ACM Corporate

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BY HAND

22 January 2010

Mr Bryan Dixon
Chairman
Midwinter Resources NL
Level 1, 22 Oxford close
LEEDERVILLE WA 6007

Copy to:
Advanced Share Registry Services
Email: admin@advancedshare.com.au

Dear Mr Dixon

SKALA LIMITED – TAKEOVER BID FOR MIDWINTER RESOURCES NL

We act for Skala Holdings Pty Ltd (**"Skala"**) and advise the following:

1. **Service of bidder's statement**

In accordance with item 3 of section 633(1) of the Corporations Act 2001 (Cwlth) ("**Corporations Act**") we enclose a copy of the bidder's statement in relation to the offer made by Skala to acquire all of the shares in Midwinter Resources NL ("**Midwinter**"), lodged or to be lodged with the Australian Securities and Investment Commission today.

2. **Notice of register date**

For the purposes of section 633(2) of the Corporations Act, and as set out in the enclosed bidder's statement, the persons whom Skala will send information under item 6 of section 633(1) are the holders of ordinary shares in Midwinter as at 4:00pm (Perth time) on **Monday, 1 February 2010** ("**Register Date"**).

3. **Request for information**

3.1. We request, on behalf of Skala, that Midwinter give Skala the following information in accordance with section 641(1) of the Corporations Act and section 14.13.1 of the ASTC Settlement Rules:

a. The name, address, Security Holder Reference Number (SRN), Holder Identification Number (HIN) and Broker Participant Identification (PID) of each person who holds Midwinter shares or securities convertible into Midwinter shares (**Midwinter Securities**) as at 4:00pm (Perth time) on the Register Date;

b. The type, and number of each type, of Midwinter Securities held by those persons as at 4:00pm (Perth time) on the Register Date; and

c. In respect of such holders, a distinguishing code to show whether the holder is an individual holder, a joint holder or a company and if it is recorded as a 'return mail' holder; and any other applicable noting in relation to the relevant holder of Midwinter Securities.

Please provide this information in respect of all Midwinter Securities.

3.2. Skala requests this information by no later than 4:00pm (Perth time) on **Tuesday, 2 February 2010.**

3.3. In accordance with section 641(2) of the Corporations Act, we request that the information be correct as at 4:00pm (Perth time) on the Register Date.

3.4. We request the information to be provided electronically in an audit file layout, and delivered to Security Transfer Registrars Pty Ltd (**STR**) by either:

a. a CD sent to STR at 770 Canning Highway, Applecross WA 6153; or

b. an email notification from Midwinter's share registry to Karen Anastasakis at STR (see contact details below) containing the audit file name and the location of that audit file (such as a secure file transfer site).

3.5. We are instructed that Skala undertakes to comply with Rule 14.13.3 of the ASTC Settlement Rules in relation to information acquired under paragraph 3.1 of this letter.

3.6. During the bid period, Skala will forward details of acceptances which are received in respect of securities held on Midwinter's Issuer Sponsored Sub-Register. When such details are communicated to Midwinter, we ask that Midwinter reserve the relevant securities in favour of Skala for the purposes of the bid in accordance with ASX Listing Rule 8.12, pending the fulfilment of the bid conditions. We are instructed that Skala undertakes to tell Midwinter if the Skala bid has lapsed because of a defeating condition, or if an acceptance is lawfully withdrawn, as soon as practicable after that occurs.

3.7. If you have any queries in relation to the provision of information requested in paragraph 3.1, please contact Karen Anastasakis at STR. Her details are as follows:

Phone: (08) 9315 2333
Fax: (08) 9315 2233
Email: registrar@securitytransfer.com.au (marked for the attention of Karen)

We would be grateful if you would give Karen Anastasakis the contact details for a representative of Midwinter's share registry who will be responsible for facilitating the supply of the requested information.

3.8. For the purpose of paying the fee levied by Midwinter under section 641(5) of the Corporations Act ($0.10 per holder as set out in Schedule 4, Item 4 of the Corporations Regulations), please find enclosed a cheque for $50.00. The cheque has been drawn for that amount on Skala's understanding that there are fewer than 500 holders of Midwinter shares. If that cheque is not sufficient to meet the requested fee under section 641(5), please advise Damien Kelly (details below) immediately.

Yours faithfully

Damien Kelly
Director

Contact:
T +61 8 6314 6377
F +61 8 6314 6355
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damien.kelly@acmcorporate.com

Skala Holdings Pty Ltd

ACN 141 404 462

Bidder's Statement

OFFER by Skala Holdings Pty Ltd

to acquire 40% of your fully paid ordinary shares in

Midwinter Resources NL (ACN 126 129 413)

for

12 cents cash per fully paid ordinary share

TO ACCEPT SKALA'S OFFER, SIMPLY COMPLETE THE ENCLOSED ACCEPTANCE FORM AND RETURN IT TO SECURITY TRANSFER REGISTRARS AT THE ADDRESS SET OUT ON THE ACCEPTANCE FORM

If you did not receive the Acceptance Form or require a replacement, or if you have any questions about Skala's Offer, please email MWN.Takeover@otrantocapital.com

THIS IS AN IMPORTANT DOCUMENT THAT YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR LEGAL ADVISER.

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Important Information

1. Bidder's Statement

This document is the Bidder's Statement from Skala Holdings Pty Ltd (ACN 141 404 462) (**Skala**) in relation to its proportional off-market bid for 40% of the fully paid ordinary shares in Midwinter Resources NL (ACN 126 129 413) (**Midwinter**).

This Bidder's Statement is dated 22 January 2010. A copy of this Bidder's Statement was lodged with ASIC on 22 January 2010. ASIC takes no responsibility for the content of this Bidder's Statement.

2. Investment Decision

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each MWN Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

3. Foreign Jurisdictions

Foreign Law may restrict the distribution of this Bidder's Statement in jurisdictions outside Australia and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable Foreign Law. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

4. Privacy

Skala has collected your information from Midwinter's share registrar for the purposes of making this Offer. Skala and the share registry may disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Skala, please email MWN.Takeover@otrantocapital.com

5. Defined Terms

Various defined terms are used in this Bidder's Statement. Their meaning is set out in Annexure B.

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Important Dates

Date this Bidder's Statement was lodged with ASIC and date of this Bidder's Statement	22 January 2010
Record Date	1 February 2010
Date of Offer	5 February 2010
Offer closes (unless extended) *	4.00pm (WST) 7 March 2010

* This date is indicative only and may be changed as permitted by the Corporations Act.

1. Summary of the Offer

Skala Holdings Pty Ltd (**Skala**) is pleased to enclose its offer to acquire **40%** of your MWN Shares (**Offer**). By accepting the Offer, you will be paid **12 cents** in cash for each of your MWN Shares to which the Offer relates. Skala believes that there are important reasons why you should accept this Offer, including:

- **Liquidity:** MWN Shares currently trade on very low volumes on ASX. As such, there may be little or no opportunity to dispose of your MWN Shares into a liquid market. If Skala's bid does not succeed, there is a risk that the low liquidity will remain for the foreseeable future.
- **Midwinter's share price may fall if the Offer does not succeed** Although there are many factors that may influence the price of MWN Shares on ASX, due to the absence of any other offer for MWN Shares at the date of this Bidder's Statement and the general paucity of liquidity, if the Offer does not succeed there is a risk that the price of MWN Shares may fall.
- **Premium to recent prices:** Skala's Offer represents a **14% premium** to the last trading price of Midwinter as of 21 January 2010.
- **Commitment to Midwinter:** Skala has made the Offer with the goal of maintaining Midwinter's primary business objective which, since listing, has been to generate significant shareholder wealth by identifying, acquiring, exploring and/or developing substantial mineral projects that possess the potential for significant cashflow and/or exploration upside. In particular, in intends reinvigorating the acquisition of the Russian coal project as well as exploring other acquisitions in this region.
- **Many small shareholders can accept the Offer for ALL their MWN Shares:** If, as a result of accepting the Offer, you would be left with a shareholding in Midwinter that has a Market Value of less than $500, Skala will buy **ALL** of your MWN Shares (subject to ASIC Relief). For example, assuming a closing market price of 12 cents per MWN Share on the day you accept Skala's Offer, if you then hold 6,944 MWN Shares or less, the Offer will apply to **ALL** of your MWN Shares.

The Bidder's Statement sets out details of the Offer, including all relevant information that MWN Shareholders should consider in relation to making a decision whether or not to accept the Offer. If you have any questions about Skala's Offer, please contact your broker or financial adviser, or email MWN.Takeover@otrantocapital.com

2. Frequently Asked Questions in Relation to the Offer

2.1 Important Notice

This Section provides answers to frequently asked questions in relation to the Offer. The information in this Section is only an overview of the Offer and is qualified by the detailed information contained in the rest of this document. You should read this Bidder's Statement in its entirety before deciding how to deal with your MWN Shares.

2.2 What is the Offer?

Skala is offering to acquire 40% of your MWN Shares in consideration for the payment to you of **12 cents** per MWN Share.

Accordingly, if you accept the Offer, you will:

a) **receive 12 cents for each MWN Share which comprises 40% of your total MWN Shareholding; and**

b) **get to keep 60% of your MWN Shares to deal with as you please.**

For example, if you own 10,000 MWN Shares and accept the Offer in full, you will transfer 4,000 MWN Shares to Skala, be paid $480 and continue to own 6,000 MWN Shares (assuming the Offer becomes or is declared unconditional).

Please note that you may only accept the Offer for 40% of the MWN Shares held by you, and not a lesser proportion. **HOWEVER, IF BY ACCEPTING SKALA'S OFFER YOU WILL BE LEFT HOLDING MWN SHARES WITH A MARKET VALUE OF LESS THAN $500 THEN SKALA WILL, SUBJECT TO ASIC RELIEF REFERRED TO IN SECTION 9.2 OF THIS BIDDER'S STATEMENT, ACQUIRE ALL OF YOUR MWN SHARES FOR 12 CENTS EACH**.

