,000
US\$ Call (US cents)	0.8256	0.8200	0.8233
US\$ Put (US cents)	0.9000	0.9180	0.9075

None of the hedging contracts shown above 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.

The Company has not entered into any other financial contracts or instruments such as derivatives transactions or forward sales, or other instruments and, as at the date of this document, has no other hedging commitments outstanding.

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	20,000
- Cash advance facility - BHP	45,000	-
- Performance bond facility - ANZ	10,000	3,421
TOTAL	135,000	25,800

As set forth in the table above, approximately \$105.0 million has been drawn from the total corporate finance

facilities of A\$135.0 million provided by ANZ and BHP Billiton Nickel West Pty Ltd.

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% and 31 March 2012 ("Reserve Date").

Access to the undrawn portion of the Cash Facility is conditional upon 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 Forrestania Project, capital costs relating to the Forrestania 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 25 March 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.

BHP Billiton Facility

Included in the offtake agreement with BHP Billiton Nickel West Pty Ltd was a A\$45 million loan facility to be provided to the Company ("BHP Billiton Facility"), the majority of which is intended to be used for early development of Spotted Quoll and the Cosmic Boy plant expansion. Repayment of the financing is scheduled to commence in July 2012. BHP Billiton Nickel West Pty Ltd is subordinated to the Company's senior lender, ANZ, via a second ranking security position. One of the proposed uses of funds from this Offering is to retire the BHP Billiton Facility upon which, BHP Billiton Nickel West Pty Ltd will be required to release all securities granted to it by the Company in relation to the BHP Billiton Facility.

Existing Convertible Bonds due 2012

In addition to the ANZ Facility and BHP Billiton Facility outlined above, the Company has an existing series of 8.0% convertible bonds due 2012 that were issued on 2 July 2007 ("Existing Convertible Bonds").

The Existing Convertible 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 Convertible 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 Convertible Bonds will be redeemed at par on 2 July 2012.

The Company has in the past purchased and cancelled Existing Convertible Bonds on market. There remains an aggregate principal amount of A\$208.5 million of Existing Convertible Bonds outstanding as at 31 December 2009.

DIRECTORS

Brief profiles of the Directors and senior management of the Company as at the date of this Offering Circular 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 56

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 and Treasury Committees.

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 also holds directorships in several active private companies. Mr Cooper is the Chairman of both the Audit and Risk Management Committee and Remuneration Committee and is a member of the Nomination Committee.

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 Corp. Mr Dunbar is a member of the Audit & Risk, nomination 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 50 – appointed October 2009

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.

Craig Oliver (Finance Director & Chief Financial Officer/Company Secretary) Age 46

ACA MBA

Mr Oliver has been the Company Secretary and the Chief Financial Officer since 21 March 2006 and was appointed as the Finance Director on the 8 December 2006. Mr Oliver has significant mining experience gained in operational, senior financial and corporate roles. Mr. Oliver is a member of the Treasury Committee.

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

- De Grey Mining Ltd (April 2006 – May 2008)
- Sundance Ltd (since April 2008)

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 (Company Secretary)

B.Bus, CPA

Mr Belladonna is a Certified Practicing Accountant with 10 years experience in the resources industry in a range of finance roles. Mr Belladonna has been employed with the Company since 2005.

RISK FACTORS

There are numerous widespread risks associated with investing in any form of business and with investing in bonds and the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry and an investment in the 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 invest in the Bonds. The risks described above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are advised to examine the contents of this Offering Circular and to consult their professional advisers before making a decision to subscribe for Bonds.

INVESTMENT SPECIFIC RISKS

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

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

The 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 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 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 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".

Market for Bonds

There is currently no formal market through which the Bonds may be sold and purchasers may not be able to re-sell the Bonds purchased under this Offering Circular. Approval in-principle has been received for the listing of the Bonds on the SGX-ST. There can be no assurance that an active trading market will develop for the Bonds after the Offering, 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 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 has significant outstanding indebtedness under the senior secured creditors documentation and the BHP Billiton Facility 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 Bonds

The Company must redeem the Bonds on the Maturity Date, on the request of a Bondholder if a Change of Control or a Delisting (each as defined in the Terms and Conditions of the Bonds) 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 Bonds in cash.

Market Price of the Bonds

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

- (a) the prevailing interest rates being paid by companies similar to the Company;
- (b) the overall condition of the financial and credit markets;
- (c) prevailing interest rates and interest rate volatility;
- (d) the markets for similar securities;
- (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 Existing Convertible 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 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 Bonds to sell the Bonds at an advantageous price. Additionally, this may result in greater volatility in the market price of the Bonds than would be 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 Bonds or the Ordinary Shares.

