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26 April 2012

BY E-LODGEMENT

The Manager
Company Announcements Office
ASX Limited

Dear Sir / Madam

Notice of initial substantial holder – Anglo American

We act for Anglo American Exploration (Australia) Pty Ltd (ACN 006 195 982) and its related bodies corporate (**Anglo American**).

On behalf of Anglo American, we enclose an ASIC Form 603 in accordance with section 671B of the *Corporations Act 2001* (Cth) in relation to Scandinavian Resources Ltd (ACN 132 035 842).

This notice will also be given to the company.

Yours faithfully

MINTER ELLISON

Contact: Stephen Knight Direct phone: +61 7 3119 6237
Email: stephen.knight@minterellison.com
Partner responsible: Bruce Cowley Direct phone: +61 7 3119 6213
Our reference: 40-7243478

enclosure

MINTER ELLISON OFFICES

ADELAIDE AUCKLAND BEIJING BRISBANE CANBERRA DARWIN GOLD COAST
HONG KONG LONDON MELBOURNE PERTH SHANGHAI SYDNEY WELLINGTON

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme SCANDINAVIAN RESOURCES LTD (SCR)

ACN/ARSN 132 035 842

1. Details of substantial holder (1)

Name ANGLO AMERICAN GROUP (SEE ANNEXURE "A")

ACN/ARSN (if applicable) _____

The holder became a substantial holder on 26/04/2012

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORDINARY SHARES	22,463,054	22,463,054	16.69%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
ANGLO AMERICAN EXPLORATION B.V.	RELEVANT INTEREST UNDER SECTION 608(1)(A) OF THE CORPORATIONS ACT 2001 (CTH) AS THE HOLDER OF THE SECURITIES.	2,463,054 ORDINARY SHARES.
ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD ACN 006 195 982 (ANGLO EXPLORATION AUSTRALIA).	RELEVANT INTEREST UNDER SECTION 608(1)(C) OF THE CORPORATIONS ACT 2001 (CTH) ARISING BY REASON OF THE RIGHT OF PRE-EMPTION SET OUT IN THE LOAN AGREEMENT ATTACHED AS ANNEXURE "B" (LOAN AGREEMENT) AND THE SECURITY INTEREST GRANTED UNDER THE SECURITY DEED ATTACHED AS ANNEXURE "C" (SECURITY DEED).	20,000,000 ORDINARY SHARES (SECURED SHARES).
ANGLO AMERICAN EXPLORATION LUXEMBOURG S.A.R.L. (ANGLO EXPLORATION LUXEMBOURG).	RELEVANT INTEREST UNDER SECTION 608(1)(C) OF THE CORPORATIONS ACT 2001 (CTH) ARISING BY REASON OF THE SECURITY INTEREST GRANTED UNDER THE SECURITY DEED AND THE CALL OPTION GRANTED UNDER THE CALL OPTION DEED ATTACHED AS ANNEXURE "D" (CALL OPTION DEED).	THE SECURED SHARES.
EACH OTHER SUBSTANTIAL SHAREHOLDER (AS DEFINED IN ANNEXURE "A").	DEEMED RELEVANT INTEREST UNDER THE CORPORATIONS ACT 2001 (CTH) IN RESPECT OF THE RELEVANT INTERESTS HELD BY ANGLO AMERICAN EXPLORATION B.V., ANGLO EXPLORATION AUSTRALIA AND ANGLO EXPLORATION LUXEMBOURG.	2,463,054 ORDINARY SHARES AND THE SECURED SHARES.

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
ANGLO AMERICAN EXPLORATION B.V., ANGLO EXPLORATION AUSTRALIA, ANGLO EXPLORATION LUXEMBOURG AND EACH OTHER SUBSTANTIAL SHAREHOLDER (AS DEFINED IN ANNEXURE "A").	ANGLO AMERICAN EXPLORATION B.V.	ANGLO AMERICAN EXPLORATION B.V.	2,463,054 ORDINARY SHARES.
ANGLO AMERICAN EXPLORATION B.V., ANGLO EXPLORATION AUSTRALIA, ANGLO EXPLORATION LUXEMBOURG AND EACH OTHER SUBSTANTIAL SHAREHOLDER (AS DEFINED IN ANNEXURE "A").	EQUITY AND ROYALTY INVESTMENTS LTD ACN 129 549 435 (ERI)	ERI	THE SECURED SHARES.

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
ANGLO AMERICAN EXPLORATION B.V., ANGLO EXPLORATION AUSTRALIA, ANGLO EXPLORATION LUXEMBOURG AND EACH OTHER SUBSTANTIAL SHAREHOLDER (AS DEFINED IN ANNEXURE "A").	02/12/2011		PURSUANT TO THE TERMS OF THE PROJECT ACQUISITION AGREEMENT BETWEEN SCR, ANGLO AMERICAN AND RIO TINTO DISCLOSED TO ASX BY SCR ON 15 NOVEMBER 2010.	2,463,054 ORDINARY SHARES.
ANGLO AMERICAN EXPLORATION B.V., ANGLO EXPLORATION AUSTRALIA, ANGLO EXPLORATION LUXEMBOURG AND EACH OTHER SUBSTANTIAL SHAREHOLDER (AS DEFINED IN ANNEXURE "A").	26/04/2012		PURSUANT TO THE LOAN AGREEMENT, SECURITY DEED AND CALL OPTION DEED.	THE SECURED SHARES.

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
SEE ANNEXURE "A".	BY REASON OF SECTION 12(2)(a) OF THE <i>CORPORATIONS ACT 2001</i> (CTH).


7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
SEE ANNEXURE "A".	C/- ANGLO EXPLORATION (AUSTRALIA) PTY LTD, SUITE 1, BOSTON GARDENS, 16 BRODIE-HALL DRIVE, BENTLEY, WESTERN AUSTRALIA, 6102

Signature

print name DAMIEN ADAM SCHEWACK capacity Director, Anglo American Exploration (Australia) Pty Ltd ACN 006 195 982

sign here  date 26/04/2012

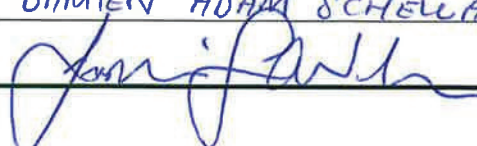
DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE "A" TO FORM 603

THIS IS ANNEXURE "A" OF 1 PAGE REFERRED TO IN THE FORM 603 PREPARED BY ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD ACN 006 195 982 IN RESPECT OF SCANDINAVIAN RESOURCES LTD ACN 132 035 842 SIGNED BY ME AND DATED 26 / 04 / 2012.

Signature

print name	DAMIEN ADAM SCHELLACK	capacity	Director, Anglo American Exploration (Australia) Pty Ltd ACN 006 195 982
sign here		date	26/04/2012

ANGLO AMERICAN GROUP


- (A) ANGLO AMERICAN PLC OF 20 CARLTON HOUSE TERRACE, LONDON, SW1Y 5AN, UNITED KINGDOM;
 - (B) ANGLO AMERICAN EXPLORATION B.V;
 - (C) ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD ACN 006 195 982;
 - (D) ANGLO AMERICAN EXPLORATION LUXEMBOURG S.A.R.L; AND
 - (E) EACH SUBSIDIARY OF ANGLO AMERICAN PLC,
- (EACH A **SUBSTANTIAL SHAREHOLDER**).

ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD ACN 006 195 982 GIVES THIS NOTICE ON ITS OWN BEHALF AND ON BEHALF OF EACH OF THE SUBSTANTIAL SHAREHOLDERS.

ANNEXURE "B" TO FORM 603

THIS IS ANNEXURE "B" OF 32 PAGES (INCLUDING THIS PAGE) REFERRED TO IN THE FORM 603 PREPARED BY ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD ACN 006 195 982 IN RESPECT OF SCANDINAVIAN RESOURCES LTD ACN 132 035 842 SIGNED BY ME AND DATED 26 / 04 / 2012.

I CERTIFY THAT THE DOCUMENT ATTACHED IN THIS ANNEXURE IS A TRUE AND COMPLETE COPY OF THE LOAN AGREEMENT (OTHER THAN FOR COMMERCIALLY CONFIDENTIAL INTEREST RATE INFORMATION) REFERRED TO IN ITEM 3 OF THIS FORM 603.

Signature			
print name	DAMIEN ADAM SCHELLACK	capacity	Director, Anglo American Exploration (Australia) Pty Ltd ACN 006 195 982
sign here		date	26/04/2012

ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD
ACN 006 195 982
(Lender)

and

EQUITY AND ROYALTY INVESTMENTS LTD
ACN 129 549 435
(Borrower)

LOAN AGREEMENT

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THIS AGREEMENT is made the 23rd day of April 2012

BETWEEN

ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD (ACN 006 195 982) of Suite 1, Boston Gardens, 16 Brodie-Hall Drive, Bentley, Western Australia 6102 Australia (**Lender**);

AND

EQUITY AND ROYALTY INVESTMENTS LTD (ACN 129 549 435) of 6 Outram Street, West Perth, Western Australia 6005 Australia (**Borrower**).

RECITALS

- A. The Borrower has requested that the Lender provide it with the Loan.
- B. The Lender has agreed to advance the Loan to the Borrower upon the terms and conditions contained in this Agreement.
- C. The Borrower hereby agrees to secure the whole of the Loan against the Security on the terms and conditions contained in this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Agreement and **this Agreement** means the agreement constituted by this document.

Anglo Call Option Deed means the "Call Option Deed" between Anglo American Exploration Luxembourg S.a.r.l. and the Borrower dated on or about the date of this Agreement.

Anti-Bribery Laws means:

- (a) the OECD Convention;
 - (b) the UK Bribery Act 2010;
 - (c) the Criminal Code Act 1995 (Cth) applying in Australia
 - (d) any other applicable law (including (a) statute, ordinance, rule or regulation; (b) order of any court, tribunal or any other judicial body; and (c) rule, regulation, guideline or order of any public body, or any other administrative requirement) which:
-

- (i) prohibits the conferring of any gift, payment or other benefit on any person or any officer, employee, agent or adviser of such person; and/or
- (ii) is broadly equivalent to the above United Kingdom laws or was intended to enact the provisions of the OECD Convention or which has as its objective the prevention of corruption.

Approved Purposes means the purposes set out in clause 2.3.

AUD means Australian dollars.

Availability Period means the period beginning on the date of this Agreement and ending on the earlier of:

- (a) 1 November 2012;
- (b) the termination of this Agreement under clause 6.1; or
- (c) the cancellation, termination or expiry of the Options or the Option Agreement.

Business Day means a day which is not a Saturday, Sunday, public holiday or bank holiday in Western Australia .

Base Rate means for a period means:

- (a) the applicable LIBOR; or
- (b) if:
 - (i) no LIBOR is available for the currency or period of that Interest Period; or
 - (ii) the basis on which LIBOR is calculated or displayed is changed and the Lender advises (after consultation with the Borrower) that in the Lender's opinion it ceases to reflect the Lender's cost of funding to the same extent as at the date of this Agreement, and no new relevant page is specified under the definition of LIBOR.
 - (iii) the arithmetic means of the rates (rounded upwards to four decimal places) as supplied to the Lender at its request quoted by the Reference Banks to leading banks in the London interbank market,

as of 11.00 am on the first day of the relevant Interest Period for the offering of deposits in AUD for a period comparable to the Interest Period for which the Interest Rate is being calculated.

Rates will be expressed as a yield percent per annum to maturity, and if necessary will be rounded up to the nearest fourth decimal place.

Call Option has the meaning given to that term in the Anglo Call Option Deed.

Call Option Notice has the meaning given to that term in the Anglo Call Option Deed.

Change in Control shall include, after the date hereof in relation to the Borrower:

- (a) fifty percent (50%) or more of the Borrower's shares becoming owned beneficially by a person or group of persons acting jointly or in concert, other than the Lender or its related bodies corporate;
- (b) the individuals who are members of the board of directors of the Borrower as at the Execution Date (the "**Incumbent Board**") ceasing for any reason (other than death or incapacity) to constitute at least fifty percent (50%) of the board of directors of the Borrower; provided, however, that if the election, or nomination for election, of any new director is approved by a vote of at least two-thirds of the Incumbent Board, or by the Lender, then such new director shall be considered as a member of the Incumbent Board;
- (c) any change in the current executive management personnel of the Borrower (comprising explicitly any of the following positions: Chairman and Managing Director) unless such change is approved by a vote of at least two-thirds of the Incumbent Board, or by the Lender;
- (d) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any event or transaction or series of events or transactions referred to in (a) or (b); or
- (e) a determination by the board of directors of the Borrower that there has been a change, whether by way of a change in the holding of Borrower's Shares, in the ownership of Borrower's assets or by any other means, as a result of which any person, or any group of persons acting jointly or in concert, other than an [related body corporate] of the Lender, is in a position to exercise Control of the Borrower;

and in relation to each of Scandinavian Resources or Hannans Reward Limited ACN 099 862 129 (other than a change that results from the Hannans Offer) includes;

- (f) fifty percent (50%) or more of that company becoming owned beneficially by a person or group of persons acting jointly or in concert, other than the Lender or its related bodies corporate;
- (g) the individuals who are members of the board of directors of the that company as at the Execution Date (the "**Incumbent Board**") ceasing for any reason (other than death or incapacity) to constitute at least fifty percent (50%) of the board of directors of that company; provided, however, that if the election, or nomination for election, of any new director is approved by a vote of at least two-thirds of the Incumbent Board, or by the Lender, then such new director shall be considered as a member of the Incumbent Board;

- (h) any change in the current executive management personnel of the that company (comprising explicitly any of the following positions: Chairman and Managing Director) unless such change is approved by a vote of at least two-thirds of the Incumbent Board, or by the Lender;
- (i) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any event or transaction or series of events or transactions referred to in (f) or (g); or
- (j) a determination by the board of directors of that company that there has been a change, whether by way of a change in the holding of the company's, in the ownership of that company's assets or by any other means, as a result of which any person, or any group of persons acting jointly or in concert, other than a related body corporate of the Lender, is in a position to exercise Control of that company.

