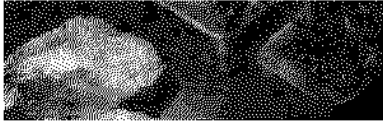


St Barbara

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, CANADA OR JAPAN



Offering Circular for the Issue of A\$100 Million 8% Convertible Notes Due 2012

St Barbara Limited has issued an Offering Circular for the A\$100 million convertible note issue outlined in its ASX announcement of 15 May 2007. The Offering Circular has been lodged with Singapore Exchange Securities Trading Limited in accordance with St Barbara Limited's listing application for the Offer.

A copy of the Offering Circular is attached.

Eduard Eshuys
Managing Director & CEO
31 May 2007

St Barbara Limited
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Offering Circular dated 30 May 2007



St Barbara Limited

(ABN 36 009 165 066)

(incorporated with limited liability in Australia under the
Corporations Act 2001 (Cth))

(the "Issuer")

A\$100,000,000

8 per cent. Convertible Notes due 2012

Convertible into ordinary shares of St Barbara Limited

Issue Price: 100 per cent.

The Issuer proposes to issue A\$100,000,000 8 per cent. Convertible Notes due 2012 ("Notes") convertible into fully paid ordinary shares in the share capital of the Issuer ("Ordinary Shares"). The Ordinary Shares are currently quoted for trading on the Australian Stock Exchange operated by ASX Limited ("ASX"). The closing price of the Ordinary Shares on ASX on 25 May 2007 was A\$0.50.

The holder of each Note has the right to convert such Note into Ordinary Shares at any time during the Conversion Period. The number of Ordinary Shares to be delivered upon conversion shall be determined by dividing the principal amount of the Note by the Conversion Price in effect on the Conversion Date. The Conversion Period is the period beginning on and including 13 July 2007 and ending on and including the earlier to occur of: (i) the close of business on 26 May 2012; and (ii) if the Notes shall have been called for redemption before the Final Maturity Date, the close of business on the day which is six days before the date fixed for redemption. Until shareholder approval is obtained in an extraordinary general meeting of the Issuer in respect of the issuance of Ordinary Shares in excess of 116,400,000 in number ("Further Shares"), at any time when the delivery of such Further Shares upon conversion of the Notes is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall pay to the relevant Noteholder the Cash Settlement Amount in order to satisfy such Conversion Right in full but not in part.

The Conversion Price is A\$0.7261, subject to adjustment in accordance with the Conditions.

Unless previously redeemed, converted, or purchased and cancelled, the Notes will be redeemed on 4 June 2012 ("Final Maturity Date") at 100 per cent. of their principal amount.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes and the Ordinary Shares to be issued upon conversion of the Notes have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S under the Securities Act.

For a discussion of certain risks relating to the Issuer and the Notes, see "*Risk Factors*".

Approval in-principal has been received for the listing of the Notes on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, its Subsidiaries or the Notes.

The Notes will be in registered form and in denominations of A\$100,000 or integral multiples of A\$1,000 in excess thereof. The Notes will take the form of entries in the Register and will, on issue, be represented by the Global Certificate which will be deposited on the Issue Date with a common depositary for Euroclear and Clearstream. The Global Certificate will be exchangeable for debenture Notes in registered form only in the limited circumstances set out therein and described herein. Interest on the Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

Information on this page is qualified in its entirety by the remainder of this Offering Circular, words and expressions defined elsewhere in this Offering Circular have the same meanings on this page.

Lead Manager

JPMorgan 

Table of Contents

Important Information	iii
Documents Incorporated by Reference	vii
Summary of the Offering	1
Risk Factors	6
Terms and Conditions of the Notes	17
Summary of Provisions relating to the Notes in Global Form	62
Use of Proceeds	64
Description of the Issuer	65
Description of the Issuer's Share Capital	81
Taxation	86
Capitalisation and Indebtedness of the Issuer	93
Selected Financial Information	94
Subscription and Sale	97
General Information	101
Glossary	103

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Important Information

Capitalised terms in this Offering Circular have the meanings given to them in the Glossary or are otherwise defined elsewhere in this Offering Circular.

The Issuer has confirmed to the Lead Manager that:

- this Offering Circular contains all information with respect to the Issuer and the Group taken as a whole, the Notes and the Ordinary Shares which is material in the context of the issue and offering of the Notes (including all information required by applicable laws and regulations of Australia or any other jurisdiction in which the Issuer carries on business, the United Kingdom and Singapore) and which is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attaching to the Notes and the Ordinary Shares;
- all the information contained in, or incorporated by reference in, this Offering Circular, is true and accurate in all material respects and not misleading or deceptive (or likely to mislead or deceive);
- the opinions and intentions expressed in this Offering Circular are honestly held, have been made after due and careful consideration of all relevant circumstances and are based on reasonable assumptions;
- there are no other facts the omission of which would, in the context of the issue and offering of the Notes, make this Offering Circular as a whole or any of such information or the expression of any such opinions or intentions misleading or deceptive (or likely to mislead or deceive); and
- all reasonable enquiries have been made by the Issuer to ascertain such facts and verify the accuracy of all such information and statements.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Lead Manager, the Trustee, the Principal Paying, Transfer and Conversion Agent or the Registrar.

This Offering Circular has been prepared by and issued with the authority of the Issuer. The Issuer accepts responsibility for the information contained in this Offering Circular other than information provided by the Lead Manager, the Trustee, the Principal Paying, Transfer and Conversion Agent or the Registrar in relation to their respective descriptions under the section entitled "Directory" below.

The only role of the Lead Manager, the Trustee, the Principal Paying, Transfer and Conversion Agent or the Registrar in the preparation of this Offering Circular has been to confirm to the Issuer that their respective descriptions under the section entitled "Directory" below are accurate as at the date of this Offering Circular.

Apart from the foregoing, none of the Lead Manager, the Trustee, the Principal Paying, Transfer and Conversion Agent or the Registrar nor any external adviser of the foregoing has independently verified the other information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by them or their external advisers as to the accuracy or completeness of this Offering

Circular or any further information supplied by the Issuer in connection with the Notes or the Ordinary Shares.

This Offering Circular contains only summary information concerning the Notes and Ordinary Shares. It is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any other person or any Notes or Ordinary Shares and should not be considered as a recommendation or a statement of opinion (or a report of either of these things) by the Issuer, the Lead Manager, the Trustee, the Principal Paying, Transfer and Conversion Agent or the Registrar that any recipient of this Offering Circular or any other financial institution should purchase any Notes or any rights in respect of any Notes. Each investor contemplating purchasing any Notes or any rights in respect of any Notes should make (and shall be taken to have made) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer.

No advice is given in respect of the taxation treatment of investors in connection with an investment in any Notes or Ordinary Shares and each investor is advised to consult its own professional adviser.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstance create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

This Offering Circular does not, and is not intended to, constitute an offer of, or an invitation by or on behalf of the Issuer, the Lead Manager or any other person to subscribe for or purchase, any Notes or Ordinary Shares.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA");
- (b) to a relevant person pursuant to section 275(1), or any person pursuant to section 275(1A), and in accordance with the conditions specified in section 275, of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months

after that corporation or that trust has acquired the Notes pursuant to an offer made under section 275 of the SFA except:

- (i) to an institutional investor (for corporations, under section 274 of the SFA) or to a relevant person defined in section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further, for corporations, in accordance with the conditions specified in section 275 of the SFA;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

Neither this Offering Circular nor any other disclosure document in relation to the Notes or Ordinary Shares has been lodged with the Australian Securities & Investment Commission ("ASIC"). A person may not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Offering Circular or any other offering material or advertisement relating to the Notes in Australia unless the minimum aggregate consideration payable by each offeree is at least A\$500,000 calculated in accordance with both section 708(9) of the Corporations Act 2001 of Australia (the "Corporations Act") and regulation 7.1.18 of the Corporations Regulations 2001 of Australia or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act and is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act, and such action complies with all applicable laws, regulations and directives and such action does not require any document to be lodged with ASIC (see "*Subscription and Sale*").

The distribution of this Offering Circular, any relevant supplement and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Lead Manager, the Trustee, the Principal Paying, Transfer and Conversion Agent or the Registrar represents that this document may be lawfully distributed, or that any Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or under an exemption available in that jurisdiction, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any of those parties which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required.

Certain figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Certain of the information contained in this Offering Circular constitute "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the geology, grade and continuity of gold deposits, the possibility that future exploration, development or mining results will not be consistent with the Issuer's expectations, recoveries, accidents, equipment breakdowns, title matters, labour disputes or other unanticipated difficulties with or interruptions in operations, the potential for delays in exploration, development or mining

activities or the completion of feasibility studies, political risks involving export to foreign jurisdictions and the policies of other nations towards companies exporting to those jurisdictions, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, failure to obtain required financing on a timely basis, and other risks and uncertainties. See "*Risk Factors*" commencing on page 6 and following for further details. The Issuer undertakes no obligation after the date of this Offering Circular to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future which may affect information contained herein.

In connection with the issue of the Notes, the Lead Manager (or persons acting on behalf of the Lead Manager) may, outside Australia (and on a market operated outside Australia), and otherwise to the extent permitted by applicable law, over-allot and effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Lead Manager (or persons acting on behalf of the Lead Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time and must be brought to an end after a limited period and otherwise be in compliance with all relevant laws and regulations.

The Issuer has agreed to pay certain agents' fees for undertaking their respective roles and to reimburse them for certain of their expenses incurred in connection with the issue of the Notes. The Issuer may also pay the Lead Manager a fee in respect of the issue of the Notes and has agreed to reimburse the Lead Manager for certain expenses incurred in connection therewith and to indemnify the Lead Manager against certain liabilities in connection with the offer and sale of the Notes.

The Lead Manager, its Subsidiaries, directors and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

In this Offering Circular, unless otherwise specified, references to "\$", "A\$", "AUD", "Australian dollars" or "A\$ cents" are to the lawful currency of Australia, references to "US\$" and "US dollars" are to the lawful currency of the United States, references to "S\$" and "Singapore Dollars" are to the lawful currency of Singapore, references to "State" are to a state or territory of Australia, references to "South Australia" are to the State of South Australia, Australia and references to "Western Australia" are to the State of Western Australia, Australia.

Documents Incorporated by Reference

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer and affiliates taken as a whole, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained in another incorporated document or herein modifies or supersedes that statement.

Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- the audited consolidated financial statements of the Issuer for the financial year ended 30 June 2006 and the auditors' report thereon, and the unaudited interim consolidated financial statements of the Issuer for the six months ended 31 December 2006; and
- any other announcements by the Issuer published on ASX.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Notes.

Summary of the Offering

The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in the Conditions, the Glossary or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	St Barbara Limited (ABN 36 009 165 066).
Issue	A\$100,000,000 8 per cent. Convertible Notes due 2012 convertible into Ordinary Shares.
Ordinary Shares	Ordinary Shares in the share capital of the Issuer. The Ordinary Shares are currently listed for trading on ASX.
Issue Date	4 June 2007.
Issue Price	100 per cent.
Lead Manager	J.P. Morgan Securities Ltd.
The Offering	The Notes are being offered outside the United States in reliance on Regulation S under the Securities Act.

The Notes

Form and Denomination	The Notes will be issued in registered form in denominations of A\$100,000 or integral multiples of A\$1,000 in excess thereof. The Notes will take the form of entries in the Register and will, on issue, be represented by the Global Certificate, which will be deposited with a common depository for Euroclear and Clearstream on the Issue Date. Interest on the Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.
Status	The Notes constitute direct and unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> and rateably, and without any preference among themselves.
Negative Pledge	So long as any Note remains outstanding, neither the Issuer nor any of its Subsidiaries is permitted to create or permit to subsist any Security Interest or Quasi Security Interest (both terms as defined in the Conditions) over any of their respective assets subject to certain exceptions. See Condition 2 (<i>Terms and Conditions of the Notes – Negative Pledge</i>).
Interest	The Notes bear interest from the Issue Date at 8 per cent. per annum payable semi-annually in arrear on each Interest Payment Date.
Final Maturity	Unless previously redeemed, converted, or purchased and cancelled, the Notes will be redeemed on 4 June 2012 at 100 per cent. of their principal amount.
Redemption at the Option of the Issuer.	The Issuer may redeem all but not some only of the Notes on the date specified in the relevant notice of redemption at their principal

amount together with accrued interest up to but excluding such date:

- (a) at any time on or after 4 June 2010, if on each of more than 20 dealing days during any period of 30 consecutive dealing days (ending not earlier than 14 days prior to the giving of the relevant notice of redemption) the closing price for an Ordinary Share as published by or derived from the Relevant Stock Exchange on such dealing day exceeds 130 per cent. of the Conversion Price (as adjusted) in effect or deemed to be in effect on such dealing day; or
- (b) if, at any time prior to the date on which the relevant notice of redemption is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Notes originally issued (including any further Notes consolidated and forming a single series with the Notes at such date).

Delisting Put Right A Noteholder shall have the right, at such Noteholder's option, to require the Issuer to redeem in whole but not in part such Noteholder's Notes at their principal amount plus accrued interest upon the Ordinary Shares ceasing to be listed or admitted to trading on the Australian Stock Exchange. See Condition 7 (*Terms and Conditions of the Notes – Redemption and Purchase – Delisting Put Right*).

Tax Redemption The Issuer may redeem all but not some only of the Notes, at any time, on giving not less than 45 nor more than 60 days' notice to the Noteholders, at their principal amount together with accrued interest up to but excluding the date fixed for redemption, in the event of certain changes affecting taxation in respect of payments on the Notes, subject to the right of Noteholders to elect not to have the Notes redeemed and thereafter to receive payments of interest on the Notes subject to withholding or deduction on account of relevant taxation (see "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons*").

Redemption at the option of the Noteholders On 4 June 2010, the holders of each Note will have the right at such Noteholders' option, to require the Issuer to redeem all or some only of the Notes at their principal amount plus accrued interest. Also, following consummation of an Asset Sale (as defined in the Conditions) in respect of certain assets, holders of each Note will have the right at such Noteholders' option to require the Issuer to redeem all or some of the Notes at 101 per cent. of their principal amount. See "*Terms and Conditions of the Notes – Redemption and Purchase – Noteholders' Put Option*".

Taxation All payments of principal, premium, interest and any default interest by the Issuer will be made free from any restriction or condition and be made without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

Non-Payment The Notes will contain a default provision covering failure to pay principal or interest in respect of the Notes as further described in Condition 10 (*Terms and Conditions of the Notes – Events of Default*).

Cross Default The Notes will contain a cross default provision as further described in Condition 10 (*Terms and Conditions of the Notes – Events of Default*).

Other Events of Default For a description of certain other events that will permit acceleration of the Notes, see Condition 10 (*Terms and Conditions of the Notes – Events of Default*). If any event that will permit acceleration occurs, then the Trustee at its discretion may, and if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes, or if so directed by an Extraordinary Resolution of the Noteholders shall, declare the Notes to be immediately due and payable at their principal amount together with accrued interest.

The Equity Option

Conversion Right The holder of each Note has the right to convert such Note into Ordinary Shares at any time during the Conversion Period. The number of Ordinary Shares to be delivered upon conversion shall be determined by dividing the principal amount of the Note by the Conversion Price in effect on the Conversion Date.

Conversion Period The period beginning on and including 13 July 2007 and ending on and including the earlier to occur of: (a) the close of business on 26 May 2012; and (b) if the Notes shall have been called for redemption before the Final Maturity Date, the close of business on the day which is six days before the date fixed for redemption.

Conversion Price A\$0.7261, subject to adjustment in accordance with the Conditions.

Mandatory Cash Settlement Until Shareholder approval is obtained in an Extraordinary General Meeting of the Issuer in respect of the issuance of the Further Shares, at any time when the delivery of such Further Shares deliverable upon conversion of the Notes is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall pay to the relevant Noteholder the Cash Settlement Amount in order to satisfy such Conversion Right in full but not in part.

**Adjustments to the
Conversion Price**

Change of Control A Relevant Event occurs if:

- (a) an offer is made to all (or as nearly as may be practicable all) Ordinary Shareholders (or all (or as nearly as may be practicable all) Ordinary Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer; or
- (b) any person proposes a scheme of arrangement with regard to such acquisition (other than an Exempt Newco Scheme),

and (such offer having become or been declared unconditional in all respects or such scheme having been approved by a relevant court) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in the offeror and/or such associate(s) or an event occurs which has a like or similar effect.

If and whenever a Relevant Event occurs during the Conversion Period, the Noteholders shall have the right for a period of 60 days to convert their Notes at a Conversion Price adjusted to take account of the Conversion Premium applicable to the Notes at the Conversion Date.

Dividends Subject to the Distribution and Capital Stopper (as described below), the Conversion Price will be adjusted as further described in Condition 6(b) in the event of a Dividend or a purchase or redemption or buy back of share capital by or on behalf of the Issuer or any of its Subsidiaries if the weighted average price per Ordinary Share on any day in respect of such purchases, redemptions or buy backs exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange on the five dealing days immediately preceding that date or, where an announcement has been made of the intention to purchase shares at some future date, on the five dealing days immediately preceding the date of such announcement.

Other Anti-Dilution Provisions The Notes will contain other provisions for the adjustment of the Conversion Price in the event of the occurrence of certain dilutive events including, amongst others, share consolidations, share splits, capital distributions, rights issues and bonus issues and issues wholly for cash or no consideration.

Miscellaneous

Distribution and Capital Stopper Before the Group meets certain production thresholds, the Issuer shall not (i) declare or pay or make any distribution or dividend or make any other payment on, and will procure that no Dividend or

	other payment or distribution is made on, any Securities or (ii) redeem, purchase, cancel, reduce or otherwise acquire any Securities, as the case may be.
Undertakings	So long as the Notes remain outstanding, neither the Issuer nor any of its Subsidiaries will: <ul style="list-style-type: none"> (i) incur any Financial Indebtedness subject to certain exceptions; and (ii) directly or indirectly consummate any Asset Sale in respect of the whole or any part of certain assets; provided however if any such Asset Sale is consummated, the Noteholders shall have the right to redeem all or some of their Notes pursuant to Condition 7(e).
Lock Up	From 14 May 2007 until 120 days after the Issue Date neither the Issuer nor any person acting on its behalf will issue any Ordinary Shares or securities of the same class as the Notes or the Ordinary Shares, enter into any agreement that transfers the economic consequences of the ownership of the Ordinary Shares or enter into any other agreement which has the same economic effect or agree to do so or announce any intention to do so, without the Lead Manager's prior written consent except pursuant to the Employee Option Plan or on exercise of the Executive Options.
Governing Law	The Notes, the Trust Deed and the Agency Agreement will be governed by English law.
Trustee	The Bank of New York, London Branch
Principal Paying, Transfer and Conversion Agent	The Bank of New York, London Branch
Registrar	The Bank of New York
Listing	Approval in-principle has been received for the listing of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of A\$200,000 for so long as any of the Notes are listed on the SGX-ST.
Clearing	The Notes have been accepted for clearance by Euroclear and Clearstream under the following Common Code and ISIN: Common Code: 030163265 ISIN: XS0301632658

Risk Factors

The nature of the Issuer's business and its stage of development make the Issuer subject to a number of risk factors. These risk factors could affect the Issuer's actual results and could cause them to differ materially from the estimates in any forward-looking statements of the Issuer.

This section describes certain, but not all, risks associated with an investment in the Notes. Additional risks not presently known or that the Issuer currently deems immaterial could also materially impact the Issuer's business, financial condition and results of operations. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Offering Circular.

GENERAL BUSINESS RISKS

General economic conditions and external market factors

Changes in both Australian and global economic conditions may affect the financial performance of the Issuer. These factors, over which the Issuer has no control, include:

- general market, political and economic conditions, including inflation rates, interest rates and foreign currency exchange rates;
- changes in market valuations of listed stocks in general and gold, nickel and copper stocks in particular;
- structural changes in the global mining industry;
- supply and demand conditions for gold; and
- fluctuations in the spot gold price.

In addition, factors such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental and adverse weather impacts, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Issuer's operating costs, profit margins and share price. These factors are beyond the control of the Issuer and the Issuer cannot, to any degree of certainty, predict how they will impact on the Issuer. Some of these factors are discussed further below.

General resource sector risk

In common with other enterprises undertaking business in the natural resources sector, certain risks are substantially outside the control of the Issuer. These risks include:

- abnormal stoppages in production or delivery due to factors such as industrial disruption, major equipment failure, accident, power failure or supply disruption;
- unforeseen adverse geological or mining conditions and/or changes to predicted ore or mineral quality;
- the state of supply and demand for gold in Australian and overseas markets and the effect on the gold price;
- changes in government regulations (including environmental regulations) and government imposts such as royalties, rail freight charges and taxes; and
- risks to land titles, mining titles and use thereof as a result of native title claims.

Acquisition plan risk

The Issuer may acquire or make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business. At the date of this Offering Circular, the Issuer is not aware of the occurrence or likely occurrence of any of the above risks which would have a material adverse effect on the Group.

Further, the Issuer's acquisition strategy may require it to obtain additional debt, equity financing or performance obligations, resulting in additional leverage, or increased debt obligations as compared to equity, and dilution of ownership. The Issuer may not be able to finance acquisitions on terms satisfactory to it. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may affect its growth prospects.

Securing funding for projects may depend on a number of factors, including commodity prices, interest rates, economic conditions and share market conditions. Inability to obtain financing or other factors could cause delays in developing properties and thus, adversely affect the Issuer's financial condition and performance.

ASX share investment risk

There are various risks associated with investing in any form of business and with investing in the stock market generally. The value of Ordinary Shares issued upon conversion of the Notes will depend upon the general stock market and economic conditions as well as other factors including, but not limited to, the Issuer's credit quality, operating results and economic and financial outlook of the Issuer. There is no guarantee of profitability, dividends, return of capital, or the price at which the Ordinary Shares will trade on ASX before or after conversion of the Notes. The past performance of the Ordinary Shares is not necessarily an indication as to future performance as the trading price of shares can fluctuate.

Commodity price volatility

Commodity prices, particularly the market price of gold, nickel and copper, may substantially impact on the economics of mining projects and, hence, on exploration and development programmes. Commodity prices react to the economic climate, market forces of supply and demand, and other factors beyond the Issuer's control. In addition, the gold price is also affected by macro-economic factors such as expectation regarding inflation, interest rates and global and regional demand for and supply of gold, as well as general economic conditions. The aggregate effect of these factors on metals prices is impossible to predict. Decreases in metal prices could adversely affect the Issuer's ability to finance the development of its projects as well as its results of operations.

Securing funding for projects may depend on a number of factors, including commodity prices, interest rates, economic conditions, share market conditions and country risk issues. Inability to obtain financing or other factors could cause delays in developing properties and thus, adversely affect the Issuer's financial condition and performance.

Foreign exchange rate risk

The Issuer is an Australian corporation that reports in Australian dollars. The Issuer's revenue is in Australian dollars derived from the sale of gold. However, the Australian dollar gold price is directly impacted by movements in the US dollar gold price and the US dollar/AUD exchange

rate. Movements in the US dollar/AUD exchange rate and/or the US dollar gold price may adversely or beneficially affect the Issuer's results of operations and cash flows.

Reliance on key personnel

The Issuer's success depends in part on the ability of its executive officers, senior management, employees, contractors and consultants to operate effectively, both individually and as a group. Further, the Issuer's success largely depends on its ability to attract and retain additional highly qualified management and personnel.

While the Issuer has contracts of service or employment with its key personnel, it cannot ultimately prevent any of these persons from terminating their respective contracts in accordance with the relevant agreed conditions. The loss of the services of these individuals or any other key personnel could have an adverse effect on the Issuer.