GENERAL 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\$10.00/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 may be hampered by mining, heritage and environmental legislation, industrial accidents, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies. The success of the Company also 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 obtaining 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, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the control of the Company.

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 or are yet to be granted, which will be at the discretion of the relevant Ministries in Australia. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining required statutory approvals for proposed activities. While the Company anticipates that subsequent renewals 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 Australian title registration system provides for application for forfeiture of exploration and mining licenses where there is, or has been, non-compliance with the prescribed royalties, rents or expenditure conditions.

The Native Title Act and Uncertainty Regarding Ownership of Some Mining Tenements in Australia

The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues. The presence of Aboriginal sacred sites on tenements held by the Company or its subsidiaries may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be experienced in obtaining clearances.

Government Regulations

The Company's activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon interests of native and/or 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 and 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 known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. 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 the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. 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 costs and delays associated with compliance with such laws, regulations and permits could become such that the Company will not proceed with the development or operation of 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. This may include the possibility of the introduction of a resources rent tax which has been identified in the recent Henry Taxation Review delivered to the Australian Government.

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 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\$30,000,000;
- 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 Forrester Project; capital costs relating to the Forrester 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 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 Series Convertible Bonds

The Company has Existing Convertible Bonds. The Company must redeem these bonds at maturity in 2012, 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 Convertible Bonds in cash which is likely to impact on the pricing of the Bonds. Furthermore there can be no assurances that any other options such as refinancing or seeking consent to amend the tenure of the Existing Convertible 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 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 will be received in United States dollars while a significant portion of its expenses (including financing costs associated with the Bonds) will be 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.

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 31 December 2009 as adjusted after giving effect to the issue of the Bonds under the Offering;
- the proforma unaudited consolidated balance sheet of the Company as at 31 December 2009 to reflect the effect of the Offering on the Company’s financial position. These statements are based on the audited consolidated balance sheet for the Company for the interim period ended 31 December 2009 which are prepared in accordance with A-IFRS;
- information on assumptions and adjustments; and
- summary of the key financial statements as at and for the six months ended 31 December 2008 and 2009 and as at and for the years ended 30 June 2008 and 2009.

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 Bonds.

Consolidated Capitalisation and Share Capital after Offering

The following table sets forth the consolidated capitalisation of the Company as at 31 December 2009 as adjusted after giving effect to the issue of the Bonds under the Offering. This table should be read in conjunction with the Company’s audited consolidated financial statements for the year ended 31 December 2009 and related notes thereto, and management’s discussion and analysis thereon incorporated by reference in this Offering Circular.

Save as described below, there has been no material adverse change in the capitalisation of the Company since 31 December 2009.

	As at 31 December 2009	As at 31 December 2009 after giving effect to the issue of the Bonds
	(audited)	(unaudited)
	A\$(000's)	A\$(000's)
Cash and cash equivalents	90,667	104,667
Number of Ordinary Shares issued (unlimited authorised)	179,735,899	179,735,899
Number of Options (to subscribe for new Ordinary Shares)(1)	10,830,000	10,830,000
Short term debt	2,563	63
Long term debt	293,734	291,194

- (1) These options are unlisted options, which have been issued to Directors and employees of the Company. They represent 6.03% of the Ordinary Shares on issue as at 31 December 2009 on a fully diluted basis prior to issue of the Bonds. The exercise price and expiry dates of the options are as follows:

Share Options on Issue

The following options were outstanding at 31 December 2009:

	Option Terms (Exercise Price and Maturity)								TOTAL
	Employee A\$7.50 June 2010	Director A\$7.50 June 2010	Employee A\$7.50 Jan 2011	Employee A\$15.00 May 2011	Employee A\$17.00 May 2011	Director A\$17.00 May 2011	Director A\$7.50 Nov 2012	Employee A\$7.25 Sep 2012	
Outstanding Balance	1,190,000	2,000,000	500,000	1,790,000	400,000	2,400,000	600,000	1,950,000	10,830,000

Of the outstanding options, the A\$7.50 & A\$15.00 employee options vest on the following terms: a third vests on the grant date itself, a further third 12 months after the grant date and the final third 24 months after the grant date, while the terms for \$7.50 employee options are that half vest 24 months after the grant date and remaining half vests 36 months after the grant date. The A\$7.50, June 2010, and A\$17.00 directors' options vest immediately, whereas of the A\$7.50, November 2012 directors' options, half vest in 24 months after the grant date and the remaining half vest 36 months after the grant date.

