

28 September 2012



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By e-Lodgement

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Our reference  
2787135

Dear Sir/Madam

**Takeover Bid by Washington H.Soul Pattinson and Company Limited for Exco Resources Limited**

**Replacement Bidder's Statement**

We act for Washington H. Soul Pattinson and Company Limited ABN 49 000 002 728 (**WHSP**), in relation to its off-market takeover bid for all of the ordinary shares in Exco Resources Limited ABN 99 080 339 671 that it does not already hold.

Further to the earlier announcement today regarding WHSP's supplementary Bidder's Statement, we attach a clean version of WHSP's replacement Bidder's Statement.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Shaun Clyne".

Shaun Clyne  
Partner  
Norton Rose Australia

Encl.

APAC-#15784175-v1



# Bidder's Statement

**in relation to a revised off-market takeover bid by  
Washington H. Soul Pattinson and Company Limited**

ABN 49 000 002 728

to purchase all of your ordinary shares in

**Exco Resources Limited**

ABN 99 080 339 671



**Exco Directors Recommend that you**

# ACCEPT

**WHSP's Revised Offer by immediately  
accepting into the Acceptance Facility**

Washington H. Soul Pattinson and Company Limited will increase the Initial Offer consideration from \$0.19 to \$0.265 per share in Exco upon receiving acceptances, which together with any other shares in Exco in which it has a relevant interest, gives it an interest in at least 90% of the shares in Exco.

**This is an important document that requires your immediate attention.**

If you are in any doubt as to how to deal with this document, you should consult your financial or other professional adviser as soon as possible.

## Information Line:

If you have any queries in relation to WHSP's Offer, please call the  
WHSP Offer Information Line on: **1800 600 409** (for callers within Australia)  
or **+61 2 8256 3378** (for callers outside Australia)

*Financial Adviser*



**PITT CAPITAL PARTNERS**

*Legal Adviser*

**NORTON ROSE**



# Important Notices

This Bidder's Statement is a replacement Bidder's Statement dated 28 September 2012 and is given by Washington H. Soul Pattinson and Company Limited ABN 49 000 002 728 (**WHSP**) to Exco Resources Limited ABN 99 080 339 671 (**Exco**) under Part 6.5 Division 2 of the Corporations Act (as amended by ASIC Instrument [12-1288] dated 24 September 2012), in relation to the off-market takeover bid for all of the ordinary shares in Exco. This replacement Bidder's Statement replaces the original Bidder's Statement lodged with ASIC on 27 August 2012. This Bidder's Statement was lodged with ASIC on 28 September 2012. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Bidder's Statement.

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You may wish to obtain professional financial and taxation advice before deciding whether or not to accept the Initial Offer.

## Important Dates

Date of announcement of Initial Offer	Thursday, 23 August 2012
Date original Bidder's Statement was lodged with ASIC	Monday, 27 August 2012
Date replacement Bidder's Statement was lodged with ASIC	Friday, 28 September 2012
Opening date of Offer	Tuesday, 2 October 2012
Closing date of Offer (unless extended or withdrawn)	7.00 pm (Sydney time) on Friday, 2 November 2012

## Important Contacts

### WHSP Offer Information Line

Toll Free Offer Information Line  
**1800 600 409** (for callers within Australia)  
**+61 2 8256 3378** (for callers outside Australia)

## How to accept the Revised Offer via the Acceptance Facility

You should refer to the Acceptance Form accompanying this Bidder's Statement, and carefully read both the enclosed Financial Services Guide from Pacific Custodians Pty Ltd and the full terms and conditions of the Acceptance Facility set out in Section 8.3 and Annexure C of this Bidder's Statement.

If you are the legal holder of your Exco Shares, you must place "X" in the GREEN box on the Acceptance Form and complete and sign the Acceptance Form.

If your Exco Shares are held through a custodian:

- You must place "X" in the GREEN box on the Acceptance Form and complete and sign the Acceptance Form; and
- complete and sign the Custodian Direction Letter.

You must mail or deliver the completed Acceptance Form and any other documents required by the above instructions using the self addressed envelope included or otherwise, to the address indicated on the Acceptance Form so that it is received before the end of the Offer Period.

## How to accept directly into the Initial Offer

### *If your Exco Shares are in an Issuer Sponsored Holding:*

Place "X" in the BLUE box on the Acceptance Form and return a completed and signed Acceptance Form using the self addressed envelope included or otherwise to the address indicated in the form so that it is received before the end of the Offer Period.

### *If your Exco Shares are in a CHESS Holding:*

Either:

- Place "X" in the BLUE box on the Acceptance Form and return a completed and signed Acceptance Form using the self addressed envelope included or otherwise to the address indicated on the Acceptance Form, so that it is received in sufficient time to be processed before the end of the Offer Period; or
- instruct your Controlling Participant (usually your broker) to accept WHSP's Offer on your behalf before the end of the Offer Period.

### *If you are a Participant:*

Initiate acceptance of WHSP's Offer in accordance with requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

## Disclaimer as to forward looking statements

This Bidder's Statement may include certain statements that are in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statement. The forward looking statements in this Bidder's Statement reflect the views held only as at the date of this Bidder's Statement. While WHSP believes that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. You are cautioned not to place undue reliance on any forward looking statement.

