

# Talbot Olivier

L A W Y E R S

Our ref: SPS:24725  
Contact: Stephen Skinner  
Direct Line: 9420 7100  
Direct email: sskinner@talbotolivier.com.au  
Partner: Stephen Skinner

## Facsimile

To ASX Company Announcements Platform  
Attention: Ben Donovan

Fax No 1900 999 279

From Stephen Skinner

Date 20 June 2006

Pages (including this page): 15

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If this facsimile transmission is a communication between solicitor and client it is privileged. If you have received this communication in error you are requested immediately to notify us (we will accept reverse charges) and return the original message to us at the postal address shown below.

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Dear Ben

### **Prairie Downs Metals Limited - Notice of Initial Substantial Holder (Form 603)**

We act for Sempra Metal and Concentrates Corp.

Attached is a Notice of Initial Substantial holder (Form 603) dated 19 June 2006 that we have been requested to lodge with you.

You will note that the form records that Sempra now holds an 8.7456% interest in the company.

Yours faithfully



Stephen Skinner  
Partner



A member firm of ALFA INTERNATIONAL™  
120 Member Firms Worldwide

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Level 8, Wesfarmers House  
40 The Esplanade, Perth WA 6000  
Postal Address: GPO Box 2589 Perth WA 6001  
Telephone: (08) 9420 7100 Facsimile: (08) 9420 7101  
Email: talbots@talbotolivier.com.au  
www.talbotolivier.com.au

**Form 603  
Corporations Act 2001  
Section 671B**

**Notice of initial substantial holder**

<b>To</b> Company Name/Scheme	Prairie Downs Metals Limited
ACN/ARSN	003 677 852

**1. Details of substantial holder (1)**

Name Sempra Energy and its subsidiaries listed in Annexure 'A' to this notice (Sempra Group)

ACN/ARSN (if applicable) \_\_\_\_\_

The holder became a substantial holder on 16/6/2006

**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	3,333,333	3,333,333	8.7456%

**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
Sempra Group	The relevant interests arise pursuant to section 608(1) and section 608(3) of the Corporations Act The shares were acquired by way of issue by the company under the terms of the subscription agreement attached as Annexure 'C'.	3,333,333 ordinary 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
Sempra Group	Sempra Metals and Concentrates Corp	Sempra Metals and Concentrates Corp	3,333,333 ordinary

**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 (\$)		Class and number of securities
		Cash	Non-cash	
Sempre Group	15/6/06	\$2,000,000		3,333,333 ordinary

**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 'B'	

**7. Addresses**

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

Name	Address
See Annexure 'A'	

**Signature**

print name Limor Nissan Capacity Vice President

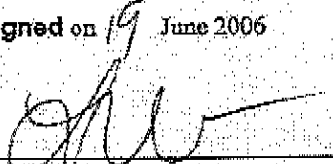
sign here  date 19 /6/06

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**Annexure A – Form 603, Notice of initial substantial holder**

This is annexure marked "A" of 1 page referred to in the Notice of initial substantial holder (Form 603) signed by me and dated 19 June 2006.

Signed on 19 June 2006

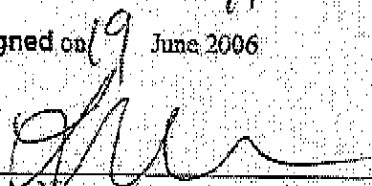
  
\_\_\_\_\_  
Liner Nissan  
Vice President,  
Sempra Metals & Concentrates Corp.

Entity Name	Registered Office Address
Sempra Metals & Concentrates Corp.	58 Commerce Road, Stamford, Connecticut 06902, United States of America
Sempra Energy Trading Corp.	58 Commerce Road, Stamford, Connecticut 06902, United States of America
Sempra Solutions	101 Ash Street, San Diego, California 92101, United States of America
Sempra Global	101 Ash Street, San Diego, California 92101, United States of America
Sempra Energy	101 Ash Street, San Diego, California 92101, United States of America

**Annexure B – Form 603, Notice of initial substantial holder**

This is annexure marked "B" of 1 page referred to in the Notice of initial substantial holder (Form 603) signed by me and dated 19 June 2006.

