

ASX Announcement  
11 January 2012

## TAKEOVER BID IMPLEMENTATION AGREEMENT

Exxaro Resources Limited (JSE: EXX) and African Iron Limited (ASX: AKI) ("African Iron") have today announced that African Iron and a wholly owned subsidiary of Exxaro Resources Limited, Exxaro Australia Iron Investments Pty Ltd have signed a Takeover Bid Implementation Agreement for an off-market, cash takeover for all of the shares and listed options in African Iron.

The Takeover Bid Implementation Agreement that governs the proposed transaction follows.

Yours faithfully  
AFRICAN IRON LIMITED



**Shane Volk**  
Chief Financial Officer and Company Secretary

Conformed version  
for release on ASX

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# Takeover bid implementation agreement

Exxaro Australia Iron Investments Pty Ltd  
African Iron Limited

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## Parties

- 1 **Exxaro Australia Iron Investments Pty Ltd** ACN 151 112 524 of Level 2, 24 Outram Street West Perth, Western Australia (**Bidder**)
  - 2 **African Iron Limited** ACN 123 972 814 of 33 Ventnor Avenue, West Perth, Western Australia, 6005 (**Target**).
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## Background

- A Bidder proposes to make the Bid and the Target Directors propose to recommend that Target Shareholders accept the Offer in respect of their Target Shares subject only to the qualification that no Superior Proposal emerges.
- B Bidder proposes to make offers for the Options and the Target Directors propose to recommend that Target Optionholders accept the offers in respect of their Options subject only to the qualification that no superior proposal for the options emerges.
- C Bidder and Target have agreed to certain matters in relation to the conduct of the Bid as set out in this agreement.

### The parties agree

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## 1 Defined terms and interpretation

### 1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law in clauses concerning GST.

### 1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this agreement.

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## 2 Agreed Public Announcement

Immediately after the execution of this agreement Bidder and Target must jointly issue the Agreed Public Announcement to ASX (and in any case before 7am Perth time on 11 January 2012).

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## 3 Facilitating the Offer

### 3.1 Agreement to make the Bid

- (a) Bidder agrees to make the Offers on the Agreed Bid Terms.
- (b) Bidder must make the Offers.
- (c) Bidder and Target each agree to use their respective best endeavours to implement the Transaction in accordance with the Timetable (including, in the case of the Target, by agreeing to set the register date for the purposes of section 633(2) of the Corporations Act as 11 January 2012 and by providing the share register on that date).

### 3.2 Review of Bidder's Statement and Target's Statement

- (a) Bidder agrees to give Target a reasonable opportunity to review an advanced draft of the Bidder's Statement and will consult in good faith with Target with respect to any comments Target may have, which comments Target agrees to provide as promptly as possible. If requested in writing by Bidder, Target agrees to confirm, no later than 2 Business Days after receiving the request, the factual accuracy of information in the draft Bidder's Statement that relates to the Target Group. However Target will not be taking responsibility for such information in the Bidder's Statement and the Bidder's Statement may include a standard disclaimer to the effect that Bidder does not make any representation or warranty as to the accuracy of such information.
- (b) Target agrees to give Bidder a reasonable opportunity to review an advanced draft of the Target's Statement and will consult in good faith with Bidder in relation to any comments Bidder may have, which comments Bidder agrees to provide as promptly as possible. If requested in writing by Target, Bidder agrees to confirm, no later than 2 Business Days after receiving the request, the factual accuracy of information in the draft Target's Statement that relates to the Bidder Group. However the Bidder will not be taking responsibility for such information in the Target's Statement and the Target's Statement may include a standard disclaimer to the effect that Target does not make any representation or warranty as to the accuracy of such information.

### 3.3 Dispatch of Bidder's Statement and Target's Statement

Target represents and warrants to Bidder that each of the Target Directors has confirmed his or her agreement to the Offers and accompanying documents being sent by Bidder under item 6 of section 633(1) of the Corporations Act on a date nominated by Bidder that is earlier than the earliest date prescribed by item 6 of section 633(1) of the Corporations Act.

### 3.4 Access to information

- (a) Each party agrees to provide the other party, on a timely basis, with assistance and information that may be reasonably required to assist in

the preparation of the Bidder's Statement or the Target's Statement (as applicable).

- (b) Target agrees to provide to Bidder on the Business Day after the date of this agreement and on each Tuesday in 2012 thereafter until the end of the Offer Period, at no cost to Bidder, such information about Target Shareholders as reasonably requested by Bidder to make the Offers and solicit acceptances, including the Register and any updates to it.

### **3.5 Conditions**

- (a) Each of the parties must, to the extent within its power, use its reasonable endeavours to ensure that the Conditions are satisfied as soon as practicable after the date of this agreement and that no Conditions are breached or not satisfied.
- (b) Target and Bidder agree not to do, or omit to do, anything which will, or is likely to, result in any of the Conditions being breached or not being satisfied.
- (c) Nothing in this clause 3.5 prevents the Target or the Target Board from taking, or failing to take, action where to do otherwise would, in the opinion of the Target Board (determined in good faith after receiving written legal advice from external lawyers), constitute a breach of the Directors' fiduciary or statutory duties.
- (d) If any event occurs or becomes apparent which would cause any of the Conditions to be breached or become (either immediately or at some future point in time) incapable of satisfaction, or which would cause satisfaction of a Condition to be unreasonably delayed, Target and Bidder must, to the extent that they are aware of such information, immediately notify the other party of that event.

### **3.6 Options**

- (a) As soon as practicable after Bidder makes the Offer:
  - (i) Bidder will make a takeover bid in accordance with Chapter 6 of the Corporations Act for the Listed Options at a cash price equal to the Offer Price less the exercise price of the Listed Options of \$0.20 conditional only on the Offer becoming or being declared unconditional. For the avoidance of doubt, the offer will provide that holders of the Listed Options will be entitled to increased consideration for their Listed Options consistent with the formulation in this clause 3.6(a)(i) if the Offer Price is increased (including as a result of Bidder obtaining a Relevant Interest in Target Shares of 75% or more); and
  - (ii) Bidder and Target will make offers to all holders of the Unlisted Acquisition Options to cancel or transfer those options:
    - (A) for cash consideration to be paid by Bidder equal to the Offer Price less the exercise price of the relevant options, For the avoidance of doubt, the offers will provide that the holders of the Unlisted Acquisition Options will be entitled to receive increased consideration for their Unlisted Acquisition Options

consistent with the formulation in this clause 3.6(a)(ii)(A) if the Offer Price is increased (including as a result of Bidder obtaining a Relevant Interest in Target Shares of 75% or more);

- (B) conditional only on the Offer becoming or being declared unconditional and any necessary ASX waivers; and
  - (C) on the basis that whether the options are transferred or cancelled is determined at Bidder's discretion at the time of the close of the Offer, except that if ASX does not grant the necessary waiver to allow the relevant options to be transferred but does grant a waiver to allow the relevant options to be cancelled, Bidder will agree to those options being cancelled.
- (b) Target must provide all reasonable assistance in connection with making the Option Offers and obtaining the acceptance of Optionholders for the Option Offers including, but not limited to.
- (i) consulting with Bidder in good faith in relation to the need for any waivers from the ASX Listing Rules and applying to ASX for all waivers which Bidder considers necessary (after giving Bidder a reasonable opportunity to review an advanced draft of any such application and after incorporating any reasonable comments received from Bidder on the advanced draft); and
  - (ii) ensuring that the Target Directors do not take any action that may prevent or impede the cancellation of any Unlisted Acquisition Options or the transfer of any Options to Bidder.
- (c) Target and Bidder acknowledge and agree that, in order to effect the:
- (i) cancellation of Unlisted Acquisition Options contemplated in paragraph (a)(ii), it will be necessary to obtain a waiver from ASX Listing Rule 6.23.2 and, in relation to those Unlisted Acquisition Options that are subject to escrow restrictions for 24 months from their date of issue, it will be necessary to obtain ASX's consent to acceptance of the Options Offer, potentially on conditions; and
  - (ii) transfer of Unlisted Acquisition Options whose terms include that they are non-transferrable, the Target will need to agree to amend those terms (with the consent of the Optionholder) and it will be necessary to obtain a waiver from ASX Listing Rule 6.23.4,
- and the Target agrees to apply to ASX for such waivers as soon as practicable after the date of this agreement and to comply with its obligations under paragraph (b)(i) in respect of that application.
- (d) Bidder agrees that, in the case of the Unlisted Options which are excluded from the definition of Unlisted Acquisition Options being those referred to in paragraphs (a) to (f) of that definition (**Remaining Options**):
- (i) If Bidder is entitled to, and proceeds to, compulsorily acquire all Target Shares it will make offers to acquire or cancel the Remaining Options for cash to an equivalent value of such

Remaining Options and on other terms to be negotiated at such time; and

- (ii) If Bidder does not compulsorily acquire all Target Shares and Options but acquires more than 50% of the Target Shares it will, following the close of the Offer, discuss with the Target Board the terms of the Remaining Options and the overall salary and compensation package of each employee or consultant holding the Remaining Options (and the length of employment or service of each relevant employee or consultant) with a view to renegotiating the terms of such options and/or overall salary and/or compensation package to ensure that the employee or consultant remains appropriately incentivised.

