CLAYTON UTZ

Sydney Melbourne Brisbane Perth Canberra Darwin

1 April 2011

Australian Stock Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Our reference 15087/80114683

Dear Sirs

Notice of Initial Substantial Holder - Red Fork Energy Limited

Attached is a Form 603 - Notice of Initial Substantial Holder in relation to Red Fork Energy Limited.

Yours faithfully

Mark Williamson

Mark Williamson, Partner
+61 2 9353 4196
mwilliamson@claytonutz.com

Attach

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme	Red Fork Energy Limited ("Company")
ACN/ARSN	108 787 720

1. Details of substantial holder (1)

Name	Quantum Partners LP ("Quantum"), its related bodies corporate and the persons referred to in Annexure A (together the "Holders")
ACN/ARSN (if applicable)	Not applicable

The holder became a substantial holder on 30/03/2011

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	13,040,239	13,040,239	8.15%

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
Holders	See Annexure A	13,040,239 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
Holders	HSBC Custody Nominees (Australia) Ltd	Quantum	13,040,239 ordinary 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	
Holders	Private placement on 21 March 2011	$0.32 per share		13,040,239 ordinary 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
Not applicable.	Not applicable.

7. Addresses

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

Name	Address
HSBC Custody Nominees (Australia) Ltd	GPO Box 5302, Sydney NSW 2001
Holders	888 Seventh Avenue, New York, 10106

Signature

print name	**Thomas O'Grady**	capacity	Assistant General Counsel
sign here		date	31/ 03 /2011

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.

This is Annexure A of 1 page referred to in Form 603 - Notice of Initial Substantial Holder.

Signed: ______________________

Name: Thomas O'Grady
Title: Assistant General Counsel
Date: 31/03/2011

1. Quantum subscribed for 13,040,239 ordinary shares in the Company as the "first tranche" of shares to be issued under a subscription agreement between Quantum and the Company dated 21 March 2011 (attached in Annexure B) and has a relevant interest in those shares under section 608(1).

2. The related bodies corporate of Quantum are associates of Quantum within the meaning of section 12(2)(a) of the Corporations Act and have a relevant interest in the shares acquired by Quantum in which Quantum has a relevant interest pursuant to section 608(3) of the Corporations Act.

3. Soros Fund Management LLC ("SFM") serves as principal investment manager to Quantum. As such, SFM has been granted investment discretion over portfolio investments, including the ordinary shares held for the account of Quantum and may be taken to have voting and investment control with respect to the ordinary shares acquired by Quantum.

4. George Soros serves as Chairman of SFM, Robert Soros serves as Deputy Chairman of SFM and Jonathan Soros serves as President and Deputy Chairman of SFM. As such, each of them may be taken to have voting and investment control with respect to the ordinary shares acquired by Quantum under section 608(1).

This is Annexure B of 15 pages referred to in Form 603 - Notice of Initial Substantial Holder.

Signed: ______________________

Name: Thomas O'Grady
Title: Assistant General Counsel
Date: 31/03/2011

RED FORK ENERGY LIMITED
PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT
(US and Canadian Investors)

TO: **Red Fork Energy Limited**
AND TO: **E.L. & C. Baillieu Stockbroking Ltd. ("Baillieu")**
AND TO: **GMP Securities Europe LLP and its affiliates ("GMP")**

The undersigned (the "**Subscriber**") subscribes for and agrees to purchase the number of new fully paid ordinary shares of Red Fork Energy Limited (the "**Company**") indicated below at a purchase price of **A$0.32** per share (the "**Subscription Price**"), on and subject to the "Terms and Conditions of Subscription" attached to and forming part of this subscription agreement (the "**Agreement**").

Subscriber Signature

Quantum Partners LP
(Name of Subscriber - please print)
BY: QP GP LLC, its general partner
By: ______________________
(Authorized Signature)

Attorney-in-Fact
(Official Capacity or Title - please print)

David Taylor
Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.