If you are not sure whether you would be left with a shareholding in Midwinter that has a Market Value of less than $500 please call your stockbroker, financial adviser or email MWN.Takeover@otrantocapital.com

2.3 What is the Bidder's Statement?

This Bidder's Statement was prepared by Skala for distribution to MWN Shareholders. It sets out the Offer terms and information relevant to your decision whether or not to accept the Offer.

The Bidder's Statement is an important document. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.

2.4 When does the Offer open and close?

This Offer opens on 5 February 2010 and is scheduled to close at 4.00pm (WST) on 7 March 2010, unless it is extended or withdrawn in accordance with the Corporations Act.

2.5 If I accept the Offer, when will I be paid?

If you accept the Offer, you be sent payment within one month of the later of the date you accept and the date the Offer becomes unconditional. In any event, assuming the conditions of the Offer you accept are satisfied or waived, you will be sent payment within 21 days of the end of the Offer Period.

2.6 What are the conditions of the Offer?

The Offer is subject to various conditions as set out in Section 7 of Annexure A of this Bidder's Statement including (but not limited to):

a) Skala having a relevant interest in at least 60% of the MWN Shares to which this Offer relates before the end of the Offer Period:

b) no material adverse effect (as described in Section 7 of Annexure A) occurring in relation to Midwinter;

c) no prescribed occurrences (as set out in Section 7 of Annexure A) happening during the Offer Period; and

d) the S&P ASX 200 Index is not 10% or more below:

    i) its level as at the close of business on the business day prior to the Announcement Date; or

    ii) any level it may reach at any time following the Announcement Date.

Skala may choose to waive any of these conditions in accordance with the terms of the Offer.

2.7 What if the conditions of the Offer are not satisfied?

If the Offer closes with conditions remaining unsatisfied, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your MWN Shares (unless you otherwise sell them). Skala will inform you of whether the conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act. Skala may extend the Offer Period in accordance with the Corporations Act in order to give time for conditions to be satisfied - see "Can Skala extend the Offer Period?" below.

2.8 How do I accept the Offer?

How you accept the Offer will depend on whether your MWN Shares are held in an **Issuer Sponsored Holding** or a **CHESS Holding**. The Acceptance Form enclosed has been personalised to reflect this for you.

2.9 Are my MWN Shares in an Issuer Sponsored Holding or a CHESS Holding?

Your MWN Shares are held in an **Issuer Sponsored Holding** if the statement you received from Midwinter detailing the number of MWN Shares you hold showed that your holder number started with an "**I**". Your personalised Acceptance Form enclosed with this document will also indicate if your MWN Shares are held in an Issuer Sponsored Holding.

On the other hand, your MWN Shares are held in a **CHESS Holding** if the statement you received from Midwinter detailing the number of MWN Shares you hold showed that your holding is in CHESS and the participant who sponsors you. Your personalised Acceptance Form enclosed with this document will also indicate if your MWN Shares are held in a CHESS Holding.

Please refer to Section 4 of Annexure A and the enclosed Acceptance Form for further details.

2.10 Will I need to pay any brokerage or stamp duty if I accept the Offer?

If your MWN Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Skala, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptances of the Offer.

If your MWN Shares are registered in a CHESS Holding, or if you are the beneficial owner whose MWN Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the offer but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

You will likely incur brokerage costs if you sell your MWN Shares on ASX.

2.11 Can Skala extend the Offer Period?

Yes, the Offer Period can be extended at Skala's election, up to a maximum Offer Period of 12 months.

2.12 What are the tax implications of acceptance?

A general summary of the Australian tax consequences of accepting the Offer is set out in Section 8 of this Bidder's Statement. Skala recommends that you seek independent professional tax advice in relation to your own particular circumstances.

2.13 Can I sell my MWN Shares on market?

Yes, but you may incur brokerage costs if you do. If you have already accepted the Offer, you will be unable to settle any subsequent sale of your MWN Shares, subject to you being entitled to withdraw you acceptance - see "Can I withdraw my acceptance?" below.

2.14 Can I withdraw my acceptance?

Under the terms of Offer, you cannot withdraw your acceptance except where a withdrawal right arises under the Corporations Act. A withdrawal right will arise under the Corporations Act if the Offer remains subject to one or more defeating conditions (set out in Section 7 of Annexure A) and, after you have accepted the Offer, Skala varies the Offer in a way that postpones, for more than one month, the time by which Skala needs to meet its obligations under the Offer.

2.15 What funding arrangements does Skala have?

Skala has entered into a Facility Agreement with Mr Valery Nagel pursuant to which he has agreed to provide funding in respect of the Takeover Bid. It is a condition of the Offer that the Facility Agreement remain in full force and effect, with Skala continuing to be entitled to draw down the funds provided by the Financier pursuant to the Facility Agreement. A summary of the Facility Agreement is set out in Section 7.2.

2.16 Where do I go for further information?

If you have any queries about the Offer or for further information on how to accept, contact your financial advisor or email MWN.Takeover@otrantocapital.com

3. Directors of Skala

Following is a brief summary of each of the directors of Skala.

3.1 Mr Valery Nagel

Mr Valery Nagel has a decades experience working with large Russian businessmen and senior government officials on initiating, facilitating the acquisition of Russian natural resource projects as well as project management, project financing and mergers and acquisitions. Mr Nagel has a bachelor's degree in International Banking and Finance from City University and a master's degree in Investment Management from Cass Business School.

3.2 Mr Ivan Nagel

Mr Ivan Nagel has a degree in ecology from the Polytechnic University in Chita, Russia. He co-owns and operates businesses in Russia as diverse as mining, brewing, brick manufacturing, construction, forestry and hospitality with combined turnovers of well in excess a USD100 million. In addition, he is presently involved in the construction and development of a cement plan, with total investment around USD300 million.

3.3 Mr Jon O'Callaghan

Mr O'Callaghan has two decades of business experience, primarily as a corporate financer to emerging natural resource companies. His experience includes initiating, structuring, managing and capitalising a broad range of transactions including IPOs and secondary capital raisings, stock exchange listings, asset acquisitions and divestments, takeovers and re-organisations.

Mr O'Callaghan has played a key role in the inception, growth and development of numerous companies, including three that have gone on to become S&P/ASX Top 200 companies. Now based in London, he continues to draw on his extensive network and business experience to identify and secure exceptional natural resource projects

4. Profile of Midwinter

4.1 Disclaimer

This overview of Midwinter and any financial information concerning Midwinter contained in this Bidder's Statement has been prepared by Skala using publicly available information, adjusted where considered appropriate by Skala based on Skala's industry knowledge and expertise. The information in this Bidder's Statement concerning Midwinter has not been independently verified. Skala does not, subject to the

Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The primary sources of information about Midwinter used by Skala were as follows:

a) Midwinter's Annual Report for the period ending 30 June 2009;

b) Midwinter's Half Year Report for the 6 months ending 31 December 2008;

c) press releases and ASX announcements made by Midwinter in the past 12 months;

d) other publicly released information in relation to Midwinter; and

e) Skala's own knowledge and industry expertise.

Further information relating to Midwinter is expected to be included in the target's statement that Midwinter must provide to its shareholders.

4.2 Overview of Midwinter's activities

Midwinter is a public company listed on ASX trading under ASX code "MWN". Midwinter was incorporated on 22 June 2007 and listed on ASX on 30 October 2007. Since listing, Midwinter's primary objective has been to generate significant shareholder wealth by identifying, acquiring, exploring and/or developing substantial mineral projects that possess the potential for significant cashflow and/or exploration upside. In this regard, Midwinter has maintained an active program of identifying and evaluating projects in any jurisdiction that satisfy the corporate strategy of the Company.

4.3 Midwinter Board of Directors

As at the date of this Bidder's Statement, the directors of Midwinter are:

- Mr Bryan Dixon – Chairman
- Mr Philip Miolin – Non-Executive Director
- Mr David Seymour – Non-Executive Director
- Mr Jon O'Callaghan – Non-Executive Director

4.4 Information about Midwinter securities

To the best of Skala's knowledge Midwinter has the following securities on issue as at 21 January 2010:

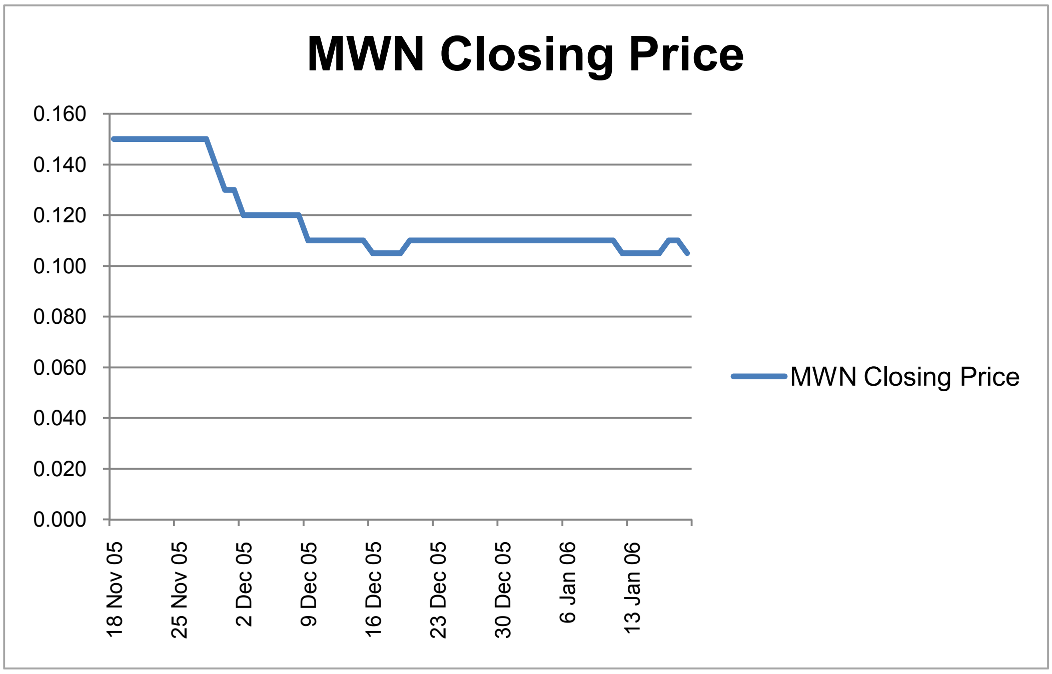
Details	**Number**
MWN Shares	25,000,002
MWN Contribs	11,700,000
Unlisted options (exercisable at 50c each on or before 14 Feb 2010)	200,000
Unlisted options (exercisable at 30c each on or before 1 Nov 2013)	1,700,000
Listed options (exercisable at 25c each on or before 30 Nov 2011)	18,349,961

and the top ten MWN Shareholders (as of 30 September 2009, the latest date Skala was able to obtain information) were as follows:

	MWN Shareholder	Number of Shares	% of MWN Shares
1	Infeon Limited	2,228,000	8.91
2.	Kingsreef Pty Ltd	1,490,000	5.96
3.	Ferrox Ltd	1,000,000	4.00
4.	Strummer Ltd	1,000,000	4.00
5.	Redmet Limited	733,334	2.93
6.	Clive Jones	650,000	2.60
7.	Ringal Investments Pty Ltd	620,000	2.48
8.	Kakula Limited	616,666	2.47
9.	Dr Alastair R Brown	606,000	2.42
10.	Sept Rouges Ltd	500,000	2.00

4.5 Skala's offer represents a premium to Midwinter's recent trading prices

The Offer is priced at a 14% premium to Midwinter's last sale price as of 21 January 2010 recent share trading price. Set out below is a chart showing the closing MWN Share price over the 2 months to 21 January 2010.



4.6 Liquidity

MWN Shares currently trade on very low volumes on ASX. As such, there may be little or no opportunity to dispose of your MWN Shares into a liquid market.

4.7 Cash Backing

As of 30 September 2009 (being the last date that Midwinter published information with respect to its finances), Midwinter had cash on hand of $4.118 million. Therefore, Midwinter's cash backing is 16.5 cents per MWN Share.

4.8 Website

Midwinter maintains a website, www.midwinterresources.com.au, which contains further information about Midwinter and its operations.

4.9 Further Information on Midwinter

As a company whose shares are quoted on ASX, Midwinter is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. A substantial amount of information concerning Midwinter has previously been notified to ASX and is therefore publicly available.

MWN Shareholders may obtain or inspect a copy of documents lodged with ASIC at an office of ASIC or of documents lodged with ASX at an office of ASX, In addition, on request to Midwinter and free of charge, MWN Shareholders may obtain a copy of, or inspect, any documents referred to in this Bidder's Statement which have been lodged with ASIC or given to ASX or which have already been published in a book, journal or comparable publication.

ASX announcements made by Midwinter to ASX since the date of lodgement of Midwinter's 2009 Annual Report containing the financial statements for the period ended 30 June 2009 (being the latest annual financial report containing the financial statements for a financial year most recently lodged with ASIC in relation to Midwinter and before the date of this Bidder's Statement), are set out in Annexure C to this Bidder's Statement.

5. Post-Takeover Intentions

5.1 Approach

This section sets out Skala's intentions in respect of Midwinter on the basis of facts and information concerning Midwinter that are known to Skala at the time of preparation of this Bidder's Statement. However, final decisions will only be reached in light of all material facts and circumstances at the relevant time. Accordingly, the statements set out in this Section 5 are statements of current intentions only which may vary as circumstances require.

5.2 Forward Looking Statements

Some of the statements set out in this Section refer to the intentions of Skala in relation to the operations of Midwinter and potential future returns to MWN Shareholders moving forward. These statements are not intended to be forecasts about future events and are simply statements of proposed future intentions. MWN Shareholders should interpret these statements on this basis.

5.3 Intentions upon successful completion of the Takeover Bid

If the Offer is successful, Skala will seek to have Mr Valery Nagel and Mr Ivan Nagel appointed a director of Midwinter and to have all existing directors, except for Mr Jon O'Callaghan, removed as directors. As far as Skala is aware, Midwinter has no full or part time employees (all services are provided by contractors). Skala (thru its nominee directors) intends reviewing the services and terms of contractors.

Skala, through its nominees to the board of directors of Midwinter, intends (based on the information currently available to it) ensuring a continuation of Midwinter's primary business objective, which has been to generate significant shareholder wealth by identifying, acquiring, exploring and/or developing substantial mineral projects that possess the potential for significant cashflow and/or exploration upside. Midwinter will continue to identify and evaluate projects in any jurisdiction that satisfy the corporate strategy of the Company. Skala intends ensuring that Midwinter remains listed on ASX (subject to the overriding discretion of the ASX to remove Midwinter from the official list). In particular, Skala will look to reinvigorate the acquisition of the Russian coal project that the present board rejected as well as investigate other acquisitions in this region. Other than stated above, Skala does not intend to make any major changes to Midwinter's business.

It should be noted that Skala expects that each of its nominees to the board of directors of Midwinter will exercise their own independent judgement and skill when it comes to the operational, financial and business decisions relating to Midwinter. Skala's only influence will be through its position as a shareholder in Midwinter.

5.4 Business and assets

Other than as set out in Section 5.3 above, it is the present intention of Skala through its board nominees (based on the information presently available to it) to:

a) continue to hold the key assets of Midwinter and maintain its business in substantially the same manner as it is presently being conducted;

b) not make any major changes to the business or assets of Midwinter and not redeploy any of the fixed assets of Midwinter;

c) remove Midwinter's present directors and replace the directors with its nominees;

d) review the services and terms of all of its contractors (note that Midwinter presently has no employees); and

e) to make such changes as necessary to operate Midwinter's business for minimal cost and to ensure that all appropriate capital management initiatives (such as capital returns/raisings and buybacks) are contemplated so that all shareholders benefit.

5.5 Conditions of the Offer

The Offer is subject to a condition that Midwinter does not enter into any material acquisitions between the Announcement Date and the end of the Offer Period (refer to Section 7 of Annexure A). Any decision will be made in accordance with the requirements of the Corporations Act.

5.6 Role of Skala moving forward

Should the nominee directors referred to above be appointed to the Board of Midwinter, Skala expects to play a fairly passive role as a major shareholder in Midwinter. However, Skala intends, where the opportunities arise, to present investment proposals for consideration by the Midwinter board in circumstances where Skala believes the investment proposals may add value to MWN Shareholders.

5.7 Limitations on intentions

The intentions and statements of future conduct set out in this Section 5 must be read as being subject to:

a) the law (including the Corporations Act) and Listing Rules, including in particular the requirements of the Corporations Act and Listing Rules in relation to conflicts of interest and "related party" transactions given that, if Skala obtains control of Midwinter, Skala will be treated as a related party of Midwinter for these purposes; and

b) the legal obligations of the Midwinter directors at the time, including any nominees of Skala, to act in good faith and the best interest of Midwinter and for proper purposes and to have regard to the interests of all MWN Shareholders.

6. Voting Power and Dealing in Midwinter Securities

6.1 Relevant Interest and Voting Power

The following table sets out the Skala Group's relevant interest in MWN Shares and voting power in Midwinter as at the date of this Bidder's Statement and the date of the Offer:

Class of securities	No. of MWN Shares in which the Skala Group has a relevant interest	Voting Power of the Skala Group
MWN Shares	1,773,334	6.94%
MWN Contribs	4,500,000	0.01%
MWN Options	3,115,667	0.00%

6.2 Dealings in Midwinter Securities

During the 4 months prior to the date of this Bidder's Statement, neither Skala nor any of its associates have had any dealings in relation to MWN Shares.

6.3 Other benefits

During the period of four months before the date of this Bidder's Statement, neither Skala nor any associate of Skala gave, or offered to give or agreed to give a benefit to another person that was likely to induce the other person, or an associate of that person, to:

a) accept an Offer under the Takeover Bid; or

b) dispose of MWN Shares,

and which is not offered to all holders of MWN Shares under the Takeover Bid.

7. Source of Cash Consideration

7.1 Consideration

The consideration for the acquisition of MWN Shares under the Offers is to be satisfied by the payment of cash.

Ignoring the fact that some MWN Shareholders may accept the Offers for 100% of their MWN Shares, the maximum amount of the cash consideration which would be payable under the Takeover Bid for the existing issued MWN Shares is approximately $1,116,800. Given that the Offers extend to 100% of the MWN Shares held by some MWN Shareholders (those who will be left with less than a marketable parcel if the Offer is accepted), it is not possible to determine the exact maximum amount of cash that may be required in order to finance the consideration under the Offers in the unlikely circumstance of all MWN Shareholders accepting the Offers.

Skala was unable to obtain from Midwinter a share register in a format suitable for analysis. However, Skala is of the view that $1.5 million should be more than sufficient to finance the consideration payable under the Offers even after taking into account those shareholders with unmarketable parcels or held in nominee or custodian holdings.

7.2 Source of funds

Skala has entered into financing facility with Mr Valery Nagel (**Financier**) pursuant to which the Financier has agreed to provide a draw down facility to Skala to fund all of the consideration payable by Skala pursuant to the Takeover Bid (**Facility Agreement**). The total amount available to Skala under the Facility Agreement is $1.5m. Skala is satisfied that the Financier has sufficient cash reserves or liquid assets to enable draw down by Skala as required.