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## **4 Bid**

### **4.1 Variation and waiver**

- (a) Subject to clause 3.1, Bidder may vary the terms of the Offers or the Options Offers in any manner which is permitted by the Corporations Act (or in the case of the Unlisted Option Offers in any manner contemplated by such offer or permitted by law), provided that the varied terms are not less favourable to Target Shareholders than the Agreed Bid Terms (in the case of the Offers), and no less favourable to Target Optionholders than the terms set out in clause 3.6(a) (in the case of the Options Offers).
- (b) Subject to the Corporations Act, Bidder may declare the Offers to be free from any Condition or extend the Offer Period at any time.

### **4.2 Target's Statement**

- (a) Target must prepare the Target's Statement (and also a target's statement for the Listed Options Offer) in compliance with the Corporations Act.
- (b) Target must ensure that the Target's Statement:
  - (i) prominently displays the recommendation of the Target Directors referred to in clause 5.1(a) (including, without limitation, on the cover of the Target's Statement); and
  - (ii) includes a statement that each Director will accept the Offer in respect of all Target Shares held or controlled by them no later than six Business Days after the date of the Offer, in the absence of a Superior Proposal; and
  - (iii) includes a statement that each Director will accept the Options Offers in respect of all Options held or controlled by them no later than the later of six Business Days after the date of the Options Offer or (in respect of Options to which escrow restrictions apply) ASX providing the necessary consent to allow acceptance, in the absence of a superior proposal for the Options.

- (c) Target agrees that it is not required to obtain an expert's report and will not obtain one for inclusion in the Target's Statement or otherwise in respect of the Bid.

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## 5 Recommendation

### 5.1 Unanimous recommendation and acceptance of Offer by the Target Directors

Target represents and warrants to Bidder that:

- (a) the Target Directors unanimously recommend that:
  - (i) Target Shareholders accept the Offer in respect of their Target Shares, in the absence of a Superior Proposal; and
  - (ii) Optionholders accept the Options Offer in respect of the Options in the absence of a superior proposal for the Options.
- (b) each Director will not withdraw, revise, revoke or qualify, or make any public statement inconsistent with, the recommendation in paragraph 5.1(a) unless:
  - (i) a Superior Proposal emerges (that was not procured or obtained by Target through a breach of clause 8 of this agreement);
  - (ii) the matching right procedure in clause 8.8 has been fully complied with by Target; and
  - (iii) Senior Counsel or Freehills gives a written opinion to the effect that the Target Directors' fiduciary duties require them to take the action which is proposed to be taken under this paragraph.
- (c) each Director will accept:
  - (i) the Offer in respect of all Target Shares held or controlled by them no later than six Business Days after the date of the Offer, in the absence of a Superior Proposal; and
  - (ii) the Options Offer in respect of all Options held or controlled by them no later than six Business Days after the date of the Options Offer, or (in respect of Options to which escrow restrictions apply) ASX providing the necessary consent to allow acceptance, in the absence of a superior proposal for the Options.
- (d) each Director has confirmed to Target each of the matters set out in paragraphs (a) to (c) (inclusive).

### 5.2 Promotion of Offer

Unless a majority of the Target Directors withdraw their recommendation of the Offer in accordance with clause 5.1(b), Target must ensure that each Director and such other senior executives of Target as reasonably requested by Bidder participate in efforts to promote the merits of the Offer, including meeting with key Target Shareholders, analysts, media and other stakeholders of Target.

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## 6 Termination rights

### 6.1 Termination events

- (a) Bidder may terminate this agreement at any time by notice in writing to Target:
  - (i) if:
    - (A) Target is in breach of any clause of this agreement (including any Target Warranty), which breach is material in the context of the Bid, or if a Prescribed Occurrence occurs;
    - (B) Bidder has given notice to Target setting out the relevant circumstances and stating an intention to terminate this agreement; and
    - (C) the relevant circumstances have not been rectified (if capable of being rectified), and/or the activity that caused them has not ceased to the reasonable satisfaction of Bidder, within, in the case of a breach of clause 8, one Business Day from the time such notice is given, and, in any other case, five Business Days from the time such notice is given;
  - (ii) if a Competing Transaction is publicly proposed by a person other than Bidder (or one of its Related Bodies Corporate) and is recommended by any Director;
  - (iii) if a person other than Bidder or one of its Related Bodies Corporate that does not hold 10% or more Voting Power in Target at the date of this agreement obtains Voting Power in Target of 10% or more;
  - (iv) if a person other than Bidder or one of its Related Bodies Corporate that has Voting Power of 10% or more in Target at the date of this agreement increases their Voting Power in Target by more than 1%;
  - (v) if any Director fails to make or withdraws, changes, revises, revokes or qualifies, or makes a public statement inconsistent with, the recommendation referred to in clause 5.1(a) or makes a public statement indicating that they no longer recommend or intend to accept the Offer; or
  - (vi) if any Director recommends, endorses or otherwise supports a Competing Transaction.
- (b) Target may terminate this agreement at any time by notice in writing to Bidder:
  - (i) if:
    - (A) Bidder is in breach of any clause of this agreement (including any representation or warranty), which breach is material in the context of the Bid;

- (B) Target has given notice to Bidder setting out the material breach and stating an intention to terminate this agreement; and
- (C) the material breach has not been rectified (if capable of being rectified) and/or the activity that caused the material breach has not ceased to the reasonable satisfaction of Target, within five Business Days from the time such notice is given; or
- (ii) if a majority of Target Directors withdraw their recommendation of the Offer in accordance with clause 5.1(b).
- (c) Either Bidder or Target may terminate this agreement at any time by notice in writing to the other parties, if Bidder withdraws the Offer for any reason or the Offer lapses for any reason, including non-satisfaction of a Condition.
- (d) This agreement automatically terminates on the End Date.

## 6.2 Effect of termination

In the event of termination of this agreement by either Bidder or Target pursuant to clause 6.1, the agreement will have no further effect, other than in respect of any liability for any antecedent breach of this agreement and provided that this clause 6 and clauses 1, 9, 12, 13 and 14 and Schedule 1 survive termination.

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## 7 Public announcements

- (a) In the absence of a majority of the Target Directors having withdrawn their recommendation of the Offer at the relevant time in accordance with clause 5.1(b), Target must obtain Bidder's prior written consent (not to be unreasonably withheld or delayed) to those parts of any proposed public announcement (including, without limitation, to ASX) which refer to the Bid, Offer or the Option Offer. Bidder must advise whether it provides its consent as soon as practicable, and no later than the Business Day following receipt of the form of the public announcement from Target.
- (b) If Target is required to make an announcement by any applicable law or the ASX Listing Rules in respect of any matter other than in respect of the Bid or the subject matter of this agreement, Target must, to the extent practicable, without breaching any applicable law or rule, give to Bidder such notice as is reasonable in the circumstances of its intention to make the announcement and of the content of such announcement.
- (c) Subject to clause 7(d), from the date of this agreement until the End Date, Bidder must procure that Exxaro Resources Limited does not make or send any written public announcement concerning the Offer or the Bid, unless it has first consulted with the Target as to the contents of the announcement concerning the Bid, Offer or the Options Offer.
- (d) Clause 7(c) does not apply to any public announcement:

- (i) required by law, any requirement of a recognised stock exchange (including the Johannesburg Stock Exchange) or order of any other Government Agency, if Exxaro Resources Limited:
  - (A) has notified Target, and provided Target with a copy of the proposed public announcement before disclosure;
  - (B) has, if practicable, consulted with Target to prevent or minimise the disclosure and in respect of the form and content of any such disclosure; and
  - (C) discloses only the minimum information required to comply with the law or rules of the recognised stock exchange; or
- (ii) made during any Matching Right Period; or
- (iii) made after such time as the Target Directors cease to unanimously recommend the Offer contemplated by clause 5.1 (excluding during the Matching Right Period).

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## 8 Exclusivity

### 8.1 No existing discussion

Target represents and warrants to Bidder that as at the date of this agreement it is not involved in any discussions or negotiations with any person about a Competing Transaction and has ceased any such discussions or negotiations to the extent that they were on foot prior to the date of this agreement.

### 8.2 No shop

- (a) During the Exclusivity Period, Target must ensure that neither it nor any of its Representatives, directly or indirectly solicits, invites, encourages or initiates any enquiries, negotiations or discussions, or communicates any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any person in relation to a Competing Transaction.
- (b) Nothing in paragraph 8.2(a) prevents Target from continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors, analysts, shareholders and media in the ordinary course in relation to the Bid or its business provided those communications do not concern or relate to a Competing Transaction.

### 8.3 No talk

Subject to clause 8.6, during the Exclusivity Period, Target must ensure that neither it nor any of its Representatives, enters into, continues or participates in negotiations or discussions with any other person regarding, or that could reasonably be expected to lead to, a Competing Transaction, even if:

- (a) those negotiations or discussions were not directly or indirectly encouraged, solicited, invited or initiated by Target or any of its Representatives; or

- (b) that person has publicly announced their Competing Transaction.

#### **8.4 No due diligence**

- (a) Subject to clause 8.6, during the Exclusivity Period, Target must ensure that neither it nor any of its Representatives, make available to any other person or permit any other person to receive any non-public information relating to the Target Group, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Transaction (**Diligence Information**).
- (b) Before Target provides a third party with Diligence Information, it must first enter into a binding confidentiality agreement with that party on customary terms.
- (c) If Target provides a third party with Diligence Information, it must provide a copy of the Diligence Information not already made available to Bidder at the same time as it is provided to the third party.