Control means, in respect of any entity, possession, directly or indirectly, of the power to direct or cause direction of management and policies of such entity through ownership of voting securities, contract, voting trust or otherwise;

Contested Taxes means taxes assessed as payable by a person where the person:

- (a) is diligently contesting the assessment in good faith and in accordance with proper procedural laws;
- (b) is not required by applicable law to pay the tax before the contest is determined; and
- (c) has satisfied the Lender that it has set aside sufficient reserves of liquid assets to pay the tax and any fine, penalty, interest or other cost payable if the contest is unsuccessful.

Corporations Act means the Corporations Act 2001 (Cth).

Debt means, with respect to any person, all obligations that, in accordance with GAAP, would then be classified as a liability of such person, and, without duplication, includes, with respect to such person:

- (a) an obligation in respect of borrowed money or for the deferred purchase price of assets, property or services or an obligation that is evidenced by a note, bond, debenture or any other similar instrument;
- (b) a transfer with recourse or with an obligation to repurchase, to the extent of the liability of such person with respect thereto;
- (c) an obligation under a capital lease;
- (d) an obligation under a residual value guarantee made with respect to an operating lease in which such person is the lessee;

- (e) a reimbursement obligation or other obligation in connection with a bankers' acceptance or any similar instrument, or letter of credit or letter of guarantee issued by or for the account of such person;
- (f) a contingent obligation to the extent that the primary obligation so guaranteed would be classified as "Debt" (within the meaning of this definition) of such person; or
- (g) the aggregate amount at which any shares in the capital of such person that are redeemable or retractable at the option of the holder of such shares for cash or obligations constituting Debt or any combination thereof;

Default means an event defined in clause 6.2.

Default Rate means the rate of interest per annum that is [REDACTED] higher than the Interest Rate that applies or would otherwise apply under clause 4.1 during the period for which the calculation of default interest is being made.

Draw Date means the date upon which the Lender is required to make payment in respect of the exercise of the Options.

Execution Date means the date on which the last of the Parties executes this Agreement.

GAAP means accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia.

Governmental Authority means any government or governmental, semi-governmental, administrative, public, regulatory, or judicial entity, body, department, commission, agency or authority.

Hannans Offer means the takeover bid by Hannans Reward Limited ACN 099 862 129 for the Scandinavian Resources as announced to ASX on 29 February 2012.

Hannans Reward Group means Hannans Reward Limited ACN 099 862 129 and its related entities.

Interest means the interest payable pursuant to clause 4.

Interest Period means a period of 6 months with the first interest period commencing on the date that the Loan is advanced and ending 6 months after that date and each subsequent Interest Period beginning on the day immediately following the last interest period and ending on 6 months after its commencement (provided that the last Interest Period under this Agreement will end on the day that is three years from the Draw Date).

Interest Rate means the Base Rate plus the Margin.

LIBOR means the British Bankers' Association's London Inter-Bank Offered Rate, as shown on Bloomberg Page BBAM applicable to AUD.

Loan means the sum of AU\$4,000,000.

Margin means [REDACTED] per annum.

Material Adverse Change means

- (a) in relation to the Borrower means a change or changes to circumstances from those prevailing at the date of this Agreement that would reasonably be expected to have a material adverse effect on:
- (i) the validity or enforceability of all or a part of a Transaction Document;
 - (ii) the Financier's rights or remedies under a Security;
 - (iii) the effectiveness or priority of the Security;
 - (iv) the ability of the Borrower to observe or perform its obligations under a Transaction Document; or
 - (v) the assets, operations, condition (financial or otherwise), business or prospects of the Borrower; and
- (b) in relation to Scandinavian Resources or Hannans Reward Limited ACN 099 862 129 means a change or changes to the circumstances from those prevailing at the date of this Agreement that would reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial position or performance, profitability or prospects of the Scandinavian Resources Group or the Hannans Reward Group (as the case may be) the status or terms of any of the exploration or mining tenements owned by the Scandinavian Resources Group.

OECD Convention means the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997.

Options means 20,000,000 options each to acquire a fully paid ordinary share in the capital of Scandinavian Resources exercisable at AU\$0.20 per option on or before 31 October 2012.

Option Agreement means the option terms under which the Options have been granted.

Outstanding Monies means all debts and monetary liabilities of the Borrower to the Lender under this Agreement or a Security, including without limitation the Loan and Interest.

Party means a party to this document and **Parties** has a corresponding meaning.

Permitted Disposal means the following types of disposals of the Property:

- (a) the disposal is permitted by the terms of the Agreement;
- (b) the disposal is as a result of the Call Option being exercised under the Anglo Call Option Deed;
- (c) a disposal of shares that is made for scrip in Hannans Rewards Limited ACN 099 862 129 in accordance with the Hannans Offer provided that new Security is provided to the Lender in respect of shares received by the Borrower in Hannans Rewards Limited ACN 099 862 129; or
- (d) the Lender otherwise consents in writing for the purpose of this document, the Call Option Deed or the Loan Agreement (where applicable).

Permitted Security Interests means;

- (a) each security interest in favour of the Lender under a Security;
- (b) a security interest granted to Anglo American Exploration Luxembourg S.a.r.l., to secure performance by the Borrower of its obligations under the Anglo Call Option Deed (providing that it ranks behind the security interests in favour of the Lender); and
- (c) any security interest that the Lender consents to in writing (unless the consent was conditional and any of the conditions are not complied with).

Potential Default means any event, thing or circumstances which would likely become a Default with the giving of notice, the making of a determination under a Transaction Document or the passage of time (or a combination of those things).

PPSA means the Personal Property Securities Act (Cth) 2009 and each regulation passed under that act.

PPSR means the Personal Property Securities Register maintained under the PPSA.

Property means:

- (a) the Borrower's interest under the Options and, upon the issue of SCR Shares upon the exercise of the Options, the Borrower's interest in those SCR Shares, which include the shares now or in the future subject to the option contained in the Anglo Call Option Deed; but
- (b) if the Borrower transfers the SCR Shares under a Permitted Disposal in accordance with the Hannans Bid it means any shares which the Borrower may receive in Hannans Reward Limited ACN 099 862 129 in exchange for the SCR Shares.

Reference Bank means –Australia and New Zealand Banking Group Limited, National Australia Bank Limited, Rabobank, HSBC Bank plc, Royal Bank of Scotland plc and Deutsche Bank.

Related Body Corporate means a body corporate that is related to within the meaning of section 50 of the Corporations Act.

Repayment Date means the earlier to occur of:

- (a) 3 years from the Draw Date;
- (b) the full amount of the Outstanding Moneys are repaid under clause 3.2; or
- (c) 15 Business Day after the date on which the Borrower receives a notice from the Lender under clause 6.1.

Scandinavian Resources means Scandinavian Resources Ltd (ACN 132 035 842) of Ground Floor, 6 Outram Street, West Perth, Western Australia 6005 Australia.

Scandinavian Resources Group means Scandinavian Resources and its related entities.

SCR Share means a fully paid ordinary share in the capital of Scandinavian Resources.

Security means:

- (a) the security granted under the Security Deed in relation to the repayment of the Outstanding Monies payable under this Agreement; and
- (b) each other agreement necessary for the Lender to perfect its security in the Property or which is necessary or desirable to obtain control over those shares within the meaning of the PPSA.

Security Deed means the document entitled 'Security Deed' dated on or about the date of this deed between the Borrower, the Lender and Anglo American Exploration Luxembourg S.a.r.l of 48 rue de Bragance, L1235, Luxembourg (or any other security deed provided to those parties in replacement of it relating to shares in Hannans Reward Limited ACN 099 862 129 in accordance with clause 10.1).

Security Interest means any interest or right which secures the payment of a debt or other monetary obligation or the compliance with any other obligation. It includes any retention of title to any property and any right to set off or withhold payment of any deposit or other money and any interest that is a security interest for the PPSA.

Stock Exchange means any applicable stock exchange on which shares in the Borrower or the Property are listed including the stock exchange operated by ASX Limited.

Transaction Document means each and any of:

- (a) this Agreement; and
- (b) the Security;
- (c) the Option Agreement; and

- (d) the Anglo Call Option Deed.

Target Company means Scandinavian Resources unless the Borrower transfers the SCR Shares referred to in paragraph (a) of the definition of Property under a Permitted Disposal in accordance with the Hannans Offer, in which case **Target Company** means Hannans Reward Limited ACN 099 862 129.

Target Shares means the SCR Shares referred in paragraph (a) of the definition of 'Property' less any SCR Shares disposed of by the Borrower pursuant to the Call Option or the subject of a valid Call Option Notice unless the Borrower transfers the SCR Shares (or remaining SCR Shares after a disposal pursuant to the Call Option or less any SCR Shares the subject of a valid Call Option Notice) under a Permitted Disposal in accordance with the Hannans Offer, in which case **Target Shares** means the shares which the Borrower receives in Hannans Reward Limited ACN 099 862 129 in exchange for the SCR Shares referred in paragraph (a) of the definition of 'Property' in accordance with the terms of the Hannans Offer.

1.2 Interpretation

In this Agreement unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexure are references to parties, clauses, schedules, exhibits and annexure to or of this Agreement and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;

- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) a reference to **\$** or **dollar** is to Australian currency; and
- (k) a Default or Potential Default subsists until either:
 - (i) remedied to the Lender's satisfaction before the Lender has exercised a right or power under this Agreement or a Security relating to that Default; or
 - (ii) waived by the Lender in accordance with this Agreement.

2. THE LOAN

2.1 Available funds

Subject to this Agreement, the Lender has agreed to make available to the Borrower the Loan on the terms and conditions set out in this Agreement. If the Loan has not been advanced by the end of the Availability Period the Lender's obligation to advance the undrawn portion of the Loan will cease.

2.2 Advance

Subject to clause 2.3, on the Draw Date the Lender shall advance the Loan on the Draw Date to the following account of Scandinavia Resources,

Scandinavian Resources Ltd
BSB: 306-063
Account: 079 878-8

or to such other account of Scandinavia Resources as may be specified under the terms of or for the purposes of the Option Agreement as the account into which the Borrower must pay the purchase price in relation to the exercise of the Options.

2.3 Notice of Draw Date and conditions for funding

Lender's obligation to provide the Loan is subject to each of the following conditions precedent being satisfied:

- (a) the Lender receiving at least three Business Days written notice from the Borrower requesting that the Loan be advanced in full (and not less than full) together with an option exercise notice in respect of all of the Options duly executed by the Borrower;
- (b) the date for the advance of the Loan being no later than the last day of the Availability Period;
- (c) no Default is subsisting or will result of the Loan being advanced or the Security being provided.

- (d) no representation or warranty made by the Borrower in or pursuant to the Transaction Documents shall be untrue or incorrect on and as of the Draw Date
- (e) no Default is subsisting or will result from the execution or performance by the Borrower of the Transaction Document in respect of any other Debt of the Borrower;
- (f) the Lender being satisfied that each consent, authorisation, registration, filing, certificate, permit licence, exemption or resolution, whether internal or from a third party, stock exchange or Governmental Authority which is reasonably necessary for the Transactions has been obtained and remains current;
- (g) the Borrower has provided to the Lender the Security Deed executed by the Borrower together with any other items, consent or agreement that the Lender requires to allow the Lender to perfect the Security within the meaning of the PPSA, including anything required to permit the Lender to take control of the Property subject to the Security Deed and an authority to date and complete details of the shares arising from the exercise of the Options in the Security Deed ;
- (h) a legal opinion from the Borrower's legal advisor confirming the due execution and enforceability of the Transaction Documents;
- (i) evidence of the discharge of the Property subject to the option from any charge, mortgage or security interest (as that term is defined under the PPSA);
- (j) the Lender being satisfied with all searches and enquiries in relation to the Borrower and the Security including but not limited to searches of the records of the ASIC and the PPSR;
- (k) all Transaction Documents, and any documents pursuant thereto, having been entered into in a form acceptable to the Lender and each such document being in full force and effect; and
- (l) there has been no Material Adverse Change in relation to the Borrower Scandinavian Resources or Hannans Reward Limited ACN 099 862 129 since the Execution Date.

2.4 Restrictions

The Borrower must apply the Loan towards paying the exercise price in respect of exercising the Options.

3. PRINCIPAL REPAYMENT

3.1 Repayment

Subject to clause 3.2 and the other terms of this Agreement, the Loan together with all Outstanding Monies (including Interest) shall be repaid by the Borrower to the Lender

on the Repayment Date. Unless the Lender otherwise agreed in writing all payments must be made:

- (a) by 3.00 pm on the Repayment Date (or if not a Business Day on the next Business Day after the Repayment Date);
- (b) to the Lender by payment into an account nominated by the Lender or as the Lender otherwise directs; and
- (c) in Australian dollars, in immediately available funds and in full without set-off counterclaim, deduction or withholding.

3.2 Early Repayment

The Borrower may subject to the consent of the Lender, which consent must not be unreasonably withheld, repay the whole or any part of the Outstanding Monies before it is due to be repaid under clause 3.1.

3.3 Set-off and deduction

The Borrower must make all payments under this Agreement without set-off or deduction. However, if Anglo American Exploration Luxembourg S.a.r.l. exercises an option contained in the Anglo Call Option Deed then the Lender will accept any payment from Anglo American Exploration Luxembourg S.a.r.l. in payment of the exercise of that option and Outstanding Monies will be regarded as having been repaid by the amount of that payment (subject only to any provision of a Security if that payment is required to be disgorged as an 'Avoidance' as defined in the Security).

4. INTEREST

4.1 Rate

- (a) Interest on the Outstanding Monies will accrue Daily at the applicable Interest Rate for each Draw Period and will be calculated on the actual number of days from and including the first day of the Draw Period to, but not including the last day of the Draw Period.
- (b) Unless otherwise agreed by the Parties in writing, the Borrower must pay Interest for each Interest Period in aggregate on the Repayment Date.

4.2 Interest on overdue amounts

The Borrower must pay interest at the Default Rate on any part of the Outstanding Monies that is due and payable, but unpaid (Overdue Moneys) including any unpaid Interest. Interest calculated under this clause will be capitalised at the end of each calendar month.

4.3 Judgement or order

If the Borrower's liability under this Agreement or a Security is the subject of a judgement or order;

- (a) its obligation to pay interest under clause 4.2 is separate from, and continues despite, the judgment or order; and
- (b) the interest accrues both before and after judgment at the higher of the rate determined under clause 4.2 and the rate payable under that judgment or order.