The Financier may terminate the Facility Agreement at any time prior to the end of the Takeover Bid if any of the conditions of the Offer (as set out in Section 7 of Annexure A) are breached. There are no other conditions relating to the draw dawn of funds under the Facility Agreement. It is a condition of the Offer that funds are available for draw down by Skala under the Facility Agreement on the date or dates that the consideration is payable to accepting MWN Shareholders under the terms of the Offer.

7.3 Financing capability of the Financier and provision of consideration

Skala has obtained a warranty from the Financier confirming his ability to fulfil his commitment under the Facility Agreement. The warranty confirms that the Financier (and their associates) have sufficient capacity to satisfy the financing commitments under the Facility Agreement. On the basis of the arrangements described in this Section 7, Skala believes that it has reasonable grounds for holding the view, and holds the view, that it will be able to provide the consideration offered under the Offer.

8. Australian Taxation Considerations

8.1 Introduction

This Section of this Bidder's Statement summarises some of the Australian tax consequences to Australian resident MWN Shareholders as a result of accepting the Offer. Any MWN Shareholders not resident in Australia should seek their own independent taxation advice.

MWN Shareholders that are not residents of Australia will not be subject to capital gains tax on the disposal of their MWN Shares unless the MWN Shares constitute taxable Australian property.

The Australian taxation consequences for MWN Shareholders who accept the Offer will be dependent upon a number of factors, including:

a) whether the shareholder holds their shares in Midwinter on capital or revenue account or as trading stock; and

b) the tax residency of the shareholder (ie, whether Australian resident or not).

The tax consequences outlined in this report are referable to a MWN Shareholder who is a resident of Australia for tax purposes. The outline set out below does not take into account or anticipate changes in the law (by legislation or judicial decision). In addition, the outline is not exhaustive of all income tax considerations that could apply in all circumstances of any given shareholder. Special additional rules may apply to particular MWN Shareholders, such as insurance companies, superannuation funds and financial institutions.

MWN Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as Australian law, of acceptance of the Offer and the acquisition, ownership and disposal of MWN Shares.

Skala and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves. All MWN Shareholders should consult their own independent tax advisers regarding the income tax and capital gains tax consequences of disposing of MWN Shares having regard to their particular circumstances.

8.2 Income Tax and Capital Gains Tax Issues

The taxation consequences associated with the Offer will depend upon whether the MWN Shareholders hold the MWN Shares as:

a) capital assets;

b) revenue assets; or

c) trading stock.

Each MWN Shareholder will need to determine which category they fall into. The Australian income tax consequences of accepting the Offer for each MWN Shareholder will differ depending on which category of ownership applies to them.

8.3 Disposal of MWN Shares

(a) MWN Shares held on capital account

Shareholders who hold their MWN Shares as passive investments with the intention of generating dividend income and long term capital growth are likely to be considered to hold shares on capital account for tax purposes.

To the extent that the consideration received is greater than the cost base or less than the reduced cost base of the MWN Shares, a capital gain or capital loss (respectively) may result. If a MWN Shareholder (being an individual or trust) has held their MWN Shares for at least 12 months, any capital gain may be treated as a "discount capital gain".

A "discount capital gain" generally means a capital gain derived by an individual, trust or complying superannuation fund from the disposal of an asset that has been held for at least 12 months. For individuals and trusts, the amount of Discount Capital Gain they may need to include in assessable income is 50% of the net capital gain after applying current and prior year capita! losses. For superannuation funds only two thirds of the Discount Capital Gain may need to be included in assessable income after applying current and prior year capital losses.

A capital gain or loss will arise when a shareholder enters into a contract for disposal of the MWN Shares. Where a contract is subject to one or more conditions precedent, such as those contained in Section 7 of Annexure A, the contract is not made until all conditions precedent are satisfied or waived under Section 7 of Annexure A.

Capital losses can only be offset against capital gains arising in the same year as the capital loss arises or future years.

(b) MWN Shares held on revenue account

MWN Shareholders who acquired their MWN Shares with the dominant purpose of reselling them at a profit are likely to be considered to hold their MWN Shares on revenue account for tax purposes. Where this is the case, any gain or loss realised on disposal of the MWN Shares will be assessed as ordinary income or claimed as a revenue deduction.

(c) MWN Shares held as trading stock

MWN Shareholders, who are engaged in the business of share trading, whereby they regularly acquire shares and hold them with a view to making short-term profits through sale or exchange in the ordinary course of carrying on a business, would hold the MWN Shares as trading stock. Any proceeds received from the sale arising from the Offer (being the consideration provided) will be included in assessable income in these circumstances.

8.4 GST Considerations

MWN Shareholders who accept the Offer and who are registered or required to be registered for GST will also need to consider whether there is a GST impact to them.

A supply of shares is an input taxed (exempt) supply for GST purposes. Consequently, the disposal of shares by MWN Shareholders to Skala will not give rise to any GST liability. However, any GST on costs associated with the sale or acquisition of shares may become a cost to the MWN Shareholders. This is because GST incurred on costs that relate to the making of input tax supplies is not generally recoverable as input tax credits. However, any impact will be dependant upon the level of costs associated with the sale and the individual MWN Shareholder's own GST status.

As special rules exist which may reduce partially or possibly in full, input tax credits in certain circumstances, each MWN Shareholder should obtain their own advice.

9. Other Material Information

9.1 Impact of proportional bid on the balance of your MWN Shares

Once you accept the Offer in respect of 40% of your MWN Shares, you cannot accept the Offer for the balance of that holding, nor can a person who buys those remaining shares from you. In those circumstances, once you have accepted the Offer, the balance of your parcel of MWN Shares will be locked to prevent a person who purchases those shares from accepting the Offer.

The trading of the residual shares must be done on a deferred settlement basis on ASX. This may impact upon the trading price for those shares, compared to those held by persons who have not accepted the Offer.

This does not apply to those MWN Shareholders if the acceptance of the Offer would leave them with a parcel of MWN Shares with a Market Value of less than $500. In that instance, subject to ASIC Relief, Skala offers to acquire the balance of your MWN Shares.

ASX will announce details of the trading in MWN Shares that will be supported in its market. You should discuss this with your stockbroker if you intend to buy or sell MWN Shares during the period the Offer remains open.

9.2 ASIC Relief

Skala has been granted a modification of the Corporations Act by ASIC in relation to the ability of certain holders of MWN Shares to take advantage of the unmarketable parcel. In summary, the ASIC Relief prevents Midwinter shareholders from being able to split their MWN Share holdings or acquire small parcels of MWN Shares after the Announcement Date and take advantage of the unmarketable parcel mechanism outlined in section 618(2) of the Corporations Act.

Where the Offer is a separate offer taken to be made to the person for a parcel of bid class securities within that person's holding held on account of another person or held in the person's own right under section 653B(1)(b) of the Corporations Act (as provided for in Section 3(c) of Annexure A) – the person must provide a notice complying with subsection (2A) of ASIC Relief in order to be able to rely on the mechanism set out in section 618(2) of the Corporations Act.

ASIC Relief has been granted on the terms set out in Annexure D to this Bidder's Statement.

9.3 Review of information

Skala conducted a review of limited information and documents made available by Midwinter before it announced the Takeover Bid. Skala confirms that, to the best of its knowledge, there is no other information which:

a) is material to the making of the decision by a person to whom an Offer is being made whether or not to accept such an Offer;

b) is known to Skala; and

c) has not previously been disclosed to the holders of MWN Shares, other than as disclosed in this Bidder's Statement.

9.4 Disclosure of Interests

The directors of Skala have the following interests in Skala securities and Midwinter securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

Director	MWN Shares	MWN Contribs	MWN Options
Valery Nagel [1]	1,733,334	4,500,000	3,116,667
Jon O'Callaghan [2]	1	-	500,000

Notes

1. Includes MWN securities held by the Skala Group
2. Includes unlisted options exercisable at 30 cent each on or before 1 November 2013

9.5 Record Date for Determining Holders

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of Section 633(1) of the Corporations Act is 4.00pm (WST) on Monday, 1 February 2010 (**Record Date**).

9.6 Definitions and interpretation

The definitions and interpretations section in respect of the Bidder's Statement and the Offers is set out in Annexure B.

10. Director Authorisation

This Bidder's Statement is dated the date set out below and was approved pursuant to a resolution passed unanimously at a meeting of the directors of Skala.

Signed for and on behalf of
Skala Holdings Pty Ltd

Valery Nagel
Director

Dated: 22 JANUARY **2010**

Annexure A: Terms of Offer

Offer

by

Skala Holdings Pty Ltd

ACN 141 404 462

TO PURCHASE

40%

OF YOUR ORDINARY SHARES IN

Midwinter Resources NL

ACN 126 129 413

1. General Terms

a) Skala offers to acquire 40% of your MWN Shares on the terms and conditions of this Offer.

b) If you accept this Offer in respect of 40% of your MWN Shares, you are not entitled to accept the Offer for your remaining MWN Shares (**Remaining Shares**), nor can a transferee of your Remaining Shares. Your Remaining Shares will effectively be "tagged" so that a transferee of the Remaining Shares will be prevented from accepting this Offer.

c) This Offer relates to 40% of all MWN Shares that exist (or will exist) as at Record Date and that are not held by Skala (or its associates) as at the Record Date.

d) The Offer does not extend to the MWN Contribs or MWN Options currently on issue. As such, there is no requirement for the Offer to extend to any MWN Contribs which may become MWN Shares or MWN Shares issued after the date set by Skala under section 633(2) of the Corporations Act and prior to the close of the Offer Period pursuant to the payment of MWN Contribs, exercise of MWN Options or otherwise.

e) Notwithstanding paragraph (a), if by accepting this Offer you are left with a balance of MWN Shares that has a Market Value of less than $500, this Offer extends to the whole of your parcel of MWN Shares and you will be deemed to have accepted the Offer for 100% of your MWN Shares.

f) The consideration being offered by Skala for the acquisition of 40% of your MWN Shares is 12 cents per MWN Share.

g) If you accept this Offer and Skala acquires 40% of your MWN Shares, Skala is also entitled to any Rights in respect of those MWN Shares.