Competition risk

The industry in which the Issuer operates is subject to domestic and global competition. Although the Issuer will undertake all reasonable due diligence in its business and operations, the Issuer will have no influence or control over the activities or actions of its competitors, which may (positively or negatively) affect the operating and financial performance of the Issuer's projects and business

SPECIFIC BUSINESS RISKS

Operating risks

In common with other enterprises undertaking business in the mining sector, the Issuer's mining and related activities are subject to conditions beyond the Issuer's control that can reduce production, sales and/or increase costs. These conditions include, but are not limited to, abnormal or severe weather conditions and natural disasters, unexpected maintenance or technical problems, key equipment failures, and variations in geological conditions. The Issuer's ability to meet production, timing and cost estimates cannot be assured. The business of gold mining is subject to a variety of risks such as cave ins and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may delay production, increase production costs or result in liability. The Issuer has insurance in amounts that it considers adequate to protect against certain risks of mining and processing. However, the Issuer may become subject to a liability for hazards which it cannot insure against, or which it may elect not to insure against because of high premium costs or other reasons. In particular, the Issuer is not insured for environmental liability and damage to underground workings, excavations, declines and slopes.

The Issuer's operating policies dictate that, where possible, the supply of critical goods and services is subject to a competitive tender process or is to be capable of repricing based on current market conditions. Long-term suppliers have generally, where possible, assisted in introducing competitive pricing and efficiencies. These commercial arrangements reflect industry practice.

Input costs can also be affected by factors such as changes in market conditions, government policies, exchange rates, and so on, which are unpredictable and outside the control of the Issuer.

In addition, the Issuer's profitability could be adversely affected if for any reason its production of gold is unexpectedly interrupted and as a result it is unable to produce sufficient gold to cover any forward sale commitments it may have.

Shortages of skilled personnel

The strong commodity cycle and large number of projects being developed in the resources industry has increased the demand for skilled personnel, contractors, material and supplies. As a result there is a risk to the Issuer of increased capital and operating costs, which may in turn adversely affect the development of new and existing projects, the expansion of existing operations, the results of those operations and the Issuer's financial condition and prospects.

Estimates of reserves, resources, gold deposits and production costs

Although the ore reserves and mineral resource estimates for the Issuer's gold properties have been carefully prepared by the Issuer or, in some instances, have been prepared, reviewed or verified by independent mining experts or experienced mining consultants, these amounts are estimates only and no assurance can be given that any particular recovery level of gold from reserves will in fact be realised or that an identified ore resource will ever qualify as a commercially mineable (or viable) ore body that can be economically exploited. The Issuer's estimates comply with the Australasian Joint Ore Reserves Committee 2004 requirements. However, ore resources and mineral reserve estimates are expressions of judgement based on knowledge, experience and industry practice, and may require revision based on actual production experience. Estimates that are valid when made may change significantly when new information becomes available.

Estimates of ore reserves, mineral resources and production costs can also be affected by such factors as environmental regulations, weather, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the ore or mineral quality ultimately mined may differ from that indicated by drilling results and may have an adverse effect on mining operations and results of operations, financial condition and prospects. Material changes in ore reserves, ore quality, stripping ratios or recovery rates may affect the economic viability of projects. Ore reserves are reported as general indicators of mine life. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations.

Exploration and development risks

To maintain ore production beyond the life of current proved and probable reserves, further reserves capable of economic exploitation must be identified. A failure to discover new reserves or enhance existing reserves could negatively affect results of operations, financial condition and prospects. The Issuer's principal activities include mining and the sale of gold, mineral exploration, development and investments. There is a risk that the Issuer may be unable to acquire new exploration or mining properties on suitable terms, thus restricting the Issuer's future growth. Exploration and development activities may be impaired by factors including geological conditions, consistency and reliability of ore quality, product prices, overall availability of free cash to fund continuing exploration and development activities, environmental legislation, industrial disputes, cost overruns, land claims and compensation, and other unforeseen contingencies.

The success of the Issuer's operations depend on many factors including, but not limited to:

- the delineation of commercially mineable reserves and resources;
- access to the required development capital;
- movements in the gold price and operating costs of production;
- securing and maintaining title to the Issuer's exploration and mining leases;
- obtaining all consents and approvals necessary for the conduct of its exploration and development activities;
- successful design and construction of mining and processing facilities;
- successful commissioning and operating of mining and processing facilities; and
- the availability of a skilled labour force.

Adverse weather conditions over a prolonged period can materially affect exploration, mining and drilling operations and other infrastructure services and the timing of earning revenues.

The discovery of a deposit does not guarantee that the mining of that deposit will be commercially viable. The size of the deposit, extraction, waste to ore ratio, processing and transportation costs and recovery rates are all key factors in determining commercial viability, as well as the design and construction of efficient processing facilities, competent operational management and prudent financial administration.

Furthermore, the Issuer may also be exposed to risks associated with the financial failure or default by a participant in any joint ventures or other contractual relationships to which the Issuer is, or may become, a party. While the Issuer may seek indemnities from any such participant, no assurance can be given that there would be sufficient coverage in the event that a particular project did not meet the Issuer's expectations.

There can be no assurance that the proposed exploration programmes described in this Offering Circular, or any other projects, tenements or databases that the Issuer may acquire in the future, will result in a discovery of a significant ore deposit. Even if a significant ore deposit is identified, there can be no guarantee that it can be economically exploited. Likewise, the risks identified regarding the Issuer's development activities means that there can be no assurances on the future development of a mining operation in relation to any of the Issuer's projects described in this Offering Circular or which the Issuer may acquire in the future.

Future investment opportunities

There is a risk that the Issuer may be unable to acquire new exploration or mining properties on suitable terms, thus restricting the Issuer's future growth. There is also a risk that the Issuer will not be able to recover funds expended on investment opportunities and in identifying new mining properties through the exploration programme.

Environmental risk and safety regulation

The Issuer's mining operations are subject to extensive Australian health and safety and environmental laws and regulations that may affect the operations of the Issuer. These laws and regulations set various standards regulating certain aspects of health and safety and environmental quality, and apply to both past and future conduct of the Issuer. They provide for penalties and other liabilities for the violation of such standards and establish, in certain

circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches.

The business of ore and mineral mining is subject to certain environmental and safety risks and hazards, such as industrial accidents, discharge of toxic chemicals, fire and flooding. The occurrence of any such environmental or safety incident could delay production or increase production costs. In addition, significant liabilities could be imposed on the Issuer for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations. The Issuer tries to minimise these risks by taking reasonable steps to ensure compliance with environmental, health and safety laws and regulations with the future aim of operating to international environmental standards.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is also a risk that the environmental laws and regulations may become more onerous, making the Issuer's operations more expensive.

Despite the Issuer's best efforts and intentions, there remains a risk that environmental and/or safety incidents and accidents may occur that could negatively impact reputation and freedom or licence to operate. The liabilities the Issuer may face could include liabilities against which the Issuer cannot insure or has elected not to insure because of high premium costs or other reasons.

Regulatory risk

Each mining project operated by the Issuer will be subject to various Federal, State and local laws and plans relating to several factors including, but not limited to:

- resource licence consent conditions including environmental compliance and rehabilitation;
- taxation;
- employee relations;
- heritage/historic matters;
- health and safety;
- royalties; and
- other matters.

The Issuer is required to provide bonds, guaranteed by an independent financial institution, to warrant its compliance with Government regulated rehabilitation obligations. The Issuer may divest land tenure in non-core areas to mitigate minimum expenditure requirements.

There is no assurance that the necessary permits, consents, authorisations and agreements to implement plans can be obtained under conditions or within timeframes that make such plans economic. Further, there is no assurance that applicable laws or the governing political authorities will not change or that such changes will not result in additional material expenditures.

There is a risk that the Australian Government or, where relevant, a State, Territory or foreign government will alter tax regimes applying to the Issuer. Such alteration could have the effect

of reducing cash available for distribution to Ordinary Shareholders, or altering the tax treatment of distributions in the hands of Ordinary Shareholders. It is possible that governments may also, through taxation incentives or subsidies, encourage the use of alternative energy sources. As with any entity, the ability of the Issuer to recoup its existing taxation losses is dependent upon the entity deriving future assessable income and continuing to comply with the conditions for deductibility imposed by legislation, and subject to such taxation legislation not changing in a manner which would adversely affect the entity's ability to recoup its tax losses.

Litigation risk

Litigation risks to the Issuer may include, but are not limited to, contesting development or regulatory approvals, native title claims, land tenure disputes, environmental claims, and occupational health and safety claims. In addition to traditional claimants, there is an emerging trend for environmental groups and other interested claimants seeking to bring claims against mining companies such as the Issuer.

Proceedings have been commenced against the Issuer and one of its wholly owned subsidiaries, Zygot Ltd ("Zygot") in the Supreme Court of Western Australia by Kingstream Steel Limited (Subject to Deed of Company Arrangement) ("Kingstream") on 2 July 2002. The claim relates to the withdrawal by Zygot of three mining lease applications ("MLAs"). Kingstream alleges that these applications were part of the subject matter of an Option Deed (as supplemented) between the Issuer and Kingstream. Kingstream exercised the option in February 1999. Kingstream is seeking rectification of the Option Deed to include the MLAs on the basis that it was the common intention of the parties. The Issuer denies that this was the intention and further denies that rectification is available.

In early 2006 Kingstream provided a quantification of the damages that it claims, which was based on two reports by Snowden Mining Industry Consultants. Kingstream's particulars of alleged loss include a claim for the value of the MLAs at the time of withdrawal (A\$500,000), alternatively the value of the lost opportunity of acquiring the MLAs (A\$13,070,000) and alternatively the diminution in value of the other tenements acquired by Kingstream under the Option Deed (A\$14,200,000).

The proceedings are still at the interlocutory stage and have been, and will continue to be, defended. None of the current directors of the Issuer were directors at the time the relevant activities took place.

Funding risk

The Issuer's continued ability to effectively implement its business plan in the future may depend in part on its ability to raise additional funds. External financial and credit markets, the Issuer's performance and future asset development plans are subject to numerous uncertain future influences and there can therefore be no assurance that any such equity or debt funding will be available to the Issuer, whether individual counterparty credit approvals for asset development will be forthcoming, or whether any funding will be on favourable terms. The Issuer, as a borrower of money, is potentially exposed to adverse interest rate movements that may increase the financial risk inherent in its business and could have a material impact on profitability and cash flow. Whilst this risk may be reduced through interest rate hedging, such as interest rate swaps or other mechanisms, there is sometimes residual exposure.

Further, the Issuer, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments, to secure statutory and environmental performance undertakings and commercial arrangements. The Issuer's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

The loan agreements and other financing arrangements such as debt facilities and finance leases (and any related guarantees and security) entered into by the Issuer contain standard covenants, undertakings, negative pledges and other provisions for documents of that type. In the event that any such covenants, undertakings, negative pledges or other provisions are breached, lenders could accelerate repayment of loans and there is no assurance that the Issuer would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Issuer or default under a finance lease could also result in the loss of assets.

Exploration and mining titles

The ability of the Issuer to carry out successful exploration and mining activities will depend on the ability to maintain or obtain tenure to mining titles. The maintenance or issue of any such titles must be in accordance with the laws of the relevant jurisdiction and in particular the relevant mining legislation. Conditions imposed by such legislation must also be complied with. No guarantee can be given that tenures will be maintained or granted, or if they are maintained or granted, that the Issuer will be in a position to comply with all conditions that are imposed.

Furthermore, while it is common practice that permits and licences may be renewed or transferred into other forms of tenure appropriate for the ongoing operation, no guarantee can be given that a renewal or a transfer will be granted to the Issuer or, if they are granted, the Issuer will be in a position to comply with all conditions that are imposed.

While the Issuer has diligently investigated title to all of its mineral claims and to the best of its knowledge title to all material properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to registered and unregistered agreements or transfers and title may be affected by undetected defects. Accordingly, other parties could possibly dispute the Issuer's title to its mining rights and other interests. Several complaints are lodged against tenements which are not material to planned operations. Disputes could include Aboriginal native title claims. Since 1992, Australian law has recognised that the Aboriginal peoples of Australia may have retained a form of "native title" over the lands of Australia where this has not been extinguished either by abandonment or by inconsistent acts of government such as the creation of freehold or leasehold title to the land. Subsequent Federal and State legislation provides for the regulation of native title claims and their inter-relationship with the creation of new land titles and mining tenements.

GENERAL INVESTMENT RISKS

Insurance

The Issuer maintains insurance within ranges of coverage consistent with industry practice, but no assurance can be given that the Issuer will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

Interest rate risks

Businesses that borrow money are potentially exposed to adverse interest rate movements that may affect the cost of borrowing, which in turn would impact on earnings, and increase the financial risk inherent in those businesses. Whilst this risk may be reduced through interest rate hedging, such as interest rate swaps or other mechanisms, there is sometimes residual exposure. Movements in interest rates may affect the appropriate discount rate to be used to value investments.

Hedging risks

The Issuer may enter into hedging transactions in order to fix or underpin the price for a portion of its production. There is a risk that the Issuer may not be able to deliver physical production into committed hedges if, for example, there was a production stoppage. In that event the Issuer could be adversely affected if the price was to move unfavourably. In addition, there is a mark-to-market risk in respect of accounting for hedging that could adversely impact the Issuer's financial results.

Enforcement of legal rights

The rights of the Issuer to participate in its agreements to supply gold, nickel and copper to persons in other jurisdictions are predicated upon a series of supply agreements. The Issuer sells ores and minerals into various overseas markets. Should it become necessary for the Issuer to seek to enforce its rights under any or all of these agreements, it would need to do so in accordance with the laws of such applicable jurisdictions. There can be no assurance that, should it become necessary for the Issuer to take such action, it will be possible to fully obtain the legal remedies that are being sought.

No prior market for the notes

The Notes are a new issue of securities for which there is currently no trading market. Approval in-principle has been received for the listing of the Notes on the SGX-ST. However, there can be no assurance that the Issuer will be able to maintain such a listing or that, if listed, a trading market will develop for the Notes on the SGX-ST. Further, as the Notes are offered pursuant to exemptions invoked under section 274 and/or section 275 of the SFA, the Notes cannot be offered or sold, or be made the subject of an invitation for purchase to any member of the public in Singapore other than to certain classes of investors or persons in accordance with the provisions of the SFA.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could fall. If an active trading market were to develop, the Notes could trade at a price that may be lower than the initial offering price of the Notes. Whether or not the Notes will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic and political conditions;
- conditions in the mining industry;
- global equity markets generally; and
- the Issuer's financial condition, financial performance and future prospects.

Ability to redeem or repay the notes when due

In the event the Ordinary Shares cease to be listed on ASX, holders of the Notes may require the Issuer to repurchase all of such Noteholder's Notes. The Issuer may also be required to repurchase all (or a portion) of the Notes held by a Noteholder if that Noteholder elects to exercise its rights to require the Issuer to repurchase all (or a portion) of such Noteholder's Notes on the Put Option Date (being 4 June 2010). Following acceleration of the Notes upon an Event of Default, the Issuer would be required to pay all amounts then due in accordance with the Conditions. The Issuer may not be able to repurchase all or any of such Notes or pay all or any amounts due under the Notes if the Issuer does not have sufficient cash flows to repurchase or repay amounts due under the Notes.

Exercise of conversion right

The holder of each Note has the right to convert such Note into Ordinary Shares at any time during the Conversion Period. The number of Ordinary Shares to be delivered upon conversion is determined by reference to the Conversion Price in effect on the Conversion Date. The Conversion Price may be subject to adjustments in accordance with the Conditions.

The Issuer will apply for official quotation on ASX of the Ordinary Shares to be issued upon conversion of the Notes. Quotation will not be automatic, but will depend upon ASX exercising its discretion. The Issuer has already been admitted to the official list of the ASX and Ordinary Shares of the same class as the Ordinary Shares to be issued upon conversion of the Notes are already quoted. However, the Issuer cannot guarantee, and does not represent or imply, that the Ordinary Shares to be issued upon conversion of the Notes will be quoted upon issue by the Issuer.

Unavailability of some ordinary shares on conversion

The Issuer will convene an extraordinary meeting of its Shareholders to approve the issuance of a further number of Ordinary Shares to be issued by the Issuer in respect of a Noteholder exercising a Conversion Right (as defined in the Conditions) in excess of the number of Ordinary Shares for which the Issuer has authority to issue as at the date hereof. The Issuer has undertaken to the Lead Manager that it will convene such meeting to approve the issue of such further Ordinary Shares and take all steps as may be necessary in this regard by no later than 30 September 2007. There is no assurance that Shareholders will vote in favour of a resolution issuing such further Ordinary Shares. Until such Shareholder approval is obtained, at any time when the delivery of such further Ordinary Shares deliverable upon conversion of the Notes is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall only be able to pay to the relevant Noteholder an amount of cash in Australian dollars equal to the Cash Settlement Amount (as defined in the Conditions) in order to satisfy such Conversion Right in full but not in part.

Trading price of ordinary shares

To the extent there is a secondary market for the Notes, the trading price of the Ordinary Shares will directly affect the trading price of the Notes. It is impossible to predict whether the price of the Ordinary Shares will rise or fall.

The Issuer's credit quality, operating results, economic and financial prospects and other factors will affect the trading price of the Ordinary Shares. In addition, the price of the Ordinary Shares

is also subject to varied and often unpredictable influences on the market for equities, including, but not limited to:

- general economic conditions, including Australian dollar and US dollar performance on world markets;
- commodity price fluctuations;
- fluctuations in the global market for gold;
- inflation rates, foreign exchange rates and interest rates;
- variations in the general market for listed stocks in general, or for Australian mining stocks in particular;
- changes to government policy, legislation or regulation;
- industrial disputes; and
- general operational and business risks.

In particular, the share prices for many companies have been and may in future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, in particular the Middle East, acts of terrorism and the general state of the global economy. No assurances can be made that the Issuer's market performance will not be adversely affected by any such market fluctuations or factors.

In addition, the trading price of the Ordinary Shares could be affected by possible sales of the Ordinary Shares by investors who view the Notes as a more attractive means of equity participation in the Issuer and by hedging or arbitrage trading activity that may develop involving the Ordinary Shares. The hedging or arbitrage could, in turn, affect the trading price of the Notes.

Terms and Conditions of the Notes

The following, other than the words in italics, is the text of the terms and conditions of the Notes which will appear on the reverse of each of the definitive certificates evidencing the Notes:

The issue of the A\$100,000,000 8 per cent. Convertible Notes due 2012 (the "Notes", which expression shall, unless otherwise indicated, include any further notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes) was (save in respect of any such further notes) authorised by a resolution of the Board of Directors of St Barbara Limited (ABN 36 009 165 066) (the "Issuer") passed on 7 May 2007. The Notes are constituted by a trust deed dated on or about 4 June 2007 as amended or supplemented from time to time (the "Trust Deed") between the Issuer and The Bank of New York (the "Trustee", which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Notes. The statements set out in these Terms and Conditions (the "Conditions") are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes. The Noteholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated on or about 4 June 2007 (the "Agency Agreement") relating to the Notes between the Issuer, the Trustee, The Bank of New York (the "Principal Paying, Transfer and Conversion Agent", which expression shall include any successor as principal paying, transfer and conversion agent under the Agency Agreement) and The Bank of New York in its capacity as registrar (the "Registrar", which expression shall include any successor as registrar under the Agency Agreement). Copies of each of the Trust Deed and the Agency Agreement are available for inspection at the registered office for the time being of the Trustee (being at the date of issue of the Notes at One Canada Square, 40th Floor, London E14 5AL, United Kingdom), and at the specified office of the Principal Paying, Transfer and Conversion Agent and any other paying, transfer and conversion agents appointed from time to time by the Issuer under the Agency Agreement (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the "Paying, Transfer and Conversion Agent", which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and the Registrar.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

1. Form, Denomination, Title and Status

(a) Form and denomination

The Notes are in registered form, serially numbered, in principal amounts of A\$100,000 or integral multiples of A\$1,000 in excess thereof ("authorised denominations"). A note certificate (each a "Certificate") will be issued to each Noteholder in respect of its registered holding of Notes.

Upon issue, the Notes will be represented by a global certificate (the "Global Certificate") deposited with a common depositary for, and representing Notes registered in the name of a common nominee of, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"). The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate,

owners of interests in Notes represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

(b) Title

Title to the Notes will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate representing it (other than a duly executed transfer thereof) and no person will be liable for so treating the holder.

(c) Status

The Notes constitute (subject to Condition 2) direct, unsecured, unsubordinated and unconditional obligations of the Issuer ranking *pari passu* and rateably, without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 2, at all times rank at least equally with all its other present and future direct, unsecured, unsubordinated and unconditional obligations.

2. Negative Pledge

So long as any Note remains outstanding, the Issuer will not (and will ensure that no member of the Group will) create or permit to subsist any Security Interest or Quasi Security Interest over any of their respective assets.

The preceding paragraph does not apply to any Security Interest or Quasi Security Interest which is a Permitted Security Interest.

In the Trust Deed, the Issuer has represented and/or undertaken to the Trustee that

- (a) the Financial Indebtedness which is secured by the Macquarie Security has been paid and satisfied in full; and
- (b) it shall cause the registration of the Macquarie Security at ASIC to be discharged within 45 days from the Issue Date.

3. Definitions

In these Conditions, unless otherwise provided:

"Additional Shares" has the meaning provided in Condition 6(c).

"ASIC" means the Australian Securities and Investment Commission.

"Assets" means each of:

- (a) Gwalia – Mining Leases M37/25, M37/137 and M37/333 and all fixed plant and equipment located on those Mining Leases from time to time;
- (b) Hercules – Mining Lease M77/790 and all fixed plant and equipment located on that Mining Lease from time to time; and

- (c) Marvel Loch – Mining Leases M77/8, M77/10, M77/113, M77/114, M77/239 and M77/525 and all fixed plant and equipment located on those Mining Leases from time to time.

“Asset Sale” means any sale, lease, transfer, issuance or other disposition (or series of related sales, leases, transfers, issuances or dispositions) by any member of the Group, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a “disposition”), involving any of the following:

- (a) the disposition of any shares of any entity that directly or indirectly owns the whole or any part of the Assets; or
- (b) the disposition of the whole or any part of the Assets by any entity that directly or indirectly owns any part of the Assets,

other than:

- (a) in the case of sub-paragraphs (a) and (b) above, any disposition by a Subsidiary of the Issuer to the Issuer or by the Issuer or any of its Subsidiaries to another wholly owned Subsidiary;
- (b) the sale of Product in the ordinary course of business;
- (c) the disposition of an item which is worn out or obsolete or which is no longer required in connection with the development or operation of mining operations in respect of an Asset; or
- (d) the disposition of an item which is replaced contemporaneously with an item of greater or equal utility.

“Associate” has the meaning given to it in Section 128F(9) of the Income Tax Assessment Act 1936 of Australia.

“Auditors” means the auditors for the time being of the Issuer or, if they are unable or unwilling to carry out any action requested of them under the Trust Deed or the Notes, such other firm of accountants as may be nominated by the Issuer and approved in writing by the Trustee for the purpose or, failing such nomination, as selected by the Trustee.

“Australian dollars” and “A\$” mean the lawful currency of the Commonwealth of Australia.

“Australian Stock Exchange” means ASX Limited (ABN 98 008 624 691).

“business day” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“CHESS” has the meaning given in Condition 6(h).

“Conforming Legal Opinion” means a legal opinion addressed to the Trustee (in form and substance acceptable to it) on behalf of the Noteholders from counsel of recognised standing confirming that the Financial Indebtedness described in the legal opinion has been or will be incurred on terms which expressly provide for a legally binding Subordination of the Issuer’s payment obligations in respect of that Financial Indebtedness to the Issuer’s payment obligations under the Notes.