5. UNDERTAKINGS

5.1 Notification Undertakings

The Borrower must notify the Lender promptly upon the Borrower becoming aware of:

- (a) a Default (including a Material Adverse Change affecting it), Potential Default and any steps that have been taken by the Borrower to remedy that Default or Potential Default;
- (b) a Material Adverse Change affecting Scandinavian Resources or, subject to clause 5.4, Hannans Reward Limited ACN 099 862 129;
- (c) any litigation commenced against it which if adversely resolved could reasonably be expected to result in liability on the Borrower exceeding \$50,000;
- (d) any claim made in respect of the Property by a third party including the option holder under the Anglo Call Option Deed; and
- (e) any material notices received by it or of which it becomes aware relating to the Property or its interest in the Property including notices relating to any takeover bid, the cessation of any takeover bid or any increase or reduction in the capital of Scandinavian Resources or, subject to clause 5.4, Hannans Rewards Limited ACN 099 862 129.

5.2 General undertakings

- (a) The Borrower will provide all information which the Lender may reasonably request having regard to its interests under the Transaction Documents.
- (b) The Borrower will notify the Lender promptly of any material change in the information relating to the Borrower, its business or assets.
- (c) The Borrower will not change its business in any material respect or cease to carry on all or a substantial part of its business.

- (d) The Borrower will at all times comply with, and maintain its corporate existence in good standing under, all applicable laws including but not limited to Anti-Bribery Laws;
- (e) The Borrower will not do any of the following things and will not take any decision to do any of the following things unless the subject to be dealt with has been specifically disclosed to the Lender:
 - (i) amend the constituent documents of the Borrower;
 - (ii) enter into a merger, amalgamation or arrangement or propose a material reorganization (including, without limitation, any reclassification or change of the Borrower's outstanding shares), liquidation, or dissolution;
 - (iii) enter into any transaction, whether by way of reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale, lease or otherwise whereby all or substantially all of the assets, property, effects or undertaking of the Borrower or any subsidiary of the Borrower, (including any sale of shares of any subsidiary of the Borrower) would become the property of any other person unless it is through a Permitted Disposal in which case the transaction is expressly permitted under the terms of this Agreement; or
 - (iv) declare or pay any dividends or purchase or redeem any of its shares or otherwise reduce its share capital until repayment of the Loan, unless the Lender has consented thereto in writing;

and except as may reasonably required to give effect to the Hannans Offer will not take any action to support any of the actions referred to in 5.2(e) above in relation to the Target Company without the Lender's consent in writing.

- (f) The Borrower will not change its tax residency status.

5.3 Appointment of Anglo Nominee to Board of the Target Company

The Borrower will use its best endeavours, and will procure that its directors nominated to the board of Target Company use their best endeavours to procure that nominee of the Lender is appointed to the board of the Target Company and (save to the extent precluded by law) to provide the Lender with such information as the Lender may reasonably request in relation to the Target Company.

5.4 Hannans Offer

The Parties acknowledge and agree that any obligation to make notifications regarding Hannans Reward Limited ACN 099 862 129 under Clause 5.2(b) and Clause 5.2(e) of this Agreement do not apply if at the relevant time at which the notification is required to be made the Hannans Offer is closed and the Company has not previously

accepted the Hannans Offer in circumstances where the Hannans Offer was unconditional or became unconditional.

6. DEFAULT

6.1 Breach of obligations

If the Borrower commits a breach of any of its obligations pursuant to the provisions of this Agreement, the Lender may by written notice to the Borrower declare all monies owing pursuant to this Agreement due and payable, upon which these monies shall become due and payable within 15 Business Days after receipt of the notice.

6.2 Events of default

Without prejudice to any other provision of this Agreement, the following acts, omissions or events are agreed to be a default of this Agreement and the Loan together with all Outstanding Monies shall become immediately due and payable to the Lender at the Lender's option:

- (a) **non-payment** the Borrower fails to pay any of the Outstanding Monies payable by it when due;
- (b) **non-remediable failure:** the Borrower fails to perform or observe any other material undertaking, obligation or agreement expressed or implied in this Agreement or a Security and that failure is not, in the reasonable opinion of the Lender, remediable;
- (c) **remediable failure:** the Borrower fails to perform or observe any other material undertaking, obligation, or agreement expressed or implied in this Agreement or a Security which is, in the reasonable opinion of the Lender, remediable, and the Borrower does not remedy the failure within 7 days, or a longer period determined by the Lender, after receipt by the Borrower of a notice from the Lender specifying the failure;
- (d) **misrepresentation:** any warranty, representation or statement by the Borrower expressly provided for in a Transaction Document is or becomes false, misleading or incorrect in a material respect when made or regarded as made by the Borrower under any Transaction Document;
- (e) **judgment:** a judgment in an amount exceeding \$50,000 is obtained against the Borrower and is not set aside or satisfied within 7 days;
- (f) **receiver:** a receiver, receiver and manager, official manager, trustee, administrator or similar official is appointed, or steps taken for such appointment, over any of the assets or undertaking of the Borrower;
- (g) **insolvency:** the Borrower is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;

- (h) **arrangements:** the Borrower enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them otherwise than while solvent and with the prior written consent of the Lender;
- (i) **administrator:** an administrator is appointed or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, an administrator to the Borrower;
- (j) **winding up:** an application or order is made for the winding-up or dissolution of the Borrower or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of the Borrower otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Lender;
- (k) **analogous event** an analogous or equivalent event to any listed in (f) to (j) inclusive above occurs in any jurisdiction;
- (l) **suspends payment:** the Borrower suspends payment of its debts generally;
- (m) **Approved Purposes:** the Loan is not applied to the Approved Purposes;
- (n) **vitiating of or default under a Transaction Documents:**
 - (i) all or any part of any provision of any Transaction Document is or becomes illegal, void, voidable, unenforceable or otherwise of limited force or effect; or
 - (ii) any person other than the Lender becomes entitled to terminate, rescind or avoid all or any material part or material provision of any Transaction Document or an event of default (however described) occurs under a Transaction Document and is not remedied within any applicable grace period (other than a event of default caused by the Lender);
- (o) **Property:**
 - (i) the Borrower ceases to be the legal and beneficial owner of any part of the Property for any reason other than a Permitted Disposal under the Hannans Offer; or
 - (ii) a third party asserts a claim to any part of the Property which claim is not the subject of a Permitted Disposal under the Hannans Offer; or
 - (iii) the Borrower grants or permits a security interest (within the meaning of that terms in the PPSA) to a person other than the Lender or a Related Body Corporate of the Lender including the parent company of the Lender,

and for the purposes of (i) and (ii) above if there is a Permitted Disposal under the Hannans Offer the representation and warranty when repeated after the date that the Permitted Disposal occurs will be taken to given in relation to the shares described in paragraph (b) of the definition of Property;

- (p) **Change in control;** there is a Change in Control in respect of:
- (i) the Borrower; or
 - (ii) Scandinavian Resources; or
 - (iii) subject to Clause 6.3 of this Agreement, Hannans Reward Limited ACN 099 862 129,
- other than in accordance with the Hannans Offer;
- (q) **Target Company;** Scandinavian Resources or, subject to Clause 6.3 of this Agreement, Hannans Reward Limited ACN 099 862 129;
- (i) is affected by an event of the type referred to in (f) to (l) inclusive above; or
 - (ii) threatens to or stops carrying on its business; or
- (r) **(Material Adverse Change)** a Material Adverse Change occurs in respect of the Borrower.

6.3 Hannans Offer

The Parties acknowledge and agree that in relation to Clause 6.2(p) and Clause 6.2(q) of this Agreement, the references to Hannans Reward Limited ACN 099 862 129 do not apply if at the relevant time the Hannans Offer is closed and the Company had not previously accepted the Hannans Offer in circumstances where the Hannans Offer was unconditional or became unconditional.

6.4 Compromise by Lender

The Lender may determine from time to time not to enforce its rights under this Agreement and subject to clause 14 may from time to time make any arrangement or compromise with the Borrower as it thinks fit.

6.5 Treatment of moneys received by Lender

All moneys received by the Lender in reduction of or on account of the Outstanding Monies shall be regarded as payments in gross without any right of the Borrower to stand in the place of the Lender in respect of or to claim the benefit of any money so received or to participate in or claim the benefit of any security held by the Lender until the whole of the Outstanding Monies have been paid or satisfied or provided for.

7. REPRESENTATIONS AND WARRANTIES

7.1 Representations and warranties

The Borrower represents and warrants that:

- (a) it is a corporation as that expression is defined in the Corporations Act having limited liability, incorporated (or taken to be incorporated) or registered and validly existing under the Corporations Act;
- (b) it has the corporate power to own its assets and to carry on its business as it is now being conducted;
- (c) it has full power and authority to enter into and perform its obligations under this Agreement;
- (d) it has taken all necessary action to authorise the execution, delivery and performance of this Agreement in accordance with its terms;
- (e) each Transaction Document to which it is a party constitutes a legal, valid and binding obligation on the Borrower and is enforceable in accordance with its terms (subject to laws generally affecting creditors rights and to principles of equity); and
- (f) the Option Agreement is enforceable in accordance with its terms and neither the Borrower nor any other party is in breach of its obligations under the Option Agreement;
- (g) no Default or Potential Default is subsisting;
- (h) prior to the issue of the SCR Shares in accordance with the Options, the Borrower will upon exercise of the Options and issue of the SCR Shares in accordance with the Options own 100% of all beneficial title to the SCR Shares free and clear of all Security Interests and claims other than as provided for under any Transaction Document;
- (i) where this representation and warranty is given or repeated at any time after the issue of the SCR Shares in accordance with the Options only, the Borrower owns 100% of all beneficial title to the SCR Shares free and clear of all Security Interests and claims other than as provided for under any Transaction Document;
- (j) the Borrower owns its assets, property and undertaking free and clear of all Security Interests other than Permitted Security Interests;
- (k) the Borrower is not in default under any instrument evidencing any Debt or under the terms of any instrument pursuant to which any of the foregoing has been issued or made and delivered, and there exists no state of facts which after notice or lapse of time or both or otherwise would constitute such a default;

- (l) no financial statements or any other statement or report furnished to the Lender by or on behalf of the Borrower or in respect of Scandinavian Resources or Hannans Reward Limited ACN 099 862 129 or in connection with the negotiation or confirmation of the transactions contemplated herein contain, as at the time such statements or reports were furnished, any untrue statement of a material fact or any omission of a material fact necessary to make the statement contained therein not misleading, and all such statements and reports, taken as a whole together with the Transaction Documents, do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained herein or therein not misleading. There is no fact which the Borrower has not disclosed to the Lender in writing which materially adversely affects or, so far as any of them can now reasonably foresee, could materially adversely affect the business, operations, prospects, assets, property or condition, financial or otherwise of the Borrower, or its ability to execute, deliver and perform its obligations under the Transaction Documents;
- (m) except as fully and expressly disclosed in writing to the Lender prior to the date of this Agreement, there are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or Scandinavian Resources or Hannans Reward Limited ACN 099 862 129 or any of its undertakings and assets, at law, in equity or before any arbitrator or before or by any governmental authority which, if determined adversely to the Borrower, is reasonably likely to have a Material Adverse Effect;
- (n) in respect of taxes:
 - (i) it is an Australian resident for tax purposes,
 - (ii) there are no taxes (including income tax, goods and services taxes or stamp duty amounts) payable by it which are unpaid and overdue (other than Contested Taxes); and
 - (iii) it has advised the Lender of all Contested Taxes;
- (o) the Borrower is not a party to any agreement or instrument or subject to any restriction which would be reasonably likely have a Material Adverse Effect. It is not in default in the performance, observance or fulfilment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which would be reasonably likely have a Material Adverse Effect;
- (p) there are no outstanding orders or notices issued or, to the best of its knowledge, threatened by any Governmental Authority or person which, if not complied with, would be reasonably likely to have a Material Adverse Effect in respect of the Borrower, Hannans Reward Limited ACN 099 862 129 or Scandinavian Resources and the Borrower is not in discussions with any such authorities relating to outstanding orders or notices which would be

reasonably likely to have a Material Adverse Effect in respect of the Borrower or the Security; and

- (q) as of the date hereof, except as fully and expressly disclosed in writing to the Lender, neither the Borrower nor any of its directors or officers in respect of their roles as directors or officers of the Borrower has ever been convicted of an offence or subjected to any judgment, injunction or other proceeding for non-compliance with any Anti-Bribery Laws or been fined or otherwise sentenced or settled such prosecution or other proceeding short of conviction.

7.2 Reliance

The Parties acknowledge agree that that the Lender has entered into this Agreement and the Security Deed solely on the representations and warranties expressly contained in the Transaction Documents and not any other document or communication between any of the Parties at any time.

7.3 Indemnity

The Borrower hereby agrees to indemnify the Lender against all costs, losses, damages or expenses (including legal fees and expenses on a solicitor and own client basis) suffered or incurred by the Lender directly or indirectly by reason of or arising out of a breach of any of the warranties or representations set forth in clause 7.1 and the Borrower acknowledges and agrees that the Lender has entered into this Agreement relying upon such representations and warranties and that no information which is now known or which may hereafter become known to the Lender or its professional advisors shall limit or extinguish the right of the Lender to indemnification hereunder

7.4 Survival and repetition of representations and warranties

The representations and warranties in, or given under, this agreement including, but not limited to, clause 6.1 survive the execution of this Agreement and are repeated on the Draw Date and on the first day of each Interest Period. However, any representations and warranties in respect of Hannans Reward Limited ACN 099 862 129 do not apply if at the relevant time the representations and warranties are deemed to be repeated after the date of this Agreement, the Hannans Offer is closed and the Company has not previously accepted the Hannans Offer in circumstances where the Hannans Offer was unconditional or became unconditional.

8. PRE-EMPTIVE RIGHTS

8.1 Notice

Subject to clause 8.10, if between the Draw Date and 6 months after the Repayment Date, the Borrower intends to sell or dispose of the Target Shares the subject of the

Security, the Borrower must give a notice (**Transfer Notice**) to the Lender that it wants to transfer the Shares as specified in the Transfer Notice (**Offered Shares**).

8.2 Call Option exercise

If a Call Option Notice is issued under the Anglo Call Option Deed after the issue of a Transfer Notice in accordance with Clause 8.1, then the amount of the Offered Shares the subject of the Transfer Notice will be reduced by the amount of Target Shares the subject of the Call Option Notice.

