

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

Name of entity

QBE INSURANCE GROUP LIMITED

ABN

28 008 485 014

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 11,476,641 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>Part conversion of Liquid Yield Option Securities maturing 15 April 2022 (LYONs I and LYONs II)</p> <p>Conversion Prices:</p> <p>4,070,568 shares at \$9.04 each</p> <p>82,920 shares at \$10.80 each</p> <p>79,687 shares at \$12.62 each</p> <p>Conversion Date: 30 September 2004</p> <p>Employee Share & Option Plan unlisted options</p> <p>\$ 5.84 Final exercise date 30 September 2004</p> <p>\$ 8.63 Final exercise date 30 September 2005</p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

Yes

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- 5 Issue price or consideration

A\$12.20	5,450,944	DRP
A\$ 0.00	1,552,722	DEP
A\$ 9.04	4,070,568	
A\$10.80	82,920	
A\$12.62	79,687	
A\$ 5.84	196,100	
A\$ 8.63	43,700	

- 6 Purpose of the issue
 (If issued as consideration for the acquisition of assets, clearly identify those assets)

Issue of fully paid ordinary shares under the Dividend Reinvestment Plan (DRP) and Dividend Election Plan (DEP).

Conversion of LYONs I issued on 9 April 2002 to fund repayment of certain bank loans on or before their maturity and to strengthen the balance sheet for rating purposes.

See letter to ASX dated 9 April 2002 entitled 'QBE confirms Issue of Debt Based Securities'.

Conversion of LYONs II issued on 5 September 2002 to fund expected premium growth.

See letter to ASX dated 5 September 2002 entitled 'QBE Issues Further Debt Based Securities'.

Exercise of employee options.

+ See chapter 19 for defined terms.

7	Dates of entering *securities into uncertificated holdings or despatch of certificates	20/09/2004 30/09/2004 01/10/2004
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8	Number and *class of all *securities quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>*Class</th></tr><tr><td>732,845,910</td><td>Ordinary Shares</td></tr></table>	Number	*Class	732,845,910	Ordinary Shares
Number	*Class					
732,845,910	Ordinary Shares					

		<table><tr><th>Number</th><th>*Class</th></tr><tr><td>Various options and conditional rights over un-issued shares at various prices totalling 12,213,522 (see attached Annexure 'A')</td><td></td></tr></table>	Number	*Class	Various options and conditional rights over un-issued shares at various prices totalling 12,213,522 (see attached Annexure 'A')	
Number	*Class					
Various options and conditional rights over un-issued shares at various prices totalling 12,213,522 (see attached Annexure 'A')						
9	Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)					

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the *securities will be offered	
14	*Class of *securities to which the offer relates	
15	*Record date to determine entitlements	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has *security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders | |
| 25 | If the issue is contingent on *security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |

+ See chapter 19 for defined terms.

28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do *security holders dispose of their entitlements (except by sale through a broker)?	
33	*Despatch date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

35 ☐ If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders

36 ☐ If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

- 37 ☐ A copy of any trust deed for the additional *securities

(now go to 43)

Entities that have ticked box 34(b)

- 38 Number of securities for which
+quotation is sought

- 39 Class of *securities for which
quotation is sought

- 40 Do the *securities rank equally in all
respects from the date of allotment
with an existing *class of quoted
*securities?
- If the additional securities do not
rank equally, please state:
- the date from which they do
 - the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
 - the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment
-

- 41 Reason for request for quotation
now
- Example: In the case of restricted securities, end of
restriction period
- (if issued upon conversion of
another security, clearly identify that
other security)
-

- | Number | +Class |
|--------|--------|
| | |
- 42 Number and +class of all *securities
quoted on ASX (including the
securities in clause 38)

+ See chapter 19 for defined terms.

(now go to 43)

+ See chapter 19 for defined terms.

All entities

Fees

43 Payment method (tick one)

☐

Cheque attached

☐

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

☒

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

This is Annexure "A" of 1 page referred to in Appendix 3B, Form of Application for Official Quotations of Additional Securities, signed by me and dated 1 October 2004.

Duncan Ramsay
COMPANY SECRETARY

9	Number of Options/ Conditional Rights	Class	Final Exercise Date
	10,000	Options	31 May 2005
	10,000	Options	30 June 2005
	50,000	Options	31 October 2005
	12,060	Options	30 September 2005
	45,700	Options	30 September 2005
	10,000	Options	31 December 2005
	63,200	Options	01 April 2006
	4,528	Options	01 April 2006
	335,000	Options	24 May 2006
	155,000	Options	31 May 2006
	30,000	Options	05 July 2006
	275,000	Options	31 March 2007
	230,000	Options	31 March 2007
	460,000	Options	31 March 2007
	18,000	Options	28 February 2007
	290,000	Options	31 March 2005
	464,563	Options	17 March 2006
	100,000	Options	14 March 2006
	2,869,967	Options	12 March 2007
	110,884	Options	9 April 2007
	140,000	Options	12 March 2006
	10,000	Options	2 November 2006
	105,000	Options	2 March 2024
	3,317,326	Options	2 March 2008
	114,694	Options	1 April 2008
	167,577	Options	2 March 2008
	197,477	Conditional Rights	17 March 2005
	1,169,289	Conditional Rights	12 March 2006
	45,177	Conditional Rights	9 April 2006
	1,359,224	Conditional Rights	2 March 2007
	43,856	Conditional Rights	1 April 2007

12,213,522