“Conversion Date” has the meaning provided in Condition 6(h).

“Conversion Notice” has the meaning provided in Condition 6(h).

“Conversion Period” has the meaning provided in Condition 6(a).

"Conversion Price" has the meaning provided in Condition 6(a).

"Conversion Right" has the meaning provided in Condition 6(a).

"Corporations Act" means the Corporations Act 2001 of Australia.

"Current Market Price" means, in respect of an Ordinary Share at a particular date, the average of the Volume Weighted Average Price of an Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding such date; provided that if at any time during the said 10-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex-any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement), then:

- (a) if the Ordinary Shares to be issued do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement) (excluding, in any case, any associated tax credit); or
- (b) if the Ordinary Shares to be issued do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount,

and provided further that if on each of the said 10 dealing days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement (excluding, in any case, any associated tax credit),

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said 10 dealing days, then the average of such Volume Weighted Average Prices which are available in that 10-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

"dealing day" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business, other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time.

"Dividend" means any dividend or distribution (including a Spin-Off) whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other Securities

credited as fully or partly paid up by way of capitalisation of profits or reserves) and includes payment on redemption, or for the purchase of, Ordinary Shares of the Issuer provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of a cash Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of the greater of (i) such cash Dividend and (ii) the Fair Market Value (on the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Ordinary Shares or other property or assets;
- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer or any Subsidiary of the Issuer shall not constitute a Dividend unless, in the case of purchases or buy backs of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a "Specified Share Day") in respect of such purchases or buy backs translated, if not in Australian dollars, into Australian dollars at the spot rate ruling at the close of business on such day as determined in good faith by an Independent Financial Adviser (or if no such rate is available on that date, the equivalent rate on the immediately preceding date on which such rate is available) exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases approved by a general meeting of Ordinary Shareholders of the Issuer or any notice convening such a meeting of Ordinary Shareholders) has been made of the intention to purchase Ordinary Shares at some future date at a specified price, on the five dealing days immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Dividend in Australian dollars to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into Australian dollars as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased; and
- (d) if the Issuer or any of its Subsidiaries shall purchase any receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser.

"equity share capital" means, in relation to a company, its issued share capital (or equivalent) excluding any part of that capital which, neither as regards dividends or other income (or equivalent) nor as regards capital (or equivalent), carries any right to participate beyond a certain specified amount in a distribution.

"Excluded Subsidiary" means a newly formed entity of any member of the Group designated as such by the Issuer by notice to the Trustee:

- (a) which has incurred or will incur Project Debt;

- (b) whose only assets are:
 - (i) the underlying assets being the subject of the Project Debt; or
 - (ii) assets relating to the financing, refinancing, development, acquisition, improvement or rehabilitation of the asset referred to in sub-paragraph (i); and
- (c) where the provider of the Project Debt to such entity has no recourse to any member of the Group other than the limited recourse described in paragraph (vi) of the definition of Permitted Security Interest,

and, for the avoidance of doubt, if any of the requirements of (a), (b) or (c) above ceases to be satisfied with respect to a company properly designated by the Issuer to be an Excluded Subsidiary, then that company will for all purposes under these Conditions cease to be an Excluded Subsidiary from the time that the relevant requirement ceases to be satisfied.

"Exempt Newco Scheme" means a Newco Scheme where immediately after completion of the relevant scheme of arrangement the ordinary shares of Newco are (1) admitted to listing on the Australian Securities Exchange or (2) admitted to listing on such other regulated, regularly operating, recognised stock exchange of securities as the Issuer or Newco may determine.

"Existing Shareholders" has the meaning given in the definition of "Newco Scheme" in Condition 3.

"Extraordinary Resolution" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than three-quarters of the votes cast.

"Fair Market Value" means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Adviser provided that (i) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Financial Adviser), the fair market value (a) of such Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of 10 dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Spin-Off Securities, options, warrants or other rights are publicly traded); and (iv) in the case of (i), converted into Australian dollars (if declared or paid in a currency other than Australian dollars) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in Australian dollars, and in any other case, converted into Australian dollars (if expressed in a currency other than Australian dollars) at such rate of exchange as may be determined in good faith by an Independent Financial Adviser to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

"Final Maturity Date" means 4 June 2012.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed and debt balances at banks or other financial institutions;

- (b) any acceptance under any acceptance credit or bill discounting facility or dematerialised equivalent;
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the accounting principle generally acceptable in Australia, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (i) the amount of any liability in respect of any credit for goods and services raised in the ordinary course of trade outstanding for more than 90 days after its customary date of payment; and
- (j) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (i) above.

"Further Shares" means the number of Ordinary Shares to be issued by the Issuer in respect of a Noteholder exercising a Conversion Right in excess of the number of Ordinary Shares for which the Issuer has authority to issue on the Issue Date, being 116,400,000 Ordinary Shares.

"Governmental Agency" means a government or a governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

"Group" means the Issuer and its Subsidiaries other than an Excluded Subsidiary.

"Independent Financial Adviser" means an investment bank of international repute appointed by the Issuer and approved in writing by the Trustee, or, if the Issuer fails to make such appointment and such failure continues for a reasonable period and the Trustee is put in funds or is indemnified to its satisfaction against the costs, fees and expenses of such adviser, appointed by the Trustee following notification to the Issuer.

"Independent Technical Certificate" means a certificate issued by a consulting engineering company of recognised standing having appropriate qualifications and experience in advising in connection with gold projects. The consulting engineers will be appointed by the Issuer, but their certificate must include certification by the person giving the certificate that in giving the certification that person has formed an independent view as to the matters the subject of the certificate.

"Interest Payment Date" has the meaning provided in Condition 5(a).

"Issue Date" means on or about 4 June 2007.

"Macquarie Security" means:

- (a) Deposit Account Agreement made between the Issuer and Macquarie Bank Limited ("Macquarie") dated 14 April 2000 (registered as ASIC Charge No 744726);
- (b) the fixed and floating charge granted by the Issuer to the Bank of Western Australia Limited ("BankWest") dated 28 May 1991 (registered as ASIC Charge No 292713) and the fixed and floating charge granted by the Issuer to BankWest dated 27 January 1998 (registered as ASIC Charge No 631002) in respect of which the rights, title and interest of BankWest have been assigned to Macquarie;
- (c) the fixed and floating charge granted by the Issuer in favour of Macquarie over all of the assets and undertaking of the Issuer dated 2 March 2000 (registered as ASIC Charge No 738613); and
- (d) the mortgage and charge granted by the Issuer in favour of Macquarie dated 17 April 2000 (registered as ASIC Charge No 745252).

"Mining Lease" has the same meaning as is given to that expression under the Mining Act 1978 (Western Australia).

"Newco Scheme" means a scheme of arrangement which effects the interposition of a limited liability company ("Newco") between the Shareholders of the Issuer immediately prior to the scheme of arrangement (the "Existing Shareholders") and the Issuer, provided that immediately after completion of the scheme of arrangement the only shareholders of Newco are the Existing Shareholders each holding a shareholding interest in Newco equal to their proportional shareholding in the Issuer immediately prior to the scheme of arrangement (subject to any issue to a nominee in respect of the entitlements of Existing Shareholders where in the Issuer's view it would be unreasonable to extend the offer or invitation) and that all Subsidiaries of the Issuer immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after the scheme of arrangement.

"Noteholder" and, in relation to a Note, "holder" mean the person in whose name a Note is registered in the Register (as defined in Condition 4(a)).

"Optional Redemption Date" has the meaning provided in Condition 7(b).

"Optional Redemption Notice" has the meaning provided in Condition 7(b).

"Ordinary Shares" means fully paid ordinary shares in the capital of the Issuer.

"Ordinary Shareholders" means the holders of Ordinary Shares.

"Ounce" means troy ounce.

"Permitted Indebtedness" means:

- (a) any Financial Indebtedness arising from the issue of performance bonds or guarantees in the ordinary course of business (including those issued in favour of any Government Agency which are required by law) the aggregate outstanding principal amount of which when aggregated with the Financial Indebtedness under each other performance bond or guarantee granted by or at the request of members of the Group does not at any time exceed A\$25,000,000 (or its equivalent in another currency or currencies);
- (b) any Financial Indebtedness arising under a finance or capital lease the aggregate outstanding principal amount of which when aggregated with the Financial Indebtedness

under each other finance or capital lease entered into by members of the Group does not at any time exceed A\$20,000,000 (or its equivalent in another currency or currencies);

- (c) any Financial Indebtedness which is expressly provided by its terms to be unsecured and rank Subordinated in terms of its payment obligations to the Issuer's payment obligations under the Notes and in respect of which the Issuer shall have delivered a Conforming Legal Opinion; or
- (d) any Financial Indebtedness, in addition to the Financial Indebtedness described in paragraphs (a) to (c) inclusive of this definition, the aggregate outstanding principal amount of which on a Group basis does not at any time exceed A\$50,000,000 (or its equivalent in another currency or currencies); and
- (e) for the avoidance of doubt, any Financial Indebtedness which is secured by the Security Interests described in paragraphs (b), (c), (d) and (g) of the definition of Permitted Security Interest (provided that this provision (e) shall not result in any double-counting), but only to the extent that the money secured by those Security Interests does not exceed the amount permitted to be secured by them under those paragraphs of the definition of Permitted Security Interest.

"Permitted Security Interest" means:

- (a) any Security Interest which secures obligations in respect of the issue of performance bonds or guarantees in the ordinary course of business (including in favour of any Government Agency) as described in paragraph (a) of the definition of Permitted Indebtedness provided that the obligations secured by such Security Interest shall not in aggregate exceed A\$25,000,000;
- (b) a Security Interest over any asset acquired by a member of the Group after the date of the Trust Deed (or any replacement Security Interest over that asset created in relation to the refinancing of the relevant Financial Indebtedness) if:
 - (i) the Security Interest exists before, and is not created in contemplation of, the acquisition; and
 - (ii) the principal amount secured is not increased without the prior consent of the Trustee;
- (c) a Security Interest over the assets of an entity which becomes a Subsidiary of the Issuer after the date of the Trust Deed (or any replacement Security Interest created by that Subsidiary in relation to the refinancing of the relevant Financial Indebtedness) if:
 - (i) the Security Interest existed before the entity became a Subsidiary and was not created in contemplation of it becoming a Subsidiary; and
 - (ii) the principal amount secured is not increased without the prior consent of the Trustee;
- (d) deposits made in the ordinary course of business to secure the performance of tenders, bids, statutory or contractual obligations in each case not securing Financial Indebtedness;
- (e) a Security Interest over the interest of any newly formed entity of any member of the Group in a joint venture or partnership entered into or acquired after the date of the Trust Deed (or over the shares of any Subsidiary of that member which holds an interest in any such partnership or joint venture) or over the assets of such joint venture or partnership to secure in favour of one or more of the other members of the joint venture

or partnership the due performance of obligations under or in respect of the partnership or joint venture (including the payment of money but not Financial Indebtedness) provided that (i) the recourse available to the holder of that Security Interest is limited to amounts recoverable by enforcement against the assets of such newly formed entity and (ii) before the Production Test Satisfaction Date, there is no recourse to any member of the Group other than the newly formed entity; provided that, for the avoidance of doubt, any such recourse after the Production Test Satisfaction Date shall rank *pari passu* with the Notes;

- (f) a Security Interest given by a member of the Group which is the immediate holding company of an Excluded Subsidiary over that member's shares in the Excluded Subsidiary and loans to and claims against the Excluded Subsidiary ("Pledge"), provided that (i) the recourse available to the holder of that Security Interest is limited to amounts recoverable by enforcement of the Security Interest in respect of that secured property; and (ii) there is no recourse to any other member of the Group (other than in respect of any Pledge granted by the immediate holding company of such Excluded Subsidiary (if any));
- (g) a Security Interest granted by a newly formed entity of any member of the Group over an asset acquired by that newly formed entity granted as security for Financial Indebtedness provided to purchase that asset, but only where (i) the money secured by the Security Interest does not exceed the purchase price of that asset and the Security Interest is only over the assets of such newly formed entity (including the assets acquired and any proceeds derived from that asset) and (ii) before the Production Test Satisfaction Date, there is no recourse to any member of the Group other than the newly formed entity; provided that, for the avoidance of doubt, any such recourse after the Production Test Satisfaction Date shall rank *pari passu* with the Notes;
- (h) the Macquarie Security;
- (i) the mortgage given in favour of Terra Firma Investments Pty Ltd in respect of Mining Leases described as M77/431, M77/432 and M77/697;
- (j) any lien arising by operation of law and in the ordinary course of trading by the Group and not as a result of any default or omission by any member of the Group;
- (k) any retention of title arrangements and rights of set-off arising in the ordinary course of trading by the Group with suppliers of goods to any member of the Group and not as a result of any default or omission by any member of the Group;
- (l) any Security Interest or Quasi Security Interest in respect of any finance or capital lease and provided that the Financial Indebtedness secured thereby does not in the aggregate at any time exceed A\$20,000,000 (or its equivalent in another currency or currencies);
- (m) any Security Interest or Quasi Security Interest over goods and documents of title to goods arising in the ordinary course of letter of credit transactions entered into in the ordinary course of trading;
- (n) any netting or set-off arrangement entered into by a member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group: or
- (o) any Security or Quasi Security securing Permitted Indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security or Quasi Security given by any member of the Group other than

permitted under paragraphs (a) to (n) above) does not at any time exceed A\$50,000,000 (or its equivalent in another currency or currencies).

"Product" means the present and future right, title and interest of a member of the Group in and to all gold (including without limitation, gold bearing material, doré bullion and refined gold) and other metals and minerals mined, extracted or derived by that member in the ordinary course of business.

"Production Test Satisfaction Date" means the date the Issuer delivers to the Trustee an Independent Technical Certificate confirming that production of the Group from its mining operations over a consecutive 90 day period exceeds 62,500 Ounces of gold;

"Project Debt" means Financial Indebtedness incurred for the purpose of financing or refinancing the development, acquisition, improvement or rehabilitation of an asset and paying the related costs of that financing (in any such case either directly or through acquisition of an interest in a joint venture or partnership) where the Financial Indebtedness does not exceed the cost of such development, acquisition, improvement or rehabilitation and related financing costs provided that prior to the Production Test Satisfaction Date there is no recourse to the Issuer or any other Subsidiary of the Issuer and provided further that, for the avoidance of doubt, any such recourse after the Production Test Satisfaction Date shall rank *pari passu* with the Notes.

"Quasi Security Interest" means a transaction under which any member of the Group will:

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any other member of the Group;
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts;
- (d) enter into any other preferential arrangement having a similar effect; or
- (e) enter into any retention of title arrangement,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

"Reference Date" has the meaning provided in Condition 6(a).

"Relevant Date" means, in respect of any Note, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused, the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 17 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

"Relevant Event" has the meaning provided in Condition 6(b)(x).

"Relevant Event Notice" has the meaning provided in Condition 6(g).

"Relevant Event Period" has the meaning provided in Condition 6(b)(x).

"Relevant Notes" has the meaning given in Condition 6(h).

"Relevant Stock Exchange" means the Australian Stock Exchange or if at the relevant time the Ordinary Shares are not at that time quoted on the Australian Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in.

"Retroactive Adjustment" has the meaning provided in Condition 6(c).

"Securities" means any securities including, without limitation, Ordinary Shares or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

"Security Interest" a mortgage, assignment, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement having a similar effect.

"Shareholders" means the holders of Ordinary Shares.

"Spin-Off" means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any transfer of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of shares by Newco to Existing Shareholders), pursuant in each case to any arrangements with the Issuer or any of its Subsidiary Undertakings.

"Spin-Off Securities" means equity share capital of an entity other than the Issuer.

"Subordination" in respect of Financial Indebtedness (other than under the Notes) means that the Financial Indebtedness ranks in point of payment in a winding up or liquidation of the Issuer after the Financial Indebtedness incurred by the Issuer under the Notes.

"Subsidiary" has the meaning given to it in the Corporations Act.

"Sydney business day" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in Sydney.

"Volume Weighted Average Price" means, in respect of an Ordinary Share or, as the case may be, a Spin-Off Security on any dealing day, the volume-weighted average price of an Ordinary Share or, as the case may be, a Spin-Off Security published by or derived (in the case of an Ordinary Share) from the Relevant Stock Exchange or (in the case of a Spin-Off Security) from the principal stock exchange or securities market on which such Spin-Off Securities are then listed or quoted or dealt in, if any, or, in any such case, such other source as shall be determined to be appropriate by an Independent Financial Adviser on such dealing day, provided that on any such dealing day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Adviser considers appropriate to reflect any consolidation or subdivision of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

References to any provision of any statute shall be deemed also to refer to any statutory modification or exemption or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment (in each case, applying generally or in relation to the Issuer).

References to any issue or offer or grant to Ordinary Shareholders or Existing Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Ordinary Shareholders or Existing Shareholders, as the case may be, other than Ordinary Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any country, state or territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

For the purposes of Conditions 6(b), (c) and (e) and Condition 11 only, (a) references to the "issue" of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares by the Issuer or any of its Subsidiaries, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Issuer or any of its Subsidiaries (and which, in the case of Condition 6(b)(iv) and (vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as "in issue".

4. Registration and Transfer of Notes

(a) Registration

The Issuer will cause a register (the "Register") to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers, redemptions and conversions of Notes.

(b) Transfer

Notes may, subject to the terms of the Agency Agreement and to Conditions 4(d) and 4(e), be transferred in whole or in part in an authorised denomination by lodging the relevant Certificate evidencing the Note (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Note will be valid unless and until the details of such transfer are entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

The Issuer will procure that the Registrar will, within seven business days (as defined in Condition 8), in the place of the specified office of the Registrar, of any duly made application for the transfer of a Note, make the appropriate entries on the Register, deliver a new Certificate evidencing the Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Certificate evidencing the Note for the untransferred balance to the transferor), at the specified office of the Registrar or, at the request of the transferee, or, as the case may be, the transferor, the specified office of the Principal Paying, Transfer and Conversion Agent in London, or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may

be, the transferor) mail the Certificate evidencing the Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Notes will not be entitled to receive physical delivery of Certificates.

(c) Formalities Free of Charge

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(d) Closed Periods

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 days immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Notes pursuant to Condition 7(b) or Condition 7(c); (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(h); (iii) in respect of which the holder has exercised his right to require the Issuer to redeem pursuant to Condition 7(d) or 7(e); or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 8(c)) in respect of any payment of interest on the Notes or after a Put Exercise Notice (as defined in Condition 7(e)) has been deposited in respect of such Note.

(e) Restrictions on transfer

Notes may only be transferred if the offer or invitation giving rise to the transfer:

- (i) does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act;
- (ii) is not made to a person who is a "retail client" within the meaning of Section 761G of the Corporations Act; and
- (iii) complies with any applicable law or directive of the jurisdiction where the transfer takes place.

5. Interest

(a) Interest Rate

The Notes bear interest from and including the Issue Date at the rate of 8 per cent. per annum calculated in accordance with the principal amount thereof and payable semi-annually in arrear in equal instalments in arrear on 4 June and 4 December in each year (each an "Interest Payment Date"), commencing on 4 December 2007. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding business day. The amount of interest payable in respect of a Note for any period which is not an Interest Period shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in case of an incomplete month, the number of days elapsed. "Interest Period" means the period beginning on (and including) the Issue Date and ending on (but excluding) 4 December 2007 (being the first

Interest Payment Date) and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) Accrual of Interest

Each Note will cease to bear interest (i) where the Conversion Right shall have been exercised by a Noteholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Issue Date (subject in any such case as provided in Condition 6(j)) or (ii) where such Note is being redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue as provided in the Trust Deed and these Conditions.

6. Conversion of Notes into Ordinary Shares

(a) Conversion Period and Conversion Price

Each Note shall entitle the holder (such right a "Conversion Right") to convert such Note into Ordinary Shares, credited as fully paid, subject to and as provided in these conditions.

The number of Ordinary Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the relevant Note to be converted by the conversion price (the "Conversion Price") in effect on the relevant Conversion Date.

The initial Conversion Price is A\$0.7261 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

A Noteholder may exercise the Conversion Right in respect of a Note by delivering the Certificate evidencing such Note to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall issue, or procure the delivery, to the Noteholder of Ordinary Shares credited as paid up in full as provided in this Condition 6.

Subject to, and upon compliance with, the provisions of these Conditions, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from 13 July 2007 to the close of business (at the place where the relevant Note is delivered for conversion) on the date falling ten days prior to the Final Maturity Date (both days inclusive) (which last such date for conversion will be 26 May 2012) or, if the Notes shall have been called for redemption pursuant to Condition 7(b) prior to the Final Maturity Date, then up to the close of business (at the place aforesaid) on the date falling six days prior to the date fixed for redemption thereof pursuant to Condition 7(b), unless there shall be default in making payment in respect of such Note on such date fixed for redemption, in which event the Conversion Right shall extend up to the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, the Final Maturity Date; provided that, in each case, if the final such date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of the Conversion Right by Noteholders shall end on the immediately preceding business day at the place aforesaid.

Conversion Rights may not be exercised (i) in respect of a Note where the Noteholder shall have exercised its right to require the Issuer to redeem such Note pursuant to Condition 7(d) or (ii) following the giving of notice by the Trustee pursuant to Condition 10.

Conversion Rights may not be exercised by a Noteholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any

payment of interest on the Notes and ending on the relevant Interest Payment Date (both days inclusive).

The period during which Conversion Rights may be exercised by a Noteholder is referred to as the "Conversion Period".

Conversion Rights may only be exercised in respect of an authorised denomination. Where Conversion Rights are exercised in respect of part only of a Note, the old Note shall be cancelled and a new Certificate evidencing such Note and appropriate entries made in the Register for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver such new Note to the Noteholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of the Noteholder) mail the new Note by uninsured mail to such address as the Noteholder may request.

Fractions of Ordinary Shares will not be issued on conversion or pursuant to Condition 6(c) and no cash payment or adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Note is exercised at any one time such that Ordinary Shares to be issued on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such Ordinary Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Notes being so converted and rounded down to the nearest whole number of Ordinary Shares.

The Issuer will procure that Ordinary Shares to be issued on conversion will be issued to the holder of the Notes completing the relevant Conversion Notice or its nominee. Such Ordinary Shares will be deemed to be issued as of the relevant Conversion Date. Any Additional Shares to be issued pursuant to Condition 6(c) will be deemed to be issued as of the date the relevant Retroactive Adjustment takes effect or as at the date of issue of Ordinary Shares if the adjustment results from the issue of Ordinary Shares (each such date, the "Reference Date").

Mandatory Cash Settlement: Until shareholder approval is obtained in an extraordinary general meeting of the Issuer in respect of the issuance of the Further Shares and notwithstanding the Conversion Right of each Noteholder in respect of each Note, at any time when the delivery of Further Shares deliverable upon conversion of the Notes is required to satisfy the Conversion Right in respect of a Conversion Notice, if at any time, the Issuer shall not, for any reason, be able to satisfy the Conversion Right of any converting Noteholder by the valid issue of Ordinary Shares, the Issuer shall pay to the relevant Noteholder an amount of cash in Australian dollars equal to the Cash Settlement Amount (as defined below) in order to satisfy such Conversion Right in full but not in part (the "Mandatory Cash Settlement"). In order to exercise the Mandatory Cash Settlement, the Issuer shall provide notice of the exercise of the Mandatory Cash Settlement ("the Mandatory Cash Settlement Notice") to the relevant Noteholder as soon as practicable but no later than the fifth business day following the date of delivery of the Conversion Notice (the "Cash Settlement Notice Date"). The Cash Settlement Notice must specify the number of Further Shares in respect of which the Issuer will make a cash payment in the manner described in this Condition. The Issuer shall pay the Cash Settlement Amount not less than five business days (as defined below) but no later than ten business days following the Cash Settlement Notice Date.