#### **8.5 Notification of approaches**

- (a) During the Exclusivity Period, Target must immediately (and, in any event, within one day) notify Bidder in writing if:
  - (i) it proposes to take, or is approached by any person to take, any action of a kind that is set out in clause 8.3 or 8.4; or
  - (ii) it or any of its Representatives receives any approach, inquiry or proposal (whether written or verbal) from any person regarding, or that could reasonably be expected to lead to, a Competing Transaction.
- (b) A notice given under this clause 8.5 must be accompanied by all material details of the relevant event, including the person's identity and all material terms of the Competing Transaction.

#### **8.6 Exceptions to no talk and no due diligence**

The restrictions in clauses 8.3 and 8.4 do not apply to the extent that they restrict Target or a Director from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not encouraged, solicited, invited or initiated in contravention of clause 8.2) provided that in the opinion of each Director, formed in good faith and after receipt of advice from Target's financial and legal advisers:

- (a) the Competing Transaction is made in writing by or on behalf of a person that the Target Directors consider is of reputable commercial standing;
- (b) the Competing Transaction would be, or could reasonably be expected to lead to a transaction which is, more favourable to Target Shareholders than the Bid, after taking into account all aspects of the Competing Transaction; and
- (c) taking or failing to take the action with respect to the Competing Transaction would, or would be likely to, involve a breach of the fiduciary or statutory obligations of each Director.

Without limitation to any other part of this clause, before it can be relied upon, the Target Directors must obtain a written opinion from a Senior Counsel or Freehills confirming that, if the Target Directors form the views in paragraphs (a) and (b) in accordance with this clause, then taking or failing to take the action which is proposed to be taken with respect to the relevant Competing Transaction would, or would be likely to, involve a breach of the fiduciary or statutory obligations of each Director.

## 8.7 Provision of information

- (a) Without limiting Target's obligations under clauses 8.4(b) and 8.5, if any Director proposes to (whether or not subject to conditions) change his or her recommendation of the Offer so that he or she can recommend a Competing Transaction (**Rival Transaction**), Target must give Bidder written notice (**relevant notice**) of such proposed change of recommendation.
- (b) A relevant notice must include:
  - (i) all the material terms and conditions (including price) of the Rival Transaction;
  - (ii) a copy of any material confidential information concerning the Target Group provided to any person associated with the Rival Transaction which has not previously been provided to Bidder; and
  - (iii) details of the basis upon which the Director intends to change his or her recommendation.

## 8.8 Matching Right

- (a) Bidder will have the right, but not the obligation, at any time during the period of five Business Days following receipt of a relevant notice (**Matching Right Period**), to amend the terms of the Offer (including, but not limited to, increasing the amount of consideration offered under the Bid or proposing any other form of transaction (each a **Counter Proposal**)), and if it does so then the Directors must review the Counter Proposal in good faith. If a majority of the Directors determine that the Counter Proposal would be as favourable to Target Shareholders as the Rival Transaction (each a **Recommending Director**), then Target and Bidder must use their best endeavours to, as soon as practicable, enter into the necessary documentation to give effect to the revised Offer and Target must ensure that each of the Recommending Directors recommends the Counter Proposal to Target Shareholders and does not recommend the Rival Transaction.
- (b) Without limitation to any other part of this agreement, during the Matching Right Period:
  - (i) no Director is permitted to change his or her recommendation of the Offer or to make any public statement to the effect that he or she may do so at some future point in time; and
  - (ii) Target must not enter into any agreement, arrangement or understanding in respect of the Rival Transaction.

- (c) For the purposes of this clause 8.8, each successive material modification to a Rival Transaction will constitute a new Rival Transaction in respect of which Target must comply with its obligations under this clause 8.8.

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## 9 Break Fee

### 9.1 Acknowledgment

- (a) Target acknowledges that, if Bidder enters into this agreement and the Bid does not succeed, Bidder will have incurred significant costs and losses, including significant opportunity costs.
- (b) Target acknowledges and agrees that the costs and losses actually incurred by the Bidder Group under this clause 9.1 will be of such nature that they cannot accurately be ascertained, but that the Break Fee is a genuine and reasonable pre-estimate of the costs and losses that would actually be suffered by the Bidder Group in such circumstances and has been calculated to reimburse the Bidder Group for such costs and losses.
- (c) Target represents and warrants that:
  - (i) it has received legal advice on this agreement and the operation of this clause 9; and
  - (ii) it considers this clause 9 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 9 in order to secure the significant benefits to it (and Target Shareholders and Optionholders) resulting from the Bid.

### 9.2 Break Fee

Subject to clause 9.3, Target must pay Bidder the Break Fee (plus any GST, only once and without set-off or withholding), within three Business Days after receiving a written demand from Bidder, if at any time after the date of this agreement any of the following occur:

- (a) a person other than Bidder or a Related Body Corporate of it acquires:
  - (i) a legal, beneficial or economic interest in, or control of, 50% or more of Target Shares; or
  - (ii) the whole or a substantial part of the Target Group's assets, business or property;
- (b) before the End Date any Director publicly endorses or otherwise publicly supports a Competing Transaction or any other third party proposal to acquire:
  - (i) Target Shares and/or Options; or
  - (ii) the whole or a substantial part of the Target Group's assets, business or property;
- (c) any Director fails to make, or makes and then withdraws, revises, revokes or qualifies, a recommendation to Target Shareholders to accept the Offer

(whether or not that failure, withdrawal, revocation, qualification or revision is otherwise in breach of this agreement);

- (d) Bidder validly terminates this agreement under clause 6.1(a)(i);
- (e) Target breaches clause 8 in any manner whatsoever;
- (f) a Director does any of the things contemplated in clause 5.1(b) in reliance or purported reliance on that clause; or
- (g) Target or any of its directors does (or omits to do) anything (whether or not permitted by this agreement) that results in any of the Conditions being breached or becoming incapable of being satisfied, and Bidder does not waive that Condition.

### **9.3 Compliance with law**

The payment of the Break Fee by Target under this clause 9 is not required, or is refundable, to the extent that such reimbursement is found by the Takeovers Panel or a Court to be unlawful and the time period for lodging an application for review or a notice of appeal (as applicable) has expired without such an application or notice having been lodged.

### **9.4 Refund**

If, despite the occurrence of any of the events referred to in clause 9.2, Bidder becomes the holder of not less than 50% of Target's share capital as a result of the Bid or otherwise within 6 months of the date of this agreement, Bidder must repay to Target any amount received by it under this clause 9.

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## **10 Conduct of business**

### **10.1 Conduct of business**

From the date of this agreement until the earlier of the End Date and the date when this agreement is terminated, Target must ensure that the Target Group conducts its business and operations and maintain its assets only in, and not take any action except in, the ordinary course and consistent with past practice or as contemplated by this agreement or otherwise agreed by Bidder and must:

- (a) on each Tuesday following the date of this agreement, and otherwise when reasonably requested by Bidder to do so, consult with Bidder in relation to the conduct of the Target Group's business and operations (including promptly responding to any reasonable questions asked by Bidder in relation to such matters);
- (b) operate the Target Group's businesses in accordance with current business plans and budgets;
- (c) preserve the value of the Target Group's businesses and assets, including the Tenements;
- (d) preserve the Target Group's relationships with customers, suppliers, licensors and others with whom the Target Group has business dealings;

- (e) retain the services of all key employees and contractors of the Target Group;
- (f) comply with all Material Contracts and all laws, regulations, rules, requirements, authorisations, licenses, permits, consents and approvals that are material to the conduct of the businesses of the Target Group;
- (g) not offer or agree to terminate or novate any Material Contract or to amend any such contract in a material respect;
- (h) not do or cause to be done, or fail to do or cause not to be done, anything that would or may result in the Transaction not being implemented or being implemented otherwise than in accordance with the Timetable and the terms of this agreement; and
- (i) not take or fail to take any action that constitutes, or that could reasonably be expected to result in or otherwise give rise to, a Prescribed Occurrence.

## 10.2 Access

- (a) Notwithstanding any other provision of this agreement, if Bidder requires access to any officers, documents, records, premises, sites, locations and other information in accordance with clause 10.2(c), it must first request in writing such access from those persons listed next to Target's name in clause 13(a).
- (b) Bidder is not permitted to, and must procure that none of its Related Bodies Corporate, approach or contact in any way any person other than those persons listed next to Target's name in clause 13(a) in respect of access to any officers, documents, records, premises, sites, locations and other information, or otherwise with respect to the Offer or the Bid.
- (c) Subject to clauses 10.2(a), 10.2(b) and 10.2(d), from the date of this agreement until the first to occur of the date the Offer Period closes and the date when this agreement is terminated (both inclusive), Target will, and will cause the members and senior management of the Target Group to, provide Bidder and its Representatives with reasonable access to such officers, documents, records, premises, sites, locations and other information which Bidder reasonably requires for the purposes of:
  - (i) implementing the Transaction; or
  - (ii) preparing for controlling the conduct of the business of the Target Group following implementation of the Transaction,

provided that such access does not place an unreasonable burden on the ability of Target or any member of the Target Group to operate their business or would be a breach of law (including the ASX Listing Rules).