2. Offer Period

Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 4.00 pm (WST) on 7 March 2010, subject to any extension of that period pursuant to section 650C of the Corporations Act.

3. Who May Accept

a) This Offer is being made to each holder of MWN Shares registered, or entitled to be registered, in the register of shareholders of Midwinter as at 4.00pm (WST) on Monday, 1 February 2010 (**Record Date**).

b) A person who:

   i) is able during the Offer Period to give good title to a parcel of MWN Shares; and

   ii) has not already accepted this Offer which relates to those MWN Shares,

   may accept as if an Offer from Skala on terms identical with this Offer had been made to that person in relation to those MWN Shares.

c) Subject to ASIC Relief, if at any time during the Offer Period and before this Offer is accepted you hold your MWN Shares in two or more distinct portions (for example, as trustee, nominee or otherwise on account of another person) within the meaning of section 653B of the Corporations Act, then:

   i) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your MWN Shares; and

   ii) to accept any of those corresponding Offers, you must specify by notice in the form prescribed under section 653B(4) of the Corporations Act to Skala that your MWN Shares consist of distinct portions and the number of the MWN Shares to which the acceptance relates.

4. How to Accept this Offer

a) You may only accept this Offer in respect of 40% (and not a lesser proportion) of your MWN Shares. For example, if you have 10,000 MWN Shares and you wish to accept the Offer, you may only accept this Offer in respect of 4,000 MWN Shares. Notwithstanding the foregoing, if, by accepting this Offer, you are left with a balance of MWN Shares that has a Market Value of less than $500, this Offer extends, subject to ASIC Relief, to the whole of your parcel of MWN Shares and you will be deemed to have accepted the Offer for 100% of your MWN Shares.

b) You may only accept this Offer during the Offer Period.

c) The method by which you can accept this Offer will depend on whether your MWN Shares are in an Issuer Sponsored Holding or a CHESS Holding. Your MWN Shares are in an Issuer Sponsored Holding if they are sponsored directly by Midwinter as Issuer. Your MWN Shares are in a CHESS Holding if they are sponsored by a Broker or other CHESS participant or if you are a Broker or Non-Broker Participant.

Issuer Sponsored Holdings

If your MWN Shares are held on Midwinter's issuer sponsored sub-register when you accept, you must:

i) complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form; and

ii) ensure that the Acceptance Form together with all other documents required by the instructions on it are received at the following address before the end of the Offer Period:

Skala Holdings Pty Ltd
Security Transfer Registrars
PO Box 535
Applecross WA 6953
Australia

CHESS Holdings

If your MWN Shares are in a CHESS Holding when you accept this Offer, you must comply with the ASTC Settlement Rules. Accordingly, to accept this Offer in respect of your MWN Shares, you should:

iii) instruct your Controlling Participant to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period. For non institutional shareholders, your "Controlling Participant" will normally be the stockbroker through whom you either bought your MWN Shares or through whom you ordinarily acquire shares on ASX; or

iv) if you are a Broker or a Non-Broker Participant (ie, CHESS participants who are not brokers (eg, institutions, custodian, trustees)), initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.

Alternatively, you may sign and complete the accompanying Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it is received before the expiry of the Offer-Period at the address specified above in this Offer. In that case, you will be deemed to have authorised Security Transfer Registrars to forward your instructions to your Controlling Participant, who will then accept this Offer on your behalf during the Offer Period in accordance with the ASTC Settlement Rules and the Corporations Act.

CHESS holders should note that acceptance of the Offer will not be effected until it is received by their Controlling Participant and processed by them electronically through CHESS.

d) The return of the Acceptance Form to Security Transfer Registrars by facsimile does not satisfy the requirements of Section 4(c) (unless you have made prior arrangements with Skala). If your Acceptance Form is returned by post, it will be deemed to have been received in time if the envelope in which it is sent is post-marked before the end of the Offer Period.

e) Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, subject to sections 650E and 650G of the Corporations Act.

f) Skala may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of your MWN Shares even if a requirement for acceptance has not been complied with.

5. The Effect of Acceptance

a) By following the procedures described in Section 4 above, you will be deemed to have:

   i) accepted this Offer in respect of the MWN Shares registered in your name to which this Offer relates (ie, 40% unless by accepting this Offer you are left with a balance of MWN Shares that has a Market Value of less than $500, in which case this Offer, subject to ASIC Relief, extends to the whole of your parcel of MWN Shares and you will be deemed to have accepted the Offer for 100% of your MWN Shares) (**Purchased Shares**), regardless of the number of MWN Shares specified in the Acceptance Form;

   ii) agreed to transfer your Purchased Shares to Skala;

   iii) agreed to accept the consideration being offered by Skala;

   iv) authorised Skala to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:

      (A) to make the Acceptance Form an effective acceptance of this Offer; and/or

      (B) to enable registration of the transfer to Skala of your Purchased Shares;

   v) irrevocably authorised and directed Midwinter to pay to Skala or to account to Skala for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Offer in respect of your Purchased Shares which Skala acquires pursuant to this Offer (subject to Skala accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);

   vi) represented and warranted to Skala that Skala will acquire good title to and beneficial ownership of all of your Purchased Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;

   vii) represented and warranted to Skala that the making by Skala to you, and your acceptance, of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer, and to your acceptance of this Offer;

   viii) agreed to indemnify Skala fully in respect of any claim, demand, action, suit or proceeding made or brought against Skala and any loss, cost, expense, damage or liability whatsoever suffered or incurred by Skala as a result of Skala not receiving from you any certificate(s) for your Purchased Shares;

ix) appointed Skala or any nominee of Skala as your agent and attorney, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional, to exercise all the powers and Rights attaching to your Purchased Shares and have agreed not to revoke that appointment during the period (**Proxy Period**) between the date of your acceptance of this Offer and the earlier of:

(A) the date on which Skala is registered as the holder of your Purchased Shares;

(B) the date on which your acceptance is validly withdrawn pursuant to section 650E of the Corporations Act; or

(C) the date on which the contract resulting from your acceptance becomes void under section 650G of the Corporations Act;

x) agreed that in exercising the powers conferred by the power of attorney in Section 5(a)(ix) above, Skala or its nominee is entitled to act in the interests of Skala;

xi) authorised Skala, as your agent and attorney, and in your name and on your behalf, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer; becomes unconditional, to execute, all forms, notices and instruments in respect of your Purchased Shares, and to have agreed not to revoke that authority during the Proxy Period;

xii) after the date of your acceptance of the Offer, covenanted and agreed not to participate, or apply for securities on your own behalf, in any offer made by Midwinter for the issue of any securities in Midwinter which are offered to you by Midwinter between the period commencing on the Announcement Date (**Additional MWN Securities**) and expiring at the end of the Offer Period and irrevocably appointed Skala and its directors from time to time jointly and severally as your attorney in your name and on your behalf, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional, to execute all such instruments as Skala may require for the purpose of vesting in it any such Rights including, without limitation, the rights to:

(A) receive, on your behalf, any offer made by Midwinter for the issue of Additional MWN Securities;

(B) accept, on your behalf, any offer made by Midwinter for the issue of Additional MWN Securities by:

(I) completing any application form for the issue of the Additional MWN Securities in your name;

(II) remitting the subscription monies to Midwinter in payment for the Additional MWN Securities the subject of the offer; and

(III) executing all forms, transfers, assignments, notices, instruments, consents and agreements as may be required for the purpose of vesting in Skala the Additional MWN Securities,

xiii) irrevocably appointed Skala and its directors from time to time jointly and severally as your attorney in your name and on your behalf, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional to exercise all powers and Rights which you may have as the holder of your Purchased Shares including, without limitation, the rights to:

(A) attend and vote in respect of your Purchased Shares at any and all meetings of Midwinter;

(B) requisition or join with other holders of Purchased Shares in requisitioning and/or convening a meeting of the members of Midwinter;

(C) demand a poll for any vote to be taken at any meeting of MWN Shareholders;

(D) propose or second any resolutions to be considered at any, and all meetings of MWN Shareholders;

(E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Skala as a proxy in respect of all or any of your Purchased Shares and a transfer form for your Purchased Shares), proxies, consents, agreements and resolutions relating to your Purchased Shares; and

(F) request Midwinter to register in the name of Skala or its nominee your Purchased Shares which you hold on any register of Midwinter,

and to have agreed that in exercising the powers conferred by that power of attorney the attorney shall be entitled to act in the interests of Skala as the beneficial owner and intended registered holder of your Purchased Shares in respect of which you have accepted this Offer and to have further agreed to do all such acts, matters and things that Skala may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of Midwinter) if requested by Skala.

b) Skala may at any time in its absolute discretion:

i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with; and

ii) where you have satisfied the requirements for acceptance in respect of only some of your Purchased Shares, treat the acceptance as a valid acceptance in respect of all of your Purchased Shares,

in respect of any part of an acceptance treated by it as valid, Skala will provide you with the relevant consideration in accordance with Section 6(a), and the exercise of Skala's rights under this Section 5(b) will be conclusively and only evidenced by its so doing.

This Section 5(b) is not a condition of this Offer.