Effect of the Bonds on the Company

The Ordinary Shares to be issued upon conversion of the 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 Bonds on the TSX. Upon conversion of the Bonds, the Company will apply to the ASX for quotation of the Ordinary Shares issued on conversion of the 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 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 Bonds issued, based on the initial Conversion Price of the Bonds and the number of Ordinary Shares on issue at the date of this Offering Circular, following conversion of the Bonds into Ordinary Shares:

- the Company would have 198,646,068 Ordinary Shares on issue; and
- the Ordinary Shares issued as a result of conversion would constitute 9.52% of the Ordinary Shares on issue assuming none of the Existing Convertible Bonds are converted.

Based on the current conversion price applicable to the Existing Convertible Bonds, the number of Ordinary Shares that would be issued as a result of conversion of all of the Existing Convertible Bonds is 25,709,001.

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		
First quarter (up to and including 23 March 2010)	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 24 March 2010 the closing price for Ordinary Shares on the ASX was A\$5.18.

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

This section provides an overview of the audited balance sheet as at 31 December 2009 together with the unaudited pro-forma balance sheet post the Offering.

Pro-Forma Balance Sheet as at 31 December 2009

	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	90,667	14,000	104,667
Trade and other receivables	24,646	-	24,646
Inventories	10,287	-	10,287
Other financial assets	-	-	-
Total current assets	125,600	14,000	139,600
Non-current assets			
Property, plant and equipment	96,151	-	96,151
Exploration and evaluation	87,006	-	87,006
Mine development	162,424	-	162,424
Deferred tax assets	26,662	-	26,662
Other financial assets	2,777	-	2,777
Total non-current assets	375,020	-	375,020
Total assets	500,620	14,000	514,620
Current liabilities			
Trade and other payables	45,921	-	45,921
Short term borrowings	2,563	(2,500)	63
Short term provisions	804	-	804
Other financial liabilities	1,397	-	1,397
Total current liabilities	50,685	(2,500)	48,185
Non-current liabilities			
Long term borrowings	293,734	(2,540)	291,194
Long term provisions	4,784	-	4,784
Other financial liabilities	-	-	-
Total non-current liabilities	298,518	(2,540)	295,978
Total liabilities	349,203	(5,040)	344,163
Net assets	151,417	19,040	170,457
Equity			
Issued capital	202,609	-	202,609
Reserves	51,658	19,040	70,698
Accumulated losses	(102,850)	-	(102,850)
Total equity	151,417	19,040	170,457

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 full offer of A\$125,000,000 is sold at a 27.61% premium to the closing share price on the pricing date. The allocation of the convertible bond has been assumed to be a liability for 84% of the gross proceeds with the balance allocated to equity reserve. The fee assumed based on the above issue size and premium is 4.8% and is payable to the Joint Lead Managers and their advisers. This fee has been capitalised as a borrowing cost to 84% 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 2008 and 2009 and as at and for the six months ended 31 December 2008 and 31 December 2009 (each of which have been audited by WHK Horwath, Chartered Accountants, and are incorporated by reference into this Offering Circular).

The results of operations of the Company for the six months ended 31 December 2009 should not be taken as an indication of the expected results of operations for the full year ended 30 June 2010.

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

Consolidated Income Statement

	For the year ended 30 June		For the six months ended 31 December	
	(audited)		(audited)	
	2008	2009	2008	2009
	A\$ (000's)	A\$ (000's)	A\$ (000's)	A\$ (000's)
Gross profit from operations	18,623	3,599	4,350	16,835
Other Income	13,705	3,784	3,570	21,810
Employee benefits expenses	(2,845)	(4,158)	(1,879)	(2,029)
Finance costs	(24,626)	(26,185)	(11,906)	(14,837)
Foreign exchange adjustments	-	(2,522)	(3,432)	(13)
Share based payments.....	(3901)	(4,922)	(3,717)	(1,920)
Unrealised movement in market value of derivatives	-	691	264	(871)
Impairment of non-current assets	(5,989)	(9,328)	(882)	-
Administration and other expenses	(5,426)	(8,671)	(2,637)	(2,088)
Realised derivative losses	(34,201)	-	-	-
Mark-to-market revaluation of convertible bonds.....	(22,907)	-	-	-
Loss/profit before income tax	(67,567)	(47,712)	(16,269)	16,887
Income tax benefit	12,660	12,540	3927	(6,212)
Net loss/profit attributable to members of the parent entity	(54,907)	(35,172)	(12,342)	10,675
Diluted loss/profit per share (cents per share)	(31.7)	20.9	(7.4)	5.6