The Trustee shall not be under any duty or obligation to determine or to confirm any Cash Settlement Amount and will not be responsible to Noteholders for any loss arising from any failure by it to do so.

“Cash Settlement Amount” means the product of (i) the number of Further Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Note(s) to which the Conversion Notice applies, and in respect of which the Issuer has to exercise the Mandatory Cash Settlement and (ii) the arithmetic average of the daily volume weighted average of the prices of Shares on the Stock Exchange for each day during the five Trading Days (as defined below) immediately after the Cash Settlement Notice Date.

(b) Adjustment of Conversion Price

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

(i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

(ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares issued instead of the whole or part of a cash Dividend which the Shareholders would or could otherwise have received or (2) where the Shareholders may elect to receive a cash Dividend in lieu of such Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(iii) If and whenever the Issuer shall pay or make any Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the relevant Dividend by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the relevant Dividend or, in the case of a purchase of Ordinary Shares or any receipts or certificates representing shares by or on behalf of the Issuer or any Subsidiary of the Issuer, on which such Ordinary Shares are purchased or, in the case of a Spin-Off, is the mean of the Volume Weighted Average Prices of an Ordinary Share for the ten consecutive dealing days ending on the dealing day immediately preceding the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off; and

B is the portion of the Fair Market Value, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend of which such Dividend forms part (or, in the case of a purchase of Ordinary Shares or any receipts or certificates representing shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately prior to such purchase), of the Dividend attributable to one Ordinary Share.

"Market Capitalisation" means, on any date, the product of (i) the Current Market Price and (ii) the number of Ordinary Shares issued by the Issuer.

The "Relevant Period" means the period beginning on the first dealing day after the record date for the first dividend aggregated in the total current dividends, and ending on the dealing day immediately preceding the record date for the dividend which caused the adjustment to the Conversion Price pursuant to this Condition 6(b)(iii). However, if there were no dividends declared during the 365 consecutive day period prior to the record date for the dividend which caused the adjustment to the Conversion Price pursuant to this Condition 6(b)(iii), the relevant period will be the entire period of 365 consecutive days.

Such adjustment shall become effective on the date on which such Dividend is paid or made or, in the case of a purchase of Ordinary Shares or any receipts or certificates representing Ordinary Shares, on the date such purchase is made or, in any such case if later, the first date upon which the Fair Market Value of the Dividend is capable of being determined as provided herein.

For the purposes of the above, the Fair Market Value of a Dividend shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be determined as at the date of the first public announcement of the relevant Dividend, and in the case of a Spin-Off, the fair market value of the relevant Dividend shall be the Fair Market Value of the relevant Spin-Off Securities or, as the case may be, the relevant property or assets.

(iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of the issue or grant of such Ordinary Shares, options, warrants or other rights, the Conversion

Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before such announcement;

B is the number of Ordinary Shares which the aggregate amount (if any) payable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

(v) If and whenever the Issuer shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the first date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

(vi) If and whenever the Issuer shall issue (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on the exercise of Conversion Rights or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the Notes), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be

adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

(vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Notes, which term shall for this purpose exclude any further notes issued pursuant to Condition 18 and consolidated and forming a single series with the Notes) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue (or grant) by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued by the Issuer for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued);

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and

C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation.

Provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this sub-paragraph (b)(vii) the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided) then for the purposes of this sub-paragraph (b)(vii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

(viii) If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the Notes as are mentioned in sub-paragraph (b)(vii) above) other than in accordance with the terms (including terms as to adjustment applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and

C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Adviser shall consider appropriate for any previous adjustment under this sub-paragraph or sub-paragraph (b)(vii) above.

Provided that if at the time of such modification (as used in this sub-paragraph (b)(viii) the "Specified Date") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then for the purposes of this paragraph (b)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

(ix) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-sub-paragraphs (b)(ii), (iii), (iv), (vi) or (vii) above or (x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing day) or under sub-paragraph (b)(v) above) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{B}$$

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on which the terms of such offer are first publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

(x) If:

- A. an offer is made to all (or as nearly as may be practicable all) Ordinary Shareholders (or all (or as nearly as may be practicable all) Ordinary Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer, or
- B. any person proposes a scheme of arrangement with regard to such acquisition (other than an Exempt Newco Scheme),

and (such offer having become or been declared unconditional in all respects and such scheme having been approved by a relevant court) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in the offeror and/or such associate(s) as aforesaid, or an event occurs which has a like or similar effect (a "Relevant Event"), then upon any exercise of Conversion Rights where the Conversion Date falls during the period (the "Relevant Event Period") commencing on the occurrence of the Relevant Event and ending 60 calendar days following the Relevant Event or, if later, 60 calendar days following the date on which a Relevant Event

Notice as required by Condition 6(g) is given, the Conversion Price shall be as set out below, but in each case adjusted, if appropriate, under this Condition 6(b):

$$\text{Conversion Price} = \frac{\text{OCP}}{(1 + (\text{CP} \times c/t))}$$

Where:

"OCP" means the Conversion Price in effect on the date of the Relevant Event Notice;

"CP" means a Conversion Premium of 30 per cent. expressed as a fraction;

"c" means the number of days from and including the date of the Relevant Event Notice to but excluding the Final Maturity Date; and

"t" means the number of days from and including the Issue Date to but excluding the Final Maturity Date.

If Conversion Rights may be exercised in circumstances where the Conversion Price is to be determined as provided in this sub-paragraph (b)(x), then the Issuer may elect pursuant to the Relevant Event Notice that a holder exercising Conversion Rights in those circumstances will not be entitled to receive that number of Ordinary Shares (the "Excess Shares") in excess of the number of Ordinary Shares it would have been entitled to receive if the Conversion Price had not been adjusted as provided in this sub-paragraph (b)(x) but in lieu thereof shall be entitled to receive an amount (the "Cash Amount") determined by multiplying the number of Excess Shares by the Current Market Price of the Ordinary Shares on the Conversion Date. Such Cash Amount shall be payable as provided in Condition 8 to the account specified by the Noteholder in the relevant Conversion Notice in accordance with Condition 6(h).

(xi) If the Issuer (after consultation with the Trustee) or the Trustee determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 6(b) (even if the relevant circumstance is specifically excluded from the operation of sub-paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this sub-paragraph (b)(xi) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result and provided further that, for the avoidance of doubt, the issue of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (iv), (vi), (vii) and (viii), the following provisions shall apply:

- A. the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- B. (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- C. if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than Australian dollars it shall be converted into Australian dollars at such rate of exchange as published by the Reserve Bank of Australia on the date of the first public announcement of the terms of issue of such Securities (or if no such rate is available on that date, the equivalent rate on the immediately preceding date on which such rate is available); and
- D. in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or otherwise in connection therewith.

(c) Retroactive Adjustments

If the Conversion Date in relation to any Note shall be after the record date for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Conditions 6(b)(ii), (iii), (iv), (v) and (ix), or any such issue as is mentioned in Conditions 6(b)(vi) and (vii) which is made to the Shareholders or any of them, but before the relevant adjustment becomes effective under Condition 6(b) (such adjustment, a "Retroactive Adjustment"), the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued to the converting Noteholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the "Additional Shares") as, together with the Ordinary Shares issued or to be issued on conversion of the relevant Note (together with any

fraction of an Ordinary Share not so issued), is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such Note if the relevant adjustment (more particularly referred to in the said provisions of Condition 6(b)) to the Conversion Price had in fact been made and become effective immediately after the relevant record date.

(d) Decision of an Independent Financial Adviser

If any doubt shall arise as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest or proven error.

(e) Employees' Share Schemes

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including Directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to any employees' share or option scheme.

(f) Rounding Down and Notice of Adjustment to the Conversion Price

On any adjustment, the resultant Conversion Price, if not an integral multiple of A\$0.01, shall be rounded down to the nearest whole multiple of A\$0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

Notice of any adjustments to the Conversion Price shall be given to Noteholders in accordance with Condition 17 promptly after the determination thereof.

(g) Relevant Event

Following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and the Noteholders in accordance with Condition 17 (a "Relevant Event Notice") within 14 calendar days of the first day on which it becomes so aware. Such notice shall contain a statement informing Noteholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and the Conversion Price applicable in consequence of the Relevant Event as set out in Condition 6(b)(x), as adjusted where appropriate. The Relevant Event Notice shall also specify:

- (i) all information material to Noteholders concerning the Relevant Event;
- (ii) the Conversion Price immediately prior to the occurrence of the Relevant Event and the Conversion Price applicable pursuant to Condition 6(b)(x) during the Relevant Event Period;
- (iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (iv) the last day of the Relevant Event Period;

- (v) whether or not the Issuer has elected to pay the Cash Amount in relation to each Note in accordance with the last paragraph in Condition 6(b)(x); and
- (vi) such other information relating to the Relevant Event as the Trustee may require.

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur.

(h) Procedure for Conversion

A Conversion Right may be exercised by a Noteholder during the Conversion Period by delivering the relevant Certificate evidencing the Note to the specified office of any Paying, Transfer and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a "Conversion Notice") in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Note (the "Conversion Date") shall be the first business day in Sydney immediately following the date of such delivery and, if applicable, the making of any payment to be made as provided below or, if such date is not also a business day in the place of the specified office of the Principal Paying, Transfer and Conversion Agent, the next following such business day.

A Noteholder exercising a Conversion Right must pay any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital duties or stamp duties payable in Australia in respect of the allotment and issue of any Ordinary Shares on such conversion (including any Additional Shares), which shall be paid by the Issuer) and such Noteholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Note or interest therein in connection with such conversion.

Ordinary Shares to be issued on exercise of Conversion Rights will be issued in uncertificated form through the securities trading system known as the Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Ltd ("CHESS") (or any successor licensed clearance and settlement facility applicable to the Ordinary Shares). The Ordinary Shares to be delivered through CHESS will be delivered to the account specified by the relevant Noteholder exercising such Conversion Right in the Conversion Notice by a date which is generally expected to be not later than three Sydney business days after the relevant Conversion Date.

Statements of holdings for Ordinary Shares allotted on exercise of Conversion Rights will be dispatched by the Issuer by mail free of charge as soon as practicable but in any event within 10 Sydney business days after the relevant Conversion Date.

On conversion, the Issuer will redeem the Notes held at that time by the Noteholder concerned and in respect of which a Conversion Right is to be exercised ("Relevant Notes") for an amount equal to their aggregate outstanding principal amount. In relation to each Noteholder

concerned, the Issuer will apply the whole of the said amount in respect of the redemption of the Relevant Notes for the subscription on behalf of that Holder, for the number of Ordinary Shares calculated in accordance with these Conditions.

On the Conversion Date, the Issuer must issue, or otherwise deliver (or procure the issue or delivery as the case may be), to each Noteholder (or to such other person as the Holder may direct the Issuer in writing at least 5 Business Days prior to the Conversion Date provided that such person is a person to whom a transfer of the Notes could be made in compliance with Condition 4 ("Registration and transfers of Notes")) the number of Ordinary Shares for its Notes calculated in accordance with these terms and conditions. Provided the Issuer is admitted to the official list of the ASX, on the date of issue of Ordinary Shares issued on conversion of a Note, the Issuer will apply for quotation of such Ordinary Shares on the ASX. The lodgement of an application for quotation of the Ordinary Shares with ASX by the Issuer will constitute a representation and warranty by the Issuer to the person to whom the Ordinary Shares in question are issued on Conversion ("Recipient") that:

- (i) the Ordinary Shares issued on conversion are issued solely for the purpose of satisfying the Issuer's contractual obligations under the terms of the Notes and not for the purpose of the person to whom those Ordinary Shares are issued, selling or transferring the Ordinary Shares or granting, issuing or transferring an interest in, or options over, them;
- (ii) subject to the ASX granting quotation of the Ordinary Shares issued on conversion of Notes, they will be freely tradable in the ordinary course on the ASX; and
- (iii) an offer of the Ordinary Shares issued on conversion for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Act.

Without limiting its obligations under this Condition 6(h), the Issuer must use all reasonable endeavours, and furnish all such quotation applications, documents, information and undertakings as may be reasonably necessary in order, to procure the ASX quotation referred to in this Condition 6 on the Conversion Date.

(i) Ordinary Shares

- (i) Ordinary Shares allotted and issued upon conversion of the Notes will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Shares, on the relevant Reference Date (except in any such case for any right excluded by mandatory provisions of applicable law), except that the Ordinary Shares or, as the case may be, the Additional Shares so issued will not rank for any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior the relevant Conversion Date or, as the case may be, the relevant Reference Date.
- (ii) Save as provided in Condition 6(j), no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Notes since the last Interest Payment Date preceding the Conversion Date relating to such Notes (or, if such Conversion Date falls before the first Interest Payment Date, since the Issue Date).

(j) Interest on Conversion

If any notice requiring the redemption of any Notes is given pursuant to Condition 7(b) on or after the fifteenth day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any Dividend or distribution payable in respect of the Ordinary Shares where such notice specifies a date for

redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue on Notes in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Issue Date) to but excluding such Conversion Date. The Issuer shall pay any such interest or procure that any such interest is paid by not later than 14 days after the relevant Conversion Date by Australian Dollar cheque drawn on, or by transfer to, an Australian Dollar account maintained with, a bank in Australia in accordance with instructions given by the relevant Noteholder.

(k) No duty to Monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible to the Noteholders for any loss arising from any failure by it to do so.

(l) Adjustments not permitted by law

No adjustment may be made to the Conversion Price or the Conversion Period under these Conditions if to do so would contravene applicable law (including the Listing Rules).

7. Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Notes will be redeemed at their principal amount on the Final Maturity Date. The Notes may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 7(b) or Condition 7(c).

(b) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "Optional Redemption Notice") to the Trustee and the Noteholders in accordance with Condition 17, the Issuer may redeem all but not some only of the Notes on the date (the "Optional Redemption Date") specified in the Optional Redemption Notice at their principal amount together with accrued interest up to but excluding the Optional Redemption Date:

- (i) at any time on or after 4 June 2010, if on each of more than 20 dealing days during any period of 30 consecutive dealing days ending not earlier than 14 days prior to the giving of the relevant Optional Redemption Notice, the closing price for an Ordinary Share as published by or derived from the Relevant Stock Exchange on such dealing day exceeds 130 per cent. of the Conversion Price (as adjusted) in effect (or deemed to be in effect) on such dealing day; or
- (ii) if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Notes originally issued.

For the purposes of Condition 7(b)(ii) the principal amount of the Notes originally issued shall be the aggregate of the principal amount of the Notes and the principal amount of any further notes issued pursuant to Condition 18 and consolidated and forming a single series with the

Notes, but shall not take account of any Conversion Rights exercised or purchases and corresponding cancellations.

(c) Redemption for Taxation Reasons

Subject to Conditions 7(e) and 7(f), at any time the Issuer may, having given not less than 45 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) redeem all, but not some only, of the Notes at their principal amount together with accrued interest up to but excluding the date fixed for redemption ("Tax Redemption Date"), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts as referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 14 May 2007, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (1) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer (taking reasonable measures available to it) and (2) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to, without any liability therefor, accept such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice, the Issuer will be bound to redeem the Notes on the Tax Redemption Date at their principal amount together with accrued interest up to but excluding the Tax Redemption Date.

(d) Delisting Put Right

In the event the Ordinary Shares cease to be listed or admitted to trading on the Australian Stock Exchange (a "Delisting") each Noteholder shall have the right (the "Delisting Put Right"), at such Noteholder's option, to require the Issuer to redeem all (but not less than all) of such Noteholder's Notes on the twentieth business day after notice has been given to Noteholders regarding the Delisting referred to below or, if such notice is not given, the twentieth business day after the Delisting (the "Delisting Put Date") at their principal amount together with accrued interest (the "Delisting Put Price").

Promptly after becoming aware of a Delisting and in any event within 7 days of a delisting event, the Issuer shall procure that notice regarding the Delisting Put Right shall be given to Noteholders (in accordance with Condition 17) stating:

- (i) the Delisting Put Date;
- (ii) the date of such Delisting and, briefly, the events causing such Delisting;
- (iii) the date by which the Purchase Notice (as defined below) must be given;
- (iv) the Delisting Put Price and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;

- (vi) briefly, the Conversion Right and the then current Conversion Price;
- (vii) the procedures that Noteholders must follow and the requirements that Noteholders must satisfy in order to exercise the Delisting Put Right or Conversion Right; and
- (viii) that a Purchase Notice, once validly given, may not be withdrawn.

To exercise its rights to require the Issuer to purchase its Notes, the Noteholder must deliver a written irrevocable notice of the exercise of such right (a "Purchase Notice"), in the then current form obtainable from the specified office of any Paying, Transfer and Conversion Agent, to any Paying, Transfer and Conversion Agent on any business day prior to the close of business at the location of such Paying, Transfer and Conversion Agent on such day and which day is not less than 10 business days prior to the Delisting Put Date.

A Purchase Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes which form the subject of the Purchase Notice delivered as aforesaid on the Delisting Put Date.

The Trustee shall not be required to take any steps to ascertain whether a Delisting or any event which could lead to the occurrence of a Delisting has occurred and will not be responsible to Noteholders for any loss arising therefrom.

For the purposes of this Condition, "business day" shall mean a day on which commercial banks are open for business in London and Sydney.

(e) Noteholders' Put Option

On 4 June 2010 (the "Put Option Date"), the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Notes on the Put Option Date at their principal amount together with accrued interest, if any. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "Put Exercise Notice") together with the Certificate evidencing the Notes to be redeemed by not less than 20 days nor more than 60 days prior to the Put Option Date.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of Put Exercise Notices delivered as aforesaid on the Put Option Date.

Following the consummation of an Asset Sale in respect of an Asset, the Issuer will at the option of the holder of any Note, redeem all or some of that holder's Notes on the Asset Sale Date (as defined below), at 101 per cent. of their principal amount. The Asset Sale Date shall be the 45th day following the consummation of receipt of the proceeds in respect of the Asset Sale.

To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice, in the forms for the time being current, obtainable during the normal business hours from the specified office of any Paying Agent (the "Asset Sale Put Option Notice") together with the Certificate evidencing the Notes to be redeemed not later than 30 days prior to the Asset Sale Date.

An Asset Sale Option Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Notes the subject of an Asset Sale Put Option Notice delivered as aforesaid on the Asset Sale Date.

(f) Noteholders' tax option

If the Issuer gives a redemption notice pursuant to Condition 7(c), each Noteholder will have the right to elect that his Note(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal or interest to be made in respect of such Note(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof in respect of Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of Australian taxation required to be withheld or deducted. For the avoidance of doubt, any additional amounts which had been payable in respect of the Notes as a result of the laws or regulations of Australia or any authority thereof or therein having power to tax prior to 4 June 2007, will continue to be payable to such Noteholders. To exercise a right pursuant to this Condition, the relevant Noteholder must present the Certificate(s) evidencing such Note(s) together with a completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Conversion Agent on or before the day falling 30 days prior to the Tax Redemption Date at the specified office of any Paying, Transfer and Conversion Agent.

(g) Redemption Notices

All notices to Noteholders given by or on behalf of the Issuer pursuant to this Condition 7 will be given in accordance with Condition 17 and shall be irrevocable. Any such notices shall specify (i) the date for redemption, (ii) the Conversion Price, the aggregate principal amount of the Notes outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the notice and (iii) the last day on which Conversion Rights may be exercised by Noteholders.

(h) Purchase

Subject to the requirements (if any) of any stock exchange on which the Notes may be listed at the relevant time, the Issuer or any Subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise at any price. Any purchase by tender shall be made available to all Noteholders alike. Such Notes may be held, resold or reissued, or, at the option of the Issuer, surrendered to any Paying, Transfer and Conversion Agent for cancellation.

(i) Cancellation

All Notes which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Notes purchased by the Issuer or any of its Subsidiaries may be surrendered for cancellation or may be held, reissued or re-sold.

8. Payments

(a) Principal

Payment of the principal in respect of the Notes and accrued interest payable on a redemption of the Notes other than on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Certificates evidencing the Notes at the specified office of the Registrar or of any of the Paying, Transfer and Conversion Agents.

(b) Interest and other Amounts

(i) Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.

(ii) Payments of all amounts other than as provided in Conditions 8(a) and (b)(i) will be made as provided in these Conditions.

(c) Record Date

"Record Date" means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) Payments

Each payment in respect of the Notes pursuant to Conditions 8(a) and (b)(i) will be made by Australian Dollar cheque drawn on a branch of a bank in Australia mailed to the holder of the relevant Note at his address appearing in the Register. However, upon application by the holder to the specified office of the Registrar or any Paying, Transfer and Conversion Agent not less than 15 days before the due date for any payment in respect of a Note, such payment may be made by transfer to an Australian Dollar account maintained by the payee with a bank in Australia.

Where payment is to be made by cheque, the cheque will be mailed, on the business day preceding the due date for payment or, in the case of payments referred to in Condition 8(a), if later, on the business day on which the relevant Note is surrendered as specified in Condition 8(a) (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder).

(e) Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) Payment instructions

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that date is not a Business Day, for value the following Business Day) will be initiated and, where payment is to be made by cheque will be mailed (at the risk and expense of the Noteholder) on the later of (i) the Business Day on which the relevant Certificate is surrendered at the specified office of any of the Agents, and (ii) the next Business Day following the due date.

(g) Delay in payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day, (ii) if the Noteholder is late in surrendering the relevant Certificate evidencing the Note or (iii) if a cheque mailed in accordance with this Condition 8 arrives after the date for payment.

(h) Business Days

In this Condition 8, "business day" means any day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Sydney, in New York, in Singapore, in London and, in the case of presentation or surrender of a Note, in the place of the specified office of the Registrar or relevant Paying, Transfer and Conversion Agent, to whom the relevant Certificate evidencing the Note is presented or surrendered.

(i) Paying, Transfer and Conversion Agents, etc.

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee (which approval shall not be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying, Transfer and Conversion Agent or the Registrar and appoint additional or other Paying, Transfer and Conversion Agents, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent or another Registrar, (ii) maintain a Paying, Transfer and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive and (iii) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given to the Noteholders in accordance with Condition 17.

(j) Fractions

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

(k) Partial payments

If the amount of principal or premium, if any, which is due on the Notes on any date is not paid in full, the Registrar will annotate the register of Noteholders and any Certificates surrendered for payment with a record of the amount of principal or premium, if any, in fact paid and the date of such payment.

9. Taxation

(a) All payments of principal, premium, interest and any default interest or any amounts in the nature of interest made by the Issuer will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Noteholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Note:

- (i) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Australia otherwise than merely by holding the Note or by the receipt of amounts in respect of the Note or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or
- (ii) (in the case of a payment of principal) if the Certificate in respect of such Note is surrendered more than 30 days after the relevant date except to the extent that the

holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or

- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying, Transfer and Conversion Agent in a Member State of the European Union; or
- (v) where such withholding is required as a result of a transfer or assignment of Notes to an Associate of the Issuer that did not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme and that is:
 - (1) not a tax resident of Australia that did not acquire the Notes in carrying on a business in Australia at or through a permanent establishment in Australia; or
 - (2) a tax resident of Australia that acquired its Notes in carrying on a business in a country outside Australia at or through a permanent establishment of that Associate in that country; or
- (vi) to a holder (or to a third party on behalf of a holder) who is a tax resident of Australia who does not notify the Issuer of their Australian Business Number, Tax File Number or provide evidence of a relevant Tax File Number exemption before interest on the Notes is paid.