- (d) Nothing in this clause requires a party to act at the direction of another party. The business of each party will continue to operate independently to that of the other party until the date the Transaction is implemented. The parties agree that nothing in this agreement shall constitute the relationship of a partnership or a joint venture between them.

### 10.3 Change of control rights

As soon as practicable after the date of this agreement:

- (a) the parties must seek to identify any change of control or similar provisions in Material Contracts, leases or other relevant agreements, arrangements or understandings to which Target or a member of the Target Group is a party which may be triggered by the Bid;
- (b) the parties must work together to agree a proposed strategy to initiate with the relevant counterparties to such agreements, arrangements or understandings to request that they provide any consents or waivers required; and
- (c) Target must cooperate with, and provide reasonable assistance to, Bidder to obtain such consents or waivers as expeditiously as possible.

### 10.4 Appointment of Directors to Target Board

Target represents and warrants to Bidder that each Director has confirmed to it that he or she will, and Target must procure that the Target Board will:

- (a) take all actions necessary to ensure the nominees of Bidder are lawfully appointed as directors of Target and Directors nominated by Bidder resign such that the Bidder nominees represent a majority of the Target Board once Bidder acquires a Relevant Interest in excess of 50% of the Target Shares and the Offer has become or is declared unconditional; and
- (b) as soon as practicable after Bidder acquires a Relevant Interest in 90% of the Target Shares and the Offer becomes or is declared unconditional, ensure that all of the non-Bidder nominees on the Target Board resign,

provided that a proper board is constituted at all times and that Bidder procures that its appointees to the Target Board do not participate in decisions of Target in relation to the Offer until after the End Date.

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## 11 Representations and warranties

### 11.1 Target Warranties

- (a) Target represents and warrants to Bidder that each of the warranties set out in clause 11.1(b) is true and correct:
  - (i) as at the date of this agreement; and
  - (ii) in the case of all Target Warranties except for those in clauses 11.1(b)(vi) and 11.1(b)(viii), at all times on each subsequent day of the Exclusivity Period (including the last day of that period).
- (b) Target represents and warrants that:
  - (i) it is a corporation validly existing under the laws of its place of incorporation and each member of the Target Group that is a

corporation is a corporation validly existing under the laws of its place of incorporation;

- (ii) it has the corporate power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;
- (iii) it has taken all necessary corporate action to authorise the entry into this agreement and has taken or will take all necessary corporate action to authorise the performance of this agreement and to carry out the transactions contemplated by this agreement;
- (iv) this agreement is valid and binding upon it and the execution and performance of this agreement will not result in a breach or default under Target's constitution (or the constitution of any of its Related Bodies Corporate) or any agreement or deed or any writ, order or injunction, rule or regulation to which Target or any of its Related Bodies Corporate is a party or to which any of them are bound;
- (v) each member of the Target Group is solvent and no resolution has been passed nor has any other step been taken or legal proceedings commenced or threatened against any of them for their winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of their assets;
- (vi) no regulatory action of any nature has been taken as at the date of this agreement which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement;
- (vii) Target is not in breach of its continuous disclosure obligations under the Corporations Act and the Listing Rules and, following the release of the Agreed Public Announcement, is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure;
- (viii) as at the date of this agreement, each entity in the Target Group has the securities on issue set out in Schedule 3 and has no other issued securities;
- (ix) the entities in the Target Group have not issued, granted or agreed to issue or grant any other shares or securities convertible into shares, other than the securities referred to in Schedule 3;
- (x) neither Target nor any of its Related Bodies Corporate are engaged in any material litigation, mediation or arbitration, no such litigation, mediation or arbitration is threatened or pending, and there are no facts likely to give rise to any such litigation, mediation or arbitration;
- (xi) the entry into this agreement will not directly or indirectly contravene, conflict with, or result in a violation in any of the terms or requirements of, or give any governmental body the right to revoke, withdraw, suspend, cancel, terminate or modify, the terms, conditions or provisions of any understanding, arrangement,

instrument, license, permission or authorisation to which any member of the Target Group is a party or bound;

- (xii) to the best of Target's knowledge and belief, there are no material facts or circumstances in relation to the assets, business or financial condition of the Target Group, which have not been fully disclosed to Bidder or its professional advisors, and which, if disclosed, would reasonably have been expected to affect the decision of Bidder to enter the agreement or which would render any of the warranties and representations untrue, inaccurate or misleading in any respect;
- (xiii) Target will comply with Division 4 of Part 6.5 and Chapter 6B of the Corporations Act;
- (xiv) all Material Contracts are in full force and of full effect and are legally binding as between the parties thereto in accordance with its terms;
- (xv) Target is not aware of any act, omission, event or fact that would result in any of the Conditions being breached or not satisfied;
- (xvi) no person has any right (whether subject to conditions or not) to, as a result or otherwise in connection with Bidder acquiring Target Shares:
  - (A) acquire, or require a member of the Target Group to dispose of or offer to dispose of, any material asset of the Target Group;
  - (B) terminate or vary any material agreement with a member of the Target Group; or
  - (C) accelerate or adversely modify the performance of any obligations of a member of the Target Group in a material respect under any material agreement, arrangement or understanding;
- (xvii) all information contained in the Disclosure Materials (other than forecasts, budgets, estimates, projections and statements of opinion or intention) is true and accurate in all material respects and is not materially misleading or deceptive (whether by omission or otherwise);
- (xviii) the forecasts, budgets, estimates, projections and statements of opinion or intention contained in the Disclosure Materials that have been prepared by members of the Target Group have been prepared in good faith, with due skill and care, on the basis of reasonable assumptions and in compliance with applicable law;
- (xix) Target has not denied Bidder access to any information with the intention of misleading Bidder;
- (xx) Target has not intentionally withheld from Bidder any information in relation to the Target Group, its businesses or its assets which may reasonably be considered to be material to the value of Target of

the assets of the Target Group, or which might reasonably be expected to have resulted in Bidder not entering into this agreement, or entering into it on materially different terms;

- (xxi) each member of the Target Group complies in all material respects with any conditions, limitations, obligations, prohibitions and requirements contained in any Environmental Legislation affecting or impacting its business in any way whatsoever and the Target is not aware of any facts or circumstances which may lead to any material breach of any Environmental Legislation
- (xxii) the member of the Target Group identified in Schedule 5 is the sole registered and beneficial owner of, and has good and valid title to, the interests in the Tenements set out in Schedule 5;
- (xxiii) the Application has been duly applied for by the member of the Target Group identified in Schedule 5 in accordance with all applicable laws and regulations (including, without limitation, the Mining Code);
- (xxiv) the Tenements are in good standing, are valid and subsisting in accordance with their terms and are not liable to cancellation, forfeiture or revocation;
- (xxv) other than as indicated in Schedule 5, there is no encumbrance (of whatsoever nature), option, right of pre-emption, right of first or last refusal or other third party right over any of the Tenements, the Application or any metals or minerals which may be derived therefrom (including, without limitation, any rights to accept any offer or proposal which will, if accepted, result in an agreement); and
- (xxvi) other than as indicated in Schedule 5, there is no production or profit sharing, royalty, carried interest or similar agreement or arrangement affecting the Tenements, the Application or any metals or minerals which may be derived therefrom.

- (c) Bidder acknowledges that Target has generally disclosed against the Warranties in paragraphs 11.1(b) (x), (xi), (xiv), (xvi), (xxi), (xxii), (xxiii), (xxiv), (xxv) and (xxvi) (**Asset Warranties**) as such Asset Warranties are given subject to and qualified by, and Bidder is aware of, all matters fairly disclosed in the Disclosure Materials or in any announcement made by the Target to ASX or a document lodged by the Target with ASIC before the date of this agreement and Target will have no liability under the Asset Warranties to the extent that such fair disclosure is made against the Asset Warranties before the date of this agreement. Neither the Bidder nor Target is aware of any specific matters which would make the Target Warranties (including the Asset Warranties) incorrect or untrue.
- (d) In the case of a breach of a Target Warranty or Target Warranties, Bidder will not have any claim demand, legal proceedings or cause of action against the Target in respect of the breach or breaches other than:
  - (i) a right to terminate this agreement under clause 6(a)(i);
  - (ii) a right to lapse the Offers in reliance on the material adverse change condition where such condition is triggered by the breach of the Target Warranty or Target Warranties which has the effect referred to in the material adverse change condition; and
  - (iii) the right to claim the Break Fee that flows from either: (A) the exercise of that termination right, under clause 9.2(d); or (B) to the extent the material adverse change Condition is triggered by the breach of the Target Warranty or Warranties under clause 9.2(g),

regardless of when such breach or breaches occurs and whether or not Bidder has exercised such termination right. For the avoidance of doubt, the maximum aggregate amount Target will be required to pay in respect of all claims or demands relating to a breach of any or all Target Warranties, whenever made, is limited to the Break Fee.