Tranche 1 Number of Shares: 13,040,239 shares	
Aggregate Price Tranche 1: A$4,172,876.48	
Tranche 2 Number of Shares: 33,834,761 shares	
Aggregate Price Tranche 2: A$10,827,123.52	
Aggregate Number of Shares and Subscription Price (Tranche 1 + Tranche 2):	
46,875,000 shares	**A$15,000,000.00**

Subscriber Information

Kaya Flamboyan 9
(Subscriber's Address)

Willemstad, Curacao

(212) 320-5524
(Telephone Number)

(646) 731-5524
(Fax Number)

David.Taylor@soros.com
(Email Address)

Number of shares of the Company currently owned:

0 shares

Beneficial Subscriber Information

If the Subscriber is a resident of Canada and is signing as agent for a principal and is not a trust company or a portfolio manager, in either case, purchasing as trustee or agent for accounts fully managed by it, complete the following and ensure that Schedule B, as applicable, is completed on behalf of such principal:

N/A
(Name of Principal)

____
(Principal's address)

____

____
(Telephone Number)

____
(Fax Number)

____
(Email Address)

TO BE COMPLETED BY THE COMPANY ONLY

The Company accepts the subscription on the terms and conditions of this Agreement, including the attached "Terms and Conditions of Subscription", for the following number of ordinary shares: ______________________

Date: ______________________

RED FORK ENERGY LIMITED

By: ______________________
Authorized Signing Officer

____
Official Capacity or Title

Subscription No:__________

Terms and Conditions of Subscription

Section 1 Terms of the Placing

(1) GMP Securities Europe LLP and its affiliates ("**GMP**") is offering approximately **78,125,000** million ordinary shares (the "**Placement Shares**") of the Company (the "**Placing**") pursuant to the terms of sub-agency appointment by Baillieu (Baillieu and GMP being collectively referred to herein as the "**Agents**"), the lead manager of the Placing pursuant to the terms of placing agreement with the Company dated March **[21]**, 2011 (the "**Placing Agreement**"). The Placing is being made by GMP in Canada and the United States to certain qualified investors on a private placement basis without underwriting liability as more fully described in the term sheet attached to this Agreement as Schedule "A". The Placing is part of a larger placing of Placement Shares by the Agents in additional jurisdictions including the United Kingdom and Europe.

(2) The Placing will be conducted and settled in two tranches, according to the following terms:

(a) TRANCHE 1:

(i) The first tranche will raise approximately **A$6.7** million, equal to **15.0**% of the current issued capital of the Company. At the Subscription Price, this represents approximately **21** million Placement Shares.

(b) TRANCHE 2:

(i) The second tranche will raise approximately **A$21.7** million through the issue of approximately **68** million Placement Shares at the Subscription Price. Completion of this tranche of the Placing will be subject to shareholder approval to be sought at a general meeting of shareholders to be held on or about May 3, 2011. If such shareholder approval is not obtained then the issue of the second tranche of the Placement Shares will not occur and no party will have any obligation to another party in respect of the second tranche of Placement Shares. It should be noted that persons allocated Placement Shares will not be able to vote any of their shares in the Company for the purposes of shareholder approval.

(3) The proposed timetable for the Placing is as follows:

Event	Date*
Enter trading halt	Tuesday, 15 March 2011
Announcement of placement / trading halt ends	Monday, 21 March 2011
Pre-matching (instruction input) for Tranche 1	Thursday, 21 March 2011
DvP Settlement of Tranche 1	Friday, 25 March 2011
Expected ASX quotation of Tranche 1 Placement Shares	Monday, 28 March 2011

AGM to approve Tranche 2	Thursday, 28 April 2011 (estimated)
Notification of approval of Tranche 2	Thursday, 28 May 2011 (est.)
Pre-matching (instruction input) for Tranche 2	Monday, 2 May 2011 (est.)
DvP Settlement of Tranche 2	Tuesday, 3 May 2011 (est.)
Expected ASX quotation of Tranche 2 Placement Shares	Wednesday, 4 May 2011(est.)

Note: The above dates are as of Sydney, Australia time and are subject to change.

(4) Baillieu will be paid customary fees by the Company for arranging the Placing. GMP will be paid a fee by Baillieu for sales of Placement Shares in Canada, the United States and elsewhere.

(5) The rights of termination and all other rights under the Placing Agreement are at the sole discretion of Baillieu. If Baillieu chooses not to terminate the Placing Agreement in circumstances where they are entitled to do so (or choose, in their absolute discretion, not to exercise any other right it may have) you will be bound by such election and will be bound to fulfill your obligations as set out in this Agreement.