(b) For the purposes hereof, "relevant date" means the date on which such payment first becomes due except that if the full amount payable has not been received by the Trustee or the Principal Paying, Transfer and Conversion Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders and cheques despatched or payment made.

(c) References in these Conditions to principal, premium or any default interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction) (but, in the case of the happening of any of the events mentioned in sub-paragraph (d) below in relation to a member of the Group other than the Issuer, only if such event is materially prejudicial, in the opinion of the Trustee, to the interests of the Noteholders), give notice to the Issuer declaring that the Notes are, and they shall accordingly thereby immediately become, due and repayable at their principal amount together with accrued interest if any of the following

events (each an "Event of Default") shall have occurred (unless such Event of Default has been remedied to the satisfaction of the Trustee acting on the instructions of the Noteholders) if:

- (a) the Issuer fails to pay any amount of principal in respect of the Notes within one Business Day of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within three days of the due date for payment thereof; or
- (b) the Issuer or any party acting on its behalf causes the Issuer to be in breach of the Distribution and Capital Stopper (as defined hereafter); or
- (c) (i) the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and such failure continues for the period of 30 days (or such longer period as the Trustee may in its absolute discretion permit) following the service by the Trustee of notice on the Issuer requiring the same to be remedied or (ii) failure by the Issuer to deliver the Ordinary Shares as and when the Ordinary Shares are required to be delivered following conversion of a Note; or
- (d) (i) any other Financial Indebtedness of a member of the Group becomes due and repayable prior to its stated maturity by reason of an event of default, howsoever described or (ii) any such Financial Indebtedness is not paid when due or, as the case may be, within any applicable grace period (as originally provided) or (iii) a member of the Group fails to pay when due (or, as the case may be, within any originally applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Financial Indebtedness of any person or (iv) any security given by a member of the Group for any Financial Indebtedness of any person or for any guarantee or indemnity of Financial Indebtedness of any person becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security, save in any such case where there is a bona fide dispute as to whether the relevant Financial Indebtedness or any such guarantee or indemnity as aforesaid shall be due and payable, provided that the aggregate amount of the relevant Financial Indebtedness in respect of which any one or more of the events mentioned above in this sub-paragraph (d) has or have occurred equals or exceeds whichever is the greater of A\$1,000,000 or its equivalent in other currencies (as determined by the Trustee); or
- (e) a member of the Group is (or is, or could be, deemed by law or a court to be) insolvent. For the purposes of this sub-paragraph (e) a member of the Group is insolvent if:
 - (i) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
 - (ii) it has a controller (as defined in the Corporations Act) appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property; or
 - (iii) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent); or
 - (iv) an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days unless being contested in good faith and by appropriate proceedings) or a resolution is passed, in each case in connection with that person, which could result in any of (i), (ii) or (iii) above; or

- (v) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (vi) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act; or (vii) it is otherwise unable to pay its debts when they fall due; or
- (vii) something having a substantially similar effect to (i) to (vi) happens in connection with that person under the law of any jurisdiction; or
- (f) one or more judgment(s) or order(s) for the payment of any amount/an amount in excess of A\$1,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (g) a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries; or
- (h) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of a member of the Group (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (i) if any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in sub-paragraphs (e) to (h); or
- (j) any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England or Australia is not taken, fulfilled or done; or
- (k) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed.

In respect of any default under Condition 10(c)(ii), a Noteholder may in respect of outstanding Notes exercise its Conversion Right by depositing a Conversion Notice with a Paying, Transfer and Conversion Agent during the period from and including the date of the relevant default notice (at which time the Issuer will notify the Noteholders of the number of Ordinary Shares per Note to be delivered upon conversion, assuming all the then outstanding Notes are converted) to and including the 30th Sydney business day thereafter.

If any converting Noteholder deposits a Conversion Notice pursuant to this Condition 10 in the business day prior to, or during, a Closed Period, the Noteholder's Conversion Right shall continue until the business day following the last day of the Closed Period, which shall be deemed the Conversion Date, for the purposes of such Noteholder's exercise of its Conversion Right pursuant to this Condition 10.

If the Conversion Right attached to any Note is exercised pursuant to this Condition 10, the Issuer will deliver Ordinary Shares (which number will be disclosed to such Noteholder as soon as practicable after the Conversion Notice is given) in accordance with the Conditions, except that the Issuer shall have twelve business days before it is required to register the converting Noteholder (or its designee) in its register of members as the owner of the number of Ordinary

Shares to be delivered pursuant to this Condition and an additional five business days from such registration date to make payment in accordance with the following paragraph.

If the Conversion Right attached to any Note is exercised pursuant to this Condition 10, the Issuer shall pay to such Noteholder an amount in Australian dollars (the "Default Cure Amount") equal to the product of (x) (i) the number of Ordinary Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Noteholder minus (ii) the number of Ordinary Shares that are actually delivered by the Issuer pursuant to such Noteholders' Conversion Notice and (y) the Share Price (as defined below) on the Conversion Date; provided that if such Noteholder has received any other payment under the Notes pursuant to this Condition 10, the amount of such payment shall be deducted from the Default Cure Amount.

The "Share Price" means the closing price of the Ordinary Shares as quoted by the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the Conversion Date or, if no reported sales take place on such date, the average of the reported closing bid and offered prices as reported by the Relevant Exchange on which the Ordinary Shares are listed for such day as furnished by a reputable and independent broker-dealer selected from time to time by the Trustee at the expense of the Issuer for such purpose.

11. Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the Noteholders to give such approval:

- (a) issue, allot, register and deliver Ordinary Shares on exercise of Conversion Rights in accordance with these Conditions;
- (b) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares; or
 - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (iv) by the issue of any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office whether of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price; or

- (c) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(c) shall prevent:
 - (i) consolidation, reclassification or subdivision of the Ordinary Shares or the conversion of any shares into Ordinary Shares or vice versa (which is not, in the opinion of an Independent Financial Adviser materially prejudicial to the interests of the holders of the Notes); or
 - (ii) any modification of such rights which is not, in the opinion of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Notes; or
 - (iii) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments or the fact that the consideration per Ordinary Share receivable therefor is at least 95 per cent. of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or
 - (iv) any issue of equity share capital or modification of rights attaching to the Ordinary Shares where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in an increase in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (d) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last dealing day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (e) not make any issue, grant or distribution or any other action taken if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (f) not reduce its issued share capital, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
 - (i) pursuant to the terms of issue of the relevant share capital; or

- (ii) by means of a purchase or redemption of share capital of the Issuer to the extent permitted by applicable law; or
- (iii) by way of transfer to reserves as permitted under applicable law; or
- (iv) where the reduction is permitted by applicable law and the Trustee is advised by an Independent Financial Adviser, acting as expert, that the interests of the Noteholders will not be materially prejudiced by such reduction; or
- (v) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6(f) relating to the carry forward of adjustments, result in) an adjustment to the Conversion Price,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time enjoy pursuant to applicable law to purchase its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Noteholders;

- (g) if any offer is made to all (or as nearly as may be practicable all) Ordinary Shareholders (or all (or as nearly as may be practicable all) Ordinary Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer, or if any person proposes a scheme of arrangement with regard to such acquisition, give notice of such offer or scheme to the Noteholders at the same time as any notice thereof is sent to the Issuer's Ordinary Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the Board of Directors of the Issuer, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Option Rights by the Noteholders;
- (h) use all reasonable endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights will be granted, as soon as is practicable, official quotation by the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (i) procure that it shall not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction (other than the Commonwealth of Australia) unless the Issuer would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Notes; and
- (j) in the event of a Newco Scheme, the Issuer shall take (or shall procure that there is taken) all necessary action to ensure that (to the satisfaction of the Trustee) immediately upon completion of the scheme of arrangement, at its option, either (a) Newco is substituted under the Notes and the Trust Deed as principal debtor in place of the Issuer or Newco becomes a guarantor under the Notes and the Trust Deed and, in either case, that such other adjustments are made to these Conditions and the Trust Deed to ensure that the

Notes may be converted into or exchanged for ordinary shares of Newco mutatis mutandis in accordance with and subject to these Conditions and the Trust Deed; or (b) such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Notes may be converted into or exchanged for ordinary shares in Newco mutatis mutandis in accordance with and subject to these Conditions and the Trust Deed.

So long as the Notes remain outstanding, the Issuer will not (and will procure that no member of the Group will) incur Financial Indebtedness other than Permitted Indebtedness.

The requirement in the preceding paragraph terminates and that paragraph is taken to be deleted from these Conditions on the Production Test Satisfaction Date.

So long as the Notes remain outstanding, the Issuer will not (and will procure that no member of the Group will) directly or indirectly enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to pursue, undertake or otherwise consummate any Asset Sale in respect of the whole or any part of the Assets; provided however that:

- (i) if any such Asset Sale is consummated the Noteholders shall have the right to redeem all or some of their Notes pursuant to Condition 7(e);
- (ii) an Asset Sale will not constitute an Event of Default under clause 10, but a failure by the Issuer to pay in accordance with these Conditions the redemption price or premium on redemption of Notes pursuant to Condition 7(e) will constitute an Event of Default; and
- (iii) the right to redeem all or some of the Notes pursuant to Condition 7(e) is the sole remedy available to the Noteholders in respect of the Asset Sale, and without limiting the above the Noteholders will not have any other remedies including a right to damages or right of injunction in respect of an Asset Sale.

Before the Production Test Satisfaction Date, the Issuer shall not (i) declare or pay or make any distribution or dividend or make any other payment on, and will procure that no Dividend or other payment or distribution is made on, any Securities or (ii) redeem, purchase, cancel, reduce or otherwise acquire any Securities, as the case may be, (a "Distribution and Capital Stopper").

12. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal, interest or other sums payable in respect of such Notes shall be forfeited and reverted to the Issuer, as the case may be.

Claims in respect of any other amounts payable in respect of the Notes shall become void unless made within 10 years following the due date for payment thereof.

13. Replacement of Certificates Evidencing Notes

If any Certificate evidencing a Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent for the time being subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence

and indemnity as the Issuer may require. Mutilated or defaced Certificates evidencing Notes must be surrendered before replacements will be issued.

14. Meetings of Noteholders, Modification and Waiver, Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount, or interest on, the Notes, (iii) to increase the Conversion Price other than in accordance with these Conditions, (iv) to change the currency of any payment in respect of the Notes, (v) to modify or vary the Conversion Rights in respect of the Notes or the put option specified in Condition 7, or (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one-half, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

(b) Modification and Waiver

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or any mistake or error which is proved to the Trustee's satisfaction to be such or to comply with mandatory provisions of law or is appropriate or expedient as a consequence of any amendment to any statute or regulation or altered requirements of any governmental agency or any decision of any court, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Notes or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Note or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. The Trustee may, without the consent of the Noteholders, determine that any Event of Default or a Potential Event of Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Noteholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders promptly in accordance with Condition 17.

(c) Substitution

The Trustee may, without the consent of the Noteholders, agree with the Issuer (i) to the substitution in place of the Issuer (or of any previous substitute or substitutes under this Condition) as the principal debtor under the Notes and the Trust Deed of any Subsidiary of the Issuer subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Notes continuing to be convertible into Ordinary Shares as provided in these Conditions mutatis mutandis as provided in these Conditions, with such amendments as the Trustee shall consider appropriate or (ii) to the substitution of Newco as provided in Condition 11(j), provided that in the case of (i) or (ii), (x) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution, and (y) certain other conditions set out in the Trust Deed being complied with. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Any such substitution shall be binding on the Noteholders and shall be notified promptly to the Noteholders in accordance with Condition 17.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (ii) it shall have been indemnified to its satisfaction. No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure is continuing.

16. The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Noteholders on a report, confirmation or certificate of any accountants, financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report,

confirmation or certificate where the Issuer procures delivery of the same pursuant to its obligation to do so under a condition hereof and such report, confirmation or certificate shall be binding on the Issuer, the Trustee and the Noteholders in the absence of manifest or proven error.

17. Notices

Notices to Noteholders shall be valid if published at the Issuer's expense in a daily newspaper of general circulation in Asia (which is expected to be the Asia Wall Street Journal) and so long as the Notes are listed on the Singapore Exchange Securities Trading Limited ("the SGX-ST") and the rules of the SGX-ST so require, in a daily newspaper with general circulation in Singapore (which is expected to be The Business Times). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

18. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, Notes or debentures either having the same terms and conditions in all respects as the outstanding notes, Notes or debentures of any series (including the Notes) (or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, Notes or debentures of any series (including the Notes)) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. Any further notes, Notes or debentures forming a single series with the outstanding notes, Notes or debentures of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, Notes or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes, Notes or debentures of other series in certain circumstances where the Trustee so decides.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Notes ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Agent for Service of Process

The Issuer has irrevocably appointed Ince Process Agents Limited of 1 St. Katherine Way, London E1W 7AY as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

21. Consolidation, Amalgamation or Merger

The Issuer may consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "Merger"), provided that:

- (a) the Issuer shall be solvent immediately prior thereto;
- (b) prior thereto the Issuer shall have notified the Trustee and the Noteholders such event in accordance with Condition 17;
- (c) the corporation formed by such Merger or the person that acquired such properties and assets shall, upon consummation of the Merger, be solvent and shall expressly assume, by a supplemental trust deed satisfactory to the Trustee, all obligations of the Issuer under the Trust Deed, the Agency Agreement and the Notes and the performance of every covenant and agreement applicable to it contained therein and to ensure that the holder of each Note then outstanding will have the right (during the period when such Note shall be convertible) to convert such Note into the class and amount of shares, cash and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Note immediate prior to such consolidation, amalgamation, merger, sale or transfer;
- (d) immediately after giving effect to any such Merger, no Event of Default shall have occurred or be continuing or would result therefrom; and
- (e) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Note against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal and premium and interest on the Notes.

Such supplemental trust deed shall provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of Condition 6. The Trustee shall be entitled to require from the Issuer such opinions, consents, documents and other matters at the expense of the Issuer in connection with the foregoing as it may consider appropriate and may rely on such opinions, consents and documents without liability to any person. The above provisions of this Condition 21 will apply in the same way to any subsequent consolidations, amalgamations or mergers, sales or transfers.

Summary of Provisions Relating to the Notes in Global Form

The Global Certificate contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions.

1. Exchange

The Global Certificate will be convertible in whole but not in part (free of charge to the holder by the Issuer, the Registrar or the Paying, Transfer and Conversion Agent) for individual Note certificates in registered form following the occurrence of an Exchange Event. An Exchange Event shall have occurred if Euroclear or Clearstream (or any alternative successor clearing system on behalf of which the Global Certificate may be held) is closed for business for a continuous period of 14 days or more (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available. In the circumstances set out above, any individual Note certificates issued in exchange for beneficial interests in the Global Certificate will, by not later than the Global Exchange Date, be issued to and, subject to the provision of the instruction referred to below, delivered to such persons and registered in such name or names, as the case may be, as the holder of the Global Certificate shall instruct the Registrar.

“Global Exchange Date” means a day falling not later than 30 days after that on which the notice requiring exchange is given or, as the case may be, the occurrence of an Exchange Event and on which banks are open for business in the city in which the specified office of the Registrar is located.

In such circumstances, the Issuer will cause sufficient individual Note certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholders. A person with an interest in the Notes in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and other such information as the Issuer and the Registrar may require to complete, execute and deliver such individual Note certificates.

The provisions of Condition 4 will otherwise apply, except that new certificates to be issued upon transfer of Notes will, within 21 days of receipt by the Registrar or the Principal Paying, Transfer and Conversion Agent of the form of transfer attached to the Global Certificate, be mailed by uninsured mail at the risk of the holders entitled to the relevant Notes to the addresses specified in the form of transfer.

The Conditions are modified as follows insofar as they apply to the Notes in respect of which the Global Certificate is issued.

2. Meetings

The holder hereof shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each A\$1,000 principal amount of Notes (but not part thereof only) represented by the Global Certificate. The Trustee may allow to attend and speak (but not to vote) at any meeting of Noteholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Notes represented by the Global Certificate on confirmation of entitlement and proof of his identity.

3. Conversion

Subject to the requirements of Euroclear and Clearstream (or any alternative successor clearing system on behalf of which the Global Certificate may be held), the Conversion Right attaching to Notes represented by the Global Certificate may be exercised by the presentation of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Note together with the Global Certificate to the Principal Paying, Transfer and Conversion Agent or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose for annotation. The provisions of Condition 6 of the Notes will otherwise apply.

4. Trustee's Powers

In considering the interests of Noteholders the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes represented by the Global Certificate.

5. Payments

Payments of principal in respect of Notes represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of the Global Certificate to or to the order of the Principal Paying, Transfer and Conversion Agent or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

6. Notices

So long as Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, notices to the holders of such Notes may be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for notification as required by the Conditions and such notice will be deemed to have been given on the day after delivery thereof except that so long as the Ordinary Shares are listed on the ASX and the rules of the ASX so require, notices shall also be published in a leading daily newspaper having general circulation in Sydney (and, in the event that the Notes are listed on any other stock exchange, notices shall be published in accordance with the rules of such stock exchange).

7. Put Option

The options of the Noteholders in Conditions 7(d), 7(e) and 7(f) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying, Transfer and Conversion Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Global Certificate for endorsement of exercise within the time limits specified in Condition 7(d), 7(e) or 7(f), as the case may be.

Use of Proceeds

The net proceeds of the issue of the Notes, expected to amount to approximately A\$96.5 million after deduction of the combined management and underwriting commission and the estimated expenses incurred in connection with the issue of the Notes, will be used by the Issuer principally to fund development of Gwalia Deeps in Western Australia.

Description of the Issuer

Certain terminology and information in this section is defined in the "Glossary" at the end of this Offering Circular. Although the ore reserves and mineral resource estimates for the Issuer's gold properties described in this section have been carefully prepared by the Issuer or, in some instances, have been prepared, reviewed or verified by independent mining experts or experienced mining consultants, these amounts are estimates only and no assurance can be given that any particular recovery level of gold from reserves will in fact be realised or that an identified ore resource will ever qualify as a commercially mineable (or viable) ore body that can be economically exploited.

Introduction

The Issuer is an Australian gold producer and mineral explorer, with its corporate headquarters in Melbourne, Victoria. The Issuer is admitted to the Official List of, and its Ordinary Shares are quoted on, the ASX (ticker symbol: SBM). The Issuer also is currently ranked within the Standard & Poor's ASX 300 Index with approximately 6,200 shareholders. The largest shareholders are Resource Capital Fund II LP and Resource Capital Fund III LP (collectively "RCF"), a US based private equity fund, with an aggregate interest of approximately 22.4 per cent.

The Issuer's key assets include its Southern Cross and the planned Leonora operations both of which are located in Western Australia and an extensive landholding comprising granted tenements and tenement applications of approximately 13,000 square kilometres.

The Issuer currently processes ore at its Southern Cross operations from the Marvel Loch underground mine, the Hercules open pits and from low grade stockpiles. A drilling programme is currently in progress with the aim of increasing underground reserves at Marvel Loch and identifying new open pit reserves at Southern Cross. See "Description of the Issuer – Business Overview".

In March 2005, the Issuer completed the acquisition of the Southern Cross, Leonora and South Laverton gold assets from Sons of Gwalia Ltd (Administrators Appointed) for cash and other consideration totalling A\$38 million. The purchase of these gold assets enabled the Issuer to strengthen its focus on gold production and has provided the opportunity to explore the well endowed Southern Cross and Leonora areas of the Eastern Goldfields of Western Australia.

In October 2005, the Issuer subsequently sold the South Laverton assets as well as its existing Meekatharra assets. As part consideration for these sales, the Issuer acquired a 19.9 per cent. interest in Saracen Mineral Holdings Limited and a 20.6 per cent. interest in Mercator Gold plc. Both of these interests were sold in the current financial year. Total contribution from the sale of these assets was A\$48 million.

In February 2007, the Issuer's Board approved the development and mining of Gwalia Deeps in Western Australia. Current probable reserves are 4.8 million tonnes at 9.1 grams per tonne (g/t) for 1.4 million ounces. The current Gwalia Deeps reserves are expected to sustain production for at least 8 years, with production expected to be at the initial rate of 100,000 ounces of gold per annum in 2008/09, potentially building up to 200,000 ounces per annum. Drilling at Gwalia Deeps is continuing with the objective of increasing current reserves beyond 1.4 million ounces during the June 2007 quarter. An existing processing plant (to be refurbished at an approximate cost of A\$35 million) and infrastructure (in the process of being upgraded) are in place to support the future operations at Gwalia Deeps.

The Issuer is a founding member of the Australian Gold Council and is a member of the Minerals Council of Australia.

As at 25 May 2007, the Issuer's market capitalisation was in excess of A\$410 million. For the year ended 30 June 2006, the Issuer reported a net profit of A\$6.0 million, and for the half year ended 31 December 2006 the Issuer reported a net loss of A\$0.6 million.

Strategic Overview

The Issuer's strategy for exploration has been to re-establish reserves, expand the resource base and to make new discoveries.

The Issuer's longer-term objective is to achieve production of 1 million ounces of gold per annum and to have reserves of 10 million ounces of gold by 2010. Achieving this growth requires the Issuer to focus on:

- exploration success at Southern Cross and Leonora;
- continued conversion of resources to reserves at Southern Cross and Leonora;
- an increase in gold production to approximately 240,000 ounces per annum at Southern Cross;
- development of Gwalia Deeps to commence full production in the 2008/09 financial year at an initial rate of 100,000 ounces per annum, building up to 200,000 ounces per annum;
- acquisitions of gold producing assets or entities which are either producing a minimum of 150,000 ounces per annum, or have the potential to do so; and
- grass roots exploration success from within the Issuer's current land holding, or from new targets within Australia.

The Issuer has an interim objective of gold production at the rate of 450,000 ounces per annum at a cash cost of A\$450 - A\$500 per ounce during the second half of 2008. To achieve this objective, the Issuer's focus is on converting open pit resources to reserves and exploring for new discoveries and extensions at Southern Cross and Leonora. Production from Gwalia Deeps is planned to commence in the September 2008 quarter, initially at a rate of 100,000 ounces per annum building up to the rate of 200,000 ounces per annum from the June 2010 quarter.

History

The Issuer was incorporated and listed in 1969 as Endeavour Oil. From the time of its incorporation, the Issuer's activities were predominantly focussed on mineral exploration and production from assets located in Western Australia. More recently, and until the acquisition by the Issuer of the Leonora and Southern Cross assets, the Issuer's operations were focused on gold operations at its former Meekatharra operations in Western Australia.

In July 2004, a general meeting of the Issuer was requisitioned for the purpose of asking shareholders to consider resolutions including the removal of the then incumbent Executive Chairman of the Issuer and the appointment of Mr Colin Wise and Mr Eduard Eshuys as Directors.

Shareholders duly passed the abovementioned resolutions at the general meeting and the Board subsequently appointed Mr Wise as Chairman and Mr Eshuys, who has significant experience as a geologist in mineral exploration, development and operation of gold and nickel mines, as Chief Executive Officer and Managing Director.

As a consequence of these appointments, management's strategy has been to re-focus the Issuer towards being an Australian based gold producer and explorer for gold, nickel and copper. As part of implementing this strategy, the Issuer divested its 54.8 per cent. shareholding in NuStar Mining Corporation Limited, a company listed on the ASX, between September 2004 and July 2005 as well as a 5 per cent. royalty held over NuStar's Paulsens gold deposits.

As at June 2004, the Issuer had interest bearing liabilities of A\$9.8 million. Following the divestment of the NuStar shares and other assets, the Issuer was able to completely retire these liabilities.