## 11.2 Bidder Warranties

- (a) Bidder represents and warrants to Target that each of the warranties set out in clause 11.2(b) is true and correct:
  - (i) as at the date of this agreement; and
  - (ii) in the case of all warranties except for the warranty in clause 11.2(b)(vi) on each day during the Offer Period.
- (b) Bidder represents and warrants that:
  - (i) it is a corporation validly existing under the laws of its place of incorporation;
  - (ii) it has the corporate power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;
  - (iii) it has taken all necessary corporate action to authorise the entry into this agreement and has taken or will take all necessary

corporate action to authorise the performance of this agreement and to carry out the transactions contemplated by this agreement;

- (iv) this agreement is valid and binding upon it and the execution and performance of this agreement will not result in a breach or default under Bidder's constitution or any agreement or deed or any writ, order or injunction, rule or regulation to which Bidder is a party or to which any of them are bound;
- (v) Bidder is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- (vi) no regulatory action of any nature has been taken as at the date of this agreement which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement;
- (vii) it will have available to it sufficient cash amounts to enable it to perform its obligations to pay the total cash consideration payable to Shareholders and Optionholders under the Offer and the Options Offer;
- (viii) other than as contemplated by the Agreed Bid Terms, no approvals are required to be obtained by the Bidder under any law, rule or regulation to performance and observe its obligations under this agreement and to consummate the transaction contemplated by this agreement; and
- (ix) it will comply during the Offer Period with its obligations under Part 6.9 of the Corporations Act.

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## 12 GST

- (a) Any consideration or amount payable under this agreement, including any non-monetary consideration (as reduced in accordance with paragraph (e) if required) (**Consideration**) is exclusive of GST.
- (b) If GST is or becomes payable on a Supply made under or in connection with this agreement, an additional amount (**Additional Amount**) is payable by the party providing the Consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (c) The additional amount payable under paragraph (b) is payable at the same time and in the same manner as the Consideration for the Supply, subject to the provision of a valid Tax Invoice at or before that time. If a valid Tax Invoice is not provided at or before that time then the Additional Amount is only payable on receipt of a valid Tax Invoice.
- (d) If for any reason (including, without limitation, the occurrence of an Adjustment Event) the amount of GST payable on a Supply made under

or in connection with this agreement (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under paragraph (b):

- (i) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
  - (ii) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
  - (iii) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.
- (e) Despite any other provision in this agreement, if an amount payable under or in connection with this agreement (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred.
- (f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of the GST Group of which that party is a Member is entitled.

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## 13 Notices

- (a) A notice, consent, request or any other communication under this agreement must be in writing and must be left at the address of the addressee or sent by email to the address specified below or any other address or email address the addressee requests.

### Target

Attention: Joe Ariti / Shane Volk  
Address: 33 Ventnor Avenue  
West Perth  
Western Australia, 6005  
Email: joea@africanironlimited.com  
shanev@africanironlimited.com

Copy of communications to Target (for information purposes only):

Attention: David Gray /Paul Branston  
Address: Level 36, 250 St Georges Tce  
Perth, WA, 6000  
Email: david.gray@freehills.com /  
paul.branston@freehills.com

**Bidder:**

Attention: Brian Van Rooyen/Ernst Venter  
Address: Roger Dyason Road  
Pretoria West 0183  
South Africa  
Email: brian.vanrooyen@exxaro.com  
ernst.venter@exxaro.com

Copy of communications to Bidder (for information purposes only):

|            |                              |                          |
|------------|------------------------------|--------------------------|
| Attention: | Neil Pathak                  | Julie Athanasoff         |
| Address:   | Level 39, 120 Collins Street | 1202 Hay Street          |
|            | Melbourne, Victoria, 3000    | West Perth, WA           |
| Email:     | npathak@gtlaw.com.au         | jathanasoff@gtlaw.com.au |

- (b) A notice, consent, request or any other communication is taken to be received:
- (i) if by delivery, when it is delivered unless it is delivered on a day other than a Business Day in which case it is taken to be received at 9.00 am on the next Business Day;
  - (ii) if sent by email:
    - (A) when the Sender receives an automated message confirming delivery; or
    - (B) four hours after the time sent (as recorded on the device from which the Sender sent the email), provided that the Sender does not receive an automated message that the email has not been delivered,
- whichever happens first.

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## 14 General

### 14.1 Cumulative rights

The rights, powers and remedies of a party under this agreement are cumulative with the rights, powers or remedies provided by law independently of this agreement.

### 14.2 Waiver and variation

A provision or a right under this agreement may not be waived except in writing signed by the party granting the waiver, or varied except in writing signed by the parties.

### **14.3 Approvals and consents**

A party may give or withhold its approval or consent conditionally or unconditionally in its discretion unless this agreement states otherwise. Any approval or consent or agreement required pursuant to this agreement must be in writing.

### **14.4 Specific performance**

The parties acknowledge that monetary damages alone would not be adequate compensation for a breach by any party of an obligation under this agreement and that specific performance of that obligation is an appropriate remedy.

### **14.5 Effect of agreement**

This agreement constitutes the entire agreement between the parties in relations to its subject matter and supersedes any previous understandings or agreements between the parties concerning the subject matter of this agreement.

### **14.6 Severability**

If the whole or any part of a provision of this agreement is void, unenforceable or illegal in a jurisdiction, it is severed for that jurisdiction. The remainder of this agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this agreement or is contrary to public policy.

### **14.7 Mutual further assurances**

Each party must do all things necessary or expedient to be done by it in connection with the matters referred to in this agreement.

### **14.8 Counterparts**

This agreement may be executed in any number of counterparts and all those counterparts taken together will constitute one instrument.

### **14.9 Governing law and jurisdiction**

This agreement is governed by the laws of Western Australia. Each party submits to the non-exclusive jurisdictions of the courts of Western Australia.

### **14.10 Assignment**

The rights and obligations of each party under this agreement are personal. They cannot be assigned, charged or otherwise dealt with, and no party shall attempt or purport to do so, without the prior written consent of the other party.

## **1 Dictionary**

In this agreement, the following definitions apply.

**Additional Amount** has the meaning given in clause 12(b).

**Agreed Bid Terms** means the terms and conditions set out in Schedule 2.

**Agreed Public Announcement** means the announcement to be made by Bidder and Target to ASX in the form annexed at Attachment A.

**Amount Incurred** has the meaning given in clause 12(e).

**Application** means the application for a tenement under the Mining Code, as specified in Schedule 5.

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

**Associate** has the meaning it has in section 12 of the Corporations Act as if subsection (1) of that section included a reference to this agreement.

**ASX** means ASX Limited (ABN 98 008 624 691).

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

**Attachment** means an attachment to this agreement.

**Bid** means an off-market takeover bid by Bidder for all Target Shares under Chapter 6 of the Corporations Act.

**Bidder Group** means Bidder and each of its Related Bodies Corporate.

**Bidder Warranties** means the representations and warranties set out in clause 11.2(b).

**Bidder's Statement** means the bidder's statement to be prepared by Bidder in connection with the Bid in accordance with Chapter 6 of the Corporations Act.

**Break Fee** means A\$2.5 million.

**Business Day** means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Competing Transaction** means any expression of interest, proposal, offer or transaction, which if completed, would mean a person (other than Bidder or one of its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest in, a relevant interest in, become the holder of, or enter into a cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to:
  - (i) more than 10% of the Target Shares or more than 10% of the shares in any of Target's Subsidiaries; or
  - (ii) the whole or a material part of the business or property of Target or any of its Subsidiaries;
- (b) acquire control of Target, within the meaning of section 50AA of the Corporations Act;
- (c) otherwise acquire or merge (including by a scheme of arrangement, capital reduction, sale of assets, strategic alliance, joint venture, partnership, reverse takeover bid or dual listed company structure) with Target; or
- (d) result in the Bid not being able to be implemented on the basis set out in this agreement.

**Conditions** means the conditions set out in clause 3 of Schedule 2.

**Consideration** has the meaning given in clause 12(a).

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

**Counter Proposal** has the meaning given in clause 8.8.

**Dictionary** has the meaning given in clause 1.1(a).

**Diligence Information** has the meaning given in clause 8.4(a).

**Director** means a member of the Target Board.

**Disclosure Materials** means all material included in the data room to which Bidder was granted access and which is included in a list agreed between the Bidder and Target prior to the execution of this agreement.

**End Date** means the date on which the Offer Period ends.

**Environmental Legislation** includes environmental legislation, regulations, by-laws and ordinances.

**Exclusivity Period** means the period commencing on the date of this agreement and ending on the first to occur of:

- (a) termination of this agreement; and
- (b) the End Date.

**Governmental Agency** means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission,

authority, tribunal, agency or entity whether foreign, federal, state, territorial or local whether in Australia, South Africa, the Republic of Congo or elsewhere, including (without limitation) any self-regulatory organisation established under a statute or otherwise discharging substantially public or regulatory functions, and in particular, ASX and ASIC.

**GST** means a goods and services tax or similar value added tax levied or imposed under the GST Law.

**GST Law** has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Listed Options** means the listed options set out in Schedule 3.

**Matching Right Period** has the meaning given in clause 8.8.

**Material Contract** means the contracts set out in Part 1 of Schedule 6.

**Mayoko Project** means the Mayoko Iron Ore Project located in the Republic of Congo.

**Mining Code** means the Mining Code of Congo (Law No. 4-2005 of 11 April 2005), as amended consolidated or replaced, and includes any subsidiary legislation including the Mining Regulations.