Section 2 Closing

The completion of the offer, sale and issuance of Tranche 1 and, subject to certain conditions as set out herein, Tranche 2, of the Placement Shares as contemplated by this Agreement (each, a "**Closing**") will occur on or about 25 March, 2011 and 3 May, 2011, respectively, at 7:00 a.m. (Melbourne, Australia time) or such other dates and times as may be determined by the Company and Baillieu (each, a "**Closing Date**" and each, a "**Time of Closing**", respectively), subject to satisfaction or waiver by the relevant party of the conditions of Closing. In the event that the Tranche 1 is not completed by 4 April 2011 or Tranche 2 is not completed by 31 May 2011, then the subscriber may terminate this Agreement by notice in writing to the Company

For investors resident of the United States or any place other than Canada or otherwise subject to United States securities laws, settlement of their Placement Shares will occur on a Delivery vs Payment basis through CHESS, the Australian settlement system used by the Company, either directly through their account, through their accounts with the Agent or through their accounts with GMP and its affiliates.

Canadian investors will hold their Placement Shares through their accounts with GMP and its affiliates through a GMP position in the CHESS settlement system.

If for any reason the CHESS settlement system is not in operation, GMP and the Company reserve the right to require settlement through alternative methods.

All investors, by executing this Agreement, agree to do all things necessary to enable delivery of title to the Placement Shares on the Closing Date as set out herein.

Section 3 Conditions of Closing

The Subscriber, on its own behalf and on behalf of any disclosed principal for whom the Subscriber is contracting under this Agreement (a "**Disclosed Beneficial Subscriber**"), acknowledges that the offer and issuance of the Placement Shares as contemplated by this Agreement is subject to, among other things, the following conditions being fulfilled or performed on or before the Time of Closing, which conditions are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in its sole discretion:

(a) The Subscriber delivering to GMP not later than 12:00 p.m. (Toronto, Canada time) on Monday, 21 March 2011, at GMP's Toronto, Canada at

GMP Securities L.P.
Investment Banking
145 King Street West, Suite 300
Toronto, Ontario
Canada, M5H 1J8
Attention: Carli Huether (email: carlih@gmpsecurities.com, fax:+1 416 943 6134)

(i) one fully completed and duly executed copy of this Agreement, including the Schedule and all other documentation contemplated by this Agreement;

(b) The Company accepting the Subscriber's subscription, in whole or in part;

(c) The offer, sale and issuance of the Placement Shares being exempt from prospectus, registration and other requirements of Applicable Securities Laws. As used in this Agreement, "**Applicable Securities Laws**" means any and all securities laws including, statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Placement Shares will be offered, sold and issued or admitted to trading or listed on any stock exchange or market;

(d) The Subscriber executing and delivering to the Company all reports, undertakings or other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Placement Shares to the Subscriber;

(e) The Company obtaining all orders, permits, approvals, waivers, consents, licenses or similar authorizations of Regulators necessary to complete the offer, sale and issuance of the Placement Shares. As used in this Agreement, "**Regulator**" means (i) any governmental or public entity department, court, commission, board, bureau, agency or instrumentality, (ii) any quasi-governmental, self regulatory or private body exercising any regulatory authority. and (iii) any stock exchange;

(f) The closing conditions contained in the Placing Agreement being satisfied or waived by the relevant party;

(g) The representations and warranties of the Subscriber having been true and correct as of the date of this Agreement and being true and correct at the Time of Closing; and

(h) All documents relating to the offer, sale and issuance of the Placement Shares being in form and substance satisfactory to the Company.

Section 4 Acknowledgments of the Subscriber

The Subscriber, on its own behalf and, if applicable, on behalf of any Disclosed Beneficial Subscriber, acknowledges that:

(a) **AN INVESTMENT IN THE PLACEMENT SHARES IS NOT WITHOUT RISK AND THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) MAY LOSE HIS, HER OR ITS ENTIRE INVESTMENT;**

(b) **There may be restrictions on the Subscriber's ability to resell the Placement Shares and it is the sole responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Placement Shares;**

(c) The Company has advised the Subscriber resident in Canada that the Company is relying on an exemption from the requirements to provide the Subscriber with a prospectus and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of rescission or damages, will not be available to the Subscriber;