Consolidated Balance Sheet

	As at 30 June		As at 31 December	
	(audited)		(audited)	
	2008	2009	2008	2009
	A\$ (000's)	A\$ (000's)	A\$ (000's)	A\$ (000's)
Current assets				
Cash and cash equivalents	144,710	80,210	64,536	90,667
Trade and other receivables	11,412	28,873	4,104	24,646
Inventory	1,719	29,577	3,655	10,287
Other financial assets	-	956	264	-
Total current assets	157,841	139,616	72,559	125,600
Non-current assets				
Property, plant and equipment	38,915	81,713	75,874	96,151
Exploration and evaluation	54,587	80,059	68,835	87,006
Mine development	130,148	141,511	149,633	162,424
Deferred tax assets	20,334	32,874	24,261	26,662
Other financial assets	7,034	2,825	1,704	2,777
Total non-current assets	251,018	338,982	320,307	375,020
Total assets	408,859	478,598	392,866	500,620
Current liabilities				
Trade and other payables	47,812	43,328	30,099	45,921
Short term borrowings	12,206	2,553	2,068	2,563
Short term provisions	453	868	880	804
Other financial liabilities	-	-	-	1,397
Total current liabilities	60,471	46,749	33,047	50,685
Non-current liabilities				
Long term borrowings	221,373	289,885	245,644	293,734
Long term provisions	1,211	4,682	1,252	4,784
Other financial liabilities	-	-	-	-
Total non-current liabilities	222,584	294,567	246,896	298,518
Total liabilities	283,055	341,316	279,943	349,203
Net assets	125,804	137,282	112,923	151,417
Equity				
Issued capital	153,087	198,892	154,600	202,609
Reserves	51,070	51,915	49,018	51,658
Accumulated losses	(78,353)	(113,525)	(90,695)	(102,850)
Total equity	125,804	137,282	112,923	151,417

USE OF PROCEEDS

The net proceeds of the issue of the Bonds are expected to amount to approximately A\$119,000,000, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used by the Company to pay down certain existing loan facilities which will enhance balance sheet flexibility, and to further advance the Company's exploration and development objectives.

Specifically, proceeds are expected to be applied to the following:

- repay and extinguish A\$45 million of the BHP Billiton Facility which is currently fully drawn to A\$45 million;
- repay A\$60 million of the Cash Facility which is currently drawn to A\$60 million. The facility is to remain in place with access to the undrawn amount conditional upon the conditions described in “About the Company — Financing” and is repayable on the earlier of 31 March 2012 or the first date on which the ore reserve tail is less than 25%. As the Convertible Bonds issued under this Offering Circular are due in 2015, the effect of the repayment of the amount currently drawn under the Cash Facility is to extend the maturity of the Company's existing debt profile;
- ongoing exploration and development of advanced targets and new mines at the Company's highly prospective tenements within its 100% owned Forrestania Project and in the Company's joint venture interests in Western Australia's Central Nickel Province; and
- funding the ongoing feasibility study and early development expenditure at the high grade Spotted Quoll underground project where an initial Ore Reserve of 70,200 of contained tonnes of nickel was recently announced.

GLOBAL CERTIFICATE PROVISIONS

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

Initial Issue of Bonds

Upon the initial registration of the 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 Bonds equal to the nominal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a Bond represented by the Global 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 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 Bonds for so long as the Bonds are represented by the Global Certificate and such obligations of the Company will be discharged by payment to the holder of the underlying Bond, as the case may be, in respect of each amount so paid.

Bonds that are initially issued to purchasers in Canada will be subject to a hold period of 4 months following the Closing Date, during which time such Bonds will only be transferable pursuant to a further exemption from the prospectus requirements of applicable Canadian securities laws. For a further description of these restrictions see “Subscription and Sale — Sales Restrictions — Canada”.

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 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 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 Bonds in registered form, printed in accordance with any applicable legal and stock exchange requirements and in, or substantially in, the form set out in the Trust Deed. Such definitive Bonds will be registered in the name of the accountholders at Clearstream, Luxembourg and Euroclear which previously had Bonds credited to the accounts.

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

Conversion Rights

Subject to the requirements of Euroclear and Clearstream, Luxembourg, the Conversion Rights attaching to the Bonds in respect of which the Global 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 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.