8.3 Transfer Notice to specify price

A Transfer Notice must specify the price per Share expressed in Australian Dollars (**Prescribed Price**) at or above which the sale is to proceed. In all other respects, the Transfer Notice must be unconditional.

8.4 Specify if third party offer exists

A Transfer Notice must have annexed to it a statutory declaration by an authorised officer of the Borrower as to whether or not the Borrower has received from any third party (**Offeror**) a bona fide arm's length offer (which for this purpose includes a firm expression of willingness) to purchase the Offered Shares at or above the Prescribed Price. If it has, the authorised officer must declare in the statutory declaration the name of the Offeror, the price at which the Offeror is prepared to purchase the Offered Shares and any other terms of such offer.

8.5 Transfer Notice irrevocable

The Borrower cannot revoke a Transfer Notice once given except with the consent of the Lender.

8.6 Transfer Notice is an offer

A Transfer Notice constitutes an offer to sell the Offered Shares to the Lender at the Prescribed Price. The offer must remain open for a period of 10 Business Days commencing on the date of the giving of the Transfer Notice (**Offer Period**).

8.7 Acceptance

The Lender may by notice (**Acceptance Notice**) to the Borrower before 4:00 pm on the last day of the Offer Period, accept the offer on its own behalf or on behalf of a Related Body Corporate nominated by it in the Acceptance Notice (**Nominee**). An Acceptance Notice once given is irrevocable.

8.8 Transfer of Shares upon payment

The Borrower will be bound, upon payment by the Lender or its Nominee, to transfer the appropriate number of Shares to the Lender or if applicable its Nominee, and to hand over a transfer duly executed by it in respect of those Shares with the certificates

for those Shares. The Borrower's obligations to transfer such Shares is conditional on its receiving payment for all the Offered Shares.

8.9 Transfer permitted to third party, by default

If at the close of the Offer Period an Acceptance Notice have not been received for all the Offered Shares, the Borrower may at any time up to the expiration of 3 months after the close of the Offer Period transfer all or any part of the Offered Shares to any other third party on a bona fide arm's length basis at any price per Share not being less than the Prescribed Price.

8.10 This clause to survive repayment

The provisions of this clause will continue from the Draw Date until 6 months after Repayment Date unless the Loan is not advanced before the expiry of the Availability Period in which case, this clause 8 will cease to have effect as and from the expiry of the Availability Period.

8.11 Anglo Call Option Deed

This clause does not apply to a transfer in accordance with the terms of the Anglo Call Option Deed.

9. EXPENSES AND STAMP DUTY

Each party shall pay their own legal expenses however the Borrower shall pay all other expenses, taxes and duties in connection with the preparation, execution, delivery and stamping of this Agreement and any ancillary and collateral documents relating to these documents and any expenses incurred by the Lender in the collection of all moneys owing or which may become owing under this Agreement or the enforcement of the Lender's rights under this Agreement.

10. SECURITY

10.1 Initial Security

For the purpose of securing the Loan, the Borrower shall provide the Security to the Lender at the Execution Date. The Borrower undertakes to immediately notify the Lender of the details of the SCR Shares issued to it upon the exercise of the Options and irrevocable authorises the Lender to completion any missing details in relation to these shares in the Security Deed and to date and complete any missing variables in the Security Deed.

If as a result of a Permitted Disposal that occurs after the Execution Date and which is in accordance with the Hannans Offer, the Borrower receives shares in Hannans Reward Limited ACN 099 862 129 then the Borrower must immediately provide replacement Security on the same terms as the Security Deed so that the Lender holds security in relation to shares received by the Borrower in Hannans Reward Limited ACN

099 862 129 and is able to perfect its interest in those shares by means of control within the meaning of the term in the PPSA.

10.2 Preparation

The Security referred to in clause 10.1 shall be prepared by the Borrower's solicitors and shall be in the form and contain the covenants that the Lender may reasonably require.

11. NOTICES

11.1 Written Notice

Each notice authorised or required to be given to a Party shall be in writing and may be delivered personally or sent by properly addressed and prepaid mail or facsimile in each case addressed to the Party at its address set out in sub-clause 11.2, or as the case may be to such other address as it may from time to time notify to the other Party pursuant to sub-clause 11.3.

11.2 Initial Address

The initial addresses of the Parties shall be as follows:

In the case of the Lender:

Anglo American Exploration (Australia) Pty Ltd
Suite 1, Boston Gardens
16 Brodie-Hall Drive,
Bentley Western Australia 6102
Facsimile: INT + (61 8) 6250 8199
Attention: Managing Director

In the case of the Borrower:

Equity & Royalty Investments Limited
6 Outram Street
West Perth, Western Australia 6005
Facsimile: INT + (61 8) 9324 3366
Attention: Damian Hicks, Director

11.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 11.1 to the other Party.

11.4 Deemed Receipt

Any notice given pursuant to clause 11.1 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery if delivered prior to 5pm (Perth time) on a Business Day or on the next following Business Day if delivered after 5 pm (Perth time) on a Business Day or on a day other than a Business Day;
- (b) if sent by mail, on the second clear Business day after the day of posting; or
- (c) if sent by facsimile, on the day the facsimile was sent by clear transmission.

12. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Western Australia and the Parties submit to the jurisdiction of the courts of that State.

13. FURTHER ASSURANCE

The Borrower shall sign, execute and do all deeds, acts, documents and things as may reasonably be required by the Lender to effectively carry out and give effect to the terms and intentions of this Agreement and the Security.

14. VARIATIONS AND WAIVERS

No modification or alteration of the terms of this Agreement shall be binding unless made in writing dated subsequent to the date of this Agreement and duly executed by the Parties.

A consent, approval or waiver by the Financier in relation to a this Agreement or a Security is effective only if in writing. If given subject to conditions, the consent, approval or waiver only takes effect when the conditions are complied with to the Lender's satisfaction.

15. LEGAL COSTS

Each Party shall bear their own legal costs of and incidental to the preparation, negotiation and execution of this Agreement.

16. MISCELLANEOUS**16.1 Severance**

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

16.2 Further Assurance

The parties must do all things and sign all documents necessary to enable the any party to perfect a security interest on any register established for that purpose and to remove any such security interest upon the obligations of each Party under this Agreement being satisfied in full.

16.3 Non-Exclusive Remedies

Nothing contained in this Agreement or any of the other Transaction Documents shall prejudice or impair any other right or remedy which the Lender may otherwise have with respect to the Loan or any right or remedy the Lender may have with respect to other loans which the Lender may make to the Borrower.

16.4 Entire Agreement

This Agreement and the Transaction Documents shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

16.5 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

16.6 Time

Time shall be of the essence in this Agreement in all respects.

16.7 Survival

This Agreement shall continue in full force and effect so long as any amounts payable hereunder remain outstanding and all agreements, representations, warranties and covenants of the Borrower made herein or in the other Loan Documents or in any document delivered by or on behalf of the Borrower to the Lender pursuant to the provisions hereof or otherwise, shall be deemed to have been relied on by the Lender notwithstanding any investigation heretofore or hereafter made by the Lender, the Lender's solicitors or any representative of the Lender and shall survive the execution of this Agreement.

16.8 Assignment

The Borrower may not assign its rights and obligations under the Transaction Documents to any party without the prior written consent of the other Parties. The Lender is free to assign its rights and obligations under this Agreement and the Transaction Documents without the requirement for consent from the Borrower.

16.9 Confidentiality

- (a) Subject to the provisions of clause 15.9(b), each Party shall maintain as confidential the terms of this Agreement and the Transaction Documents and all information, know-how, data and records and any maps, plans, drawings, mining information and documentation related thereto (collectively, the "**Information**") and shall not disclose such Information to any third party or to the public without the written consent of the other Party. The obligations of confidentiality set forth in this section 15.9 shall not apply with respect to any Information that is:
- (i) or becomes part of the public domain other than through a breach of this Agreement;
 - (ii) already in the possession of a Party prior to receipt thereof from any other Party or its Related Body Corporate or its development or acquisition under this Agreement;
 - (iii) lawfully received by a Party or its [related bodies corporate] from a third party not under an obligation of secrecy; or
 - (iv) independently developed by one or more employees of a Party or a related body corporate who did not have access to information developed or acquired under this Agreement.
- (b) The consent required by this clause 15 shall not apply to a disclosure to:
- (i) A related body corporate, consultant, contractor or subcontractor that has a bona fide need to be informed; or
 - (ii) a Governmental Agency, court or a Stock Exchange or to the public which disclosure the disclosing Party believes in good faith is required

by any laws, regulation or the rules of any securities commission or Stock Exchange,

- (iii) an assignee or proposed assignee of the Lender of its interests under the Loan Agreement or a Security;

provided that, in any case to which (ii) is applicable, the disclosing Party shall exercise all reasonable endeavours to give not less than forty-eight (48) hours prior notice to the other Party of the intended disclosure. As to any disclosure pursuant to (i), only such confidential information as such third party shall have a legitimate business need to know shall be disclosed and such third party shall be informed of the disclosing Party's obligation hereunder and shall agree in writing to protect the confidential information from further disclosure to the same extent as the Parties are obligated under this clause.

- (c) **Press Releases** Each Party will obtain the prior approval from the other Party (which approval will not unreasonably be refused where it is obliged by law or any regulatory authority to make a release) before issuing any press release or public statement in connection with this Agreement or any of the matters contemplated herein.

EXECUTED by the Parties as an Agreement.

EXECUTED BY)
ANGLO AMERICAN EXPLORATION)
(AUSTRALIA) PTY LTD)
(ACN 006 195 982))
in accordance with the Corporations Act:

Director

Director/Secretary

EXECUTED BY)
EQUITY AND ROYALTY INVESTMENTS LTD)
(ACN 129 549 435))
in accordance with the Corporations Act:)



Director

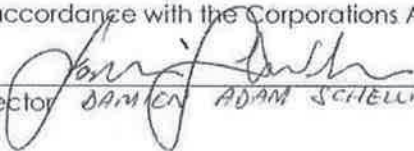



Director/Secretary

EXECUTED by the Parties as an Agreement.

EXECUTED BY)
ANGLO AMERICAN EXPLORATION)
(AUSTRALIA) PTY LTD)
(ACN 006 195 982)

in accordance with the Corporations Act:


Director DAMIEN ADAM SCHEUACK


Director/Secretary
MICHAEL RAY WEBB

EXECUTED BY)
EQUITY AND ROYALTY INVESTMENTS LTD)
(ACN 129 549 435))
in accordance with the Corporations Act:)

Director


Director/Secretary

ANNEXURE "C" TO FORM 603

THIS IS ANNEXURE "C" OF 30 PAGES (INCLUDING THIS PAGE) REFERRED TO IN THE FORM 603 PREPARED BY ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD ACN 006 195 982 IN RESPECT OF SCANDINAVIAN RESOURCES LTD ACN 132 035 842 SIGNED BY ME AND DATED 26 / 04 / 2012.

I CERTIFY THAT THE DOCUMENT ATTACHED IN THIS ANNEXURE IS A TRUE AND COMPLETE COPY OF THE SECURITY DEED REFERRED TO IN ITEM 3 OF THIS FORM 603.

Signature

print name	DAMIEN ADAM SCHELLACK	capacity	Director, Anglo American Exploration (Australia) Pty Ltd ACN 006 195 982
sign here		date	26/04/2012

EQUITY AND ROYALTY INVESTMENTS LTD
ACN 129 549 435
(Chargor)

and

ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD
ACN 006 195 982

and

ANGLO AMERICAN EXPLORATION LUXEMBOURG S.A.R.L.
(each a Chargee)

SECURITY DEED

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THIS DEED is made the 23rd day of April 2012

BETWEEN

EQUITY AND ROYALTY INVESTMENTS LTD (ACN 129 549 435) of 6 Outram Street, West Perth, Western Australia 6005 Australia (**Chargor**);

AND

ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD (ACN 006 195 982) of Suite 1, Boston Gardens, 16 Brodie-Hall Drive, Bentley, Western Australia 6102 Australia (**First Chargee**);

AND

ANGLO AMERICAN EXPLORATION LUXEMBOURG S.a.r.l. of 48, rue de Braganca, L-1255 Luxembourg (**Second Chargee**).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

A word capitalised in this document has the same meaning as defined in the Loan Agreement unless the capitalised word is defined in this document.

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement Pty Limited (ABN 49 008 504 532).

Attorney means any attorney appointed under this document and any person who by delegation directly or indirectly derives a right from an Attorney.

Avoidance has the meaning given to in clause 4.9.

Call Option has the meaning given to that term in the Call Option Deed.

Call Option Deed means the agreement entitled 'Call Option Deed' between the Chargor and the Second Chargee dated on or about the date of this document.

Call Option Period has the meaning given to that term in the Call Option Deed.

Change in Control means the acquisition by any person or corporation, either alone or together with any associate of that person or corporation, of a relevant interest in more than 50% of the issued voting capital of the Chargor.

Chargee means each of the First Chargee and the Second Chargee.

CHES Document means the CHES Security Deed or a Sponsorship Agreement in relation to any Secured Property.

CHES Participant means Morgan Stanley Smith Barney Australia Pty Ltd (ACN 009 145 555).

CHES Securities means Secured Property the subject of a Sponsorship Agreement.

CHES Security Deed means any deed with that title dated on or about the date of this document between the Chargor, the Chargee and the CHES Participant.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth).

Event of Default means:

- (a) a Default under the Loan Agreement;
- (b) a Default under the CHES Security Deed;
- (c) any breach or failure to perform and observe a material term or covenant of this document, the Call Option Deed or the Loan Agreement or the CHES Security Deed that continues for a period of 7 days or greater after receiving written notice to rectify the breach; or
- (d) any purported sale or transfer of the Secured Property or Change in Control of the Chargor which is not the subject of the prior written approval of the Chargee or otherwise permitted under the Call Option Deed, Loan Agreement or this document.

Insolvency means:

- (a) in relation to a corporation, its winding up or dissolution or its administration, provisional liquidation or any administration having a similar effect;
- (b) in relation to an individual, his or her bankruptcy; and
- (c) in relation to a person, any arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of that person's creditors or members or a moratorium involving any of them.

Loan Agreement means the Loan Agreement between the Chargor and the Chargee dated on or about the date of this document.

Loss means a loss, claim, action, damage, liability, cost, charge, expense, penalty, compensation, fine or outgoing suffered, paid or incurred.