(d) Subject to any restrictions provided under the Placing Agreement and described in the term sheet, the Company may complete additional financings in the future in order to develop the business of the Company and fund its ongoing development, and such future financings may have a dilutive effect on current security holders of the Company, including the Subscriber but there is no assurance that such financing will be available, on reasonable terms or at all, and if not available, the Company may be unable to fund its ongoing development;

(e) Publicly available information about the Company can be obtained from the Australian Securities and Investments Commission and the ASX (including its website at www.asx.com.au), and that certain publicly available information about the Company can be obtained free of charge from the Company's website at www.redforkenergy.com.au. It further acknowledges that the content of any website has not been verified or approved by Baillieu or GMP or any of their respective affiliates and does not form part of this Agreement;

(f) The Company is not a reporting issuer within the meaning of applicable Canadian securities laws and has no obligation to become a reporting issuer in any jurisdiction of Canada and is therefore exempt from compliance with any disclosure obligations that may be applicable to Canadian public companies;

(g) The Company has the right to accept or reject the Subscriber's subscription in whole or in part;

(h) The offer, sale and issuance of the Placement Shares is exempt from the prospectus, registration and other requirements of Applicable Securities Laws and, as a result: (i) the Subscriber may not receive information that would otherwise be required under Applicable Securities Laws or be contained in a prospectus prepared in accordance with Applicable Securities Laws, (ii) the Subscriber may be restricted from using most of the protections, rights and remedies available under Applicable Securities Laws, including statutory rights of rescission or damages, and (iii) the Company may be relieved from certain obligations that would otherwise apply under Applicable Securities Laws;

(i) No prospectus has been filed with any Regulator in connection with the Placing and no Regulator has made any finding or determination as to the merit for investment in, or made any recommendation or endorsement with respect to, the Placement Shares;

(j) The Placement Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the **"U.S. Securities Act"**), or any state securities laws and the Placement Shares may not be offered or sold in the United States except pursuant to registration under the Securities Act or in compliance with the requirements of an exemption from registration under the U.S. Securities Act and any applicable state securities laws;

(k) The Company is required to file a report of trade with all applicable Regulators containing personal information about Subscribers and, if applicable, any Disclosed Beneficial Purchasers of the Placement Shares. This report of trade will include the full name, residential address and telephone number of each Subscriber or Disclosed Beneficial Purchaser, the number and type of Placement Shares purchased, the total purchase price paid for such Placement Shares, the date of the Closing and the prospectus exemption relied upon under Applicable Securities Laws to complete such purchase. In Ontario, this information is collected indirectly by the Ontario Securities Commission under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation in Ontario. Any Subscriber may contact the Administrative Support Clerk at the OSC at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8 or by telephone at (416) 593-3684 for more information regarding the indirect collection of such information by the Ontario Securities Commission. By completing this Agreement, the Subscriber authorizes the indirect collection of the information described in this Section 4(h) by all applicable Regulators and consents to the disclosure of such information to the public through (i) the filing of a report of trade with all applicable Regulators and (ii) the filing of this Agreement with Canadian securities regulators, if necessary;

(l) The Placement Shares are being offered on a "private placement" basis and will be listed or authorized to trade on the Australian Stock Exchange (the "**Exchange**") and may be subject to resale restrictions under Applicable Securities Laws or the rules of the Exchange, and the Company may make a notation on its records or give instructions to any transfer agent of the Placement Shares in order to implement such resale restrictions;");

(m) Any ownership statement issued under a direct registration system or other electronic book-entry system may bear a legend in accordance with Applicable Securities Laws;

(n) There is no government or other insurance covering the Placement Shares; and

(o) There are risks associated with the purchase of the Placement Shares.