A holder of an interest in Bonds that were initially issued to a purchaser in Canada and who exercises the Conversion Right in respect of such Bonds within the hold period of four months following the Closing Date will receive Ordinary Shares in certificated form on the Company's share register in Canada. The certificate in respect of such Ordinary Shares will contain a legend relating to the four month hold (from the Closing Date) and will relate to the applicable Canadian transfer restrictions. Such Ordinary Shares will not be freely tradeable with the Company's other outstanding Ordinary Shares for so long as such transfer restrictions apply and will only be transferable pursuant to a further exemption from the prospectus requirements of applicable Canadian securities laws. For a further description of these restrictions see "Subscription and Sale — Sales Restrictions — Canada".

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 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 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 Bonds in Condition 7(c) (Redemption and Purchase — Redemption for Taxation Reasons) and substantially in the form of the Bondholders Tax Election Notice as set out in Schedule 3 to the Paying, Transfer and Conversion Agency Agreement. Such notice shall be obtainable from the specified office of any Paying, Transfer and Conversion Agent and shall state the number of Bonds in respect of which the option is exercised. Upon exercise of the option the relevant Bondholder shall present the Global 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 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 Conditions and the principal amount of the Bonds will be reduced in the Register accordingly.

Trustee's Powers

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

Bonds set out in the certificate of the holder as if they were themselves the holders of Bonds in such principal amounts.

Payments

Payments of principal in respect of Bonds represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the 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 Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notice to holders of the Bonds may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, except that the 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 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 Bonds while the 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 Conditions).

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

Redemption or Purchase and Cancellation

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

Meetings

At any meeting of Bondholders, the holder of the Global Certificate will be treated as having one vote in respect of each A\$250,000 in principal amount of Bonds.

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

TAX IMPLICATIONS

AUSTRALIAN TAXATION

INTRODUCTION

Scope

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

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

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

Payments under the Bonds

It should be noted that the Bonds should be properly characterised as debt interests in the 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 Bonds.

Accordingly, payments made under the 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 Bonds pursuant to the offer detailed in this Offering Circular; and
- holds the Bonds on capital account.

This summary assumes that the issue of the Bonds by the 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 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 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 Bonds or a clearing house, custodian, funds manager or responsible entity of a registered scheme).

Profits or Gains on Disposal or Redemption of the Bonds

General

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

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

- acquired, 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 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 Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon surrendering the relevant 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 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 Bonds or the Ordinary Shares arising from the conversion of the Bonds will not be subject to CGT unless the taxable Australian real property (“TARP”) of the Company is greater than 50% of its assets. Broadly, TARP is Australian land (including a lease of land) and mining, quarrying and prospecting rights.

Even if the TARP 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 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 Bonds will not give rise to such a liability even if the TARP 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 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 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 Bonds is connected with such place of business; and
- purchased the Bonds pursuant to the offer detailed in this Offering Circular.

Interest

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

Profits or Gains on Disposal or Redemption of the Bonds

General

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

Conversion of Bonds into Ordinary Shares

A Bondholder will be entitled to exercise Conversion Rights and receive Ordinary Shares upon surrendering the relevant 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 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 Bonds at the time of conversion plus any amounts paid to convert the Bonds. A subsequent disposal of Ordinary Shares by a Bondholder may give rise to ordinary income or capital gains on disposal.

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 Bonds by the Company or the conversion of Bonds into Ordinary Shares.

STAMP DUTY

The issue or transfer of the Bonds will not be subject to stamp duty in any Australian jurisdiction. As the Company is listed on the ASX, the conversion of the Bonds into Ordinary Shares, or the transfer of the Ordinary Shares after conversion, will not be subject to stamp duty 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, 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 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.

SUBSCRIPTION AND SALE

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

SUBSCRIPTION AGREEMENT

Macquarie Capital (Singapore) Pte. Limited and UBS AG, Australia Branch (the “Joint Lead Managers”) have entered into a subscription agreement dated 25 March 2010 with the Company (the “Subscription Agreement”). Upon the terms and subject to the conditions contained therein, the Joint Lead Managers have agreed to procure subscribers either directly or through any of their respective affiliates for the aggregate principal amount of the Bonds at the issue price of 100% of their principal amount (the “Issue Price”). The obligations of the Joint Lead Managers are several and not joint, as to 33.33% and 66.67% of the aggregate principal amount of the Bonds each.