Mortgaged Share means any share which forms part of the Secured Property.

Options means 20,000,000 options each to acquire an SCR Share exercisable at AU\$0.20 per option on or before 31 October 2012.

Permitted Security Interest means:

- (a) each Security Interest granted under this document;
- (b) any Security Interest under the Chess Security Deed; and
- (c) a Security Interest consented to by the Chargee in writing (unless the consent was conditional and any of the conditions are not complied with).

Power means any right, power, discretion or remedy of the Chargee, a Receiver or an Attorney under this document, the Chess Security Deed or the Loan Agreement or applicable law.

PPSA means the Personal Property Securities Act 2009 (Cth).

Receiver means a receiver or receiver and manager appointed by the Chargee under this document or the Loan Agreement and any person who derives a right directly or indirectly from a Receiver.

Relevant Jurisdiction means the State of Western Australia.

Remedy Proceeds means money received from the exercise of any right against the Secured Property.

Scandinavian Resources means Scandinavian Resources Ltd (ACN 132 035 842).

SCR Share means a fully paid ordinary share in the capital of Scandinavian Resources.

Secured Money means an amount equal to the principal sum loaned under the Loan Agreement plus any interest or enforcement expenses under which are payable by the Chargee under the Loan Agreement or this document.

Secured Property means, as at the date hereof, the Chargor's interest under the Options and, upon the issue of SCR Shares upon exercise of the Options, the Chargor's interest those shares, which include the shares now or in the future subject to the options contained in the Call Option Deed.

Security Interest means any interest or right which secures the payment of a debt or other monetary obligation or the compliance with any other obligation. It includes any retention of title to any property and any right to set off or withhold payment of any deposit or other money and any interest that is a security interest for the PPSA.

Sponsorship Agreement means a Sponsorship Agreement as defined in the ASX Settlement Operating Rules.

Title Documents means each certificate, confirmation, grant, assurance, conveyance, deed and other document of title or evidencing title to, or rights to acquire, possess, use or dispose of, any Secured Property.

1.2 Construction

Clause 1.2 of the Loan Agreement applies to this document.

2. PPSA TERMS INCORPORATED

In this document, unless the context requires otherwise, the following words and expressions (and grammatical variations of them) have the same meanings given to them in the PPSA (including the PPS Regulations: **Attach, Control, Financing Statement, Future Advance, Investment Instrument, Personal Property and Purchase Money Security Interest.**)

3. CONSIDERATION

The Chargor enters into this document for valuable consideration from each Chargee and receipt of the consideration is acknowledged.

4. MORTGAGE AND DISCHARGE**4.1 Mortgage**

To secure

- (a) payment or delivery of the Secured Money;
- (b) and to secure performance of the Chargor's obligations under this document, the Call Option Deed or the Loan Agreement,

the Chargor grants a Security Interest in the Secured Property and charges in favour of to each Chargee its interest in the Secured Property. The Chargor and each Chargee confirm that their intention that the Security Interest granted under this document shall constitute a Security Interest within the meaning of that term under the PPSA.

4.2 Continuing security and obligations

Subject to clause 4.8 and 4.9 each Security Interest granted under this document is a continuing security until the respective Chargee releases all Secured Property from the Security Interest in accordance with this document, despite any intermediate payment, discharge, settlement, release or other matter. The Chargor's obligations under this document continue despite any full or partial release of the Secured Property and no full or partial release of Secured Property will release the Chargor from personal liability to a Chargee under this document until:

- (a) in the case of the First Chargee, all Secured Money owing to it have in fact been received by the Chargee and is not liable to be disgorged and the Chargor has otherwise fully performed its obligations under the this document and the Loan Agreement; and
- (b) in the case of the Second Chargee, the Chargor has fully discharged or performed all of its obligations under the Call Option Deed.

4.3 Priority

Each Security Interest granted in the Secured Property have the same priority in relation to all Secured Money, including Future Advances.

Nothing in this clause restricts the First Chargee from claiming that the Security Interest is a Purchase Money Security Interest in respect of all or part of the Secured Property.

4.4 No agreement or consent to subordination or attachment

Nothing in this document may be construed as an agreement or consent by a Chargee to:

- (a) **(subordination)** subordinate a Security Interest created under this document or a security in favour of any person except to the extent provided for in clause 12.3;
- (b) **(security)** any Security Interest other than any Permitted Security Interest Attaching to or being created in any Secured Property; or
- (c) **(deferral of attachment)** defer or postpone the date of Attachment of a Security Interest created under this document in any Secured Property.

4.5 Dividends and other money

- (a) Unless an Event of Default subsists, the Chargor may receive and use in the ordinary course of its business any cash dividends payable in relation to the Mortgaged Shares.
- (b) The Chargor must, while an Event of Default subsists, ensure that all dividends payable in relation to the Mortgaged Shares are paid to the First Chargee or if the First Chargee has released its Security Interest in accordance with this document to the Second Chargee.

4.6 Voting rights

- (a) Unless an Event of Default subsists, the Chargor may attend meetings and exercise any voting rights attached to the Mortgaged Shares, but the Chargor must not vote in favour of any resolution to vary the constituent documents of Scandinavian Resources or any resolution which would, in the reasonable opinion of the Chargee, adversely affect the value of the Mortgaged Shares or materially affect the rights attached to the Mortgaged Shares.
- (b) While an Event of Default subsists, the rights of the Chargor under clause 4.6(a) cease and the Chargees subject to clause 12 are entitled to exercise those rights to the exclusion of the Chargor and the Chargor must, at its own expense, execute such proxies and other instruments as a Chargee requires to enable the Chargee to attend meetings and exercise such voting rights.

4.7 Chargor liable for calls

The Chargor must pay all calls, instalments or other money which are payable in respect of the Secured Property.

4.8 Discharge

A Chargee must, at the request of the Chargor, discharge the Security Interests created by this document the Chess Security Deed and the Loan Agreement:

- (a) if in the case of the First Chargee, the Chargor's obligation to pay the Secured Money is satisfied and:

- (i) the Chargee has discharged or performed its obligations under this document and the Loan Agreement;
 - (ii) there is no prospect that money will become owing (whether actually or contingently) by the Chargor to the Chargee; and
 - (iii) no payment towards the satisfaction of the Chargor's obligation to pay the Secured Money is likely to be void, voidable or refundable under any law (including any law relating to insolvency) or subject to any other Avoidance; and
- (b) if in the case of the Second Chargee, the Chargor has discharged or performed all of its obligations under the Call Option Deed and that there is no prospect that any Loss is or will arise from a breach by the Chargor of its obligations under that document and that no payment made by the Chargor to the Secured Chargee arising from such a Loss is likely to be void, voidable or refundable under any law (including any law relating to insolvency) or subject to any other Avoidance; and
- (c) if in the case of the First Chargee and the Second Chargee, the Chargor intends to dispose of only a part of the Secured Property as permitted by Clause 7.3(a)(i) to 7.3(a)(v), then to extent required to release that part of the Secured Property that is being disposed of.

4.9 Reinstating avoided transaction

The Chargor agrees that if a payment or other transaction relating to the Secured Money or its Obligations under the Call Option Deed is void, voidable, unenforceable or defective for any reason or a related claim is upheld, conceded or settled (each an **Avoidance**), then even though a Chargee knew or should have known of the Avoidance:

- (a) each Power and the Chargor's liability under this document, the Call Option Deed or the Loan Agreement will be what it would have been, and will continue, as if the payment or transaction the subject of the Avoidance had not occurred; and
- (b) the Chargor will immediately execute and do anything required by the relevant Chargee to restore the Chargee to its position immediately before the Avoidance (including reinstating any Security Interest granted to it under this document).

5. PAYMENT OF SECURED MONEY AND PERFORMANCE OF OBLIGATIONS

The Chargor, subject to clause 8.2, must pay the Secured Money to the First Chargee in accordance with the Loan Agreement.

The Chargor must also perform each of its other obligations under this document, the Call Option Deed and the Loan Agreement.

6. WARRANTIES AND REPRESENTATIONS

6.1 Nature

The Chargor warrants and represents that:

- (a) **representations in other documents:** all of the representations given by it to the Chargees in this document, the Call Option Deed or the Loan Agreement are true, correct and not misleading;
- (b) **details of Chargor:** all information in the 'Details' section of this document is true, correct and complete and reflects the information contained in the source from which information in relation to the Chargor must be taken for the purposes of the PPS Regulations in order to register a Financing Statement in respect of any Security Interest in the Secured Property;
- (c) **no existing default:** no Event of Default subsists;
- (d) **sole owner:** the Chargor has not entered into this agreement as the trustee of a trust or as the responsible entity or a managed investment scheme; and
 - (i) to the extent that this representation and warranty is made or repeated prior to the issue of the SCR Shares pursuant to the exercise of the Options, the Chargor:
 - (A) will be the sole legal and beneficial owner of the Mortgaged Shares upon the Mortgaged Shares being issued;
 - (B) will not, upon the issue of the Mortgage Shares, hold the Mortgage Shares as the trustee of a trust or as the responsible entity or a managed investment scheme; and
 - (C) will hold the Mortgaged Shares will, upon issue, free from encumbrances other than as provided in this document, the Call Option Deed, the Loan Agreement and the CHES Security Deed; and
 - (ii) to the extent that this representation and warranty is made or repeated after the issue of SCR Shares pursuant to the exercise of the Options, the Chargor:
 - (A) is the sole legal and beneficial owner of the Mortgaged Shares;
 - (B) does not hold the Mortgage Shares as the trustee of a trust or as the responsible entity or a managed investment scheme; and
 - (C) holds the Mortgaged Shares free from encumbrances other than as provided in this document, the Call Option Deed, the Loan Agreement and the CHES Security Deed.
- (e) **Sponsorship Agreement:** a certified copy of each Sponsorship Agreement relating to the Mortgaged Shares has been delivered to the Chargee;

- (f) **location of Secured Property;** that all Secured Property is located in Australia and that at the time of the execution of this document none of the Secured Property was located in New South Wales;
- (g) **no agreements:** the Chargor has not entered into any agreement or instrument (other than as constituted by Scandinavian Resources' constitution) in relation to the Secured Property, including any shareholders, option, pre-emptive rights agreement other than this document, the Call Option Deed or the Loan Agreement;
- (h) **Mortgaged Shares:** the Mortgaged Shares
 - (i) (to the extent that this representation or warranty is made prior to the issue of the SCR Shares pursuant to the exercise of Options), upon issue will be duly authorised and validly issued and are fully paid; and
 - (ii) (to the extent that this representation or warranty is made after the issue of the SCR Shares pursuant to the exercise of the Options), have been duly authorised and validly issues and are fully paid and the issue of the Mortgaged Shares has not contravened the constitution of Scandinavian Resources, any law or any rule or directive of any Government Agency.
- (i) **Constitution:** its execution and performance of this document do not and will not conflict with or contravene, and it is not in default under, the constitution of Scandinavian Resources; and
- (j) **Issue valid:** as far as the Chargor is aware:
 - (i) the Options have been validly issued and the issue of the Options did not contravene the constitution of Scandinavian Resources, any law or any rule or directive of any Government Agency; and
 - (ii) the Mortgaged Shares will, upon issue, be validly issued and the issue of the Mortgaged Shares will not contravene the constitution of Scandinavian Resources, any law or any rule or directive of any Government Agency.

6.2 Survival and repetition of representations and warranties

The representations and warranties in, or given under, this document including, but not limited to, clause 6.1 survive the execution of this document and are repeated on that same date that the representations and warranties in clause 6.1 of the Loan Agreement are repeated (but in respect of the warranties and representations in clause 6.1 of this document are repeated to the extent stated and in the manner provided for in clause 6.1).

6.3 Reliance

The Chargor, the First Chargee and the Second Chargee acknowledge that:

- (a) the First Chargee has entered into the Loan Agreement and this document in reliance solely on the representations and warranties contained in them and not any other document or communication between any of the Parties at any time; and

- (b) the Second Chargee has entered into the Call Option Deed and this document in reliance solely on the representations and warranties in this clause 6 and any representations made by it in the Call Option Deed and not any other document or communication between any of the Parties at any time.
- (c) the representations and warranties in this clause 6 and in clause 6 of the Loan Agreement and the Anglo Call Option Deed survive execution and delivery of the Loan Agreement and the provision of financial accommodation, this document or the completion of a share acquisition pursuant to the Option Agreement.

7. GENERAL OBLIGATIONS

7.1 Information

The Chargor must give to each Chargee:

- (a) **details of Secured Property:** on demand, full particulars of the Secured Property; and
- (b) **other information:** on demand, any other information in the possession or under the control of the Chargor which, in a Chargee's reasonable opinion, is relevant to the Secured Property, this document, the Call Option Deed, the Chess Security Deed or the Loan Agreement.

7.2 Change of details

The Chargor must:

- (a) not change any of its details as set out in the 'Details' in Schedule 1 without giving the Chargee 14 days' prior written notice; and
- (b) provide to each Chargee, on request, a certified copy of each source or source document necessary (in the Chargee's opinion), to verify the information the 'Details' in Schedule 1 (or any part of it) or to otherwise register one or more Financing Statements in relation to any Security Interest in the Secured Property created by this document.

7.3 Prohibited dealings

- (a) The Chargor must not transfer or otherwise dispose of or deal with or grant any options or pre-emptive rights in respect of the Secured Property or allow any person to acquire any interest in the Secured Property except where:
 - (i) permitted by this document;
 - (ii) the Call Option is exercised under the Call Option Deed; or
 - (iii) clause 8 of the Loan Agreement and Clause 4.8 of this document are complied with in relation to the disposal; or
 - (iv) the disposal is a disposal of the shares that is made for scrip in Hannans Reward Limited ACN 099 862 129 in accordance with the Hannans Offer (as defined in the Loan Agreement) provided that new security is provided to the Chargee's in

respect of the shares received by the Chargor in Hannans Reward Limited ACN 099 862 129 (or such lesser proportion of the shares in Hannan's Reward Pty Ltd as the Chargor may require as security at that time); or

- (v) the Chargees otherwise consent in writing for the purpose of this document, the Call Option Deed or the Loan Agreement (where applicable);
- (b) The Chargor must not grant or permit to exist any Security Interest over the Secured Property other than a Permitted Security Interest without the Chargee's written consent.