**Mining Regulations** means the Decree No. 2007-274 of 21 May 2007, as amended consolidated or replaced.

**Offer** means each offer by Bidder for Target Shares under the Bid and **Offers** means all such offers.

**Offer Period** means the period the Offer is open for acceptance.

**Offer Price** means the consideration specified in clause 1 of Schedule 2.

**Options** means the options in respect of Target Shares as listed in Schedule 3.

**Optionholders** means the holders of the Options.

**Options Offer** means the offers for Listed Options and Unlisted Options referred to in clause 3.6(a).

**Prescribed Occurrence** means the occurrence of any of the following where that occurrence was not consented to by Bidder, was not fully disclosed to Bidder in the Disclosure Materials (or in an announcement on ASX or document lodged with ASIC prior to the date of this agreement) and is not the result of Target taking or procuring any action required to be taken or procured by it under this agreement:

- (a) Target converting all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Target or one of its Subsidiaries resolving to reduce its share capital in any way;

- (c) Target or one of its Subsidiaries entering into a buy-back agreement or resolving to approve the terms of such an agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Target or one of its Subsidiaries making an issue of its shares (other than pursuant to the exercise of any Options existing at the date of this agreement) or granting an option over its shares or agreeing to make such an issue or grant such an option (other than those notified to the ASX prior to the date of this agreement);
- (e) Target or one of its Subsidiaries issuing, or agreeing to issue, convertible notes;
- (f) Target or one of its Subsidiaries disposes, or agrees to dispose, of the whole or a substantial part of its business or property;
- (g) Target or one of its Subsidiaries charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) Target or one of its Subsidiaries resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Target or one of its Subsidiaries;
- (j) the making of an order by a court for the winding up of Target or one of its Subsidiaries;
- (k) an administrator of Target or one of its Subsidiaries being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Target or one of its Subsidiaries executing a deed of company arrangement;
- (m) the appointment of a receiver or a receiver and manager in relation to the whole, or a substantial part, of the property of Target or one of its Subsidiaries;
- (n) Target or any of its Subsidiaries agrees to pay, declares or pays a dividend or any other form of distribution of profit or capital, other than the declaration and payment by any Subsidiary of Target of a dividend where the recipient of that dividend, is Target or a wholly-owned Subsidiary of Target;
- (o) Target makes any change to its constitution;
- (p) Target or any of its Subsidiaries acquires or agrees to acquire any assets, properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the Target Group, whether in one or more transactions, where the amounts or value involved in such transaction, transactions, commitments or series of commitments exceeds A\$1,000,000 in aggregate;
- (q) Target or any of its Subsidiaries disposes of, or agrees to dispose of, or creates or agrees to create an equity interest in respect of:
  - (i) any assets (including, without limitation, under any off-take or similar agreement), properties or businesses, whether in one

transaction or a number of such transactions, where the amount or value involved in such transaction or transactions exceeds A\$1,000,000 in aggregate; or

- (ii) any mining license or tenement (including the Applications and Tenements);
- (r) Target or any of its Subsidiaries creates, or agrees to create, any encumbrance over its business or any part of its property other than in the ordinary course of its business;
- (s) Target or any of its Subsidiaries incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business or pursuant to advances under its credit facilities in existence as at the date of this agreement where the funds drawn pursuant to those advances are used in the ordinary course of business or in connection with, a purpose that is contemplated and permitted in paragraph (p) of this definition;
- (t) Target or any of its Subsidiaries makes any loans, advances or capital contributions to, or investments in, any other person (other than to or in Target or any wholly-owned Subsidiary of Target in the ordinary course of business), other than in the ordinary course of business;
- (u) Target or any of its Subsidiaries ceases, or threatens to cease, to carry on business;
- (v) Target or any of its Subsidiaries is deregistered as a company or otherwise dissolved;
- (w) Target or any of its Subsidiaries is or becomes unable to pay its debts when they fall due;
- (x) Target or any of its Subsidiaries entering into any arrangement, commitment or agreement with a related party (as that term is defined in section 228 of the Corporations Act), other than in the ordinary course of business;
- (y) Target or any of its Subsidiaries makes or amends any tax election, changes any method of tax accounting, settles or compromises any tax liability (other than payroll tax in respect of directors' fees), files any material amended tax return, enters into a closing agreement, surrenders any right to claim a material tax refund or consents to the extension or waiver of the limitation period applicable to any material tax claim or assessment, other than in the ordinary course of business;
- (z) Target or any of its Subsidiaries pays, discharges, settles, satisfies, compromises, waives, assigns or releases any claims, liabilities or obligations exceeding \$500,000 other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in Target's financial statements or incurred in the ordinary course of business consistent with past practice;
- (aa) Target or any of its Subsidiaries authorises, recommends or proposes any release or relinquishment of any contractual right, except in the ordinary course of business consistent with past practice;

- (bb) Target or any of its Subsidiaries enters into or renews any agreement, contract, lease, licence or other binding obligation containing:
- (i) any limitation or restriction on the ability of Target or any of its Subsidiaries or, following completion of the transactions contemplated by this agreement, the ability of Bidder, to engage in any type of activity or business;
  - (ii) any limitation or restriction on the manner in which, or the localities at which, all or any portion of the business of Target or, following completion of the transactions contemplated by this agreement, all or any portion of the business of Bidder, is or would be conducted; or
  - (iii) any limit or restriction on the ability of Target or any of its Subsidiaries or, following completion of the transactions contemplated by this agreement, the ability of Bidder, to solicit customers or employees,

or that would reasonably be expected to materially delay or prevent the completion of the transactions contemplated by this agreement, other than in the ordinary course of business;

- (cc) any member of the Target Group:
- (i) increases the remuneration of, pays any bonus (other than in accordance with existing contractual entitlements as at the date of this agreement) to or otherwise varies the employment arrangements of any Target director or any employee of the Target Group whose total employment cost exceeds \$75,000 (collectively, **Relevant Employees**);
  - (ii) issues any securities, options or performance rights to any of the employees of the Target Group (other than those notified to the ASX prior to the date of this agreement), or accelerates the rights of any such employee to compensation or benefits of any kind (including, without limitation, under any executive or employee share or option plan and including, without limitation, by vesting any outstanding performance rights);
  - (iii) pays any of the Relevant Employees termination or retention payments (otherwise than in accordance with contractual entitlements existing at the date of this agreement which were disclosed to Bidder prior to the date of this agreement);
  - (iv) enters into employment arrangements with any individual which could involve a member of the Target Group giving a commitment to such individual in excess of \$75,000 per annum (but not including entering arrangements with any Study Manager or other contractors notified to the Bidder prior to execution of this agreement where such arrangements, if they were continued, could result in the contractor being paid more than \$75,000 per annum);
  - (v) offers to acquire (including by making takeover offers under Chapter 6 of the Corporations Act) or agrees to acquire one or more companies, businesses, properties, assets or shares (or any

interest in one or more companies, businesses, assets or shares) for an amount in aggregate greater than \$500,000;

- (vi) disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses, assets or shares (or any interest in one or more companies, businesses, assets or shares), the value of which exceeds \$500,000;
- (vii) enters into, offers to enter into or agrees to enter into any agreement, joint venture, asset or profit share, partnership or commitment which would require expenditure, or the foregoing of revenue, by Target and/or any of its Subsidiaries of an amount which is, in aggregate, more than \$500,000, other than in the ordinary course of business;
- (viii) amends, replaces or terminates any Material Contract or enters into any contract described in Part 2 of Schedule 6; or
- (ix) resolves, agrees, commits or announces an intention to do any of the things referred to in sub-paragraphs (a) to (cc) (inclusive) of this definition without the prior written consent of Bidder (which consent Bidder must advise Target is granted or not granted, within 3 Business Days of Target requesting such consent).

**Recipient** has the meaning given in clause 12(b).

**Register** means the register of Target Shares kept by Target.

**Related Body Corporate** has the meaning it has in the Corporations Act.

**Relevant Employees** has the meaning given in paragraph (cc) of the definition of "Prescribed Occurrence" in this Schedule 1.

**Relevant Interest** has the meaning it has in the Corporations Act.

**relevant notice** has the meaning given in clause 8.7(a).

**Representative** of a person means an employee, agent, officer, director, adviser or financier of the person and, in the case of advisers and financiers, includes employees, officers and agents of the adviser or financier (as applicable).

**Rival Transaction** has the meaning given in clause 8.7(a).

**Schedule** means a schedule to this agreement.

**Subsidiary** has the meaning it has in the Corporations Act.

**Superior Proposal** means a transaction or proposed transaction which, if completed substantially in accordance with its terms, would mean a person (other than Bidder or one of its Related Bodies Corporate) would become the holder of:

- (a) more than 50% of the Target Shares; or
- (b) the whole or substantially the whole of the business, assets and undertakings of the Target Group,

provided that a majority of the Target Directors determine, acting in good faith and in order to satisfy what the Directors consider to be their fiduciary and statutory duties (after having taken advice from Target's financial and legal advisors), that the transaction or proposed transaction is capable of being valued and completed and taking into account all aspects of the transaction or proposed transaction (including its conditions precedent and the person or persons making it) and is superior overall for Target Shareholders as compared to the Offer.

**Target Board** means the board of directors of Target from time to time.

**Target Directors** means Joe Ariti, Ian Burstun, John Moore and Tony Sage.

**Target Group** means Target and each of its Related Bodies Corporate.

**Target Shares** means fully paid ordinary shares issued in the capital of Target.

**Target Shareholders** means each person who is registered in the register of members of Target as the holder of Target Shares from time to time.