Signed on 19 June 2006



Limor Nissan  
Vice President,  
Sempra Metals & Concentrates Corp.

Name of Associate	Nature of Association
Sempra Energy Trading Corp	Holds 100% of Sempra Metals and Concentrates Corp
Sempra Solutions	Holds 100% of Sempra Energy Trading Corp
Sempra Global	Holds 100% of Sempra Energy Solutions
Sempra Energy	Holds 100% of Sempra Energy Global Enterprises

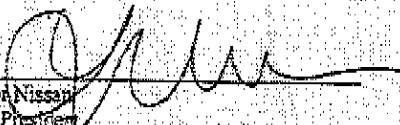
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**Annexure C - Form 603, Notice of initial substantial holder**

This is annexure marked "C" of 1 page referred to in the Notice of initial substantial holder (Form 603) signed by me and dated 19 June 2006.

Attached is a true copy of the subscription agreement dated 2 June 2006 between Prairie Downs Metals Limited ACN 008 677 852 and Sempra Metals and Concentrates Corp.

Signed on 19 June 2006

  
\_\_\_\_\_  
Limor Nissan  
Vice President  
Sempra Metals and Concentrates Corp.

**Prairie Downs Metals Limited**  
ACN 088 677 852

and

**Sempra Metals & Concentrates Corp.**

**Subscription agreement**

**Talbot Olivier**  
Level 8  
Wesfarmers House  
40 The Esplanade  
Perth WA 6000  
Tel: (08) 9420 7190  
Fax: (08) 9420 7101  
Ref: SPS

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**Subscription agreement****Talbot Olivier**

This subscription agreement is made on 2 June 2006 between:

1. **Prairie Downs Metals Limited**  
ACN 008 677 852  
of Level 19, 44 St Martin's Tower, 44 St George's Terrace, Perth WA 6000  
(PDZ); and
2. **Sempra Metals & Concentrates Corp.**  
of 58 Commerce Road, Stamford, CT, 06902, USA  
(Sempra)

**Recitals**

- A. PDZ is a company listed on the ASX.
- B. Sempra wishes to subscribe for the Shares and PDZ has agreed to allot and issue the Shares to Sempra upon and subject to the terms of this agreement.

The parties agree in consideration of, among other things, the mutual promises contained in this agreement:

**1. Definitions and interpretation****1.1 Definitions**

In this agreement, unless the context otherwise requires:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means Australian Stock Exchange Limited ACN 008 624 691 or any successor body, and the market for the trading of securities created and operated by that company.

**ASX Market Rules** means the market rules of ASX as amended or replaced from time to time.

**Business Day** means a day on which banks are open for business in Perth and New York excluding a Saturday, Sunday or public holiday.

**Government Agency** means any governmental or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

**Listing Rules** means the official listing rules of the ASX.

**Officer** means:

- (a) in relation to PDZ, a director or secretary, or a person notified to be an authorised officer, of PDZ, respectively; or
- (a) in relation to Sempra, means any officer of Sempra that Sempra notifies PDZ is an authorised officer of Sempra.

**PDZ Bank Account** means a bank account in the name of Prairie Downs Metals Limited with Westpac Banking Corporation Limited, Private Bank and being Account No. 10 4218 BSB No. 036 406.

**Shares** means that number of fully-paid ordinary shares in the capital of PDZ determined in accordance with clause 2.3(b).

**Subscription agreement****Talbot Olivier**

**Subscription Amount** means the amount of A\$2,000,000.

**Subscription Date** means the date on which the conditions precedent set out in clause 2.1 have been satisfied.

**Trading Day** bears the same meaning as in the Listing Rules.

**Transaction Documents** means:

- (a) this agreement; and
- (b) any other agreement entered into or given under or incidental to this agreement.

**VWAP** means the arithmetic average of the daily volume weighted average sale price of the ordinary shares in PDZ quoted on the ASX during the relevant period but does not include:

- (a) special crossings;
- (b) crossings prior to the commencement of normal trading;
- (c) crossings during the after hours adjust phase; or
- (d) the exercise of options,

as described in the ASX Market Rules.