The Company has agreed to pay certain commissions to the Joint Lead Managers and to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Bonds. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

The Company has undertaken that during the period commencing on the date of the Subscription Agreement 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 Joint Lead 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 Convertible 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 Bonds or (b) in connection with transactions which have already been publicly announced (including for the avoidance of doubt, an issue or transfer of securities in a new entity as contemplated by the Issuer's announcement to ASX on 3 March 2010) or (c) pursuant to conversion of the 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 Convertible Bonds 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 the date of the Subscription Agreement) 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 Joint Lead Managers.

Each of the directors of the Company (the “Directors”) has entered into a lock-up agreement (the “Undertakings”) with the Company in respect of their respective entire holding of shares in the Company. Under the Undertakings, each of the Directors undertakes irrevocably that for a period from the date of the Subscription Agreement to the date 90 days after the Closing Date not to issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of, any of the Ordinary Shares he holds directly or through nominees

at the date of the Undertaking, without the approval of the Company. The undertaking extends to any securities exchangeable for or convertible into or exercisable for their Ordinary Shares and to warrants or other rights to purchase their Ordinary Shares or any security or financial product whose value is determined by reference to the price of their Ordinary Shares. The Directors also cannot enter into any arrangement that transfers to other persons the economic consequences of ownership of their Ordinary Shares or publicly announce any offer, issue, sale or disposal of their Ordinary Shares. The Undertaking includes an exception, consistent with the Listing Rules of ASX, that the Director's shares may be disposed of in the event of a takeover bid or scheme of arrangement affecting the Company.

The Joint Lead 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 Joint Lead 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.

SALE RESTRICTIONS

General

Under the terms of the Subscription Agreement no action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Company that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has severally agreed in the Subscription Agreement that it will comply (to the best of its knowledge and belief) with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular or any other such material, in all cases at its own expense.

United States of America

The Bonds and the Ordinary Shares to be delivered upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds or Shares to be issued upon conversion of the Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each of the Joint Lead Managers has severally represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Bonds other than:

- (a) to legal entities which are 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;

- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in aggregate by the Joint Lead Managers; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Bonds shall require the Issuer or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each Joint Lead Manager has represented, warranted and agreed that:

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

Australia

Each Joint Lead Manager has warranted and agreed that it has not and will not offer directly or indirectly for issue, or invite applications for the issue of any Bonds or offer any Bonds for sale or invite offers to purchase any Bonds to a person, where the offer or invitation is received by that person in Australia or distribute the Offering Circular or any other advertisement or document in relation to any such offer or invitation, unless:

- (a) (i) the aggregate consideration payable by that person for such Bonds (after disregarding any amount lent by the Joint Lead Managers or their associates) on acceptance of the offer by that person is at least A\$500,000 (or its equivalent in another currency); or (ii) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act, except if the only reason the offer or invitation otherwise does not require disclosure is due to section 708(1) of the Corporations Act; and
- (b) such action complies with applicable laws, and directives.

Canada

Each Joint Lead Manager has acknowledged that no prospectus in relation to the Bonds has been or will be prepared and filed with any Canadian securities regulatory authority. Each Joint Lead Manager has represented and agreed that it:

- (a) will provide to each prospective purchaser of Bonds in Canada a copy of the Offering Circular together with the form of wrap agreed between the parties for use in Canada (collectively, the “Canadian Wrap”);

- (b) has not distributed or published, and will not distribute or publish any offering material or advertisement relating to the Bonds in Canada, other than the delivery of a copy of the Canadian Wrap to each prospective purchaser of Bonds; and
- (c) will effect all sales of the Bonds in Canada in compliance with all applicable Canadian securities laws and to purchasers who may acquire the Bonds without the Issuer being required under applicable Canadian securities laws to prepare and deliver a prospectus to such purchasers

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (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; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the 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 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.

Singapore

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

Note:

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

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

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

- (i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

ADDITIONAL INFORMATION

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 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 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 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 Offering Circular, no Director or proposed Director has, or has had within the two years prior to lodgement of this Offering Circular, any interest in:

- the promotion or formation of the Company;

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or any 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 Offering.