**Target's Statement** means the target's statement to be issued by Target under section 638 of the Corporations Act in response to the Bid.

**Target Warranties** means the representations and warranties set out in clause 11.1(b).

**Tenements** means the tenements (granted under the Mining Code) which are identified in Schedule 5 and any tenement applied for or granted in renewal or extension of, or in substitution for, any such tenement (excluding the Application but including any tenements granted pursuant to the Application).

**Third Party** has the meaning given in clause 3(c) of Schedule 2.

**Timetable** means the indicative timetable for implementation of the Transaction set out in Schedule 4.

**Transaction** means the acquisition by Bidder of all Target Shares under the Bid and all of the Options.

**Unlisted Acquisition Options** means all of the Unlisted Options other than:

- (a) 3,500,000 Unlisted Options held by Daniel Desjardins;
- (b) 4,000,000 Unlisted Options held by Grant Calderwood;
- (c) 3,300,000 Unlisted Options held by Simon Youds which shall vest on the grant of an exploitation licence and mining concession as defined in the Mining Code Law 4-2005 of April 11, 2005 in force in the Republic of Congo not later than 31 December 2012;
- (d) 3,400,000 Unlisted Options held by Simon Youds which shall vest on the first shipment of cargo of iron ore from the Mayoko Project by no later than 31 December 2013;
- (e) 1,000,000 Unlisted Options held by Shane Volk which shall vest on grant by the Department of Mines and Geology of an exploitation licence and mining concession as defined in the Mining Code Law 4-2005 of April 11,

2005 ("Code Minier Loi n°4-2005 du 11 Avril 2005") in force in the Republic of Congo by no later than 31 December 2012; and

- (f) 2,000,000 Unlisted Options held by Shane Volk which shall vest on shipment of the first cargo of iron ore from the Mayoko Project by no later than 31 December 2013.

**Unlisted Options** means the unlisted options set out in Schedule 3.

**Voting Power** has the meaning it has in the Corporations Act.

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## 2 Interpretation

In this agreement the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of this agreement;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
  - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);
  - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
  - (iii) a party includes its successors and permitted assigns;
  - (iv) a document includes all amendments or supplements to that document;
  - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this agreement;
  - (vi) this agreement includes all schedules and attachments to it;
  - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a rule of ASX and is a reference to that law as amended, consolidated or replaced;

- (viii) an agreement other than this agreement includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
  - (ix) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them jointly and severally;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) in determining the time of day, where relevant to this agreement, the relevant time of day is:
  - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
  - (ii) for any other purpose under this agreement, the time of day in the place where the party required to perform an obligation is located; and
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this agreement or any part of it.

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## Schedule 2 – Agreed Bid Terms

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### 1 Consideration

The consideration offered under the Bid will be A\$0.51 for each Target Share, subject to any improvement permitted by the Corporations Act.

The Bidder will announce as per the Agreed Public Announcement that if it obtains a Relevant Interest in 75% or more of the Target Shares on a fully diluted basis it will increase the Offer to A\$0.57.

For the purposes of calculating the Bidder's Relevant Interest in 75% or more of the Target Shares on a fully diluted basis, the Bidder will be deemed to have a Relevant Interest in any Target Shares which may be issued on exercise of any Target Options acquired by Exxaro pursuant to the Option Offers where Exxaro has not, at the time of the calculation, exercised such options.

Bidder agrees to pay the Offer consideration within 14 days of the later of:

- (a) either the Offer becoming or being declared free from all Conditions; and
- (b) receipt of a valid acceptance form from a Target Shareholder.

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### 2 Offer Period and Offer

- (a) The Offer will remain open for one month from the date of the Offer, subject to Bidder's right to extend the period under the Corporations Act.
- (b) Bidder will ensure that the Offer is extended to apply to all Target Shares that are issued during the Offer Period as a result of exercise of Options, as permitted under section 617(2) of the Corporations Act.

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### 3 Conditions

The Offer, and any contract resulting from its acceptance, is subject to the conditions set out below.

- (a) Minimum acceptance condition

At the end of the Offer Period, Bidder and its Associates have a Relevant Interest in more than 50% (by number) of all of the Target Shares both on an undiluted and on a fully-diluted basis.

- (b) No regulatory action

During the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Governmental Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Governmental Agency; and

- (iii) no application is made to any Governmental Agency (other than by a member of the Bidder Group),

in consequence of, or in connection with, the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in the exercise of powers and discretions conferred by the Corporations Act or the applications to ASX contemplated by this agreement), which:

- (iv) restrains, prohibits or impedes (or if granted or made could restrain, prohibit or impede), or otherwise materially adversely impacts upon:
    - (A) the making of the Offers or the completion of any transaction contemplated by the Offer; or
    - (B) the rights of Bidder in respect of Target or the Target Shares; or
  - (v) requires the divestiture by Bidder of any Target Shares or the divestiture of any assets of the Target Group.
- (c) No material adverse change

Between the date of this agreement and the End Date:

- (i) no event, change, condition, matter or thing occurs (including, for the avoidance of any doubt, any breach of a representation and warranty given by the Target under this agreement), and Target does not disclose information concerning any event, change, condition, matter or thing, which has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the Target Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
- (ii) no event, change, condition, matter or thing, as described in sub-paragraph (i), which occurred before the date of this agreement but was not apparent from publicly available information or the Disclosure Materials before then, becomes public,

Without limitation to any other part of this Condition:

- (iii) a creditor lawfully demanding repayment of a debt of \$1,000,000 or more will have the effect referred to in sub-paragraph (i);
- (iv) the following events will have the effect referred to in sub-paragraph (i):
  - (A) a person exercises rights under an agreement, arrangement or understanding to which any member of the Target Group is a party where that exercise has, will have or is reasonably likely to have the effect of accelerating or adversely modifying the performance of any of the obligations of the relevant Target Group member under the agreement, arrangement or understanding and such modification materially adversely affects the assets, liabilities, financial

position, performance, profitability or prospects of the Target Group taken as a whole;

- (B) an outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster or a material increase in the intensity of any such event existing as at the date of this agreement which materially adversely affects the assets, liabilities, financial position, performance, profitability or prospects of the Target Group taken as a whole; and
  - (C) a Governmental Agency or other body withdraws, revokes, cancels, suspends or otherwise modifies an approval, consent, licence or permit granted to or held by the Target Group (or expresses an intention to do any of these things) and such action materially adversely affects the assets, liabilities, financial position, performance, profitability or prospects of the Target Group taken as a whole.
- (v) an event, matter or thing will have the effect referred to in sub-paragraph (i) if it (either individually or when aggregated with one or more other events, matters or things) has reduced, will reduce or is reasonably likely to reduce:
- (A) the value of the consolidated net assets of the Target Group, taken as a whole, by at least \$5,000,000; or
  - (B) the JORC Resources of 121 million tonnes reported on page 7 slide 'Mayoko Project Overview' of Target's 'Company Presentation' announced to the ASX on 7 November 2011 by at least 10%.

This condition (c) does not apply to events, changes, conditions, matters, things or information:

- (vi) occurring as a result of any event, matter or thing required by this agreement or the Bid;
  - (vii) occurring as a result of any matter, condition, circumstances or thing fairly disclosed in the Disclosure Materials or in an announcement made by the Target to ASX or a document lodged by the Target with ASIC before the date of this agreement;
  - (viii) occurring as a result of changes general economic conditions, including, without limitation, movements in exchange rates or iron ore prices.
- (d) No prescribed occurrences

No Prescribed Occurrence happens in the period between the date of this agreement and the End Date (both inclusive).

## Schedule 3 — Target Group securities

### African Iron Limited

| Class of security                                                                                                                                  | Number on issue | Registered holder                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ordinary shares                                                                                                                                    | 501,828,283     |                                                                                                                                                                                                                                                                                                                    |
| Options over ordinary shares quoted on ASX exercisable at \$0.20 expiring on 1 December 2013<br><b>(Listed Options)</b>                            | 24,424,952      |                                                                                                                                                                                                                                                                                                                    |
| Options over ordinary shares not quoted on ASX<br><b>(Unlisted Options):</b><br><br>Exercisable at \$0.30 expiring 31 December 2012, transferrable | 4,000,000       | Anda Mambak<br>Andrea Kelly<br>ARC Geoscience Pty Ltd as trustee for the Froud Family Trust<br>Claire Tolcon and Stefan Matuszkiewicz (via The Tolcon/ Matuszkiewicz Family Trust)<br>Henri Okemba<br>Medland Consultancy Pty Ltd<br>Pembury Nominees Pty Ltd<br>South Durras Pty Ltd (via the South Durras Trust) |
| Exercisable at \$0.30 expiring 31 December 2012, subject to a 24 month escrow from the date of quotation, transferrable                            | 36,000,000      | Tony Sage (via The Egas Superannuation Fund)<br>Colbern Fiduciary Nominees Pty Ltd<br>EAS Advisors LLC                                                                                                                                                                                                             |