7.4 No other secured indebtedness

The Chargor must not incur any debt or monetary obligation (whether actual or contingent) to a holder (other than the Chargee) of a Security Interest over the Secured Property the payment of which is secured by that Security Interest.

7.5 Chargor's other obligations

The Chargor must:

- (a) duly comply with its obligations in relation to the Secured Property, including under any encumbrance over the Secured Property, any law applicable to the Secured Property and any lawful direction from any government body; and
- (b) institute or defend any legal proceedings which a Chargee may reasonably require to protect the Secured Property.

7.6 Title Documents

If the Mortgaged Shares are capable of being certificated shares and at the date of this document are not certificated shares then the Chargor must promptly ensure that the Scandinavian Resources issues share certificates to it in respect of the Mortgaged Shares. Unless the Chargee agrees otherwise in writing, the Chargor must deposit with the Chargee (subject to clause 12.3):

- (a) all Title Documents issued relating to the Chargee's interest in the Secured Property (if any) on execution of this document;
- (b) transfer forms for the Mortgaged Shares as specified by a Chargee, in each case executed by the Chargor as transferor and blank as to the date, consideration and the transferee's name; and
- (c) where title to any Mortgaged Shares is evidenced by a certificate, obtain the issue of replacement certificates if the original certificates are lost or destroyed or believed by a Chargee to be so.

7.7 CHES Security Deed

If the Mortgaged Shares are not capable of being certificated then this clause will apply.

The Borrower must procure that a CHES Security Deed is entered into as soon as is reasonably practical but in any event with 3 Business Days after the date of this

document on terms satisfactory to the Lender acting reasonably. Any CHES Security Deed under this clause will be a Security Interest for the purposes of this document and the Loan Agreement. The Borrower must:

- (a) ensure that the CHES Participant is and remains the Controlling Participant for all of the CHES Securities;
- (b) not instruct the CHES Participant to Transfer or otherwise deal with any of the Secured Property in any way;
- (c) comply with the terms of and not waive any requirement of any CHES Document; and
- (d) not terminate or rescind or change or agree to any change in, any CHES Document.

The relevant Chargee must direct the Chess Participant for the purpose of Clause 3.1 of the CHES Security Deed to effect a disposal of shares permitted by clause 7.3 promptly when requested to do so by the Chargor.

7.8 Further assurances

Without limiting clause 7.6 or 7.7, the Chargor must do (and must procure that anyone else who has an interest in the Secured Property or who claims under or in trust for the Chargor) does whatever a Chargee requires to:

- (a) better secure the Secured Property for payment of the Secured Money and performance of the Chargor's other obligations under this document, the Call Option Deed and the Loan Agreement, and to enable the better exercise of any Power (including the granting of further specific security in the form required by a Chargee and subject to clause 12.3 depositing with the Chargee documents or evidence of titles and transfers in relation to Investment Instruments); and
- (b) perfect, preserve, maintain, protect, or otherwise give full effect to the Secured Property, this document and each Security Interest intended to be created under this document, the Call Option Deed or the Loan Agreement and the priority of that Security Interest required by the relevant Chargee.

This includes:

- (c) anything that a Chargee requires in order for it to:
 - (i) register and maintain (including renew before expiry) one or more Financing Statements in relation to any Security Interest in Personal Property created by this document, the Call Option Deed or the Loan Agreement; remove any financing statement (if any) which is registered against the Chargor in relation to any Security Interest which is not a Permitted Security Interest; or
 - (ii) obtain possession or Control of any Secured Property for the purpose of perfecting the Chargee's Security Interest in that Secured Property by possession or Control;
- (d) providing details of the Secured Property and noting the interest of the Chargee in the share register of Scandinavian Resources;

- (e) perfecting or improving the Chargor's title to, or other right or interest in, all or any part of the Secured Property;
- (f) facilitating the exercise of any right by a Chargee or any Receiver or Attorney at any time or the realisation of the Secured Property following the occurrence of an Event of Default, including the exercise of all rights of inspection and taking all necessary copies, which the Chargor is entitled to exercise or take;
- (g) paying any taxes, duties, government fees, charges or imposts on this document;
- (h) executing and delivering to the Chargee transfer forms in relation to any of the Secured Property, undated and blank as to transferee and consideration; and
- (i) otherwise enabling the Chargee to obtain the full benefit of the provisions of this document, the Call Option Deed or the Loan Agreement.

8. DEFAULT POWERS

8.1 General

- (a) Subject to clause 12.3 a Chargee may at any time while an Event of Default subsists exercise any or all of the rights set out in this clause 8 in any manner and at any time that it thinks fit and notwithstanding that a Receiver has been appointed.
- (b) The interpretation of any right set out in this clause 8 will not be restricted by reference to or inference from any other right.

8.2 Acceleration of Secured Money

The First Chargee may at any time while an Event of Default subsists by notice to the Chargor determine that:

- (a) the Secured Money which is then owing is either payable on demand or immediately due for payment; and
- (b) an amount equal to that part of the Secured Money which is contingently owing is either payable on demand or immediately due for payment,

which notice takes effect on receipt.

8.3 Statutory and implied powers

A Chargee may subject to clause 12.3 exercise all rights capable of being conferred by the statutes and other laws of any relevant jurisdiction on Chargees under mortgage deeds or otherwise.

8.4 Chargee's PPSA Powers – sections 123 and 128

Without limiting clause 8.3 or any other provision of this document, the Call Option Deed or the Loan Agreement, the Chargor agrees that, at any time while a Default subsists, a Chargee (subject to 12.3) may:

- (a) seize any Secured Property in accordance with section 123 of the PPSA; and/or
- (b) dispose of any Secured Property in such lawful manner and generally on such terms and conditions as the Chargee thinks desirable,

and otherwise do anything that the Chargee could do in relation to the Secured Property.

8.5 General dealings

Upon an Event of Default, a Chargee may:

- (a) access, recover, manage, take or give up possession or control (within the ordinary meaning of that term and as defined in, and otherwise in accordance with, the PPSA) of, and surrender or release, any Secured Property;
- (b) sell, assign or help sell all or any Secured Property to any person or exchange it for any other property or rights, on terms that a Chargee thinks fit, with or without other property;
- (c) exercise the rights of the Chargor and comply with its obligations in respect of the Secured Property and allow any other person to comply with the person's obligations in respect of the Secured Property;
- (d) vary, replace or release any right or interest of the Chargor in or in relation to the Secured Property;
- (e) exchange any part of the Secured Property for any other property and, if there is a difference in value between the property exchanged, give or receive, as the case may be, any money or other consideration equal to the difference in value in order to give or receive equal value for the exchange;
- (f) grant options and rights of refusal to acquire the Secured Property;
- (g) vary, replace, rescind, repudiate or terminate any agreement to which the Chargor is a party and which relates to the Secured Property;
- (h) without limiting (b) above, receive income from the Secured Property and exercise the rights and powers of an absolute owner in connection with Mortgaged Shares which form part of the Secured Property (including voting at meetings and appointing proxies, and effecting conversion of the title to any Mortgaged Shares as to being certificated or uncertificated);
- (i) terminate any CHES Document and enter into a new CHES Document;
- (j) employ and discharge professional advisers, consultants, contractors and agents for the purposes of this document, and at the remuneration that the Chargee thinks fit, and to delegate to any person any of its Powers (including this right of delegation);

- (k) execute any deed or other document as attorney for the Chargor for the purpose of exercising any of the Chargee's rights under this document;
- (l) on behalf of the Chargor, commence, defend, prosecute, settle, discontinue and compromise litigation, administrative or arbitral proceedings in relation to the Secured Property;
- (m) enter into and execute and deliver documents and agreements in respect of the exercise of its rights under this document;
- (n) on behalf of the Chargor, give receipts and release, discharge or compromise any debt or other obligation owed to the Chargor and which is part of the Secured Property; and
- (o) do anything incidental or conducive to the exercise of any of its other rights under this document or do anything expedient or incidental to exercise any of its Powers, without limiting those Powers.

8.6 Insolvency

A Chargee may where a debt which forms part of the Secured Property is owed (whether actually or contingently) to the Chargor, prove for the debt in an insolvency, receive dividends and assent to any proposal for an arrangement (including a scheme of arrangement or deed of company arrangement), composition or a compromise with, or an assignment for the benefit of, creditors.

8.7 Investment of money

Any money received by a Chargee which is not required to be immediately applied in the exercise of any right or pursuant to clause 11 may be invested in any way authorised by the laws of any relevant jurisdiction for the investment of trust money and the Chargee may vary or dispose of the investment.

8.8 Appointment of Receivers

Subject to clause 12.3, a Chargee may upon an Event of Default occurring:

- (a) either before or after it has taken possession of the Secured Property appoint any one or more persons to be a receiver or receiver and manager of the Secured Property or a part of it;
- (b) appoint a different receiver or receiver and manager for different parts of the Secured Property;
- (c) if more than one person is appointed as Receiver of any property, empower them to act jointly or jointly and severally;
- (d) remove the Receiver, appoint another in his or her place if the Receiver is removed, retires or dies, and reappoint a Receiver who has retired or been removed; and
- (e) fix the remuneration of the Receiver.

9. RECEIVERS

9.1 Agent

- (a) A Receiver, subject to clause (b), is the agent of the Chargor who alone is responsible for the Receiver's acts and omissions and remuneration.
- (b) The Chargee may appoint a Receiver as the agent of the Chargee and delegate to a Receiver any of the Chargee's rights under this document upon an Event of Default occurring and subsisting.

9.2 Powers

- (a) A Receiver has the right in relation to any property in respect of which the Receiver is appointed, unless limited by the terms of the Receiver's appointment, to do everything that the Chargor may lawfully authorise an agent to do on behalf of the Chargor in relation to that property and, without limitation, a Receiver may in relation to that property exercise:
 - (i) the rights capable of being conferred on receivers and receivers and managers by the *Corporations Act 2001* (Cth) and the laws of any relevant jurisdiction;
 - (ii) the rights set out in clauses 8.3 to 8.7 inclusive;
 - (iii) the rights of the Chargor and the directors of the Chargor; and
 - (iv) any other rights that Chargee appointing that Receiver may by notice to a Receiver give to a Receiver.
- (b) A Chargee who appoints a Receiver may by notice to a Receiver at the time of a Receiver's appointment or any subsequent times as that Chargee thinks fit give to, or remove from, a Receiver all or any of the rights referred to in clause 9.2(a).

10. EXERCISE OF DEFAULT RIGHTS

10.1 No hindrance

The Chargor must not allow a Chargee, a Receiver or an Attorney to be prevented or hindered from exercising its rights under this document.

10.2 Chargee in possession

- (a) If a Chargee, a Receiver or an Attorney exercises its rights under this document or takes possession of the Secured Property, it will not be liable to account as a Chargee in possession.
- (b) If a Chargee has taken possession of the Secured Property in accordance with this document it may give up possession of the Secured Property at any time.
- (c) The obligations of the Chargor under this document relating to the Secured Property are not affected by a Chargee, a Receiver or an Attorney taking possession of the Secured Property.

10.3 Co-operation in exercise of power of sale

If a Chargee or a Receiver wishes to exercise a right to sell any Secured Property pursuant to the terms of this document, the Chargor must do or cause to be done all things necessary to enable an expeditious sale and transfer to the purchaser for the value as estimated by that Chargee, in the manner and on terms the Chargee thinks fit.

10.4 Exclusion of legislation

- (a) The provisions implied in mortgages by any statute are for the purposes of this document negated or varied only so far as they are inconsistent with the provisions of this document and are otherwise varied so as to become consistent with this document.
- (b) Any statutory restrictions (other than mandatory restrictions) on any right of a Chargee, a Receiver or an Attorney to lease or otherwise deal with the Secured Property do not apply to the rights of those persons under this document.

10.5 Default notice

- (a) Subject to clause 12.3, a Chargee, a Receiver and an Attorney may, to the extent that any applicable law permits, exercise any right under this document in relation to an Event of Default without first giving notice to the Chargor or allowing the lapse of any period of time and the Chargor and the Chargee dispense with any requirement under any statute that notice be given by the Chargee, a Receiver or an Attorney, as the case may be, or that it allow the lapse of any period of time before exercising a right.
- (b) If an applicable law requires that a notice be given or a lapse of time occur before any right can be exercised, then if no particular period of notice or lapse of time is required or a period or lapse of time is required but can be shortened by agreement, the period of notice or lapse of time is one day.

10.6 Withdrawal or suspension

A Chargee may at any time after the exercise of any of its powers, rights or remedies suspend the further exercise of those powers, rights and remedies or withdraw from possession without prejudice to any future exercise of those powers, rights and remedies and without being responsible for any resulting loss or damage.

11. PPSA

11.1 Chapter 4 and additional rights

Without limiting clause 10.4, the Chargor and each Chargee agree that, to the extent permitted by law and in respect of each Security and the Loan Agreement and each Security Interest created under any of them:

- (a) the Chargor and each Chargee contract out of:
 - (i) each Chargee's obligation to:

- (A) dispose of or retain Secured Property under section 125 of the PPSA; and
- (B) include details of amounts paid to other secured parties in a statement of account under section 132(3)(d) of the PPSA;
- (ii) (without limiting clause 4.8) section 142 of the PPSA; and
- (iii) section 143 of the PPSA;
- (b) each Chargee and the Chargor contract out of the Chargor's rights to (and the Chargor waives its rights to):
 - (i) receive notice of any action of that Chargee to enforce any Security Interest in liquid assets under section 121(4) of the PPSA;
 - (ii) receive notice of that Chargee's proposal to dispose of Secured Property under section 130 of the PPSA;
 - (iii) any other provision of the PPSA notified to the Chargor by a Chargee after the date of this document; and
- (c) the **Chargor** and each Chargee contract out of the application of Part 4.3 of the PPSA (other than sections 126, 128, 129(1), 133 and 134(1)) if that Part would apply by virtue of section 116(2) of the PPSA.

11.2 Other rights

Where a Chargee has Powers in addition to, or existing separately from, those in Chapter 4 of the PPSA, those Powers will continue to apply and are not limited or excluded (or otherwise adversely affected) by the PPSA. This is despite clause 11.1 or any other provision of a Security or the Loan Agreement subject only to the priority of the Security Interests contemplated in 12.3.