Section 5 Representations and Warranties of the Subscriber

The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, represents and warrants as follows to the Company and Baillieu and GMP at the date of this Agreement and at the Time of Closing and acknowledges and confirms that the Company and Baillieu and GMP are relying on such representations and warranties in connection with the offer, sale and issuance of the Placement Shares to the Subscriber:

(a) **THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) HAS KNOWLEDGE IN FINANCIAL AND BUSINESS AFFAIRS, IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE PLACEMENT SHARES, AND IS ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT EVEN IF THE ENTIRE INVESTMENT IS LOST;**

(b) The Subscriber has not been provided with a prospectus, an offering memorandum or any other document in connection with its subscription for Placement Shares and the decision to subscribe for Placement Shares and execute this Agreement has not been based upon any verbal or written representation made by or on behalf of the Company, Baillieu, GMP or any affiliate, employee or agent of either the Company or GMP or Baillieu;

(c) The Subscriber has had access to, and has received, all information that it believes it necessary or appropriate in connection with, and for any adequate time prior to, its acquisition of Placement Shares, so as to be able to make an informed investment decision with respect to an investment in the Placement Shares;

(d) The Subscriber will not hold Baillieu or GMP or any of their respective affiliates or legal counsel responsible for any misstatements in, or omissions from, any publicly available information concerning the Company;

(e) The distribution of the Placement Shares has not been made through, or as a result of, and is not being accompanied by, (i) a general solicitation, (ii) any advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or (iii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(f) Neither the Subscriber nor the Disclosed Beneficial Subscriber, if any, resident in Canada has received from the Company or the Agent any written material relating to oil and gas reserves and confirms that it understands that no disclosure of reserves (including without limitation estimates of reserves or future net revenue) prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators, have been or will be provided in connection with the Placing or filed with any securities regulatory authority in Canada;

(g) If the Subscriber is in Canada, the Subscriber (and any Disclosed Beneficial Subscriber) is eligible (and will at the Closing Time be eligible) to purchase the Placement Shares pursuant to an exemption from the prospectus and registration requirements of Applicable Securities Laws by virtue of being:

(i) in the case of an investor resident in any province or territory of Canada other than Ontario, the investor is:

(A) an "accredited investor" as defined in section 1.1 of National Instrument 45-106 Prospectus and Registration Exemptions ("**NI 45-106**") and is purchasing the shares from a dealer registered as an "investment dealer" or "exempt market dealer" within the meaning of subsection 7.1(2)(a) and 7.1(2)(d) of National Instrument 31-103 Registration Requirements and Exemptions ("**NI 31-103**"), respectively; or

(B) an "accredited investor" as defined in section 1.1 of NI 45-106 and a "permitted client" as defined in section 1.1 of NI 31-103 and is purchasing the shares from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103;

(ii) in the case of an investor resident in Ontario, the investor is:

(A) an "accredited investor" as defined in section 1.1 of NI 45-106 and is purchasing the shares from a dealer registered as an "investment dealer" or "exempt market dealer" within the meaning of subsection 26(2) of the *Securities Act* (Ontario); or

(B) an "accredited investor" as defined in section 1.1 of NI 45-106 and a "permitted client" as defined in section 1.1 of NI 31-103 and is purchasing the shares from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103;

in which case the Subscriber must complete the certificate attached hereto as Schedule "B";

(h) If the Subscriber is purchasing the Placement Shares in the United States or was offered the Placement Shares in the United States, the Subscriber and any Disclosed Beneficial Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the US Securities Act, and has properly completed, executed and delivered the U.S. Purchaser Certificate attached hereto as Schedule "C";

(i) The Subscriber (and any Disclosed Beneficial Subscriber) was offered the Placement Shares in, and is resident in, the jurisdiction set out as the "Subscriber's Address" on the first page of this Agreement and intends the Applicable Securities Laws of that jurisdiction to govern the offer, sale and issuance of the Placement Shares to the Subscriber;

(j) The Subscriber (and any Disclosed Beneficial Subscriber) has been independently advised as to and is aware of the resale restrictions under Applicable Securities Laws with respect to the Placement Shares;

(k) None of the funds that the Subscriber is using to purchase the Placement Shares are to the knowledge of the Subscriber, proceeds obtained or derived, directly or indirectly, as a result of illegal activities;

(l) No person has made any oral or written representations to the Subscriber: (i) that any person will resell or repurchase; (ii) that any person will refund the purchase price of the Placement Shares; or (iii) as to the future value or price of any of the Placement Shares;

(m) If the Subscriber is an individual, he or she is of legal age and is legally competent to execute, deliver and perform his or her obligations under this Agreement. If the Subscriber is not an individual, (i) it has the legal capacity and competence to execute, deliver and perform its obligations under this Agreement; and (ii) the execution and delivery of and performance by the Subscriber of this Agreement have been authorized by all necessary corporate or other action on the part of the Subscriber;