**1.2 Interpretation**

In this agreement, headings are for convenience only and do not affect the interpretation of this agreement and:

- (a) words importing the singular include the plural and the converse;
- (b) words importing a gender include all genders;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) an expression importing a natural person includes an individual, a firm, a body corporate, an unincorporated association and any Government Agency;
- (e) a reference to any thing (including any right) includes a part of that thing but nothing in this clause 1.1(e) implies that performance of part of an obligation constitutes performance of the obligation;
- (f) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, this agreement and a reference to this agreement includes any annexure, exhibit and schedule;
- (g) a reference to legislation or to a provision of legislation includes any modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted substitutes (including persons taking by novation) and assigns;
- (j) a reference to a document includes any agreement in writing, or any certificate, notice, deed, instrument or other document of any kind;

**Subscription agreement****Talbot Olivier**

- (k) nothing in this agreement is to be interpreted against a party on the ground that the party put it forward;
- (l) the meaning of terms is not limited by specific examples introduced by expressions "including" or "for example", or similar expressions;
- (m) a reference to AUD, Dollars, A\$ and \$ is a reference to the lawful currency of Australia; and
- (n) the Corporations Act is a reference to the Corporations Act, 2001 (Cth).

**1.3 Business Day**

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.

**2. Subscription****2.1 Conditions precedent to Issue of Shares**

Sempra's obligation to subscribe for the Shares under this agreement is conditional upon, and subject to:

- (a) delivery to Sempra of evidence that this agreement and the transactions therein described have been approved at a meeting of directors of PDZ; and
- (b) execution of this agreement by PDZ.

**2.2 Effect of non fulfilment**

In the case of the issue of the Shares, if any condition precedent referred to in clause 2.1 is not satisfied (or waived) on or before 30 June 2006 or such later date as the parties may agree in writing, Sempra may terminate this agreement by notice in writing to PDZ without prejudice to any other rights it may have and upon the termination neither party will have any further obligations under this agreement.

**2.3 Subscription for the Shares**

- (a) Subject to the satisfaction of the conditions precedent described in clause 2.1, Sempra agrees to subscribe for the allotment and issue to it of the Shares.
- (b) The number of Shares issued under clause 2.3(a) shall be determined by dividing the amount of A\$2,000,000 by the greater of:
  - (i) A\$0.60; and
  - (ii) VWAP plus 20% on the 5 Trading Days immediately prior to the fourth Trading Day prior to the Subscription Date,and rounding up to the nearest ordinary share in PDZ.

**2.4 Use of subscription moneys**

PDZ must use the proceeds of issue of the Shares for working capital purposes relating to the development of the "Prairie Downs Zinc Project".

**Subscription agreement****Talbot Olivier****2.5 Completion of issue of Shares**

At completion of the subscription by Sempra for the Shares (which the parties agree will take place within 2 Business Days of satisfaction of the conditions precedent described in clause 2.1):

- (a) Sempra will, if required by PDZ, deliver to PDZ a duly executed application for the Shares;
- (b) Sempra will deposit the Subscription Amount into the PDZ Bank Account in immediately available funds; and
- (c) PDZ will deliver to Sempra a holding statement for the Shares and make appropriate entries in its share register.

**3. Issue of prospectus****3.1 Issue of prospectus**

- (a) To enable Sempra to sell the Shares free of disclosure under Part 6D.2 of the Corporations Act, PDZ agrees to lodge a prospectus with ASIC, which will be issued in order to satisfy the requirements of section 708A(1)(b)(i) of the Corporations Act.
- (b) PDZ agrees to lodge the prospectus with ASIC in a form that complies with the requirements of Division 3 of Part 6D.2 of the Corporations Act.
- (c) PDZ agrees to lodge the prospectus with ASIC within 30 days of the Subscription Date.