11.3 Confidentiality agreement

The Chargor and each Chargee agree that each of them will not disclose any of the information set out in section 275(1) of the PPSA in relation to this document or any Security Interest created under this document, the Call Option Deed or the Loan Agreement to any person (except that the Chargee may do so where required due to the operation of section 275(7) of the PPSA; or in accordance with another provision of this document, the Call Option Deed or the Loan Agreement or to an assignee of the Chargee's interests under any of them.

Nothing in this clause shall be taken to prevent the Chargor or either Chargee from disclosing information to a person of the type described in clause 16.9(b) of the Loan Agreement or (equivalent clause in the Anglo Call Option Deed) or in relation to the enforcement of the Chargee's rights under this document, the Call Option Deed or the Loan Agreement.

12. PRIORITY APPLICATION OF MONEY

12.1 Method

The Remedy Proceeds must, subject to any mandatory statutory requirements and to the rights of the holder of any Security Interest ranking in priority to, or pari passu with, the Security Interests granted under this document, be applied by a Chargee, a Receiver or an Attorney as follows:

- (a) first, towards the payment or reimbursement of the costs and expenses incurred in or incidental to the exercise or enforcement or attempted exercise or enforcement of its rights under this document by the Chargee, a Receiver or an Attorney;
- (b) secondly, towards:
 - (i) the remuneration of any Receiver or Attorney; and
 - (ii) any money owing by the Chargor to any representative of the Chargee, any Receiver or any Attorney;
- (c) thirdly, towards repayment of the Secured Money which is then due for payment or otherwise in accordance with clause 12.6 and the Remedy Proceeds must be appropriated between them as the Chargee thinks fit; and
- (d) fourthly towards payment in respect of any loss of the Second Chargee arising from a failure by the Chargor to fully perform its obligations under the Anglo Call Option Deed; and
- (e) fifthly, to any person entitled to the Secured Property or authorised to give receipts for that money.

12.2 Creditor's certificate and disputes

- (a) The Chargees may rely on a certificate issued by any person who claims to be entitled to receive any of the Remedy Proceeds to the effect that money is owing by the Chargor to that person and stating the amount owing, without being obliged to make any further enquiry.
- (b) If there is a dispute between any persons (other than the Chargees) as to who is entitled to receive the Remedy Proceeds, a Chargee may pay that money into court and when that is done, a Chargee then has no further obligations in relation to that money.

12.3 Priority

The First Chargee and the Second Chargee agree that the First Chargee's Security Interest under this document will rank in priority to a Security Interest held by the Second Chargee.

The First Chargee may exercise all of its Powers (including powers of enforcement and grant any consents or discretions without the consent of the Second Chargee) and to the exclusion of the Second Chargee, and the Chargor may rely on all consents, decisions or directions given by the First

Chargee under this document (other than a release of the Second Chargee's Security Interests), until any Security Interests granted to the First Chargee under this document have been fully released in accordance with this document.

The Second Chargee must not exercise any Powers without the prior consent of the First Chargee, until the First Chargee's Security Interest is fully discharged.

The First Chargee will hold all title documents related to the Secured Property. If the First Chargee's Security Interest is fully released in accordance with this document and the Second Chargee's Security Interest under this document is not fully released then the First Chargee will provide those documents to the Secured Chargee (or to an agent nominated by it) for the purposes of the Second Chargee's Security Interest.

12.4 No interest on Remedy Proceeds

A Chargee is not obliged to pay interest to any person on the Remedy Proceeds.

12.5 Payment into bank account

If a Chargee pays any money into a bank account in the name of any person to whom the Chargee is obliged to pay money under clause 12.1 and notifies that person of the particulars of the account, that Chargee then has no further obligations in relation to that money.

12.6 Payments during default notice period

If during the period from the service of a notice requiring the rectification of a default in the payment of money by the Chargor under this document until the expiry of that notice the Chargor pays any money to a Chargee towards satisfaction of the Secured Money or payment for Loss arising from a breach of the Anglo Call Option Deed, that Chargee may apply that money:

- (a) first, towards satisfaction of any money due for payment by the Chargor to the Chargee other than money which is the subject of the notice; and
- (b) secondly, towards satisfaction of the money which is the subject of the notice.

12.7 Accounting for Remedy Proceeds

A Chargee, a Receiver or an Attorney is not obliged to account to the Chargor for any money relating to the exercise by any of them of any right until money is actually received in immediately available funds, including if any of them sells the Secured Property on terms whereby:

- (a) any part of the purchase price remains unpaid (whether secured or unsecured) after transfer of the Secured Property to the purchaser; or
- (b) the purchase price is payable in instalments on or before the transfer of the Secured Property to the purchaser.

13. THIRD PARTY DEALINGS

13.1 Chargee's receipts and discharges

A Chargee may give discharges and receipts for any money payable by any third party in relation to the exercise of a right by the Chargee, a Receiver or an Attorney.

13.2 No duty to enquire

(a) Any person dealing with a Chargee, a Receiver or an Attorney in relation to the exercise by any of them of a right under this document need not be concerned to enquire whether:

- (i) the right is exercisable or properly exercised;
- (ii) the Receiver or Attorney is properly appointed; or
- (iii) any money paid by it to a Chargee, a Receiver or an Attorney is properly applied,

and the title of that person to any property acquired by it from that Chargee, Receiver or Attorney will not be adversely affected by the right not being exercisable or any improper appointment, exercise of the right or application of money by a Chargee, a Receiver or an Attorney of which it does not have actual notice.

(b) The benefit of clause 13.2(a) is held on trust for the benefit of each Chargee, each Receiver, each Attorney and each person dealing with any of them.

14. GENERAL INDEMNITY

The Chargor indemnifies each Chargee, any Receiver and any Attorney (and their respective officers, employees and agents) against, and must pay to the Chargee on demand amounts equal to, any expense or Loss arising as a result of or reasonably in connection with:

- (a) an indemnity given by that Chargee to a Receiver or administrator of the Chargor;
- (b) enforcing this document, the Loan Agreement, the Call Option Deed or the Secured Property;
- (c) an Event of Default;
- (d) any payment required under this document not being made on its due date;
- (e) the exercise or attempted exercise of any Power;
- (f) that Chargee acting or relying in good faith on any Notice or other communication from, or genuinely believed to be from, the Chargor; and

- (g) a Chargee relying on information supplied by or on behalf of the Chargor which proves to be a misrepresentation or to be misleading or deceptive (including by omission of other information),
- (h) including any legal costs and expenses (on a full indemnity basis) and any professional consultant's fees in connection with the above.

15. PRESERVATION OF CHARGEES RIGHTS

15.1 Continuing security

This document is a continuing security for the whole of the Secured Money in relation to the Security Interest granted to the First Chargee and is not limited to any transaction or other thing.

15.2 Primary obligations

The Chargor's obligation to pay the Secured Money to the First Chargee or any Loss arising from the breach of the Call Option Deed is a primary obligation and the First Chargee is not obliged to proceed against or enforce any other right against any person or property or demand payment from any other person before making a demand for payment by the Chargor of the Secured Money or the amount of the Loss as the case may be.

15.3 Preservation of Chargor's obligations

The Chargor's obligations and each Chargee's rights under this document will not be affected by anything which but for this clause 15.3 might abrogate, prejudice or limit them or the effectiveness of this document.

15.4 Suspension of Chargor's rights

The Chargor:

- (a) waives any right to be subrogated to, or otherwise have the benefit of, this document until the Secured Money or the amount of any Loss arising from a breach of the Call Option Deed has been satisfied in full and in the reasonable opinion of a Chargee any payment towards the satisfaction of the Secured Money or that Loss is not void, voidable or otherwise unenforceable or refundable; and
- (b) must not exercise a right of set-off or counterclaim which reduces or extinguishes the obligation of the Chargor to pay the Secured Money,

and no Chargee is not obliged to marshal in favour of the Chargor any security or any property that the Chargee has an interest in or may be entitled to receive.

15.5 Reinstatement of rights of Chargee

If a transaction or payment relating to the Secured Money (or in respect of amounts paid to the Second Chargee for Loss arising from breach of the Call Option Deed) is void, voidable or otherwise unenforceable or refundable:

- (a) the relevant Chargee is entitled against the Chargor to all rights under this document that it would have had if the transaction or payment was not void, voidable or unenforceable or refundable; and

- (b) the Chargor must do all things and sign such documents necessary or convenient to restore to the relevant Chargee the Security Interests created by this document and its rights under this document immediately before that transaction or payment.

15.6 No merger

This document is in addition to and is not in any way prejudiced by any judgment, order or other thing and a Chargee's rights under this document will not be merged with any judgment, order or other thing.

15.7 Insolvency of debtor

The Chargor must not, until both Chargee's securities have been fully discharged in accordance with clause 4.8:

- (a) directly or indirectly claim or receive the benefit of any distribution, dividend or payment; or
- (b) prove or claim for any distribution, dividend or payment in competition with the Chargee,

in the Insolvency of any person whose obligations to a relevant Chargee the Chargor has guaranteed so as to diminish any distribution, dividend or payment which but for that claim or proof that Chargee would be entitled to receive.

16. ATTORNEY

16.1 Appointment

Effective upon an Event of Default or to the extent reasonably necessary to give effect to, preserve or reinstate its Security Interest occurring the Chargor irrevocably appoints each Chargee its attorney with the power:

- (a) at any time to:
 - (i) do everything which in the Attorney's reasonable opinion is necessary or expedient to enable the exercise of any right of the Chargee in relation to this document; and
 - (ii) appoint substitutes and otherwise delegate its powers (including this power of delegation); and
- (b) at any time after a notice is given under clause 8.2, to do all acts and things which the Chargor is obliged to do under this document or which in the Attorney's opinion are necessary or expedient in connection with the Secured Property, the protection or perfection of each Chargee's interest in the Secured Property or to enable the exercise of any right of the Chargee in relation to this document.

The Second Chargee may exercise its Powers under this clause in accordance subject to clause 12.3 or with the consent of the First Chargee.

16.2 General

- (a) Any Attorney may exercise any right solely for the benefit of the Chargee that appoints it and notwithstanding that the exercise of the right constitutes a conflict of interest or duty.
- (b) The Chargor ratifies anything done or not done by the Attorney pursuant to the power of attorney.
- (c) The power of attorney is granted:
 - (i) to secure the compliance by the Chargor with its obligations to a Chargee under this document and any proprietary interests of a Chargee under this document; and
 - (ii) for valuable consideration (receipt of which is acknowledged) which includes the acceptance of this document by each Chargee at the Chargor's request.

17. GENERAL


- (a) This document is governed by and is to be construed in accordance with the laws applicable in the Relevant Jurisdiction.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Relevant Jurisdiction and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.
- (c) Each Party is responsible for their own legal costs in preparation of, in relation to, incidental to, and in any enforcement of this document.


18. NOTICES

Clause 11 of the Loan Agreement applies to this document.

EXECUTED by the Parties as a Deed and delivered in Perth, Western Australia.

Executed by
ANGLO AMERICAN EXPLORATION
(AUSTRALIA) PTY LTD ACN 006 195 982
in accordance with the Corporations Act:


Director / ~~Secretary~~ DAMIEN ADAM SCHELLACK


Director / ~~Secretary~~ MICHAEL RAY WEBB

EXECUTED
~~SIGNED SEALED AND DELIVERED BY THE~~
~~PERSON NAMED BELOW AS ATTORNEY FOR~~
ANGLO AMERICAN EXPLORATION
LUXEMBOURG S.A.R.L. *as its duly authorised signatory*
~~under power of attorney dated~~ in the
presence of:


Witness

MICHAEL RAY WEBB
Name of Witness


Attorney / Authorised Signatory

DAMIEN ADAM SCHELLACK
Signature of ~~Attorney~~ Authorised Signatory

EXECUTED BY
EQUITY AND ROYALTY INVESTMENTS LTD
ACN 129 549 435
in accordance with the Corporations Act:

Director

Director/Secretary

EXECUTED by the Parties as a Deed and delivered in Perth, Western Australia.

Executed by
ANGLO AMERICAN EXPLORATION
(AUSTRALIA) PTY LTD ACN 006 195 982
in accordance with the Corporations Act:

Director

Director/ Secretary

SIGNED SEALED AND DELIVERED BY THE
PERSON NAMED BELOW AS ATTORNEY FOR
ANGLO AMERICAN EXPLORATION
LUXEMBOURG S.A.R.L.
under power of attorney dated in the
presence of:

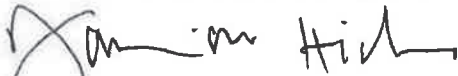
Witness

Attorney

Name of Witness

Signature of Attorney

EXECUTED BY
EQUITY AND ROYALTY INVESTMENTS LTD
ACN 129 549 435
in accordance with the Corporations Act:



Director



Director/Secretary

CHARGOR DETAILS SCHEDULE

Name: Equity and Royalty Investments Ltd

ACN 129 549 435

ABN 56 129 549 435

Entity type (for the purposes of the PPS Regulations) Body Corporate that has an ACN


Notice details Equity and Royalty Investments Ltd
6 Outram Street
WEST PERTH , WA 6005
Facsimile: 8 9324 3366
Attention: Damian Hicks

ANNEXURE "D" TO FORM 603

THIS IS ANNEXURE "D" OF 14 PAGES (INCLUDING THIS PAGE) REFERRED TO IN FORM 603 PREPARED BY ANGLO AMERICAN EXPLORATION (AUSTRALIA) PTY LTD ACN 006 195 982 IN RESPECT OF SCANDINAVIAN RESOURCES LTD ACN 132 035 842 SIGNED BY ME AND DATED 26 / 04 / 2012.

I CERTIFY THAT THE DOCUMENT ATTACHED IN THIS ANNEXURE IS A TRUE AND COMPLETE COPY OF THE CALL OPTION DEED REFERRED TO IN ITEM 3 OF THIS FORM 603.