(n) If the Subscriber is subscribing on its own behalf, this Agreement has been duly executed and delivered by the Subscriber, and constitutes a legal, valid and binding agreement of the Subscriber enforceable against him, her or it in accordance with its terms;

(o) If the Subscriber is acting for a Disclosed Beneficial Subscriber, the Subscriber is duly authorized to execute and deliver this Agreement and all other documentation in connection with the subscription on behalf of the Disclosed Beneficial Subscriber. This Agreement has been duly authorized, executed and delivered by or on behalf of such Disclosed Beneficial Subscriber and constitutes a legal, valid and binding agreement of such Disclosed Beneficial Subscriber enforceable against him, her or it in accordance with its terms;

(p) The execution and delivery of and performance by the Subscriber (and any Disclosed Beneficial Subscriber) of this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event of condition) result in a breach or violation of or a conflict with, or allow any other person to exercise any rights under any of the terms or provisions of the Subscriber's (and any such Disclosed Beneficial Subscriber's) constating documents or by-laws, if applicable, or any other contract, agreement, instrument, undertaking or covenant to which the Subscriber (and any Disclosed Beneficial Subscriber) is a party or by which it is bound; and

(q) The Subscriber (and any Disclosed Beneficial Subscriber) has obtained such legal and tax advice as it considers appropriate in connection with the offer, sale and issuance of the Placement Shares and the execution, delivery and performance by it of this Agreement and the transactions contemplated by this Agreement. The Subscriber (and any Disclosed Beneficial Subscriber) is not relying on the Company, Baillieu, GMP, their affiliates or their counsel to any of them in this regard.

Section 6 Covenants of the Subscriber

(1) The Subscriber (and any Disclosed Beneficial Subscriber) will comply with Applicable Securities Laws concerning the subscription, purchase, holding and resale of the Placement Shares and will consult with its legal advisers with respect to complying with resale restrictions under Applicable Securities Laws with respect to the Placement Shares.

(2) The Subscriber (and any Disclosed Beneficial Subscriber) will reasonably assist the Company in filing any reports, undertakings and other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Placement Shares.

(3) The Subscriber declares that the agreements, statements, declarations and acknowledgments contained herein are given for or on behalf of the Company.

(4) The Subscriber (and any Disclosed Beneficial Subscriber) will abide by and be bound by the Constitution of the Company.

Section 7 Representations and Warranties of the Company

The Company represents and warrants as follows to the Subscriber at the date of this Agreement and at the Time of Closing and acknowledges and confirms that the Subscriber is relying upon such representations and warranties in connection with the offer, sale and issuance of the Placement Shares to the Subscriber:

(a) The Company and its subsidiaries are companies incorporated and existing under the laws of the jurisdiction in which they are incorporated, continued or amalgamated;

(b) The execution and delivery of, and performance by the Company of this Agreement have been authorized by all necessary corporate action on the part of the Company;

(c) This Agreement has been duly executed and delivered by the Company;

(d) The Company has complied with Applicable Securities Laws in connection with the offer, sale and issuance of the Placement Shares to the Subscriber; and

(e) The Company and its subsidiaries own all of the properties and assets that they purport to own in the Public Record. Except as disclosed in the Public Record, all agreements by which the Company or any of its subsidiaries, as the case may be, holds an interest in a property or asset are in good standing in all material respects according to their terms.

Section 8 Survival

The representations, warranties, acknowledgements and covenants contained in this Agreement and any certificate or document delivered pursuant to or in connection with this Agreement will survive Closing and continue in full force and effect for a period of two (2) years notwithstanding any subsequent disposition or exchange of the Placement Shares.

Section 9 Power of Attorney

The Subscriber (and any Disclosed Beneficial Subscriber) irrevocably constitutes and appoints and Baillieu as the true and lawful attorney of the Subscriber (and any Disclosed Beneficial Subscriber). As the attorney of the Subscriber (and any Disclosed Beneficial Subscriber), Baillieu has the power to act for and in the name of Subscriber (and any Disclosed Beneficial Subscriber), to execute and deliver such documents, instruments or agreements and do all acts and things necessary to effect the following:

(a) to represent the Subscriber (and any Disclosed Beneficial Subscriber) at the Closing for the purposes of all closing matters and deliveries of documents; and

(b) without limiting the generality of the foregoing, to exercise or not to exercise, as it determines in its sole discretion after consultation with the Company, the rights of termination in the Placing Agreement.