6. Skala's Obligations in Respect of MWN Shares Acquired

a) Subject to this Offer, Skala will provide the consideration for your MWN Shares not later than one month after this Offer is accepted or this Offer (or the contract resulting from its acceptance) becomes unconditional, whichever is the later, but in any event (assuming the Offer becomes or is declared unconditional) not later than 21 days after the end of the Offer Period.

b) If at the time of acceptance of this Offer you are resident in, or a resident of, a place outside Australia, you will not be entitled to receive any consideration pursuant to that acceptance until you obtain all requisite authorities or clearances (if any) of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations or otherwise) or the Australian Taxation Office.

c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):

i) if that document is given with your acceptance, Skala will provide the consideration in accordance with Section 6(a);

ii) if that document is given after acceptance and before the end of the Offer Period while this Offer is subject to a defeating condition, Skala will provide the consideration by the end of whichever of the following periods ends earlier:

(A) within one month after this Offer becomes unconditional; or

(B) 21 days after the end of the Offer Period;

iii) if that document is given after acceptance and before the end of the Offer Period while this Offer is not subject to a defeating condition, Skala will provide the consideration by the end of whichever of the following periods ends earlier:

(A) one month after that document is given: or

(B) 21 days after the end of the Offer Period; and

iv) if that document is given after the end of the Offer Period, Skala will provide the consideration within 21 days after that document is given. However, if, at the time those documents are given to Skala, the contract resulting from your acceptance of the Offer is still subject to a defeating condition, Skala will pay the consideration within 21 days after the contract becomes, or is declared, unconditional.

d) If, at the time you accept the Offer, any of the following:

i) Banking (Foreign Exchange) Regulations 1959 (Cth);

ii) Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);

iii) Charter of the United Nations (Sanctions - Afghanistan) Regulations 2001 (Cth);

iv) Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or

v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for your Purchased Shares, or would make it unlawful for Skala to provide any consideration to you for your Purchased Shares, you will not be entitled to receive any consideration for your Purchased Shares until all requisite authorities, clearances or approvals have been received by Skala.

7. Defeating Conditions of this Offer

This Offer and any contract that results from acceptance of this Offer are each conditional on:

MWN Shares – Minimum Acceptance

That during, or at the end of, the Offer Period, Skala has acquired a relevant interest in at least 60% (by number) of the MWN Shares to which this Offer relates (ie, 60% of 9,306,667 MWN Shares).

Corporate and Legal Expenses

That during, or at the end of, the Offer Period, Midwinter has not incurred more than $250,000 in corporate and legal costs responding to the Offer, including any break fee payable in relation to an alternative offer.

No Dividends or Distributions

During the Offer Period, none of the Midwinter Group declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

No Related Party Transactions

Between the Announcement Date and the end of the Offer Period, none of the Midwinter Group enters into or otherwise become a party to any transaction with a related party or related entity (as those terms are defined in the Corporations Act).

No Restraining Orders

That between the Announcement Date and the end of the Offer Period:

a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and

b) no application is made to any Public Authority (other than by Skala), or action or investigation is announced, threatened or commenced by a Public Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:

c) restrains or prohibits (or, if granted, could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Skala in respect of Midwinter and MWN Shares to be acquired under the Offer; or

d) requires the divestiture by Skala of any MWN Shares, or the divestiture of any assets of the Midwinter Group, Skala or otherwise.

No Material Adverse Effect

That no specified event occurs that will, or is reasonably likely to, have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses, revenue or prospects of Midwinter and its subsidiaries, including as a result of making the Offers or the acquisition of MWN Shares pursuant to the Offers. For these purposes, a “specified event” is an event or occurrence that:

a) occurs during the Offer Period;

b) occurs before the Announcement Date but is only announced or publicly disclosed between the Announcement Date and the end of the Offer Period; or

c) will or is likely to occur following the Offer Period and which has not been publicly announced prior to the Announcement Date.

No Material Acquisitions, Disposals or New Commitments

Except for any proposed transaction publicly announced by Midwinter before the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period, any of the Midwinter Group:

a) acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than $100,000 or makes an announcement in relation to such an acquisition, offer or agreement;

b) disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as at Midwinter’s statement of financial position as at 30 June 2009) is, in aggregate, more than $100,000 or makes an announcement in relation to such a disposition, offer or agreement; or

c) enters into, of offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would require expenditure, or the foregoing of revenue, by Midwinter and/or its subsidiaries of an amount which is, in aggregate, more than $100,000, or makes an announcement in relation to such an entry, offer or agreement.

Foreign Investment Review Board

Before the end of the Offer Period:

a) the Treasurer of the Commonwealth of Australia or a delegate of the Treasurer of the Commonwealth of Australia issues a notice stating that the Commonwealth Government does not object to the potential acquisition by Skala of control of Midwinter and such notice is not subject to any conditions;

b) the period provided under the FATA during which the Treasurer of the Commonwealth of Australia may make an order under section 18(2) of the FATA or an interim order under section 22 of the FATA in relation to the acquisition by Skala of the MWN Shares expires without such an order being made; or

c) if an interim order under section 22 of the FATA is made, the subsequent period for making a final order prohibiting the acquisition by Skala of the MWN Shares lapses without a final order being made.

No Persons Exercising Rights Under Certain Agreements or Instruments

After the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which any of the Midwinter Group is a party, or by or to which any of the Midwinter Group or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of any of the Midwinter Group taken as a whole, in:

a) any monies borrowed by any of the Midwinter Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;

b) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;

c) the interest of any of the Midwinter Group in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or

d) the business of any of the Midwinter Group with any other person being adversely affected,

as a result of the acquisition of MWN Shares by Skala under the Offer.

Prescribed Occurrences During Offer Period

That, during the Offer Period, none of the following events happen:

a) Midwinter converts all or any of its shares into a larger or smaller number of shares;

b) any of the Midwinter Group resolves to reduce its share capital in any way; or

c) any of the Midwinter Group:

    i) enters into a buy-back agreement;

    ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;

    iii) issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;

    iv) issues, or agrees to issue, convertible notes;

    v) issues, or agrees to issue, any security that is convertible into an ordinary share;

    vi) disposes, or agrees to charge, the whole, or a substantial part, of its business or property;

    vii) charges, or agrees to charge, the whole, or a substantial part, of its business or property;

viii) resolves to be wound up;

ix) undertakes a return of capital to shareholders;

x) undertakes any form of entitlements issue of securities to shareholders;

xi) has a liquidator or provisional liquidator appointed;

xii) has a court make an order for its winding up;

xiii) has an administrator appointed under sections 436A, 436B or 436C or the Corporations Act;

xiv) executes a deed of company arrangement; or

xv) has a receiver and manager appointed in relation to the whole, or a substantial part, of the property of any of the Midwinter Group.

Prescribed Occurrences During Period from Announcement Date to Offer Period

That, during the period commencing on the Announcement Date and ending immediately before the commencement of the Offer Period, none of the events described in the paragraph above occur.

Return of Capital

If, from the Announcement Date to the conclusion of the Offer Period, Midwinter undertakes a return of capital to shareholders, then the price offered pursuant to the Offer will be reduced by the amount of capital returned for each MWN Share.

Access to Information

Between the Announcement Date and the end of the Offer Period, Midwinter promptly, and in any event within 2 business days of a written request being made by Skala to Midwinter, proves to Skala a copy of all material information which Skala may from time to time reasonably request, whether or not generally available (within the meaning of the Corporations Act) relating to any of the Midwinter Group, or their respective assets, liabilities or operations.

Absence of New Litigation

That, before the end of the Offer Period, none of the Midwinter Group is or has become the subject of any litigation which is commenced, is threatened to be commenced, is announced, or is made know to Skala (other than any claim or litigation initiated by Skala) (whether or not becoming public), and which may be reasonably be expected to result in a judgment against any of the Midwinter Group of $100,000 or more (after taking into account any reduction of the judgment which may reasonably be expected by way of set-off or cross claim), other than that which has been publicly announced prior to the Announcement Date.

ASX/ASIC Conditions

All conditions that ASX or ASIC impose (if any) as a pre-requisite to completion of the Offer are fulfilled, including obtaining Midwinter shareholder approvals, if necessary.

No Excessive Termination Payments

That there are no contracts, arrangements or understandings that any payment or other benefit will be made or given to any director, secretary or executive officer of any of the Midwinter Group as compensation for loss of or as consideration for or in connection with his or her retirement from office as a director, secretary or executive officer or any other office in connection with the management of any of the Midwinter Group which exceed in value the aggregate sum of $50,000.

Indices Fall

The S&P ASX 200 index is at any time after the date of the Announcement 10% or more below its respective level as at the close of business on the business day prior to the Announcement Date. Moreover, if the S&P ASX 200 is more than 10% below any level it may reach at any time following the Announcement Date.

Waiver

No waiver of any term of this Offer, nor consent to any departure therefrom, by Skala, shall be effective unless the same shall be in writing and then such waiver or consent shall be effective only in the specific instance and for the purpose for which it is given. No default or delay on the part of Skala in exercising any rights, powers, or privileges hereunder shall operate as a waiver thereof or of any other right hereunder; nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

Moreover, each provision and sub-provision of the Offer shall be construed separately and not by reference to one another such that no provision or sub-provision of the Offer shall be construed or interpreted as being in limitation of any other provision or sub-provision of this Agreement unless the contrary is expressly provided.

ASIC Modification

Prior to the date that the first Offer is made, ASIC grants Skala a modification of sections 618(2) and 653B of the Corporations Act to prevent MWN Shareholders from being able to split their holdings or acquire small parcels of MWN Shares after the Announcement Date and take advantage of the mechanism outlined in section 618(2) of the Corporations Act.

a) Skala may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 7 by giving notice to Midwinter declaring the Offers to be free from the conditions specified in accordance with section 650F of the Corporations Act. This notice may be given:

   i) in relation to the conditions relating to Prescribed Occurrences During Offer Period – not later than three business days after the end of the Offer Period; and

   ii) in relation to other conditions - not later than seven days before the end of the Offer Period.

b) Subject to the provisions of the Corporations Act:

   i) each paragraph and sub paragraph of this Section 7 constitutes, and needs to be construed as, separate, several and distinct condition. None of these conditions will be taken to limit the meaning or effect of any other condition; and

   ii) Skala alone is entitled to the benefit of the conditions set out in Section 7 and to rely on breach or non-fulfilment of, or to waive compliance with, any of those conditions.

c) The date for giving the notice of the status of the conditions (as required by section 630(1) of the Corporations Act) is 4.00pm (WST) on Friday, 26 February 2010, subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

8. Withdrawal of Offer

Skala may withdraw this Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC).