Details of the interests of the Directors in the securities of the Company as at 31 March 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 31 March 2010:

Director Name	Ordinary Shares Held	Options over the Company's shares	Total Interest
Julian Hanna	1,370,179	1,000,000	2,370,179
Terrence Streeter	25,799,410	800,000	26,599,410
David Cooper	1,072,631	800,000	1,872,631
Robin Dunbar	102,500	800,000	902,500
Craig Oliver	100,000	1,000,000	1,100,000
Richard Yeates	-	-	-
Daniel Lougher	50,884	840,000	890,884

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

Interests of Promoters, Advisers and Experts

Other than as set out in this Offering Circular, no promoter, nor any person named in this Offering Circular as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offering Circular, and no manager to the Offering, has, or has had within the two years prior to lodgement of this Offering Circular, any interest in:

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

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

Macquarie Capital (Singapore) Pte. Limited and UBS AG, Australia Branch have acted as the Joint Lead Managers to the Offering. Their fees for services provided in connection with the Offering are expected to be approximately A\$5,200,000 (plus GST).

WHK Horwarth, Chartered Accountants have acted as auditor to the Company. Their fees for services provided in connection with the Offering are expected to be approximately A\$15,000 (plus GST).

Blake Dawson have acted as legal adviser to the Company on matters of Australian law in relation to the Offering. Their fees for services provided in connection with the Offering are expected to be approximately A\$210,000 (plus GST). Further amounts may be paid to Blake Dawson in accordance with its normal time based charge out rates.

Blake Cassels & Graydon LLP have acted as legal adviser to the Company on matters of Canadian law in relation to the Offering. Their fees for services provided in connection with the Offering are expected to be approximately C\$30,000. Further amounts may be paid to Blake Cassels & Graydon LLP in accordance with its normal time based charge out rates.

Expenses and Fees of Professional Advisers

The total estimated expenses and fees of the Offering (including legal, management and consulting fees, registration and listing fees and other expenses) will be approximately A\$6,000,000, which is payable by the Company and will be deducted from the proceeds of the Offering.

ASX AND ASIC CONFIRMATIONS

ASX Confirmations

ASX has confirmed the following to the Company:

- the terms of the Bonds are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- the conversion or redemption of the Bonds in accordance with the terms will not constitute a divestment of the Bonds for the purposes of ASX Listing Rule 6.12; and
- the issue of the Bonds will not breach ASX Listing Rule 7.1 on the basis that until the issue of the Bonds is approved by shareholders, the Company will not at any time issue Ordinary Shares on conversion of the Bonds beyond the number of Ordinary Shares that it is permitted to issue under ASX Listing Rule 7.1.

ASIC Relief

ASIC has granted an exemption from sections 723(1), 727(2) and 727(3) of the Corporations Act to remove the requirements under the Corporations Act:

- for the Company to wait for seven days before it may accept applications for the Bonds offered under this Offering Circular; and
- that the Bonds may only be issued in response to an application form.

Nature of this Offering Circular

This Offering Circular is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to offers of securities in a class that has been continuously quoted by ASX for the three months prior to the date of the prospectus. ASIC Class Order 00/195 extends the operation of that provision to offers of convertible securities (which are not themselves continuously quoted securities) if the securities underlying the convertible securities are continuously quoted securities. In the case of the Bonds, the Ordinary Shares into which they are convertible

are of a class that are continuously quoted securities and, accordingly, section 713 of the Corporations Act is available to the Company.

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 Offering Circular with ASIC, withdrawn its written consent to be named in this Offering Circular in the form and context in which it is named;
- (b) has not made any statement, that is included in this Offering Circular or on which a statement made in this Offering Circular 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 Offering Circular, other than the reference to its name and a statement included in this Offering Circular with the consent of that person as specified.

Role	Consenting parties
Joint Lead Manager	UBS AG, Australia Branch
Joint Lead Manager	Macquarie Capital (Singapore) Pte. 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, New York branch
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

WHK Horwath, Chartered Accountants, as auditor to the Company, has given, and has not, before the lodgement of this Offering Circular with ASIC, withdrawn its consent to the incorporation by reference in this Offering Circular of the audited financial reports for the financial years ended and as at 30 June 2008 and 2009 and for the six months ended and as at 31 December 2008 and 2009 and to the inclusion of any figures relating to the Company and its subsidiaries used in, or incorporated by reference into, this Offering Circular and correctly referred to, expressly or impliedly, as being figures audited by WHK Horwath, Chartered Accountants.

DIRECTORS' CONSENTS

Each Director of the Company has consented to the lodgement of this Offering Circular with ASIC and the issue of this Offering Circular, and has not withdrawn that consent.