On 29 March 2005, the Issuer drew down a \$7 million convertible note from a bridge loan facility provided by RCF to assist with the financing of the acquisition of the Southern Cross, Leonora and South Laverton gold assets from Sons of Gwalia Ltd (Administrators Appointed). RCF converted the \$7 million convertible note into equity on 27 March 2006.

Following the October 2005 divestment of its South Laverton and Meekatharra assets, the Issuer's focus has been on growing its Southern Cross and planned Leonora operations. The Issuer also remains committed to pursuing additional growth through acquisitions, joint venture arrangements and exploration.

In January 2007 the Issuer relocated its corporate head office to Melbourne. The Issuer continues to maintain an office in Perth to service its Western Australia operations.

On 12 January 2007 the Issuer announced that it had acquired 49.53 million shares, or 10 per cent. of the issued shares, in Bendigo Mining Limited for a total cost of \$17.2 million as part of its strategy to acquire interests in Australian gold assets which have the potential for the development of long life, low cost operations. The Bendigo region is historically home to the second largest gold field after Kalgoorlie in Australia and Bendigo Mining Limited has inferred resources of 11 million ounces to a depth of 1,500 metres.

The Issuer has announced its intention to offer for sale by tender the assets at Tarmoola, which is situated 35 kilometres north of Leonora. The Tarmoola assets comprise 2.1 million ounces of measured and indicated resources and a 3.5 million tonne per annum process plant and associated infrastructure on care and maintenance.

Corporate Structure

The Issuer is a public company incorporated in Australia and registered in Western Australia. Its Ordinary Shares are quoted on the official list of the ASX. No other class of issued security is quoted on the ASX or any other stock exchange. All the Issuer's mining projects are carried out through the parent entity, and in some cases projects are undertaken via unincorporated joint venture arrangements.

The consolidated entity consists of the Issuer and its wholly-owned Subsidiaries as follows:

Name of entity	Class of shares	Equity holding	
		June 2006 per cent.	June 2005 per cent.
Australian Eagle Oil Co. Pty Ltd.	Ordinary	100	100
St Barbara Pastoral Co. Pty Ltd ⁽¹⁾	Ordinary	100	100
Capvern Pty Ltd	Ordinary	100	100
Eagle Group Management Pty Ltd	Ordinary	100	100
Murchison Gold Pty Ltd	Ordinary	100	100
Kingkara Pty Ltd	Ordinary	100	100
Oakjade Pty Ltd	Ordinary	100	100
Regalkey Holdings Pty Ltd	Ordinary	100	100
Silkwest Holdings Pty Ltd	Ordinary	100	100
Sixteenth Ossa Pty Ltd	Ordinary	100	100
Vafitu Pty Ltd	Ordinary	100	100
Zygot Pty Ltd	Ordinary	100	100

(1) On 20 July 2006 the Issuer entered into an agreement to sell its shareholding in St Barbara Pastoral Co. Pty Ltd.

Each entity in the consolidated group described in the table above was incorporated in Australia. There have been no other changes in the wholly-owned subsidiaries of the Issuer since 30 June 2006.

The Issuer also had the following joint venture interests as at 30 June 2006:

Joint venture	Region	Issuer's current equity (per cent.)	Joint venture party
Mount Newman – Victory	Leonora, Western Australia	87	Astro Diamond Mines N.L.
Sandy Soak	Leonora, Western Australia	91	Hunter Resources Pty Ltd
Melita	Leonora, Western Australia	60	Dalrymple Resources N.L.
Weebo	Leonora, Western Australia	20	Plutonic Operations Limited
McEast/Pipeline	Leonora, Western Australia	80	Cheperon Gold Partnership
Cornishman Exploration	Southern Cross, Western Australia	51	Troy Resources NL
Cornishman Mining	Southern Cross, Western Australia	51	Troy Resources NL
Silver Phantom	Southern Cross, Western Australia	70	Bellriver Pty Ltd
South Rankin	Southern Cross, Western Australia	75	Comet Resources Limited
Copperhead	Southern Cross, Western Australia	51	Troy Resources NL
Cheritons Find	Southern Cross, Western Australia	90	Audax Resources NL
Southern Cross	Southern Cross, Western Australia	earning 60 ⁽¹⁾	Troy Resources NL, Aminta Pty Ltd
New Mexico	Kalgoorlie, Western Australia	40	Tasman Exploration Pty Ltd
Cooper Pedy	South Australia	12.60	Newmont Exploration Pty Ltd, Sabatica Pty Ltd

(1) The Issuer will earn its equity interest by incurring exploration expenditure of up to A\$4 million.

As at 31 December 2006, there were no joint venture assets recorded in the consolidated entity's balance sheet.

Since 30 June 2006 the Issuer has entered into the Golden Mile South Joint Venture with Mawson West Limited. Under the terms of the Joint Venture the Issuer can earn up to 70 per cent. of Mawson West's interest in stages.

Health & Safety Risk Management

The Issuer is committed to ensuring sustainable development at its operations and therefore places emphasis on health, safety and community relations. The Issuer has taken the following steps to consolidate its strong commitment to health and safety risk management:

- A Board Health and Safety Committee has been established to monitor compliance with health and safety policies;
- The Issuer's management team includes a planned safety manager reporting to the Chief Operating Officer;
- Corporate policies have been established for health and safety; and
- Regular safety audits are completed and action plans developed to address areas for improvement.

The Issuer recognises that a safe workplace is fundamental to the well being of employees, contractors, consultants and visitors and its continuing success. A strong safety culture is being developed throughout all levels of the Issuer, which is promoted at employment interviews, inductions and on-going safety meetings and training. Risk assessments are carried out prior to the implementation of new tasks. Safety and risk assessments are also carried out prior to commencing routine activities.

The Issuer is committed to achieving high standards, continuous improvement and the principle that all occupational injuries and illnesses are preventable. There is a combination of leading and lagging key performance indicators of safety in routine use throughout the Issuer, including in reporting to the Board of the Issuer.

General and site specific inductions are held for all personnel, including contractors, at the Issuer's operations and work areas. In addition, safety briefings are conducted at the commencement of each shift and formal weekly safety meetings are conducted by the Issuer's employees and contractors.

Health and Safety advisory committees have been established at each of the Issuer's sites, drawing members from across all aspects of the operations. Such committees' safety and health initiatives result from the contributions of these members from the workforce.

In addition to providing a safe working environment, the Issuer also focuses on its preparedness and ability to respond in case of an emergency. The emergency response teams at the Issuer's operations are trained and are capable of responding to the variety of emergency scenarios that may be encountered in its operational areas.

Environmental Management

The Issuer aims to comply with all environmental regulations and recognises that management of the environment is an important aspect of its business. Consideration and management of environmental aspects is incorporated into all facets of the Issuer's business from exploration through to mine closure. Environmental activities undertaken by the Issuer include water sampling, fauna & flora surveys, energy generation and efficiency programmes, pollution prevention, community liaison, education and training and mine closure and rehabilitation.

During the 2006 financial year, the Issuer updated its environmental policy and there is a continuing focus on completing outstanding rehabilitation activities at historic mining locations

situated close to towns, improving hydrocarbon management across the operations and incorporation of good environmental standards for sites being considered for re-opening.

The Issuer has commenced the development of an environmental management system. This is a significant process and is anticipated to take up to two years to complete. The development of a Company Wide Environmental Obligation Register has commenced, which aims to streamline the compliance process by ensuring that responsible persons are aware of their obligations.

The Issuer has an established programme of rehabilitation and clean up of former mining sites inherited as part of the purchase of gold assets in 2005. The focus has been on areas close to habitation and potentially higher risk areas. The Issuer consults with governments on its rehabilitation plans and has developed its plans in consultation with relevant officials.

The Issuer recognises that its operations rely on the use of water, a scarce resource. The Issuer constantly reviews its water usage and, where practicable, has instituted recycling and the use of lower grade water resources for industrial purposes.

The Issuer is a member of the Greenhouse Challenge Plus programme administered by the Australian Greenhouse Office of the Department of Environment and Heritage. This programme requires the establishment of an agreement to record the Issuer's commitment to manage and reduce greenhouse gas emissions.

Native Title

The Issuer has established a process that facilitates ongoing dialogue with native title claimant groups at Southern Cross and Leonora.

Hedging Strategy

The Issuer may from time to time enter into derivative financial instruments to manage its exposures to the spot gold price, foreign exchange rate and interest rate risks. The Issuer does not enter into or trade derivative financial instruments for speculative purposes.

The Issuer's current policy in relation to gold hedging is to remain substantially unhedged to maximise the benefit from favourable movements in the spot gold price. In certain situations the Issuer may undertake gold hedging specific to identifiable production or to protect the economic returns on projects under development. The Gwalia Deeps cash flow will be protected by purchased put options at a strike price of A\$700 per ounce for the current Probable Reserves. This guaranteed minimum price will allow the Issuer to benefit from gold prices above A\$700 per ounce, while providing protection against a lower gold price.

Hedging proposals must reflect the following key principles:

- hedging activities and transactions undertaken shall not expose the Issuer to additional financial risk;
- hedge parameters must be measurable against key reporting criteria such as cashflow and profitability; and
- transactions proposed are reviewed by the Issuer's external auditor as to compliance with the accounting requirements for hedge effectiveness.

Significant Accounting Policies

Details of the significant accounting policies, including the criteria for recognition and the basis of measurement in respect of each class of asset, liability, equity instrument and revenues and expenses are disclosed in note 1 to the Financial Statements contained in the Issuer's 2006 Annual Report.

Competitive Position

The Issuer believes that it has a significant competitive advantage over other gold producers, which will ensure the Issuer's continued growth and ability to create shareholder value. These include:

- the Issuer has a significant land holding in the Southern Cross and Leonora regions, which benefit from substantial logistical and economic advantages as a result of proximity to established infrastructure;
- the Issuer has an experienced management team to assist it in testing the potential in the Southern Cross and Leonora regions; and
- Australia is considered to be one of the lowest sovereign risk nations in the world. It has a well established mining culture with access to skilled personnel, service supplies and advanced mining technology. Each of the States within Australia has long established mining legislation.

The Issuer believes these factors combined place it in a good position to achieve its strategic objectives.

Business Overview

Southern Cross Operations

The Issuer's Southern Cross operations are centred at Marvel Loch, 30km south of the town of Southern Cross and 360km east of Perth, Western Australia. Current operations are based at the Marvel Loch underground mine and the Hercules open pit. Low grade stockpiles supplement production from these operations. Total gold production for the 12 months to 30 June 2006 was 166,000 ounces. Forecast gold production for the 12 month period to 30 June 2007 is 172,000 ounces.

The expansion of the Marvel Loch underground mine together with the development of Gwalia Deeps at Leonora, are currently the central building blocks to grow production to meet the Issuer's future production targets.

The Issuer also has a land portfolio across Australia of approximately 13,000 square kilometres. Establishing a portfolio of prospective properties is important for the identification of future development and mining opportunities for the Issuer.

Marvel Loch

The Marvel Loch underground mine is the cornerstone of the Issuer's Southern Cross operations. Gold mineralisation extends over a 1.3km strike length, defined to depths of over 500 metres below surface ("mbs"). Underground drilling and mining studies to establish ore reserves below 500m are progressing, with a view to establishing an update of reserves as part of the June 2007 and September 2007 quarterly activities reports.

The lodes being mined include:

- Sherwood and Undaunted at the North;
- Exhibition at the Centre; and
- East and New at the South.

Mining methods include uphole benching and open stoping with rock fill, where necessary.

The underground mine is expected to deliver 0.5 million tonnes during the 2006/07 financial year. The production rate is expected to rise in subsequent years as the mine is further developed. Resource definition drilling at Marvel Loch has delineated mineralisation in the New, East, Exhibition, Sherwood and Undaunted lodes below the current depth limit of reserves at 500 mbs. This drilling is anticipated to lead to extensions of reserves down to 800 mbs in the June 2007 quarter and to 1,000 mbs in the September 2007 quarter.

Hercules

Open pit mining at Hercules, 12km south of the Marvel Loch processing plant continues to produce ore on schedule. Hercules is expected to deliver approximately 1.2 million tonnes in the 2006/07 financial year. Mining at Hercules is scheduled to cease in November 2007. The GVG area, situated 13 kilometres south of the Marvel Loch processing plant and in close proximity to the Hercules open pit infrastructure, including workshops and haul roads, has been identified as having potential for shallow open pit gold mineralisation.

The GVG area was initially developed in the 1980s as a series of small pits over a 7 kilometre strike length to depths of 50-80 metres. The geology and gold mineralisation of GVG is similar to Hercules, from which the Issuer has produced to date 1.8 million tonnes ("Mt") @ 2.4 grams per tonne ("g/t") for 141,000 ounces.

An Open Pits Taskforce (an internally established group consisting of geologists and mining engineers to drive the identification and evaluation of open pit opportunities) has been formed to focus on GVG and other near-mine open pit opportunities. Open pits with potential with a scale similar to Hercules are being targeted as cut backs and extensions to the existing short strike length shallow oxide pits.

Other

Other mineral resources are currently being reviewed to establish the longer term mine plan for Southern Cross.

Development

The Board of the Issuer approved the development and mining of Gwalia Deeps in February 2007 based on a detailed feasibility study completed in December 2006. The Gwalia Deeps Hoover Decline was at 688 mbs at the end of March 2007, and is expected to reach the top of the Deeps at 1,100 mbs during the March 2008 quarter, with ore production commencing during the September 2008 quarter. Current Probable Reserves are 4.8 million tonnes at 9.1 g/t for 1.4 million ounces, with life of mine cash costs of A\$395 per ounce. The current Gwalia Deeps reserves are expected to sustain production for at least 8 years. Gold production is expected to be at the initial rate of 100,000 ounces per annum in 2008/09 building up to 200,000 ounces during the June 2010 quarter.

Gwalia Deeps has Indicated and Inferred Resources of 3.1 million ounces, which includes the current reserves of 1.4 million ounces. Drilling at Gwalia Deeps has continued with the objective of increasing the current reserves beyond 1.4 million ounces, by converting Inferred Resources to Indicated Resources within the current mine plan between 1,100 – 1,600 mbs depth and extending resources to a vertical depth of 1,800 mbs. A revised reserves estimate is expected to be completed by the end of the June 2007 quarter.

The processing plant located at the Gwalia Deeps site was in operation until 2003 and is currently under care and maintenance. The plant has capacity to process up to 1.8 million tonnes per annum of oxide ore, or 1.2 million tonnes per annum of fresh rock, and work is underway for its refurbishment in accordance with the feasibility study.

Exploration

The Issuer currently has a land portfolio within Australia of approximately 13,000 square kilometres. The initial focus for exploration has been to re-establish reserves, expand the resource base of the Issuer and to make new discoveries. In the 2006/07 financial year exploration expenditure is budgeted to be approximately A\$20 million to support this strategy. The majority of this expenditure is for near-mine gold exploration at Southern Cross and Leonora, where the plan is to extend underground reserves and establish open pit reserves.

Outside of Leonora and Southern Cross, applications for licences have been made in the Telfer district in Western Australia, Victoria, Northern Territory, South Australia and New South Wales. In addition to gold exploration, the Issuer is actively exploring for nickel and copper, including a current focus on nickel opportunities at Leonora.

In March 2007, the Issuer entered into the Golden Mile South Joint Venture with Mawson West Limited. The Golden Mile South JV covers approximately 112 square kilometres and is located south-east of Kalgoorlie. The Issuer can potentially earn up to 70 per cent. of Mawson West's interest in stages; 51 per cent. for expenditure of \$3 million over three years; 70 per cent. in aggregate for the further expenditure of \$2 million over an additional two years (in the event that Mawson West does not elect to contribute after the Issuer has earned a 51 per cent. interest) and the Issuer must spend a minimum of \$500,000 within six months.

Gwalia Deeps

The Issuer's planned Leonora operations comprise Gwalia Deeps. The former Sons of Gwalia Ltd (Administrators Appointed) gold mine at Gwalia has one of the longest operating histories and largest gold production records of all the Archaean gold mines outside Kalgoorlie, Western Australia. Historic production and current resources total over 7 million ounces of gold.

Resource drilling for the Gwalia Deeps feasibility study was completed in December 2006 as planned, with emphasis on South West Branch, South Gwalia and West Lodes. A total of 61 intercepts were achieved in the Gwalia Deeps from July 2005 to May 2007, with strong geological continuity demonstrated.

Drilling has continued within the current mine plan between 1,000 mbs to 1,600 mbs since December 2006, targeting the conversion of existing Inferred Resources to additional Indicated Resources.

This programme was completed during the June 2007 quarter, with a reserve upgrade for Gwalia Deeps expected to be reported in the 30 June 2007 quarterly activities report.

Southern Cross Exploration

Exploration activity has been intensified at Southern Cross, with the focus on known deposits for open cut opportunities and new discoveries. The Issuer controls the majority of the Southern Cross-Forrestania greenstone belt, over a length of some 200km, which has a known historical gold endowment of over 12 million ounces. A comprehensive study of deposit styles, structural associations, the effectiveness of previous exploration and targeting was completed, producing some 51 gold targets within the Issuer's tenure. These targets have been ranked and further assessed. Access to most targets has been negotiated and exploration for new, standalone targets is underway.

Resource extensional drilling at Marvel Loch has continued to focus on establishing additional indicated resources for conversion to reserves. This drilling is expected to enable the Issuer to report an increase in reserves at Marvel Loch as part of the 30 June 2007 quarterly activities report.

Compilation and evaluation of data from the Nevoria deposit has indicated the potential for open pit and underground development, and drilling during 2007 has resulted in resource extensions. Similarly, open pit potential has been identified at the GVG prospect and drilling commenced in March 2007.

Both Nevoria and GVG are in proximity to existing operations at Southern Cross.

Leonora Regional Gold Exploration

Gold endowment in the Leonora region is extensive, with the five largest known deposits historically producing a total of 13.5 million ounces of gold. The Issuer inherited a large database of drillhole, geophysical and geochemical data through the acquisition of the Sons of Gwalia Ltd (Administrators Appointed) gold division and has now completed a detailed assessment of the data, the effectiveness of previous drilling and sampling, the known deposit styles, and their geological controls.

This study has generated a significant number of targets for possible further large, standalone deposits within the Issuer's tenure, and an exploration team is systematically testing these targets. Gravity data is recognised as a crucial component in the detailed targeting process for all major deposits at Leonora, and expanded ground-based gravity surveys have been completed.

Three dimensional geological modelling of the Leonora land holdings has advanced, using the recently acquired gravity data and existing seismic and aeromagnetic data, and is providing conceptual drill targets. This model will also be used for simulated fluid flow analysis, used to predict the occurrence of Gwalia and Tarmoola style deposits.

BigGold Study

A team of geologists and specialist consultants was established in mid-2005 to identify targets for potential world-scale deposits of gold in Australia, with the potential to host one million ounce or larger gold deposits. Extensive research and analysis of public domain data has generated approximately 120 targets. The study has completed a detailed review of new aeromagnetic and gravity data from the Yeenena (Ashburton) region, host to the Nifty (copper) and Telfer (gold) deposits, and identified priority gold and copper-gold targets on vacant ground in NSW, Victoria, the Northern Territory and South Australia.

The total area now held under application by the Issuer, Australia wide, is approximately 7,800 square kilometres.

Nickel

A dedicated nickel exploration programme has been implemented on the Issuer's Leonora and Southern Cross/Forrestania tenements. Previous operators have historically focused on gold exploration on these tenements, despite the strong nickel sulphide endowment and recent nickel discoveries along strike. Over 300km of komatiite stratigraphy is present on this tenure, including channel-facies prospective for accumulation of Kambalda-style massive sulphide deposits.

In the March 2007 quarterly activities report the Issuer reported on drilling at the Sullivans Prospect. Twelve holes have been drilled over a strike length of 18 kilometres and this drilling has confirmed the character of the ultramafic under the thick overburden sequence. Data is to be integrated into a CSIRO study addressing the mineralisation potential of the ultramafic stratigraphy at both Leonora and Southern Cross.

Proven and Probable Reserves and Resources

The Proven and Probable Reserves and Resources Statements prepared by the Issuer were updated and provided as part of the 31 December 2006 quarterly activities report. The December 2006 quarterly activities report included the increase in resources and reserves at Gwalia Deeps. Indicated and Inferred Resources increased by 11 per cent. to 3.1 million ounces ("Moz") and Probable Reserves increased by 60 per cent. to 4.8 million tonnes at 9.1 grams per tonne for 1.42 Moz. The information in the December 2006 quarterly activities report is presented in the tables below.

Proven & probable reserves statement at 31 December 2006

Region	Proved			Probable			Total		
	kTonnes	Au g/t	koz	kTonnes	Au g/t	koz	kTonnes	Au g/t	koz
Southern Cross									
Marvel Loch	56	4.7	9	1,200	4.1	160	1,300	4.1	170
Hercules				840	2.4	64	840	2.4	64
Other	200	1.8	11	1,300	0.8	32	1,500	0.9	43
Subtotal	260	2.4	20	3,400	2.4	260	3,600	2.4	280
Leonora									
Gwalia				4,800	9.1	1,400	4,800	9.1	1,400
TOTAL ALL AREAS . . .	260	2.4	20	8,200	6.3	1,700	8,500	6.2	1,700

Notes – Southern Cross:

(1) Information in this report that relates to Southern Cross Ore Reserves is based on information compiled by Mr Stephen Rodgers (Marvel Loch) and information reviewed by Mr Quinton de Klerk (Hercules) who are Members or Fellows of the Australasian Institute of Mining and Metallurgy. Mr Rodgers was until May 2007 a full-time employee of the Company and Mr de Klerk is employed by Cube Consulting. Mr Rodgers and Mr de Klerk have sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined by the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Rodgers and Mr de Klerk consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

(2) The ore reserve estimate for Hercules used a gold price of A\$750/oz. A cut-off grade of 0.9g/t, dilution of 5 per cent. and mining recovery of 97.5 per cent. were applied.

(3) The ore reserve estimate for Marvel Loch used a gold price of A\$700/oz. A cut-off grade of 2.5g/t, a dilution of 30 per cent. and mining recovery of 85 per cent. were applied to Undaunted lode, a dilution of 12 per cent. and mining recovery of 90 per cent. were

applied to Sherwood lode, a dilution of 5 per cent. and mining recovery of 95 per cent. were applied to Exhibition lode, New lode and East lode, a dilution of 20 per cent. and mining recovery of 95 per cent. were applied to Firelight lode.

(4) All data is rounded to two significant figures. Discrepancies in summations will occur due to rounding

Notes – Leonora:

(5) The information in this report that relates to Gwalia Deeps Ore Reserve is based on information compiled by Messrs Stephen Miller and Sam Larritt, who are members of the Australasian Institute of Mining and Metallurgy. Mr Miller is a consultant to and Mr Larritt an employee of St Barbara Limited and both have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Messrs Miller and Larritt consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

(6) The mining reserve includes dilution of 8 per cent. to 17 per cent. at 0.2g/t Au depending on stope size. Dilution is applied by factoring the final design stope shape volume and tonnes excluding development. A mining recovery factor is applied that takes account of geotechnical studies of the deposit. The factor ranges from 75 to 85 per cent. of in situ tonnes depending on depth of mining. It averages 77 per cent. overall. The cut-off grade was 4 g/t Au and the gold price was \$A650/oz.

(7) All data is rounded to two significant figures. Discrepancies in summations will occur due to rounding.