Signature

print name	DAMIEN ADAM SCHELLACK	capacity	Director, Anglo American Exploration (Australia) Pty Ltd ACN 006 195 982
sign here		date	26/04/2012

Call option deed

Anglo American Exploration Luxembourg S.à.r.l (**Anglo**)

Equity and Royalty Investments Ltd ACN 129 549 435 (**ERI**)

MinterEllison

L A W Y E R S

WATERFRONT PLACE, 1 EAGLE STREET, BRISBANE QLD 4000, DX 102 BRISBANE
TEL: +61 7 3119 6000 FAX: +61 7 3119 1000
www.minterellison.com

Call option deed

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Details

Date 23 April 2012

Parties

Name **Anglo American Exploration Luxembourg S.à.r.l**
Short form name **Anglo**

Notice details 48, rue de Bragance
L-1255 Luxembourg
Facsimile: +352 404 110 228

Name **Equity and Royalty Investments Ltd**
Short form name **ERI**

Notice details 6 Outram Street, West Perth WA 6005
Facsimile: +61 8 9324 3366

Background

- A ERI is the owner of ordinary shares in the Company.
- B ERI has agreed to grant Anglo a call option in respect of 50 percent of the ordinary shares in the Company acquired by ERI by exercising Options under the Option Agreement.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this deed:

Adjusted Minimum Price means:

- (a) A\$0.20 divided by the Offer Ratio; less
- (b) the Offer Cash Sum divided by the Offer Ratio.

Anglo Lender means Anglo American Exploration (Australia) Pty Ltd ACN 006 195 982.

ASX means ASX Limited ABN 98 008 624 691 or, where the context requires, the financial market that it operates.

Business Day means:

- (a) for receiving a notice under clause 4, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in Queensland, Australia.

Business Hours means from 9.00am to 5.00pm on a Business Day.

Call Option means the option referred to in clause 2.1.

Call Option Notice means a notice in the form set out in Schedule 1.

Call Option Period means the period:

- (a) commencing on the Commencement Date; and
- (b) ending on the End Date.

CHESS means the Clearing House Electronic Subregistry System operated by ASX Settlement Pty Ltd ACN 008 504 532 and ASX Clear Pty Ltd ACN 001 314 503.

Commencement Date means the date upon which ERI exercises the Options.

Company means Scandinavian Resources Ltd ACN 132 035 842, unless clause 4.1(d) applies, in which case **Company** means Hannans Reward Limited ACN 099 862 129.

Completion Date means the date on which completion of the sale and purchase of the Option Shares must occur pursuant to clause 3.2.

Corporations Act means *Corporations Act 2001* (Cth).

End Date means 6 months after the 'Repayment Date' as that term is defined in the Loan Agreement.

ERI Options Exercise Date means the date on which ERI exercises the Options under the Option Agreement.

Exercise Price means an amount per Option Share equal to 90 percent of the volume weighted average price for a fully paid ordinary share in the capital of the Company traded on ASX over the 14 Trading Days immediately prior to the exercise of the Call Option subject always to a minimum price of:

- (a) unless clause 4.1(d) applies, A\$0.20 per Option Share; or
- (b) if clause 4.1(d) applies, the Adjusted Minimum Price per Option Share.

Hannans Offer means the takeover bid by Hannans Reward Limited ACN 099 862 129 for the Company as announced to ASX on 29 February 2012.

Loan Agreement means the Loan Agreement between the Anglo Lender and ERI dated on or about the date of this deed.

Offer Cash Sum means the amount of any cash sum offered as consideration for each fully paid ordinary share in the capital of Scandinavian Resources Ltd ACN 132 035 842 under the Hannans Offer (including any dividend that Scandinavian Resources Ltd ACN 132 035 842 is permitted to pay as part of the Hannans Offer).

Offer Ratio means the number of fully paid ordinary shares in the capital of Hannans Reward Limited ACN 099 862 129 offered for each fully paid ordinary share in the capital of Scandinavian Resources Ltd ACN 132 035 842 under the Hannans Offer.

Options has the same meaning as in the Loan Agreement.

Option Agreement has the same meaning as in the Loan Agreement.

Option Shares means the number of fully paid ordinary shares in the capital of the Company equal to 50 percent of the number of ordinary shares in the Company acquired by ERI by exercising Options under the Option Agreement, or any replacement shares as provided in clause 4.1(d), as adjusted under clause 6, less any fully paid ordinary shares in the capital of the Company disposed of pursuant to Clause 8 of the Loan Agreement.

Outstanding Monies has the same meaning as in the Loan Agreement.

Trading Day has the meaning given to that term in Chapter 19 of the Listing Rules of ASX.

1.2 Interpretation

In this deed, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (d) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed, and a reference to this deed includes any schedule or annexure;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Perth, Australia time;
- (g) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (i) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it; and

- (j) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Call Option

2.1 Call Option

As and from the Commencement Date, ERI irrevocably grants Anglo an option to purchase the Option Shares for the Exercise Price free of encumbrances or any restriction on transfer and otherwise on the terms set out in this deed.

2.2 Notice of exercise

- (a) Subject to clause 2.2(b), Anglo may exercise the Call Option by signing and delivering a Call Option Notice to ERI at any time during the Call Option Period.
- (b) The Call Option may only be exercised, and a Call Option Notice may only be given, once in respect of all or a portion of the Option Shares.
- (c) The Call Option is deemed to have been exercised at the time when Anglo delivers a Call Option Notice to ERI in accordance with clause 2.2(a).

2.3 Lapse of Call Option

The Call Option will lapse on the End Date, if not previously exercised.

3. Completion of sale and purchase of Option Shares

3.1 Agreement for sale and purchase of Option Shares

If the Call Option is exercised in accordance with clause 2, an agreement is constituted between ERI and Anglo under which:

- (a) Anglo must buy the Option Shares from ERI; and
- (b) ERI must sell the Option Shares to Anglo,

free of encumbrances, including such dividend rights or other entitlements attached or accruing to them on and from the date of exercise of the Call Option and otherwise on the terms and conditions specified in this deed.

3.2 Completion

Subject to clause 2.2, completion of the sale and purchase of the Option Shares must occur on the third Trading Day after Anglo gives notice to ERI under clause 2.2.

3.3 Settlement

Settlement of the sale and purchase of the Option Shares must take place on the Completion Date at the offices of Minter Ellison in Perth or such other time and place as Anglo and ERI may agree. On that date:

- (a) ERI must:
 - (i) execute and deliver, or cause to be delivered, to Anglo all relevant CHESSE details and any other documentation reasonably required by Anglo to effect the transfer to Anglo or its nominee of the Option Shares;

- (ii) do, or procure the doing of, all things necessary for Anglo or its nominee to acquire the Option Shares; and
- (b) Anglo must pay the Exercise Price to ERI by, at Anglo's election:
 - (i) applying an amount equal to the Exercise Price to reduce the Outstanding Monies owed to the Anglo Lender by ERI under the Loan Agreement (and providing evidence reasonably satisfactory to ERI that this has occurred);
 - (ii) electronic funds transfer to an account nominated by ERI (provided that the details of the account to which this transfer is to be made have been provided to Anglo by ERI at least one Trading Day prior to the Completion Date); or
 - (iii) any combination of the methods set out in clauses 3.3(b)(i) and 3.3(b)(ii).

3.4 Obligations

- (a) Each of the obligations in clause 3.3 are interdependent.
- (b) Subject to Anglo complying with clause 3.3(b), ERI grants Anglo a power of attorney to complete and execute all documents and take any actions on ERI's behalf (including giving any necessary directors to the Company) which are necessary or convenient to give effect to the transfer of the Option Shares.

4. Dealing with Shares by ERI

4.1 No dealing in Option Shares

From the Commencement Date until:

- (a) if a Call Option Notice has not been given under clause 2.2(a), the End Date; or
- (b) if a Call Option Notice has been given under clause 2.2(a), the Completion Date,

ERI must not sell, transfer, assign, create or permit to subsist any lien, charge or encumbrance over or otherwise deal with the Option Shares the subject of the Call Option in any manner except, in relation to the period under clause 4.1(a) of this deed, where:

- (c) permitted by the terms of this deed, the Loan Agreement or the Security Deed; or
- (d) ERI accepts the Hannans Offer in relation to the Option Shares, in which case the number of consideration securities received by ERI under that offer in relation to the Option Shares will, upon issue to ERI, become the Option Shares for the purpose of this deed,

without the consent in writing of Anglo. Anglo has a complete and unfettered discretion to grant or withhold its consent under this clause.

4.2 Right to dispose of ordinary shares not affected

Nothing in this deed restricts or will be deemed to restrict ERI's right to dispose of fully paid ordinary shares in the capital of the Company, other than the Option Shares, to another party.

4.3 Right to vote ordinary shares not affected

Nothing in this deed restricts or will be deemed to restrict the ability of ERI to exercise the votes attaching to any ordinary shares in the Company (including the Option Shares) in ERI's absolute discretion before the Call Option is exercised in respect of the Option Shares.

5. Warranties

5.1 ERI warranties

ERI represents and warrants that:

- (a) it has the full power and capacity to enter into and perform its obligations under this deed;
- (b) the Option Shares will be free from all liens, charges and encumbrances immediately before they are transferred to Anglo on exercise of the Call Option;
- (c) ERI will be the sole legal and beneficial owner of the Option Shares immediately before they are transferred to Anglo on exercise of the Call Option; and
- (d) the execution and performance of this deed:
 - (i) does not and will not breach the terms and conditions of, or constitute a default under, any written or oral undertaking, or any indenture or instrument affecting or binding it;
 - (ii) does not and will not breach or contravene any order, writ, rule, regulation, injunction or decree of any court, administrative agency or governmental body applicable to or binding on it; and
 - (iii) does not and will not breach or contravene any statute, law, rule or regulation applicable to or binding on it.

5.2 Anglo warranties

Anglo represents and warrants that the execution and performance of this deed by it:

- (a) does not and will not breach the terms and conditions of, or constitute a default under, any written or oral undertaking, or any indenture or instrument affecting or binding it;
- (b) does not and will not breach or contravene any order, writ, rule, regulation, injunction or decree of any court, administrative agency or governmental body applicable to or binding on it; and
- (c) does not and will not breach or contravene any statute, law, rule or regulation applicable to or binding on it.

5.3 Survival of warranties

The warranties in this clause 5 survive execution of this deed and are deemed to be repeated by ERI on the Completion Date with regard to the facts and circumstances then subsisting.

6. Reorganisation Events

Where as a consequence of:

- (a) a pro rata bonus issue of ordinary shares in the Company (not including an issue for cash or other consideration);
- (b) a subdivision or consolidation of ordinary shares in the Company; or
- (c) any other reorganisation of the ordinary shares in the Company,

(each a **Reorganisation Event**) the number of ordinary shares in the Company alters, then the number of Option Shares is adjusted so that the Option Shares represent the same percentage of the issued ordinary shares in the Company as the percentage that they represented immediately before the relevant Reorganisation Event.

7. Notices and other communications

7.1 Service of notices

A notice, demand, consent, approval or communication under this deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post or facsimile to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

7.2 Effective on receipt

A Notice given in accordance with clause 7.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight Business Hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

8. Governing law and jurisdiction

This deed is governed by the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

9. Miscellaneous

9.1 Alterations

This deed may be altered only in writing signed by each party.

9.2 Assignment

Neither party may assign or novate this deed or any right, benefit or obligation under this deed or otherwise permit a third party to be substituted for it under this deed without the prior written consent of the other party (which consent may be withheld in the absolute discretion of that other party), provided that Anglo may assign the benefit of this deed to a related body corporate.

9.3 Costs

Each party must bear its own costs of preparing and executing this deed.

9.4 Counterparts

This deed may be executed in counterparts. All executed counterparts constitute one document.

9.5 Entire agreement

This deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

9.6 Equitable remedies

ERI acknowledges that damages are likely to be an inadequate remedy for Anglo in respect of a breach by ERI of its obligations under this deed. Accordingly, ERI acknowledges that Anglo may seek the remedy of an injunction or specific performance (or other equitable remedy) in respect of any breach or threatened breach of this deed by ERI.

9.7 No merger

The rights and obligations of the parties under this deed do not merge on completion of any transaction contemplated by this deed.

9.8 Severability

A term or part of a term of this deed that is illegal or unenforceable may be severed from this deed and the remaining terms or parts of the term of this deed continue in force.

Schedule 1 – Call Option Notice

To: Equity and Royalty Investments Ltd ACN 129 549 435

Call Option Deed dated [date] between Anglo American Exploration Luxembourg S.à.r.l and Equity and Royalty Investments Ltd ('Call Option Deed')

Words used but not defined in this notice have the meanings given in the Call Option Deed.

In accordance with clause 2.2(a) of the Call Option Deed, Anglo American Exploration Luxembourg S.à.r.l exercises the Call Option in respect of [insert number] of the Option Shares.

[Notice is given that Anglo American Exploration Luxembourg S.à.r.l nominates:

[insert full name and address of nominee]

to take the transfer of [insert number] Option Shares from ERI in accordance with the Call Option Deed.]

Date:

Signed for Anglo American Exploration Luxembourg S.à.r.l by an authorised officer in the presence of

Signature of officer ←

Signature of witness ←

Name of officer (print)

Name of witness (print)

Office held

Signing page

EXECUTED as a deed and delivered in Perth.

Executed
~~Signed sealed and delivered~~ by the person
named below ~~as attorney~~ for Anglo
American Exploration Luxembourg S.à.r.l
~~under power of attorney dated as its~~
duly authorised signatory

in the presence of

Michael Webb

Signature of witness

MICHAEL RAY WEBB

Name of witness (print)

← *Damen Adam Schellack* ←

Signature of ~~attorney~~ *authorised signatory*

DAMEN ADAM SCHELLACK

Name of ~~attorney~~ (print) *authorised signatory*

**Executed by Equity and Royalty
Investments Ltd ACN 129 549 435 in
accordance with Section 127 of the
Corporations Act 2001**

Signature of director

Name of director (print)

← _____ ←
Signature of director/company secretary
(Please delete as applicable)

Name of director/company secretary (print)

Signing page

EXECUTED as a deed and delivered in Perth.

Signed sealed and delivered by the person named below as attorney for **Anglo American Exploration Luxembourg S.à.r.l** under power of attorney dated

_____ in the presence of

Signature of witness



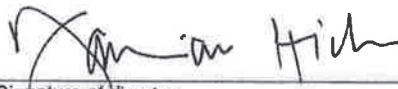
Signature of attorney



Name of witness (print)

Name of attorney (print)

Executed by Equity and Royalty Investments Ltd ACN 129 549 435 in accordance with Section 127 of the *Corporations Act 2001*

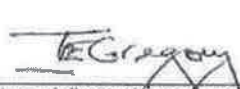


Signature of director

DAMIAN HICKS

Name of director (print)





Signature of director/company secretary
(Please delete as applicable)

IAN GREGORY

Name of director/company secretary (print)