**4. Representations and warranties****4.1 No breach**

- (a) PDZ represents and warrants that:
  - (i) the proposed allotment and issue of the Shares to Sempra in accordance with the provisions of this agreement, and
  - (ii) the performance of its obligations under this agreement,will not breach any of the Listing Rules (including Listing Rule 7.1) or any requirements of Australian law.
- (b) PDZ also represents and warrants that it has obtained all corporate approvals required for the allotment and issue of the Shares and the performance of its obligations under this agreement.
- (c) PDZ also represents and warrants that:
  - (i) the Shares will not be issued by PDZ with the purpose set out in section 707(3)(b)(i) of the Corporations Act; and
  - (ii) a determination under section 708A(2) of the Corporations Act is not in force in relation to PDZ.

**Subscription agreement****Talbot Olivier****4.2 Survival and reliance**

- (a) The representations and warranties in, or given under, this agreement survive the execution of this agreement.
- (b) Sempra has entered into this agreement in reliance on the representations and warranties in, or given under, this agreement and the other Transaction Documents by PDZ.

**5. General****5.1 Notices**

- (a) Any notice or other communication given under any Transaction Document to or by a party to any Transaction Document:
  - (i) must be in legible writing and in English addressed as shown below:
    - (A) if to Sempra:
      - Address: 58 Commerce Road, Stamford, CT 06902, USA;
      - Attention: Vice President, Business Development;
      - Telephone: (1)(203) 355 5200;
      - Facsimile: (1)(203) 355 6400;
    - (B) if to PDZ:
      - Address: Level 19, St Martin's Tower, 44 St George's Terrace, Perth WA 6000;
      - Attention: The Managing Director;
      - Telephone: (618) 9225 5755;
      - Facsimile: (618) 9225 4599;
  - (ii) where the sender is a company, must be signed by an Officer or, in the case of PDZ by an Officer or in accordance with the provisions of section 127 of the Corporations Act;
  - (iii) is to be regarded as being given by the sender and received by the addressee:
    - (A) if by delivery in person, when delivered to the addressee;
    - (B) if by post, on delivery to the addressee; or
    - (C) if by facsimile transmission, whether or not legibly received, when received by the addressee.but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00am on the following Business Day; and
  - (iv) can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.
- (b) A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after the transmission is received or regarded as received under clause 4.1(a)(iii) and informs the sender that it is not legible.

**Subscription agreement****Talbot Olivier**

- (e) In this clause 4.1, a reference to an addressee includes a reference to an addressee's Officers, agents or employees or any person reasonably believed by the sender to be an Officer, agent or employee of the addressee.

**5.2 Governing law and jurisdiction**

- (a) This agreement is governed by the laws of Western Australia.
- (b) Each party to this agreement hereby each irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia.

**5.3 Stamp duty**

PDZ must pay any stamp duty payable on this agreement and each other Transaction Document.

**5.4 Prohibition and enforceability**

- (a) Any provision of, or the application of any provision of, any Transaction Document which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of, any Transaction Document which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

**5.5 Variation**

A variation of any term of this agreement must be in writing and signed by the parties.

**5.6 Further assurances**

Each party must do all things necessary to give full effect to this agreement and the transactions contemplated by this agreement.

**5.7 Counterparts**

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

**5.8 Entire agreement**

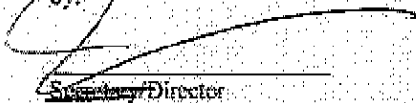
This agreement supersedes all previous agreements, in respect to the subject matter.

**Subscription agreement**

**Talbot Olivier**


**Executed as an agreement:**

Signed by  
**Prairie Downs Metals Limited**  
by:



Secretary/Director

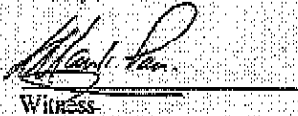
JEREMY SPERVINGTON  
Name (please print)



Director

MARK HANSEN  
Name (please print)

Signed on behalf of  
**Sempra Metals & Concentrates Corp**  
in the presence of:



Witness

MARCO PARRA  
Name (please print)



Vice President

PAUL J. BACON  
Name (please print)