9. Variation

Skala may vary this Offer in accordance with section 650D of the Corporations Act.

10. No Stamp Duty or Other Costs

All costs and expenses of the preparation, dispatch and circulation of this Offer and any stamp duty payable in respect of the transfers will be paid by Skala.

11. Governing Law

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Western Australia.

12. Date if Offer

This Offer is dated 5 February 2010.

Annexure B: Definitions and Interpretation

1. Definitions

In the Bidder's Statement (including the Annexures) and the Offers, unless the contrary intention appears, words and phrases have the same meaning and interpretation as in Chapter 6 of the Corporations Act. The following terms relate to the Bidder's Statement (including its annexures) and the Offers, unless the context otherwise requires:

a) **Announcement Date** means 7 December 2009.

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

c) **ASIC Relief** means the relief granted by ASIC on the terms as summarised in Section 9.2 of this Bidder's Statement.

d) **ASTC** means ASX Settlement & Transfer Corporation.

e) **ASTC Settlement Rules** means the operating rules of the settlement facility provided by ASTC.

f) **ASX** means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.

g) **Bidder's Statement** means this document, being a Bidder's Statement given by Skala to Midwinter pursuant to Part 6.5 of the Corporations Act, in relation to the Offer.

h) **CHESS** means the Clearing House Electronic Sub-register System.

i) **CHESS Holding** means a holding that is sponsored by CHESS.

j) **Controlling Participant** has the meaning given in the ASTC Settlement Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASTC Settlement Rules).

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

l) **FATA** means the Foreign Acquisitions and Takeovers Act 1975 (Cth).

m) **Foreign Law** means a law of a jurisdiction other than Australia.

n) **Midwinter** means Midwinter Resources NL (ACN 126 129 413).

o) **Midwinter Group** means Midwinter and/or any controlled entity of Midwinter.

p) **MWN Contribs** means **partly paid** ordinary share in the capital of Midwinter.

q) **MWN Options** means all options to acquire MWN Shares including the unlisted options (exercisable at 50c each on or before 14 Feb 2010), the unlisted options (exercisable at 30c each on or before 1 Nov 2013) and the listed options (exercisable at 25c each on or before 30 Nov 2011).

r) **MWN Shares** means **fully paid** ordinary shares in the capital of Midwinter and all Rights attaching to those shares.

s) **MWN Shareholder** means a holder of a MWN Share.

t) **Issuer Sponsored Holding** means a holding of shares on the Issuer Sponsored Sub-register.

u) **Issuer Sponsored Sub-register** has the meaning given in the ASTC Settlement Rules.

v) **Listing Rules** means the Official Listing Rules of ASX, as amended from time to time.

w) **Market Value** means the total value of the MWN Shares held by a MWN Shareholder based on the closing trading price of the MWN Shares on ASX on the day that any particular MWN Shareholder accepts the Offer (and will be based on the closing price of MWN Shares in the ex-offer market, assuming any trades take place in that market on the relevant day).

x) **Marketable Parcel** means the holding of MWN Shares with a value of not less than $500, based on ASX closing price for MWN Shares on the date of an acceptance of the Offer.

y) **Offer Period** means the period during which the Offers will remain open for acceptance as set out in Section 2 of Annexure A.

z) **Offers** means the offers made by Skala to acquire MWN Shares in the offer document annexed to the Bidder's Statement as Annexure A and **Offer** means one of those offers.

aa) **Public Authority** means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court in respect of proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange.

bb) **Record Date** means the date set by Skala under section 633(2) of the Corporations Act as referred to in Section 9.5 of the Bidder’s Statement.

cc) **Registry** means the share registry nominated by Skala for the purposes of processing acceptances of the Offers.

dd) **Rights** means all accretions to and rights attaching to the relevant MWN Share at or after the date of the Bidder’s Statement (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by Midwinter).

ee) **Skala** means Skala Holdings Pty Ltd (ACN 141 404 462).

ff) **Skala Group** means Skala, Ferrox Limited and Redmet Limited.

gg) **Takeover Bid** means the off-market bid made by Skala under Chapters 6 to 6C of the Corporations Act under which Skala offers to acquire 40% of the issued MWN Shares not held by the Skala Group

hh) **WST** means Western Australian Standard Time.

2. Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

a) a reference to a time is a reference to Sydney (New South Wales) time;

b) headings are for convenience only and do not affect interpretation;

c) the singular includes the plural and conversely;

d) a reference to a Section is to a Section of this Bidder’s Statement;

e) a gender includes all genders;

f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;

g) $ or cents is a reference to the lawful currency in Australia, unless otherwise stated;

h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;

i) a reference to a person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and ail regulations and statutory instruments issued under if;

k) a reference to any instrument or document includes any variation or replacement of it;

l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Rules, as the case may be;

m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;

n) a reference to you is to a person to whom an Offer is made; and

o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Annexure C: Midwinter ASX Announcements

Since the lodgement of the 2009 audited financial statements until 21 January 2010 Midwinter has lodged the following announcements with ASX:

Date	Announcement
06/01/2010	Change of Director's Interest Notice
04/01/2010	Notice of General Meeting/Proxy Form
23/12/2009	Requisition for General Meeting
09/12/2009	Constitution
09/12/2009	Project Update and Reply to Proportional Takeover
09/12/2009	Initial Director's Interest Notice
08/12/2009	Becoming a substantial holder
07/12/2009	Company's Request for Trading Halt
07/12/2009	Trading Halt
07/12/2009	Proportional Off-Market Takeover Offer from Skala Ltd
30/11/2009	Results of Annual General Meeting
24/11/2009	Allotment of shortfall of Priority Issue
04/11/2009	Change of venue for Annual General Meeting
03/11/2009	Appendix 3Y David Seymour and Philip Miolin
30/10/2009	MoU on Russian Coal
30/10/2009	Appendix 3B
28/10/2009	Closure of priority issue
27/10/2009	Notice of Annual General Meeting/Proxy Form
26/10/2009	Quarterly Cashflow Report
26/10/2009	Quarterly Activities Report
14/10/2009	Release from Escrow
13/10/2009	Appendix 3B
23/09/2009	Letter to Optionholders
22/09/2009	Appendix 3B
22/09/2009	Disclosure Document
22/09/2009	Results of Meeting
01/09/2009	Notice of Option Expiry
20/08/2009	Notice of General Meeting/Proxy Form
20/08/2009	Annual Report to shareholders

Annexure D: ASIC Relief Instrument

Australian Securities and Investments Commission

Corporations Act 2001 – Sub-section 655A(1) – Declaration

Under sub-section 655A(1) of the Corporations Act 2001 (the **Act**) the Australian Securities and Investments Commission (**ASIC**) declares that Chapter 6 of the Act applies to the person specified in Schedule A, in the case specified in Schedule B, as if sub-section 618 were modified or varied as follows:

(a) in subsection (2), omit "If", substitute "Subject to subsections (2A) and (2B), if"; and

(b) after subsection (2), insert:

"(2A) Subsection (2) does not apply in relation to a holding that:

(a) has come into existence; or

(b) has increased in size;

because of a transaction entered into after the bid is publicly proposed.

(2B) If under paragraph 653B(1)(b) a person (the **holder**) may accept as if a separate offer had been made to the person for a parcel of bid class securities within the person's holding held on account of another person or held in the person's own right:

(a) subsection (2) does not apply in relation to the parcel unless the holder has given a notice complying with the subsection (2C) to the bidder in relation to the parcel before, or at the same time as, an acceptance of the offer extended under subsection (2); and

(b) subsection (2A) applies in relation to the parcel of securities if the reference to "a holding" were a reference to a parcel.

(2C) A notice complies with this subsection in relation to a parcel of securities if the notice is signed by the holder of the securities and states:

(a) either:

(i) that the holder holds the parcel in their own right; or

(ii) the name and address of the other person (the **beneficiary**) for, or on whose account, the parcel is held; and

(b) if the securities are held on account of the beneficiary:

(i) the date the beneficiary acquired an equitable interest in the parcel or, if that date is not known, the beneficiary is reasonably believed to have acquired an equitable interest in the parcel; and

(ii) where the date the beneficiary acquired an equitable interest in the parcel is the same date as the date the off-market bid is publicly proposed – whether the equitable interest was acquired before the bid was publicly proposed; and

(c) if the holder holds the parcel in their own right:

(i) the date of the transaction by which the holder acquired a legal interest in the parcel; and

(ii) where the date of the transaction by which the holder acquired a legal interest in the parcel is the same date as the date the off-market bid is publicly proposed – whether the transaction occurred before the bide was publicly proposed."

Schedule A

Skala Holdings Pty Ltd ACN 141 404 462

Schedule B

Offers made under the off-market bid by Skala Holdings Pty Ltd for 40% of the ordinary shares not held by Skala Ltd, Ferrox Limited and Redmet Limited in Midwinter Limited ACN 126 129 413, which was publicly proposed by Skala Ltd in a notice provided to ASX Limited ACN 008 624 691 on 7 December 2009 (**Bid**), where the effect of this instrument is disclosed by Skala Holding Pty Ltd:

(a) in a prominent manner in the bidder's statement for the Bid; and

(b) on any form for the acceptance of offers under the Bid.

SKALA HOLDINGS PTY LTD
Level 3, 28 Kings Park Road
West Perth WA 6005
AUSTRALIA

CHESS Acceptance Form

Security Transfer Registrars
Today's Registry, Since 1983

Please return completed form to:
Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153 or
PO Box 535, Applecross WA 6153
Ph: (08) 9315 2333 Fax: (08) 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

1. Your details

HIN	
Number of MWN Shares recorded as being held by you as at 1 February 2010	
40% of your MWN Shares (rounded down to nearest whole number)	
Total consideration (being $0.12 per share x 40% of your MWN Shares)	

Use this form to accept the offer by Skala Holdings Pty Ltd(Skala) to acquire 40% of your shares Midwinter Resources NL (MWN).