|                                                                    |                   |                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                    |                   | <p>Expedia Investments Pty Ltd</p> <p>Joe Ariti</p> <p>Ian Burston</p> <p>Pippa Leverington</p> <p>Renaissance Securities (Cyprus) Limited</p>                                                                                                                                     |
| Exercisable at \$0.30 expiring 31 December 2012, transferrable     | 2,700,000         | <p>Foo Fong Hamilton</p> <p>Metvest Pty Ltd</p> <p>Midnight Blue Holdings Pty Ltd as trustee for the Gartner Superannuation Fund</p> <p>Geoff Allen as trustee for the Allen Family Trust</p> <p>Patrick Vekemans</p> <p>Helene Tirand</p> <p>Karim Amara</p> <p>Phil Francois</p> |
| Exercisable at \$0.30 expiring 30 December 2014, non-transferrable | 3,500,000*        | Daniel Desjardins                                                                                                                                                                                                                                                                  |
| Exercisable at \$0.30 expiring 30 December 2014, non-transferrable | 4,000,000*        | Grant Calderwood                                                                                                                                                                                                                                                                   |
| Exercisable at \$0.30 expiring 30 December 2014, non-transferrable | 10,000,000*       | Simon Youds                                                                                                                                                                                                                                                                        |
| Exercisable at \$0.30 expiring 30 December 2012, non-transferable  | 2,000,000         | John Moore                                                                                                                                                                                                                                                                         |
| Exercisable at \$0.30, expiring 30 December 2014, non-transferable | 4,000,000*        | Shane Volk                                                                                                                                                                                                                                                                         |
| <b>Total Unlisted issued Options</b>                               | <b>66,200,000</b> |                                                                                                                                                                                                                                                                                    |

\* vesting conditions apply to certain of these options

#### Quidong Minerals Pty Ltd

| Class of security | Number on issue | Registered holder    |
|-------------------|-----------------|----------------------|
| Ordinary shares   | 100             | African Iron Limited |

**AKI Exploration Limited**

| Class of security | Number on issue | Registered holder    |
|-------------------|-----------------|----------------------|
| Ordinary shares   | 1               | African Iron Limited |

**DMC Mining Pty Ltd**

| Class of security | Number on issue | Registered holder    |
|-------------------|-----------------|----------------------|
| Ordinary shares   | 91,867,867      | African Iron Limited |

**AKI Exploration (Bermuda) Limited**

| Class of security | Number on issue | Registered holder       |
|-------------------|-----------------|-------------------------|
| Ordinary shares   | 100             | AKI Exploration Limited |

**African Iron Exploration SA**

| Class of security | Number on issue | Registered holder                                                                                               |
|-------------------|-----------------|-----------------------------------------------------------------------------------------------------------------|
| Ordinary shares   | 5,000           | 85% held by AKI Exploration (Bermuda) Limited;<br>10% held by River Sarlu BP; and<br>5% held by Byron Sarlu BP. |

**DMC Iron Congo SA**

| Class of security | Number on issue | Registered holder               |
|-------------------|-----------------|---------------------------------|
| Ordinary shares   | 1,000           | 92% held by DMC Mining Pty Ltd; |

|  |  |                                                                                                                  |
|--|--|------------------------------------------------------------------------------------------------------------------|
|  |  | 3% held by Tanaka Mining Projects (Proprietary) Limited; and<br><br>5% held by Les Etablissements Congolais MGM. |
|--|--|------------------------------------------------------------------------------------------------------------------|

#### DMC Exploration SA

| Class of security | Number on issue | Registered holder                                                                                         |
|-------------------|-----------------|-----------------------------------------------------------------------------------------------------------|
| Ordinary shares   | 5,000           | 70% held by DMC Mining Pty Ltd;<br><br>15% held by River Sarlu BP; and<br><br>15% held by Byron Sarly BP. |

## Schedule 4 — Timetable

| Day              | Event                                                                                                       |
|------------------|-------------------------------------------------------------------------------------------------------------|
| 10 January 2012  | Execution of this agreement                                                                                 |
| 11 January 2012  | Release of Agreed Public Announcement<br><br>Bidder's Statement lodged with ASIC and sent to Target and ASX |
| 11 January 2012  | Bidder's Statement sent to Target shareholders                                                              |
| 12 January 2012  | Target's Statement lodged with ASIC and sent to Bidder and ASX                                              |
| 16 January 2012  | Target's Statement sent to Target shareholders                                                              |
| 14 February 2012 | Offer Period ends                                                                                           |

## Schedule 5 — Tenements and Applications

| Tenements                                                                                                                                                           |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tenement details                                                                                                                                                    | Registered and beneficial holder | Encumbrances or other interests                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Mayoko- Lekoumou research permit granted under the Mining Code pursuant to decree no 2008-75 of 3 April 2008 and renewed under decree no 2011 – 482 of 20 July 2011 | DMC Iron Congo SA as to 100%     | <ul style="list-style-type: none"> <li>- various rights and interest held by Cape Lambert Resources Ltd under the deed entitled Deferred Consideration Deed between Target and Cape Lambert Resources Ltd (undated) including the right to receive a royalty and a pre-emptive right;</li> <li>- various rights and interest held by Saurus Resources Limited under the deed entitled Deferred Consideration Deed between Target and Saurus Resources Limited dated 13 September 2011 including the right to receive a royalty and a pre-emptive right; and</li> <li>- various rights and interest held by Les Etablissements Congolais MGM (MGM)</li> </ul> |

|                                                                                                                                       |                                        |                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                       |                                        | under the deed entitled Deferred Consideration Deed between Target and MGM dated 13 September 2011 including the right to receive a royalty and a pre-emptive right. |
| Ngoubou-Ngoubou authority to prospect granted under the Mining Code pursuant to order no 10 605/MMG/CAB on 3 August 2011              | African Iron Ltd as to 100%            | Nil                                                                                                                                                                  |
| <b>Applications</b>                                                                                                                   |                                        |                                                                                                                                                                      |
| <b>Application details</b>                                                                                                            | <b>Applicant</b>                       | <b>Encumbrances or other interests</b>                                                                                                                               |
| Application for Ngoubou-Ngoubou research permit over the area of the Ngoubou-Ngoubou authority to prospect made under the Mining Code | African Iron Exploration SA as to 100% | Nil                                                                                                                                                                  |

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## Schedule 6

### Part 1 – Material Contracts

- Convention between the Republic of Congo and DMC Iron Congo SA in relation to mining prospecting for iron in the Mayoko-Lekoumou Area (Niari District), undated;
- Incorporated Shareholders Agreement between DMC Mining Pty Ltd ACN 121 513 620, Tanaka Mining Projects (Proprietary) Limited, and Project Management International Limited dated 7 December 2007 as varied by the Deed of Variation – Incorporated Shareholders Agreement between DMC Mining Pty Ltd ACN 121 513 620, Tanaka Mining Projects (Proprietary) Limited, and Project Management International Limited dated 4 May 2010 and as varied by the deed of accession by Les Etablissements Congolais MGM dated 20 December 2011];
- Loan Agreement between DMC Mining Pty Ltd ACN 121 513 620 and DMC Iron Congo SA dated 16 May 2008;
- Share Sale Agreement between Cape Lambert Resources Limited ACN 095 047 920 and the Target dated 17 December 2010;
- Share Sale Agreement between DMC Mining Pty Ltd ACN 121 513 620, Saurus Resources Limited and Target dated 13 September 2011;
- Share Sale Agreement between DMC Mining Pty Ltd ACN 121 513 620, Les Etablissements Congolais MGM and Target dated 13 September 2011;
- Deferred Consideration Deed between the Target and Cape Lambert Resources Limited ACN 095 047 920 (undated);
- Deferred Consideration Deed between the Target and Les Etablissements Congolais MGM dated 13 September 2011;
- Deferred Consideration Deed between the Target and Saurus Resources Limited dated 13 September 2011;
- Restriction Agreement between the Target and Cape Lambert Resources Limited ACN 095 047 920 dated 10 January 2010.
- Restriction Agreement between the Target and Saurus Resources Limited dated 13 September 2011
- Restriction Agreement between the Target and Michael John Lancaster Warren dated 13 September 2011
- Executive Services Agreement between Target and Shane Volk dated 5 December 2011
- Offer of Employment between Target and Grant Calderwood dated 26 September 2011

- Executive Services Agreement between Target and Simon Youds dated 6 December 2011
- Tax Deed between Cape Lambert Resources Limited, DMC Mining Limited and others dated 10 January 2011

**Part 2:**

- any agreement between any member of the Target Group and Chemin de Fer Congo Ocean relating to any rail infrastructure;
- any agreement between any member of the Target Group and Autonomous Port, Pointe-Noire relating to any port infrastructure; and
- any agreement between the shareholders of African Iron Exploration S.A. for the management, operation or funding of African Iron Exploration S.A.

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## Execution page

### Executed as an agreement.

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Signed for **African Iron Limited** by:

[Signed]

Signature of director

Ian F Burston

Name of director (print)

[Signed]

Signature of director/~~secretary~~

Giuseppe Vince Ariti

Name of director/~~secretary~~ (print)

---

Signed for **Exxaro Australia Iron Investments Pty Ltd** by:

[Signed]

Signature of director

Tony Martin

Name of director (print)

[Signed]

Signature of ~~director~~/secretary

Nigel Lucas

Name of ~~director~~/secretary (print)

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## **Attachment A — Agreed Public Announcement**

**Removed from conformed version for release on ASX.**