Mineral resource (including reserves) statement at 31 December 2006

REGION	Measured			Indicated			Inferred			Total		
	kTonnes	Au g/t	koz	kTonnes	Au g/t	koz	kTonnes	Au g/t	koz	kTonnes	Au g/t	koz
Southern Cross												
Marvel Loch	520	4.9	81	1,800	4.3	250	970	5.2	160	3,300	4.7	500
Yilgarn Star				390	6.6	82	1,100	3.2	110	1,500	3.9	190
Hercules	100	1.7	6	2,100	2.1	140	290	1.3	12	2,400	2.0	150
Other	56	1.3	2	5,200	2.3	390	4,600	3.0	440	9,900	2.6	840
Subtotal	680	4.1	89	9,400	2.8	850	7,000	3.2	710	17,000	2.9	1,600
Leonora												
Gwalia				7,000	9.8	2,200	5,400	8.6	1,500	12,000	9.0	3,600
Tarmoola	12,000	0.9	350	46,000	1.2	1,800				58,000	1.1	2,100
Other	1,000	0.9	30	5,800	1.4	300	6,600	2.4	500	14,000	1.9	900
Subtotal	13,000	0.9	380	59,000	2.3	4,300	12,000	5.2	2,000	84,000	2.5	6,700
TOTAL ALL AREAS	14,000	1.1	470	68,000	2.4	5,200	19,000	4.3	2,600	100,000	2.5	8,300

(1) The information contained in this report has been compiled by Mr Peter Thompson and Mr Robert Love. Mr Thompson is a Member of the Australasian Institute of Mining and Metallurgy, Mr Love is a Fellow of the Australasian Institute of Mining and Metallurgy and both are full time employees of the Company. Mr Thompson and Mr Love have sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Thompson and Mr Love consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

(2) All data have been rounded to two significant figures.

(3) Discrepancies in summations will occur due to rounding.

The Proven and Probable Reserves and Resource Statements are being updated in June 2007 and will be reported in July 2007.

Board and Management

Composition of the board

S J Colin Wise LL.B, FAICD, FAusIMM – Chairman – Non-Executive

Mr Wise is an experienced corporate lawyer and consultant with significant expertise in the mining and exploration industry and corporate sector. He spent 24 years with WMC Limited, 10 of which as General Counsel and subsequently, 4 years as Counsel to a New York law firm. He has had extensive practical experience in Australia and internationally with a wide range of corporate, operational and legal matters.

He is a Fellow of both the Australian Institute of Company Directors and of the Australasian Institute of Mining and Metallurgy. He is a non-executive director of Southern Health, the largest health care service in Victoria and Chair of its Quality Committee, and a member of the Monash University Medical Research Advisory Board.

Eduard Eshuys, B.Sc, FAICD, FAusIMM – Managing Director & Chief Executive Officer

Mr Eshuys is a geologist with 38 years of experience in mineral exploration, development and operation of gold and nickel mines in Australia. He has a credible record in exploration having led the exploration teams that discovered several major gold deposits, including Plutonic, Bronzewing and Jundee. He brought Bronzewing and Jundee as well as the Cawse Nickel mine into production. Mr Eshuys was awarded the Geological Society of Australia's Joe Harms medal for distinction in exploration success and project development in 1996. He is a Fellow of both the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy.

Douglas W Bailey, BBus (Acc), CPA, ACIS – Non-Executive Director

Mr Bailey was previously the Chief Financial Officer of Woodside Petroleum Ltd between 2002 and 2004, and prior to this was an Executive Director of Ashton Mining Limited from 1990 to 2000, including the last three years as Chief Executive Officer. He also was a Non-Executive Director of Aurora Gold Ltd for the period 1993-2000.

Barbara Gibson BSc, FTSE, MAICD – Non-Executive Director

Ms Gibson possesses a broad range of business management experience. Ms Gibson was formerly the General Manager Chemicals Group of Orica Limited, a member of the Orica Group Executive and a Director of Incitec Pivot Limited. Prior to this role she was the General Manager of Advanced Sciences Group, which included the Pharmaceuticals, Diagnostics and other Healthcare businesses of Orica. Ms Gibson is currently Chairman of Warakirri Asset Management Pty Ltd, a Director of Penrice Soda Holdings Limited and a member of the Australian Academy of Technological Sciences and Engineering.

Philip Lockyer, AWASM, DipMETALL, M.Sc – Non-Executive Director

Mr Lockyer is an experienced mining engineer and metallurgist with more than 40 years experience in the minerals industry with an emphasis on gold and nickel, in both underground and open pit mining operations. Mr Lockyer was employed by WMC Resources for 20 years and as General Manager for WA was responsible for that company's nickel division and gold operations. Mr Lockyer also held the position of Director Operations for Dominion Mining Ltd

and Resolute Ltd. Mr Lockyer is currently a non-executive director of Perilya Ltd, Jubilee Mines NL and a number of other companies.

Henderson (Hank) G Tuten, B.A. (Econ) – Non-Executive Director

Mr Tuten is actively involved in a consolidated entity of private equity funds as a founding partner. These are the Resource Capital Funds ("RCF"), the e-Century Capital Fund and the CIP Fund. He is a Partner in RCF Management LLC, the management company of RCF. He spent over 15 years with the NM Rothschild and Sons consolidated entity. During that period, he was the chief executive officer of Rothschild Australia Limited, Rothschild North America Inc. and Continuation Investments NV, the private equity vehicle for Rothschild Continuation Holdings AG consolidated entity. Prior to that, he was a commercial banker with the Philadelphia National Bank. Mr Tuten serves on several boards in connection with his investment activities. He graduated from the University of Virginia with a BA in Economics.

Management Team

Ian Bird – Chief Operating Officer

Mr Ian Bird commenced as Chief Operating Officer on 26 March 2007. He is a qualified Mining Engineer with over 20 years experience in the Australian mining industry and has held a range of senior operational management positions in both open cut and underground mining operations in Western Australia, Queensland and the Northern Territory. Most recently Mr Bird was the General Manager of the Tanami Operations in the N.T. with Newmont Australia which produced 430,000 ounces of gold in 2006.

Garth Campbell-Cowan – Chief Financial Officer

Mr Garth Campbell-Cowan commenced as Chief Financial Officer on 11 September 2006. He is a qualified Chartered Accountant with extensive experience across a number of industries. He trained as a Chartered Accountant at Andersen and moved from the accounting profession to the ANZ bank, working both in finance and special projects. He then worked for Newcrest Mining Limited as the General Manager Finance and Taxation, followed by Western Mining Limited (WMC) as the Group Manager Financial Reporting. More recently he worked for Telstra as the Director Corporate Accounting where he had responsibility for all external and internal financial reporting and providing technical accounting advice in support of merger and acquisition initiatives.

Ross Kennedy – Company Secretary & General Manager Corporate

Mr Kennedy has more than 20 years' experience as a public company secretary and has held a number of public company directorships in resources and technology companies. He has extensive experience in corporate management, including risk management, ethical standards, finance, accounting, commercial negotiations, takeovers, legal contracts, statutory compliance and public reporting.

Peter Thompson – General Manager Exploration

Mr Thompson has worked in nickel and gold mining and exploration in Western Australia for 17 years, with WMC, Anaconda Nickel and Jubilee Mines, and joined the Issuer in January 2005. Mr Thompson has a strong knowledge of Archaean gold and nickel deposits, exploration methods required in their discovery and project generation. Mr Thompson has played a leading

role in feasibility studies, managed large resource drillout campaigns, and formed and led successful multi-disciplinary exploration teams.

Indemnification and Insurance of Directors and Officers

The Issuer indemnifies all Directors of the Issuer named above (and a number of former Directors, including Mr Mark Wheatley and Mr Richard Knight) and current and former executive officers of the Issuer and its controlled entities against all liabilities to persons (other than the Issuer or a related body corporate) which arise out of the performance of their normal duties as Director or executive officer unless the liability relates to conduct involving bad faith. The Issuer also has a policy to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the year the Issuer has paid a premium in respect of Directors' and executive officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy.

Corporate Governance

The Board of the Issuer is responsible for overall corporate governance. To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Remuneration Committee and a Health & Safety Committee.

The Board meets up to 10 times a year as part of a regular reporting cycle, including at least one meeting held in conjunction with a Board visit to the Issuer's mine sites, one dedicated to strategic issues and otherwise, as required. Board papers are prepared and circulated to Directors in advance of each meeting to ensure that Directors are made aware of current and forthcoming issues relevant to the Issuer's operations, safety and financial performance. These papers include monthly and year-to-date performance summaries of the operations and corporate activities, and a comparison against budget and regularly revised forecasts. Management regularly present to the Board and provide Directors with a direct opportunity to raise issues of concern, discuss necessary actions and generally be informed of the Issuer's activities. Where deemed necessary, the Board may request additional information on any issue and for a particular member of senior management to present to it on the performance, strategy or outlook for the Issuer.

The Issuer has in place key corporate governance structures, which are regularly reviewed to take into account the growth of the business. The Issuer is committed to the principles of Good Corporate Governance and Best Practice Recommendations, as published by the Australian Stock Exchange (ASX) Corporate Governance Council in March 2003. Refer to the Corporate Governance Review section in the 30 June 2006 annual report for more information on the Issuer's Corporate Governance policies and procedures.

Description of the Issuer's Share Capital

Set out below is certain information relating to the share capital of the Issuer including a brief summary of certain provisions of the constitution of the Issuer and the Corporations Act, the governing corporate law of the Issuer, in effect as of the date hereof. This summary does not purport to be complete and is qualified in its entirety by reference to the Issuer's constitution and applicable Australian corporate law.

General

The rights attaching to the Ordinary Shares are detailed in the Constitution of the Issuer, the Corporations Act, the Listing Rules and general law. This section provides a summary of some material provisions of the constitution of the Issuer concerning the Issuer's share capital. It does not purport to be an exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders of the Issuer. Such rights and liabilities involve complex questions of law arising from the interaction of the Constitution and statutory and common law requirements. Shareholders should seek their own advice when trying to establish their rights and liabilities in specific circumstances. A copy of the Constitution of the Issuer is available to Noteholders on request.

A. Share Capital

The share capital in the Issuer consists of fully paid Ordinary Shares. All existing issued Ordinary Shares are of the same class and rank equally in all respects.

B. Voting Rights

Each Ordinary Share confers the right to vote at meetings of Shareholders, subject to voting restrictions imposed on a Shareholder under the Corporations Act and the Listing Rules. Unless a poll is requested, a resolution put to the vote at a meeting of Shareholders must be decided by a show of hands. On a show of hands, every Shareholder present in person or by proxy has one vote. On a poll, every Shareholder who is present in person or by proxy has one vote for each fully paid Ordinary Share held and a fraction of a vote for partly paid Ordinary Shares equal to the amount paid up (excluding amounts credited) divided by the total amount paid or payable (excluding amounts credited). If the total number of votes to which a Shareholder is entitled on a poll does not constitute a whole number, the fractional part of that total is disregarded.

C. Dividends

Subject to the rights attaching to each class of the Issuer's share capital, the Issuer may pay dividends as the Directors resolve but only out of the profits of the Issuer. The person entitled to a dividend on an Ordinary Share will be entitled to:

- (a) if the share is fully paid (whether the issue price was paid or credited or both), the entire dividend; and
- (b) if the share is partly paid, a proportion of the dividend equal to the amount paid up (excluding amounts credited) divided by the total amount paid or payable (excluding amounts credited) on the share.

D. Rights on Winding-up

If the Issuer is wound up, the liquidator may, with the authority of a special resolution, do either or both of the following:

- (a) distribute among the Shareholders the whole or any part of the Issuer's property and decide how to distribute the property as between the Shareholders or different classes of Shareholders; and
- (b) settle any problem concerning a distribution by vesting assets in a trustee on trust for the Shareholders entitled, subject to the Corporations Act.

A Shareholder need not accept any shares or other securities carrying a liability.

E. Transfer of Ordinary Shares

Subject to the Issuer's Constitution, the Corporations Act, the Listing Rules and the ASTC Settlement Rules, Ordinary Shares are freely transferable.

The Directors of the Issuer may refuse to register a transfer or apply to the ASTC to apply a holding lock to prevent a transfer of shares only in limited circumstances, such as where required or permitted to do so by the Corporations Act, the Listing Rules or the ASTC Operating Rules.

F. Creation and Issue of Further Ordinary Shares

Subject to the Issuer's Constitution, the Corporations Act, the Listing Rules, the ASTC Operating Rules and any rights and restrictions attached to a class of shares, the Board may resolve to issue and allot shares on any terms, and for any consideration as it resolves.

Broadly, the Listing Rules prohibit the issue of equity or convertible securities if the number of those securities (at the time of their issue), when aggregated with the number of any other securities issued during the previous 12 months, exceeds 15 per cent. of the number of Ordinary Shares on issue 12 months before the date of issue. This prohibition is subject to various exceptions, including prior Ordinary Shareholder approval or issues to Ordinary Shareholders on a pro-rata basis.

The Issuer must not issue any Ordinary Share which carries voting rights which, in the opinion of ASX, are inappropriate or confer inequitable representation on the holders of Ordinary Shares.

G. Variation of Rights

Subject to the Corporations Act and the terms of issue, the rights attaching to a class of shares in the Issuer can only be varied or cancelled by a special resolution passed at a general meeting of the holders of that class of shares or with the written consent of holders of at least three quarters of the shares in that class.

H. General Meetings

Each holder of Ordinary Shares is entitled to receive notice of, and to attend and vote at, general meetings of the Issuer. The notice is to set out and include other information or documents specified by the Issuer's Constitution, the Corporations Act, the Listing Rules or the ASTC Operating Rules.

I. Reduction of Share Capital

Subject to the Corporations Act, the Listing Rules and the ASTC Operating Rules, the Issuer may reduce its capital or buy-back its shares.

J. Calls on Ordinary Shares

Where Ordinary Shares are issued as partly paid (at present there are none), then subject to the Corporations Act, the Listing Rules, the ASTC Operating Rules and the terms of issue of the Ordinary Shares, the Directors of the Issuer may make calls upon the holders of those Ordinary Shares to pay the whole of or a portion of the balance of the issue price. If a Shareholder fails to pay a call or instalment of a call, then subject to the Corporations Act, the Listing Rules and the ASTC Operating Rules, the Ordinary Shares in respect of the call may be forfeited in accordance with the Issuer's Constitution.

K. Alteration of Constitution

The Constitution of the Issuer can only be amended by a special resolution.

L. Issued Capital

Shares

As at 30 April 2007, the Issuer had on issue 821,305,567 Ordinary Shares held as described below:

Shareholders of the Issuer as at 30 April 2007 – Distribution Analysis

Size of holding	Number of shareholders
1 – 1,000	620
1,001 – 5,000	1,714
5,001 – 10,000	1,444
10,001 – 100,000	2,069
100,001 – and over	351
Total holders	6,198

The substantial Shareholders of the Issuer (i.e. those with voting power of 5 per cent. or more) based on mandatory filings with ASX are as follows:

Substantial shareholders⁽¹⁾	Percentage (per cent.)⁽¹⁾
Resource Capital Fund II LP and Resource Capital Fund	22.4
JP Morgan Asset Management (UK) Limited	5.1

(1) Does not necessarily take account of recent changes in the Issuer's share capital.

Options

As at 30 April 2007 (based on filings with ASX), the Issuer had 33,410,000 options to acquire Ordinary Shares on issue.

These options are unlisted options and include:

- options granted to employees under the Issuer's Employee Option Plan 2001 ("Employee Option Plan"); and
- options granted to Mr Eshuys under the terms of his executive employment agreement with the Issuer, which options were issued outside the Employee Option Plan, but were issued on

terms substantially similar to the terms of the Employee Option Plan ("Executive Options"). The issue of the Executive Options was approved by Shareholders on 29 November 2004.

Employee Option Plan

The Employee Option Plan was established to provide an incentive for holders of the options to participate in the future growth of the Issuer and its related bodies corporate (as defined in the Corporations Act) ("Issuer's Group") and, upon becoming Shareholders in the Issuer, to participate in the Issuer's Group's profits and development. Entitlement to participate in the Employee Option Plan is determined by the Board of the Issuer having regard to the rules of the Employee Option Plan. Subject to the Board's determination, entitlement to participate in the Employee Option Plan is not solely limited to full time employees of the Issuer, but also extends to employees of the Group, spouses of employees, a company in which an employee beneficially holds 50 per cent. or more of the issue voting share capital, the trustee of a trust in which an employee is a beneficiary or object, or the trustee of a superannuation fund of which an employee is a member.

The terms of the Employee Option Plan are outlined below:

- options will be granted free of charge;
- the exercise price of options will be determined by the Board. The exercise price must be at least the greater of the following: weighted average of the prices at which the Issuer's shares were traded on the relevant stock market (being the AIM if the Issuer is listed on the AIM; or the ASX if the Issuer is listed on the ASX and not listed on the AIM) during the one week period up to and including the date the Board invited applications for the grant of the options or, if there were no such transactions, the last price at which an offer was made on the relevant stock market to purchase shares. Each option will entitle the option holder to subscribe for one fully paid Ordinary Share in the capital of the Issuer;
- except where a specified exercise event occurs, an option may only be exercised during a period of three years commencing on the date which is two years after the date on which the Board resolves to grant the options; and
- options may also be exercised upon the occurrence of an exercise event (such as a takeover of the Issuer) as defined in the rules of the Employee Option Plan. In this case, an option may be exercised notwithstanding that it is not within the exercise period.

Price of ordinary shares

The following table sets out the high and low closing prices, quoted in Australian dollars, of Ordinary Shares on ASX for the period indicated:

	Price range (A\$)	
	High	Low
2007		
First quarter	60.5 cents	47.5 cents
April 2007	64.5 cents	51 cents
May (up to 25 May 2007)	61 cents	50 cents
2006		
Fourth quarter	64 cents	44 cents
Third quarter	63 cents	42.5 cents
Second quarter	75 cents	43.5 cents
First quarter	56 cents	39 cents
2005		
Fourth quarter	39 cents	23 cents
Third quarter	34 cents	10 cents
Second quarter	11.5 cents	8.4 cents
First quarter	9 cents	5.9 cents

Source: IRESS

On 25 May 2007, the closing price was A\$0.50.

Effect of the issue of the notes on the issuer

The Ordinary Shares to be issued upon conversion of the Notes will be issued fully paid and will rank from the date of issue equally for dividends and other rights with existing Ordinary Shares. The Issuer will apply for quotation of the Ordinary Shares issued on conversion of the Notes. If the Ordinary Shares of the Issuer are quoted at the time of conversion, the Issuer anticipates that the ASX would grant quotation to the Ordinary Shares issued upon conversion of the Notes. However, quotation of such Ordinary Shares is a matter within the discretion of the ASX.

Based on the number of the Ordinary Shares on issue as at 30 April 2007, in the event of a full conversion of the Notes issued (based on the initial conversion price and subject to rounding), then following conversion of the Notes into Ordinary Shares:

- the Issuer would have 959,027,644 fully paid Ordinary Shares; and
- the Ordinary Shares issued as a result of conversion of the Notes would constitute 14.36 per cent. of the fully paid issued Ordinary Shares (ignoring conversion of the options).

Dividend policy

The Issuer has not made any dividend payments in the 2007 financial year.

Taxation

Australian Tax Considerations

This section of the Offering Circular separately sets out a summary of the key Australian taxation implications arising under the Income Tax Assessment Acts of 1936 and 1997 of Australia of the purchase, ownership and disposition of the Notes for Noteholders who are either residents or non-residents of Australia for taxation purposes.

Capitalised expressions in this section refer to terms defined in the Offering Circular generally and more particularly in the section entitled "Terms and Conditions of the Notes" of this Offering Circular.

Qualifications

This guide is given, based on, and is limited to, the precise arrangements set out in the summary information about the Notes in the section entitled "Summary of the Offering" of this Offering Circular and the Terms and Conditions of the Notes.

This guide is only relevant to residents and non-resident investors who acquire Notes on capital account and not to those who acquire the Notes on revenue account or as trading stock.

This section is based on the law in force, and the administrative practices of the Commissioner of Taxation ("Commissioner"), as of 28 May 2007. However, potential investors should be aware that the ultimate interpretation of the taxation law rests with the courts and that the law, and the way the Commissioner administers the law, may change at any time.

This section is not, and is not intended to be, exhaustive and does not deal with the position of all classes of Noteholders (including dealers in securities, custodians or other third parties who hold Notes on behalf of any Noteholder). The tax considerations outlined below are general in nature and the taxation consequences may vary depending upon the particular circumstances of each individual Noteholder.

Accordingly, it is recommended that all potential investors consult their own independent tax advisers regarding the income tax, capital gains tax, stamp duty and GST consequences of acquiring, owning and disposing of Notes, having regard to their specific circumstances.

Classification of the notes for Australian taxation purposes

The income tax law contains rules that classify financial instruments as either "debt interests" or "equity instruments" for certain Australian taxation purposes.

These rules, which have regard to the economic substance of the rights and obligations arising under a financing arrangement rather than merely the legal form, need to be considered to determine whether the Notes will be "debt interests" or "equity interests".

Broadly, the Notes will constitute "debt interests" if the Issuer has "an effectively non-contingent obligation" under the Terms and Conditions to provide "financial benefits" to the Noteholders that are "substantially more likely than not" to at least equal the Issue Price.

The Issuer will have an effectively non-contingent obligation to pay interest over the term of the Notes but the amount of interest will not in itself be enough to satisfy the debt test.

The issue of an equity interest does not constitute the provision of a “financial benefit”, therefore the possible conversion of the Notes into Ordinary Shares is not the provision of a financial benefit for the purposes of satisfying the debt test.

Accordingly, for the Notes to constitute “debt interests”, there must be an effectively non-contingent obligation on the Issuer to repay the principal of the Notes.

The existence of the right of a Noteholder to convert a Note into Ordinary Shares in the Issuer does not of itself make the Issuer’s obligation to repay the principal of the Notes not non-contingent. The terms, conditions and pricing of the conversion mechanism must also be considered to justify a conclusion that conversion is not commercially inevitable. Taking into consideration all of these factors, the Issuer should be considered to have an effectively non-contingent obligation to repay the principal amount of the Notes for these purposes. On the basis that the term of the Notes is less than 10 years, and therefore that the value of the financial benefits provided by the Issuer can be valued in nominal terms, it should be considered that it is substantially more likely than not that the value provided by the Issuer will be at least equal to the value received. The Notes should therefore constitute “debt interests” for Australian tax purposes. The tax implications that flow from this are set out below.

Interest payable on notes

Australian residents

As the Notes satisfy the elements required in order to be debt interests, the interest payments on the Notes will be classified as interest for Australian tax purposes.

Interest payments made to residents of Australia, or to non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, must be included in assessable income for Australian tax purposes.

Non-residents

Under existing Australian tax law, non-resident Noteholders, other than persons holding the Notes in the course of carrying on business at or through a permanent establishment in Australia, are not subject to Australian income tax on payments of interest or amounts in the nature of interest where the exemption for interest withholding tax (“IWT”) discussed below applies. If the exemption is not available, IWT will be levied at a rate of 10 per cent. on interest, or amounts in the nature of interest, paid on the Notes.

Australian residents who hold the Notes as part of a business carried on, at or through a permanent establishment in a country outside Australia are also subject to IWT.

The income tax provisions provide an IWT exemption for interest paid in respect of “debentures” (such as the Notes) to the extent that:

- the issuer is a company which is tax resident in Australia (such as the Issuer) or is a non-resident of Australia carrying on business in Australia at or through a permanent establishment; and
- the issue of the Notes satisfies the “public offer test” prescribed under section 128F of the Income Tax Assessment Act 1936.

The public offer test for the Notes will not be satisfied if the Issuer knew or had reasonable grounds to suspect that the Notes were being, or would later be acquired, directly or indirectly by an Offshore Associate (as defined below) of the Issuer, other than in the capacity of a dealer,

manager or underwriter in relation to the placement of a Note, or a clearing house, custodian, funds manager or responsible entity of a registered scheme.