This power of attorney is coupled with an interest and has been given for valuable consideration, the receipt and adequacy of which is acknowledged. This power of attorney and other rights and privileges granted under this section will survive any legal or mental incapacity, dissolution, bankruptcy or death of the Subscriber (and any Disclosed Beneficial Subscriber). This power of attorney extends to the heirs, executors, administrators, other legal representatives and successors, transferees and assigns of the Subscriber (and any Disclosed Beneficial Subscriber). Any person dealing with the Agent may conclusively presume and rely upon the fact that any document, instrument or agreement executed by Baillieu pursuant to this power of attorney is authorized and binding on the Subscriber (and any Disclosed Beneficial Subscriber), without further inquiry.

Section 10 Beneficial Subscribers

Whether or not explicitly stated in this Agreement, any acknowledgement, representation, warranty, covenant or agreement made by the Subscriber in this Agreement, including the Schedules will be treated as if made by the Disclosed Beneficial Subscriber, if any.

Section 11 Indemnification

The Subscriber hereby agrees to indemnify and hold harmless, Baillieu, GMP and their respective directors, officers, employees, advisors, affiliates, shareholders, partners and agents (including legal counsel) from and against any and all loss, liability, claim, damage and expense whatsoever including, but not limited to, any fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation, administrative proceeding or investigation commenced or threatened or any claim whatsoever arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to Baillieu or GMP in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation, Baillieu or GMP in connection herewith.

Section 12 Schedules

The following Schedules are incorporated into and form an integral part of this Agreement, and any reference to this Agreement includes the Schedules:

Schedule "A" Certificate of Accredited Investor Status - Canadian Residents

Schedule "B" U.S. Purchaser Certificate for US Residents/Investors

Section 13 Interpretation

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa. The division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the Agreement's interpretation. All references in this Agreement to "A$" are to the Australian Dollar, all references to C$ are to Canadian dollars and all references to US$ are to United States dollars. In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", or (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

Section 14 Assignment

This Agreement becomes effective when executed by all of the parties to it. After that time, it will be binding upon and enure to the benefit of the parties and their respective successors, heirs, executors, administrators and legal representatives. This Agreement is not transferable or assignable by any party to it.

Section 15 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated by it and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 16 Governing Law

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Subscriber, (and any Disclosed Beneficial Subscriber), irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of Ontario with respect to any matters arising out of this Agreement and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 17 Language of Documents

It is the express wish of the parties to this Agreement that this Agreement and all related documents be drafted in English. *Les parties aux présentes conviennent et exigent que cette convention ainsi que tous les documents s'y rattachant soient rédigés en anglais.*

Section 18 Execution By Facsimile and Counterparts

This Agreement including the Schedules may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same document.

Section 19 Confidentiality

Each of the Corporation and the Agents agree that none of them (nor any of their employees or representatives) may directly or indirectly use or refer to Soros Fund Management LLC, the "Soros" name, the "Quantum" name or any derivation thereof or the funds advised by Soros Fund Management LLC, for any purpose whatsoever (including, without limitation, in any filing with any governmental authority, any press release, any public announcement or statement, advertisement, or in any interview or other discussion with any reporter or any member of the media, without the prior written consent of the Subscriber, with respect to each such use or reference, unless in relation to required securities disclosure requirements.

Section 20 Cut-back

Each of the Corporation and the Agents hereby represents, warrants and covenants to the Subscriber that as of the completion of each of Tranche 1 and Tranche 2 that the Subscriber will not hold greater than 19.9% of the issued and outstanding shares of the Company, and that in the event that the size of Tranche 1 or Tranche 2 is reduced for any reason then the Subscriber's allocation will be reduced to ensure that it does not hold more than 19.9% of such shares.

Section 21 Cleansing Statement

The Corporation covenants that is it will file cleansing statement in accordance with section 708A(5)(e) of the Corporations Act in conjunction with the placing.