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 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 Bonds is The Bank of New York Mellon, New York branch at its offices located at 101 Barclay Street, 21st Floor, New York, NY 10286, The United States of America.
- (4) The issue of the Bonds and the Ordinary Shares to be issued on conversion of the Bonds and the terms of the Offering and the issue of the Bonds were approved by resolutions of the Board of Directors of the Company passed on 23 March 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 Bonds is outstanding.
- (6) The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Bonds is XS0498542264. The Common Code for the Bonds is 0498542264.
- (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 Bonds.
- (8) Except as set out in this Offering Circular, there has been no significant change in the financial or trading position of the Company or the Group since 30 June 2009 and no material adverse change in the financial position or prospects of the Company or the Group since 30 June 2009.
- (9) Except as described in this Offering Circular, none of the Company nor any of its subsidiaries is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds nor, so far as the Company is aware, is any such litigation or arbitration pending or threatened.
- (10) The financial statements of the Company for the financial years ended and as at 30 June 2008 and 2009 and for the six months ended and as at 31 December 2008 and 31 December 2009, which are incorporated by reference in this Offering Circular, 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 Bonds on the SGX-ST. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for individual definitive Bonds. In addition, in the event that the Global Certificate is exchanged for individual definitive Bonds, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive Bonds, including details of the paying agent in Singapore.

TERMS AND CONDITIONS OF THE BONDS

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

The issue of the A\$125,000,000 6.40% Convertible Bonds due 2015 (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 23 March 2010. The Bonds are constituted by a trust deed dated on or about 8 April 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 on or about 8 April 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 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 thereof (“authorised denominations”).

(b) *Title*

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

(c) *Status*

The Bonds constitute direct, unconditional, unsubordinated, 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 8 April 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 2015.

“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 18,910,385 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).

“Mandatory Cash Settlement” has the meaning provided in Condition 6(a)(iii)(A).

“Mandatory Cash Settlement Amount” means the product of (i) the number of Further Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Bond(s) to which the Conversion Notice applies, and in respect of which the Issuer has to exercise the Mandatory Cash Settlement and (ii) the arithmetic average of the Volume Weighted Average Price of the Ordinary Shares for each day during the 20 consecutive Dealing Days immediately after the Mandatory Cash Settlement Notice Date.

“Mandatory Cash Settlement Notice” has the meaning provided in Condition 6(a)(iii)(A).

“Mandatory Cash Settlement Notice Date” has the meaning provided in Condition 6(a)(iii)(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:

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

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 8 April 2010 to 2 July 2010.

“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 6.40% 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 July 2010, will be in respect of the period from 8 April 2010 to 2 July 2010.

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 July 2010, 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\$6.6102 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 19 May 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.
- (iii) (A) *Mandatory Cash Settlement*: Until shareholder approval is obtained at the next general meeting of Shareholders of the Issuer in respect of the issuance of the Further Shares and notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time when the delivery of Further Shares deliverable upon conversion of the Bonds is required to satisfy the Conversion Right in respect of a Conversion Notice, if at any time, the Issuer is not, for any reason, able to satisfy the Conversion Right of any converting Bondholder by the valid issue of Ordinary Shares, the Issuer shall pay to the relevant Bondholder an amount of cash in Australian dollars equal to the Mandatory Cash Settlement Amount in order to satisfy such Conversion Right in full but not in part (the "Mandatory Cash Settlement"). In order to exercise the Mandatory Cash Settlement, the Issuer shall provide notice of the exercise of the Mandatory Cash Settlement (the "Mandatory Cash Settlement Notice") to the relevant Bondholder as soon as practicable but no later than the fifth Dealing Day following the date of delivery of the Conversion Notice (the "Mandatory Cash Settlement Notice Date"). The Mandatory Cash Settlement Notice must specify the number of Further Shares in respect of which the Issuer will make a cash payment in the manner described in this Condition 6(a)(iii)(A). The Issuer shall pay the Mandatory Cash Settlement Amount no later than the 23rd Dealing Day following the Mandatory Cash Settlement Notice Date.
- (B) *No duty or obligation*: The Trustee shall not be under any duty or obligation to determine or to confirm any Mandatory Cash Settlement Amount and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

(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 27.61% (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 shall be responsible for paying directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on conversion (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Australia or Canada (or any province, state or territory thereof) in respect of the allotment and issue of any Ordinary Shares on such conversion or in respect of the delivery of any Ordinary Shares on such conversion (including any Additional Ordinary Shares), which shall be paid by the Issuer) and such Bondholder shall be responsible for paying all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or

interest therein in connection with such conversion. For the avoidance of doubt, none of the Agents 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 23 July 2013 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.

REGISTERED OFFICE OF THE COMPANY

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