The exemption from Australian withholding tax will also not apply to interest paid by the Issuer to an Offshore Associate of the Issuer if, at the time of the payment, the Issuer knows, or has reasonable grounds to suspect, that such person is an Offshore Associate and the Offshore Associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

An "Offshore Associate" means an associate (as defined in section 128F(9) of the Income Tax Assessment Act 1936) of the Issuer, that is either:

- a non-resident of Australia that does not acquire the Notes or an interest in the Notes in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or
- a resident of Australia that acquires the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

Accordingly, the Notes should not be acquired by any Offshore Associate of the Issuer except in the circumstances listed above. However, the public offer test will not be failed if the Notes are acquired by associates of the Issuer who are not Offshore Associates.

The Notes should satisfy the above tests and, as such, interest payments should be exempt from IWT provided:

- the Notes are being offered for issue as a result of negotiations being initiated publicly in electronic form, or in another form, that is used by financial markets for dealing in debentures, and provided the Notes are listed on the SGX-ST. The Issuer is required to do these things pursuant to the Subscription Agreement between the Issuer and the Lead Manager; and
- no Offshore Associate will, directly or indirectly, or will later, acquire (directly or indirectly) a Note or an interest in a Note – the Issuer expects this to be the case.

Quotation of Australian business numbers or tax file numbers

If a holder of a Note is an Australian resident or a non-resident that holds the Notes at or through a permanent establishment in Australia, withholding tax of 46.5 per cent. must be deducted, unless that holder of a Note supplies the Issuer with its Australian Business Number or Tax File Number or proof of an appropriate exemption to quote such numbers.

Capital gains tax treatment of ordinary shares received on conversion of notes

Australian residents & non-residents

The conversion of the Notes may trigger a capital gains tax ("CGT") event for Australian tax purposes, but any taxable capital gain or capital loss on the conversion should be disregarded such that no taxing point arises at that time.

The CGT cost base of the Ordinary Shares acquired upon conversion of the Notes will be equal to the CGT cost base of the Notes at the time of conversion. The time of acquisition of the Ordinary Shares for CGT purposes is the time when the conversion of the Notes occurs.

Capital gains tax treatment of later disposal of ordinary shares

Australian residents

An investor will derive a capital gain on the disposal of the Ordinary Shares acquired upon conversion of the Notes where the capital proceeds for CGT purposes received on disposal exceed the CGT cost base of those Ordinary Shares. As noted above, the CGT cost base of the Ordinary Shares will generally be equal to the CGT cost base of the Notes at the time of conversion and, amongst other things, any incidental costs of acquisition.

An investor will incur a capital loss on the disposal of the Ordinary Shares acquired upon conversion of the Notes where the capital proceeds for CGT purposes received on disposal are less than the CGT reduced cost base of those Ordinary Shares.

Non-residents

A future disposal of the Ordinary Shares acquired upon conversion of the Notes by a non-resident will constitute a CGT event that may give rise to a taxable capital gain or capital loss to the investor on the same basis as outlined above for resident investors. The Tax Laws Amendment (2006 Measures No. 4) Act 2006 has recently received Royal Assent and will apply to the disposal of CGT assets by non-residents after 12 December 2006. The broad effect of the amendments contained in the new legislation is to modify Australia's capital gains tax regime by narrowing the range of assets on which a foreign resident is subject to Australian capital gains tax. Broadly speaking, under the new rules foreign residents holding non-portfolio interests in certain Australian entities could only be subject to Australian capital gains tax if more than half the value of the entities' assets is attributable to Australian real property (which includes for these purposes mining, quarrying or prospecting rights where the minerals, petroleum or quarry materials are situated in Australia).

Under the new rules, non-residents of Australia for taxation purposes are generally only liable for CGT, subject to relief under any applicable Double Tax Agreement ("DTA"), on a disposal or other CGT event happening in respect of CGT assets that are "taxable Australian property". As a general rule, assuming that the investment does not relate to a business conducted in Australia by the investor, the Ordinary Shares acquired upon conversion of the Notes will only be "taxable Australian property" for those purposes where the Ordinary Shares pass the principal asset test and the investor and/or its associates hold a 10 per cent. or greater interest in the Issuer on the date of disposal or other CGT event, or throughout a 12-month period in the 24 months before the disposal or other CGT event happens.

Given the above, non-resident investors should obtain their own independent taxation advice on any subsequent disposal of, or CGT event happening to, their Ordinary Shares.

Capital gains tax concession

Individual and trust shareholders may be entitled to a concession on the amount of CGT assessed. The CGT concession is available to all shareholders who hold the Ordinary Shares acquired upon conversion of the Notes for at least 12 months prior to disposal. The CGT concession results in only 50 per cent. of any capital gain being included in an investor's assessable income. Capital losses must be applied first to reduce capital gains before applying the CGT discount.

The CGT treatment of Australian tax resident complying superannuation funds is, in general, the same as that set out for individuals and trusts, except that the CGT discount is one-third rather than 50 per cent.

The CGT concession is not available to companies.

Taxation of profits on sale or disposal of notes

Australian residents

If an investor who is an Australian resident, or a non-Australian resident who is carrying on business at or through a permanent establishment in Australia, disposes of the Notes prior to redemption or conversion, the investor will be required to include any gain or loss on disposal of the Notes in their taxable income.

In these circumstances, the difference between the consideration received on disposal of the Notes and the consideration for the acquisition of the Notes will be assessable or deductible to the Noteholder. It should be noted that where the disposal of the Notes is to a related party, the Commissioner may exercise his discretion to deem whether the disposal was at arm's length consideration.

As any gain or loss arising on the disposal of the Notes will apply in exclusion to the CGT provisions, any individual, trust and complying superannuation fund investors will not be eligible for the CGT Concession (as discussed above) on the disposal of the Notes.

Non-residents

Determining if a tax liability will arise for non-residents on the disposal of the Notes is a complex issue. Any gain on the disposal of the Notes may be subject to tax on revenue account in the same manner as described above for Australian residents. However, the ultimate position will depend on various factors, including whether the gain is considered to be "sourced" in Australia and whether any DTA applies to the gain. The source of any profit on the disposal of the Notes will depend on the factual circumstances of the actual disposal. Where the Notes are acquired and disposed of pursuant to contractual arrangements entered into and concluded outside Australia, and the originator and the purchaser are non-residents of Australia and do not have a business carried on at, or through, a permanent establishment in Australia, the profit would not be expected to have an Australian source.

However, a portion of the sale price of the Notes will be treated as interest for withholding tax purposes when:

- Notes are sold by a non-resident Noteholder for any amount in excess of their issue price prior to maturity to a purchaser who is either a resident and who does not acquire the Notes in the course of carrying on business in a country outside Australia at or through a permanent establishment in that country or a non-resident who acquires the Notes in the course of carrying on a business in Australia at or through a permanent establishment in Australia where the issue of the Notes did not satisfy the public offer test; or
- the Notes are sold by a non-resident Noteholder to an Australian resident or to a non-resident in connection with a business carried on, at or through a permanent establishment in Australia by the non-resident in connection with a "washing arrangement" as defined in section 128A(1AB) of the Income Tax Assessment Act 1936 in circumstances where the exemption conditions in section 128F of the Income Tax Assessment Act 1936 are not met.

To the extent that any gain arising on the disposal of the Notes is not assessable on revenue account, the amount will *prima facie* be subject to the CGT provisions. However, as outlined above, non-residents of Australia for taxation purposes are generally only liable for CGT, subject to relief under any applicable DTA, on a disposal or other CGT event happening in respect of CGT assets that are "taxable Australian property". As a general rule, assuming that the investment does not relate to a business conducted in Australia by the investor, the Notes will only be "taxable Australian property" where the investor and/or its associates were the beneficial owners of Notes giving them the right on conversion to a 10 per cent. or greater interest in the Issuer on the date of disposals.

Given the above complexities, non-resident investors should obtain their own independent advice on the tax treatment of any gain on the disposal of their Notes.

Tax reform proposals

The Australian Federal Government is undertaking a programme of reform of business taxation. In addition to many measures that have been enacted, there remain some outstanding areas where the Australian Federal Government has indicated that changes are being considered or may be introduced.

Taxation of financial arrangements

Revised exposure draft legislation was introduced as part of the final stages of the taxation of financial arrangements ("TOFA") reform measures on 3 January 2007 and a further draft was released on 8 May 2007. The revised exposure draft legislation introduces tax-timing rules for the treatment of gains and losses from "financial arrangements", which are defined as rights and obligations to receive or provide something of economic value in the future. There are five tax-timing methods – accruals, realisation, fair value, retranslation and hedging. Gains are assessable and losses are deductible (i.e. on revenue account) under these proposed rules.

The new TOFA rules are currently only in revised exposure draft form and may change when the formal bill implementing the new arrangements is introduced into Parliament. The new arrangements are also intended to be prospective in nature. That is, the rules will apply only to financial arrangements entered into on or after 1 July 2008, unless a taxpayer elects to apply the new rules to his/her financial arrangements from an earlier date.

There is no current expectation that the new TOFA rules would apply in a way which adversely affects the availability of the exemption from IWT discussed above.

Mutual assistance in the collection of debts

Previously, the Commissioner of Taxation had very limited authority to collect a tax debt from a foreign country debtor on behalf of the country in which the tax debt arose. Consistent with Article 27 of the OECD Model Tax Convention on Income and on Capital, recent Protocols (including the New Zealand Protocol) allow for mutual assistance in the collection of debts.

To ensure that Australia can meet its obligations to provide such assistance, the International Tax Agreements Amendment Act (No. 1) 2006, which contains amendments to the Taxation Administration Act and the Income Tax Assessment Act 1997, received Royal Assent on 14 September 2006. The amendments enable the Commissioner of Taxation to collect a taxation debt on behalf of a foreign taxation authority if formally requested to do so, or to take conservancy measures to ensure the collection of that debt. Conservancy is concerned with preventing a tax paying entity from dissipating its assets when it has a tax-related liability. The

provisions also treat Australian tax debts collected and remitted to Australia by a foreign tax authority as tax debts collected in Australia. As a result of the new provisions, in certain circumstances, any foreign tax liabilities of a non-resident holder of the Notes the subject of the measures may be collected by Australia on behalf of another country.

Stamp duty

No stamp duty will be payable in Australia on the issue, redemption, transfer or disposal of the Notes.

GST

Neither the issue nor the receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of the Notes will be either an input-taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Accordingly, an investor will not be required to pay any GST in addition to the Issue Price. The conversion of the Notes will also not give rise to any GST liability in Australia.

Where the acquisition, transfer or conversion of the Notes results in the Noteholder making a financial supply, the Noteholder may be restricted in claiming input tax credits for any GST it has incurred on costs related to the acquisition, transfer or conversion of Notes. Noteholders should seek their own advice in this regard.

Capitalisation and Indebtedness of the Issuer

The following table sets out the consolidated short-term and long-term debt and equity capitalisation of the Issuer as at 31 December 2006.

(A\$ in millions)	31 December 2006
Net cash (net of short-term debt)	59
Long-term debt.	(1)
Net cash position	58
Equity	
Contributed equity	206
Reserves	2
Retained earnings/(accumulated losses)	(113)
Minority interests	-
Total Shareholders' equity	95
Total debt and equity (before cash)	97

The cash and cash equivalents balance as at 31 December 2006 was \$59.7 million, less short-term debt of \$0.6 million. Short-term and long-term debt comprised hire purchase commitments and an insurance premium funding liability. The capital structure of the Issuer is described in "Description of the Issuer's Share Capital" on page 81. There have been no material changes in the financial affairs of the Issuer since 31 December 2006, save for those that have been publicly disclosed or disclosed elsewhere in this Offering Circular. The cash and cash equivalents balance as at 31 March 2007, as reported in the Quarterly Activities Report, was \$27.3 million, with the decrease in the cash balance reported at 31 December 2006 attributable to development and exploration expenditure, and investments.

The mark to market position of the Issuer's designated and undesignated hedges as recognised in its Balance sheet at 31 December 2006 is as follows:

(A\$ in millions)	31 December 2006
Derivative assets	0.2
Derivative liabilities	2.7
Net derivative assets/(liabilities)	(2.5)

At 31 March 2007 the mark to market position of the Issuer's designated and undesignated hedges was a net liability of \$0.3 million.

Selected Financial Information

As a company listed on the ASX, the Issuer prepares:

- annual consolidated and parent-entity financial statements; and
- semi-annual consolidated financial statements.

The summary financial information as at 31 December 2006 set out below has been extracted without material modification from, should be read in conjunction with, and is qualified in its entirety by reference to:

- the audited consolidated financial statements of the Issuer as at 30 June 2006; and
- the unaudited interim consolidated financial statements of the Issuer as at 31 December 2006, including the auditors' review report dated 16 February 2007 prepared in accordance with applicable Australian Auditing Standards,

including the notes thereto, which are incorporated by reference to this Offering Circular.

In addition to preparing annual and semi-annual financial statements, under the Listing Rules, the Issuer must prepare a Quarterly Activities Report. The Quarterly Activities Report contains production statistics and other operational information. It does not contain financial statements, but there is an update on certain financial information as at 31 March 2007.

Summary Financial Information

The following financial information, reflecting summary information extracted from the audited consolidated financial statements of the Issuer for the year ended 30 June 2006 and from the unaudited consolidated financial statements of the Issuer for the six months ended 31 December 2006, is as follows:

Consolidated Income Statement (A\$ in millions)	Unaudited Six months to 31 December 2006	Audited Year to 30 June 2006
Revenue from sale of goods	69.2	116.8
Other income	9.3	22.9
Gain/(loss) on gold derivatives	3.6	(4.3)
Expenses		
Changes in inventories	2.2	1.7
Raw materials and consumables used	(14.1)	(19.4)
Contract mining, cartage, milling, maintenance	(27.2)	(60.1)
Exploration expenditure	(5.6)	(16.8)
Employee benefit expenses	(10.8)	(16.0)
Depreciation and amortisation expenses	(17.1)	(9.5)
Finance costs	(1.1)	(1.0)
Royalties	(2.9)	(3.9)
Legal expenses	(1.3)	(1.8)
Insurance	(0.7)	(1.2)
Provision for Westgold settlement	(0.7)	-
Other expenses	(2.0)	(2.8)
Profit/(loss) before tax	0.8	4.6
Income tax (expense)/benefit	(1.4)	1.4
Profit/(loss) for the period	(0.6)	6.0
(Profit)/loss attributable to minority interest	-	-
Profit/(loss) attributable to equity holders of the parent	(0.6)	6.0

Consolidated Balance Sheet (A\$ in millions)	Unaudited 31 December 2006	Audited 30 June 2006
CURRENT ASSETS		
Cash and cash equivalents	59.7	79.3
Trade and other receivables	8.8	7.3
Inventories	7.1	6.1
Derivative financial assets	0.2	0.1
Deferred mining costs	4.2	11.5
Total current assets	80.0	104.3
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	-	0.6
Available for sale financial assets	10.0	29.5
Property, plant & equipment	14.5	10.1
Deferred mining costs	8.8	3.7
Exploration & evaluation	6.2	1.9
Mine properties	37.8	16.9
Total non-current assets	77.3	62.7
TOTAL ASSETS	157.3	167.0
CURRENT LIABILITIES		
Trade and other payables	29.2	28.7
Interest-bearing liabilities	0.6	1.6
Derivatives financial liabilities	2.6	9.4
Provision for Westgold settlement	0.7	-
Total current liabilities	33.1	39.7
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	1.0	0.3
Provisions	27.9	28.0
Total non-current liabilities	28.9	28.3
TOTAL LIABILITIES	62.0	68.0
NET ASSETS	95.3	99.0
EQUITY		
Contributed equity	205.9	205.8
Reserves	2.1	5.3
Accumulated losses	(112.7)	(112.1)
TOTAL EQUITY	95.3	99.0

Subscription and Sale

The Lead Manager has agreed to subscribe and pay for the principal amount of the Notes at their issue price of 100 per cent. of their principal amount plus any accrued interest in respect thereof and less a combined management and underwriting commission upon the terms and subject to the conditions of a subscription agreement dated 14 May 2007 (the "Subscription Agreement") and made between the Issuer and the Lead Manager.

The Issuer has also agreed to reimburse the Lead Manager for certain of its expenses incurred in connection with the management of the issue of the Notes. The Lead Manager is entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

For the period from 14 May 2007 until 120 days after the Issue Date neither the Issuer nor any person acting on its behalf will (a) issue, offer, sell, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Ordinary Shares or securities of the same class as the Notes or the Ordinary Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Notes, the Ordinary Shares or securities of the same class as the Notes, the Ordinary Shares or other instruments representing interests in the Notes, the Ordinary Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Ordinary Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Lead Manager except in each case pursuant to the terms of the Employee Option Plan or on exercise of the Executive Options.

The Lead Manager has represented, warranted and agreed as follows:

General

that it understands that no action has been or will be taken in any jurisdiction by the Issuer or the Lead Manager that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Notes or the New Shares, or possession or distribution of the Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Notes or any other offering or publicity material relating to the Notes or the New Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, it understands that neither the Notes nor any New Shares may be offered or sold, directly or indirectly, and neither the Offering Circular nor any other offering material or advertisements in connection with the Notes or the New Shares may be distributed or published, by the Issuer or the Lead Manager in or from any country or jurisdiction, except in compliance with all applicable rules and regulations of any such country or jurisdiction.

United Kingdom

(i) that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which

section 21(1) of the FSMA does not apply to the Issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States

the Notes and the New Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager represents that it has not offered or sold, and agrees that it will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes or the New Shares. Terms used in this paragraph have the meanings given to them by Regulation S. The Lead Manager represents that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.

Australia

it has not and will not offer directly or indirectly for issue, or invite applications for the issue of any Notes or offer any Notes for sale or invite offers to purchase any Notes to a person, where the offer or invitation is received by that person in Australia, unless:

- (1) (i) the minimum amount payable by that person for such Notes (after disregarding any amount lent by the Lead Manager or any associate (as determined under sections 10 to 17 of the Corporations Act) of the Lead Manager) on acceptance of the offer by that person is at least A\$500,000 (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001); or (ii) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act and is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- (2) such action complies with applicable laws and directives; and
- (3) such action does not require any document to be lodged with ASIC.

Hong Kong

that:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if

permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

the Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, the Lead Manager represents, warrants and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan, or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.

Singapore

it acknowledges that the Offering Circular will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Lead Manager represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (2) to a relevant person pursuant to section 275(1) of the SFA, or to any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275, of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Note:

Where the Notes are subscribed or purchased under section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under section 275 of the SFA except:

- (i) to an institutional investor (for corporations, under section 274 of the SFA) or to a relevant person defined in section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that

corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further, for corporations, in accordance with the conditions specified in section 275 of the SFA;

- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

General Information

1. The creation and issue of the Notes has been authorised by resolutions of the Directors of the Issuer dated 7 May 2007.
2. Save as disclosed in this Offering Circular, there are no legal or arbitration proceedings against or affecting the Issuer, any of its Subsidiaries or any of their respective assets, nor is the Issuer aware of any pending or threatened proceedings, which are or might be material in the context of the issue of the Notes.
3. Save as disclosed in this Offering Circular (or as disclosed in documents incorporated by reference in this Offering Circular), there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since 31 December 2006 that is material in the context of the issue of the Notes.
4. For so long as any of the Notes are outstanding, copies of the following documents may be inspected during normal business hours at the specified office of each Paying, Transfer and Conversion Agent:
 - (a) the Agency Agreement; and
 - (b) the Trust Deed.
5. For so long as any of the Notes are outstanding, copies of the audited consolidated financial statements of the Issuer for year ended 30 June 2006 and the unaudited consolidated financial statements of the Issuer for the six months ended and 31 December 2006 may be obtained free of charge during normal business hours at the specified office of each Paying, Transfer and Conversion Agent.

The Issuer publishes annual audited consolidated financial statements.

6. Approval in-principal has been received for the listing of the Notes on the SGX-ST. The Issuer shall appoint and maintain a paying agent in Singapore where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Notes in definitive form for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. In addition, an announcement of such issue will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the Notes in definitive form, including details of the paying agent in Singapore.
7. The Notes have been accepted for clearance through Euroclear and Clearstream. The ISIN is XS0301632658 and the common code is 030163265.
8. Except as disclosed in the Terms and Conditions, the Notes do not provide for participating rights in the event of a takeover of the Issuer.
9. The Trustee is entitled under the Trust Deed to act on the opinion or advice of, or information obtained from, any expert or a certificate or report or confirmation of the Issuer's auditors or of any accountants, financial advisers, investment bank, lawyer or expert in each case whether or not addressed to the Trustee or otherwise and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise, and will not be responsible to anyone for any loss occasioned by so acting.

10. The Notes provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Noteholders to take action directly.

Glossary

1. Terms defined in the conditions

Capitalised terms not defined below, or not otherwise defined in this Offering Circular, have the meanings given in the Conditions.

2. Definitions

"A\$" or "AUD" means Australian dollars;

"AIFRS" means the Australian equivalent to the International Financial Reporting Standards;

"ASX" means the Australian Stock Exchange operated by ASX Limited (ABN 98 008 624 691);

"Board" means the Board of Directors of the Issuer;

"Clearstream" means Clearstream Banking, *société anonyme*;

"Conditions" means the Terms and Conditions of the Notes as set out in this Offering Circular;

"Corporations Act" means the Corporations Act 2001 (Cth);

"Directors" means the directors of the Issuer;

"Euroclear" means Euroclear Bank S.A./N.V.;

"Further Shares" has the meaning given in Condition 3 of the Terms and Conditions of the Notes;

"Global Certificate" means the global certificate which on issue represents the Notes;

"Group" means the Issuer and its Subsidiaries and its associated companies;

"Issue Date" means on or about 4 June 2007;

"Issuer" means St Barbara Limited (ABN 36 009 165 066);

"Lead Manager" means J.P. Morgan Securities Ltd.;

"Listing Rules" means the listing rules of ASX;

"New Shares" means Ordinary Shares issued upon exercise of the Conversion Right under the Notes;

"Notes" means the A\$100,000,000 8 per cent. Convertible Notes due 2012 convertible into Ordinary Shares of the Issuer;

"Offering Circular" means this document;

"Ordinary Shareholders" means the holders of Ordinary Shares;

"Ordinary Shares" means fully paid ordinary shares in the capital of the Issuer;

"Ounces" means troy ounce;

"Register" means the register maintained by the Registrar;

"Registrar" means The Bank of New York at its specified office at 101 Barclay Street, 21st Floor, New York, New York 10286, The United States of America, or any successor registrar appointed under the Paying, Transfer and Conversion Agency Agreement;

"S\$" means Singapore dollars;

"Securities Act" means the United States Securities Act of 1933;

"Securities and Futures Act" or "SFA" means the Securities and Futures Act, Chapter 289 of Singapore;

"SGX-ST" means Singapore Exchange Securities Trading Limited;

"Subsidiaries" or "Subsidiary" has the meaning given in section 9 of the Corporations Act;

"tonnes" means metric tonnes equal to 2,204.6 pounds or 1,000 kilograms;

"Principal Paying, Transfer and Conversion Agent" means The Bank of New York, London Branch, at its specified office at One Canada Square, 48th Floor, London E14 5AL, or any successor transfer and conversion agent appointed under the Paying, Transfer and Conversion Agency Agreement;

"Trust Deed" means the trust deed dated on or about 4 June 2007 between the Issuer and the Trustee; and

"Trustee" means The Bank of New York, London Branch.

The Issuer

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Lead Manager

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125 London Wall
London EC2Y 5AJ
United Kingdom

Trustee

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United Kingdom

**Principal Paying, Transfer
and Conversion Agent**

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United Kingdom

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as to Australian Law*

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