This is a personalised form for the sole use of the holder and securityholding recorded above. If you are in doubt about how to deal with it, please consult your financial or other professional adviser. This form relates to an offer by Skala to acquire 40% of your fully paid ordinary shares in MIDWINTER (**MWN Shares**) pursuant to a bidder's statement dated 22 January 2010 as may be supplemented or replaced from time to time (**Offer**). Please note that you may only accept the Offer for 40% of your MWN Shares. **However, refer overleaf for information as to the circumstances in which the Offer will be deemed to extend to all of your MWN Shares**. Terms defined in the bidder's statement but not in this form have the meanings given in the bidder's statement. To the extent that this form may be inconsistent with the bidder's statement, the bidder's statement shall prevail.

2. How to accept the Offer

As your MWN Shares are held on the CHESS Subregister, to accept this Offer you can either:

- instruct your Controlling Participant – normally your broker (if you do that, you do not need to return this form)

OR

- authorise Skala to contact your Controlling Participant on your behalf, which you can do by signing and returning this form. By signing and returning this form you will be deemed to have authorised Skala or its agent (including Security Transfer Registrars Pty Limited) to contact your Controlling Participant, whether directly via the CHESS system or otherwise. If you choose this option, it will assist Skala if you insert below the details of your Controlling Participant.

Controlling Participant's name & contact person	
Address & phone number	

3. Sign in the below box

Sign in the box below and return this form. You must ensure that this form is received by us (Security Transfer Registrars) in sufficient time to allow your instruction to enable us to instruct your Controlling Participant to effect acceptance of the Offer on CHESS prior to the end of the Offer Period. Accordingly, it is recommended that you should ensure this form is received by us before 4.00pm (WST) on the **second last day** of the Offer Period.

I/We accept the Offer from Skala on and subject to the terms of the Offer (as set out in the bidder's statement from Skala dated 22 January 2010, including as replaced or supplemented) and I/we acknowledge the effect of my/our acceptance is as set out in section 5 of the Offer (including that I/we agree to transfer my/our MWN Shares to which the Offer relates to Skala to Skala in return for the consideration payable to me/us pursuant to the Offer). I/We you authorise Skala or its agent, Security Transfer Registrars Pty Ltd, to contact and give instructions directly to my/our Controlling Participant (including via the CHESS system). By accepting the Offer, I/we accept for 2 of every 5 MWN Shares registered as held by me/us at the date my/our acceptance is processed (even if different to the number stated above). I/We acknowledge and agree that if section 9.1 of the bidder's statement applies to me/us, I am/we are deemed to have accepted the Offer for all of my/our MWN Shares.

Individual or first joint Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Secretary	Director	Director/Secretary
Day	Month	Year
/	/	

Please provide a business hours telephone number so that we can contact you if necessary.

Your Telephone No:

Additional Information

1. Instructions for signing the form

Joint holding – where the holding is in more than one name, all of the security holders must sign.

Power of attorney – to sign this form under power of attorney, you must send a certified copy of the power with the form, and will have declared that you have no notice of revocation of the power and are able to further delegate power under it under section 5(ix) of the Offer.

Deceased estate – all executors and administrators must sign and, a certified copy of probate, letter of administration or certificate of grant must accompany this form along with a certificate of death or succession duties (where required by law for the purpose of transfer) and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Companies – this form must be signed by either 2 directors or a director and a company secretary (and sealed if required in accordance with the company's constitution) or by a duly appointed attorney. If you are a sole director and, pursuant to the Corporations Act there is no company secretary, or you are also the sole company secretary, you may sign alone.

2. What if you have sold all your MWN Shares?

If you have sold all your MWN Shares, you need not take any further action. We suggest you destroy this form for security reasons.

3. When will the Offer be deemed to extend to ALL of your MWN Shares?

If accepting this Offer would leave you with less than a Marketable Parcel of MWN Shares, the Offer extends to the whole of that parcel and you will be deemed to have accepted for (and will receive consideration for) 100% of your MWN Shares, unless you or another person acquire a legal or equitable interest in the MWN Shares comprising the parcel after 4:00pm (WST) on 7 December 2009, being when the Offer was announced to ASX.

4. Returning this form

You must ensure that this form is received by us (Security Transfer Registrars) in sufficient time to allow your instruction to enable us to instruct your Controlling Participant to effect acceptance of the Offer on CHESS prior to the end of the Offer Period. Accordingly, it is recommended that you should ensure this form is received by us before 4.00pm (WST) on the **second last day** of the Offer Period.

The form should be received at one of the addresses as shown below.

By mail	**By hand**
Security Transfer	Security Transfer
Registrars Pty Ltd	Registrars Pty Ltd
PO Box 535	770 Canning Highway
APPLECROSS WA 6953	APPLECROSS WA 6153
AUSTRALIA	AUSTRALIA

Privacy Statement

Personal information is collected on this form by Security Transfer Registrars Pty Ltd (**STR**), as registrar for securities issuers (**the issuer**), for the purpose of processing your acceptance of the Offer, maintaining registers of security holder, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to your related bodies corporate; to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by STR, or you would like to correct information that is inaccurate, incorrect or out of date, please contact STR. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting STR. You can contact STR on (08) 9315 2333, by posting to the above address, or by email to registrar@securitytransfer.com.au.

SKALA HOLDINGS PTY LTD
Level 3, 28 Kings Park Road
West Perth WA 6005
AUSTRALIA

Security Transfer Registrars
Today's Registry, Since 1983

Issuer Acceptance Form

Please return completed form to:
Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153 or
PO Box 535, Applecross WA 6153
Ph: (08) 9315 2333 Fax: (08) 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

1. Your details

SRN	
Number of MWN Shares recorded as being held by you as at 1 February 2010	
40% of your MWN Shares (rounded down to nearest whole number)	
Total consideration (being $0.12 per share x 40% of your MWN Shares)	

Use this form to accept the offer by Skala Holdings Pty Ltd (Skala) to acquire 40% of your shares in Midwinter Resources NL (MWN).

This is a personalised form for the sole use of the holder and securityholding recorded below. If you are in doubt about how to deal with it, please consult your financial or other professional adviser. This form relates to an offer by Skala to acquire 40% of your fully paid ordinary shares in Midwinter (**"MWN Shares"**) pursuant to a bidder's statement dated 22 January 2010 as may be supplemented or replaced from time to time (**Offer**). Please note that you may only accept the Offer for 40% of your MWN Shares. **However, refer overleaf for information as to the circumstances in which the Offer will be deemed to extend to all of your MWN Shares**. Terms defined in the bidder's statement but not in this form have the meanings given in the bidder's statement. To the extent that this form may be inconsistent with the bidder's statement, the bidder's statement shall prevail.

Your MWN Shares are in an issuer sponsored holding. To accept this Offer you must sign in the box below and return this form.

2. Sign in the box below

Sign in the box below and return this form. You must ensure that this form is received by us (Security Transfer Registrars) by 4.00pm (WST) on the last day of the Offer Period.

I/We accept the Offer from Skala on and subject to the terms of the Offer (as set out in the bidder's statement from Skala dated 22 January 2010, including as replaced or supplemented) and I/we acknowledge the effect of my/our acceptance is as set out in section 5 of the Offer (including that I/we agree to transfer my/our MWN Shares to which the Offer relates to Skala in return for the consideration payable to me/us pursuant to the Offer). By accepting the Offer, I/we accept for 2 of every 5 MWN Shares registered as being held by me/us at the date my/our acceptance is processed (even if different to the number stated above). I/We acknowledge and agree that if section 9.1 of the bidder's statement applies to me/us, I am/we are deemed to have accepted the Offer for all of my/our MWN Shares.

Individual or first joint Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Secretary	Director	Director/Secretary
Day	Month	Year
/	/	

Please provide a business hours telephone number so that we can contact you if necessary.

Your Telephone No:

Additional Information

1. Instructions for signing the form

Joint holding – where the holding is in more than one name, all of the security holders must sign.

Power of attorney – to sign this form under power of attorney, you must send a certified copy of the power with the form, and will have declared that you have no notice of revocation of the power and are able to further delegate power under it under section 5(ix) of the Offer.

Deceased estate – all executors and administrators must sign and, a certified copy of probate, letter of administration or certificate of grant must accompany this form along with a certificate of death or succession duties (where required by law for the purpose of transfer) and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Companies – this form must be signed by either 2 directors or a director and a company secretary (and sealed if required in accordance with the company's constitution) or by a duly appointed attorney. If you are a sole director and, pursuant to the Corporations Act there is no company secretary, or you are also the sole company secretary, you may sign alone.

2. What if you have sold all your MWN Shares?

If you have sold all your MWN Shares, you need not take any further action. We suggest you destroy this form for security reasons.

3. When will the Offer be deemed to extend to ALL of your MWN Shares?

If accepting this Offer would leave you with less than a Marketable Parcel of MWN Shares, the Offer extends to the whole of that parcel and you ill be deemed to have accepted for (and will receive consideration for) 100% of your MWN Shares, unless you or another person acquire a legal or equitable interest in the MWN Shares comprising the parcel after 4:00pm (WST) on 7 December 200, being when the Offer was announced to the ASX.

4. Returning this form

This Acceptance Form must be received at one of the addresses as shown below before the end of the Offer Period.

By mail	**By hand**
Security Transfer	Security Transfer
Registrars Pty Ltd	Registrars Pty Ltd
PO Box 535	770 Canning Highway
APPLECROSS WA 6953	APPLECROSS WA 6153
AUSTRALIA	AUSTRALIA

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