## Information on Exco

The information on Exco contained in this Bidder's Statement is based on publicly available information. None of the information in the Bidder's Statement concerning Exco's business has been verified by WHSP for the purpose of this Bidder's Statement. Accordingly, subject to the Corporations Act, WHSP does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information. The information on Exco in this Bidder's Statement should not be deemed to be comprehensive. Further information on Exco's business will likely be included in Exco's Target's Statement which Exco must provide to its shareholders in response to this Bidder's Statement.

## Reserves and Resources

Unless otherwise indicated, all reserves and resources information in respect of Exco has been extracted from information included in public documents filed by Exco. This information has not been verified by WHSP.

## Privacy

WHSP has collected your information from the register of Exco shareholders for the purpose of making this Offer. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to WHSP and its related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC.

## Foreign Shareholders

The Bidder's Statement is intended to be distributed in Australia. The distribution to countries outside of Australia may be restricted by law or regulation. This Bidder's Statement and the Offer do not in any way constitute an offer in any place in which, or any person to whom, it would not be lawful to make such an offer. If you are a foreign shareholder and in possession of this Bidder's Statement, please ensure that you are aware of and observe any restrictions imposed in your jurisdiction.

## Defined Terms

A number of defined terms are used in this Bidder's Statement. These terms are explained in Section 10 of this Bidder's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.



# ACCEPT



# Corporate Directory

**WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED** ABN 49 000 002 728

## Registered Office

Level 1, 160 Pitt Street  
Sydney NSW 2000  
Telephone: +61 2 9232 7166  
Facsimile: +61 2 92351747  
[www.whsp.com.au](http://www.whsp.com.au)

## WHSP Directors

**Robert D Millner**  
**Michael J Millner**  
**Peter R Robinson**  
**David J Fairfull**  
**Thomas C D Millner**  
**Robert G Westphal**  
**David E Wills**

## WHSP Secretary

**Ian D Bloodworth**

## Share Registry

**Advanced Share Registry**  
PO Box 1156  
Nedlands Western Australia 6909  
Phone: +61 8 9389 8033

## Financial Advisers

**Pitt Capital Partners**

## Legal Advisers

**Norton Rose Australia**

## Acceptance Facility Custodian

**Pacific Custodians Pty Limited**  
Locked Bag A14  
Sydney South NSW 1235  
Phone: +61 2 8280 7748

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# Letter from the Chairman

## of Washington H. Soul Pattinson and Company Limited

Dear Exco shareholder,

On behalf of the board of directors of Washington H. Soul Pattinson and Company Limited (**WHSP**), I am pleased to present to you a **RECOMMENDED** Revised Offer for all of your shares in Exco Resources Limited (**Exco**).

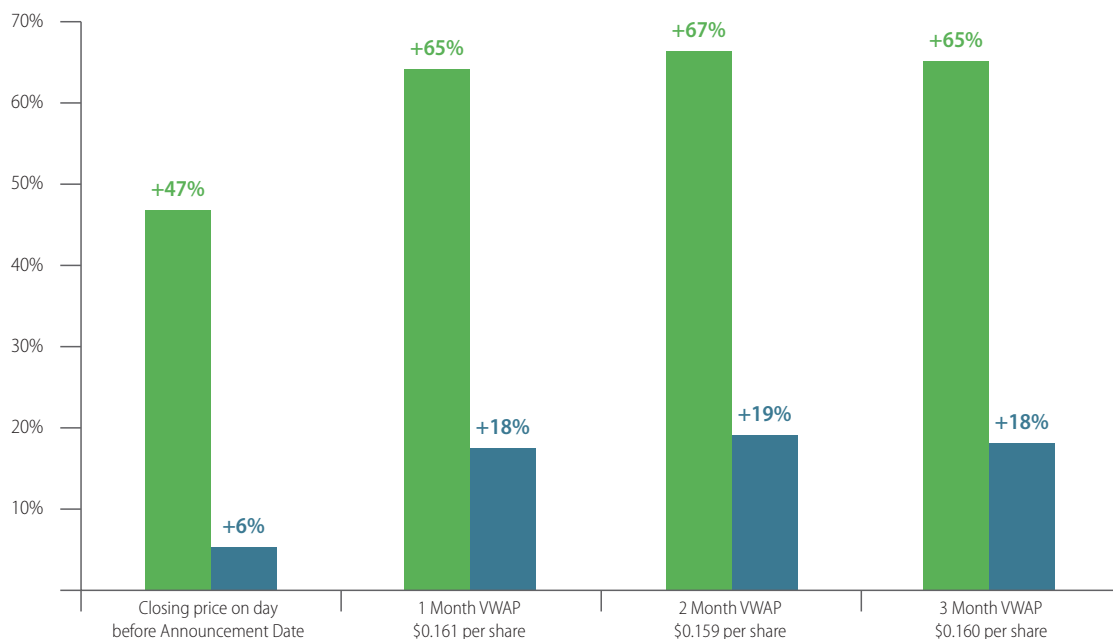
WHSP will vary its initial offer of \$0.19 per Exco Share (**Initial Offer**) to \$0.265 per Exco Share (**Revised Offer**) upon receiving acceptances, which together with any other shares in Exco in which it has a relevant interest, gives it an interest in at least 90% of the shares in Exco (**90% Acceptances**). The Exco directors do not recommend the Initial Offer.

WHSP's Offer is not subject to any defeating conditions, meaning that Exco shareholders will receive \$0.265 cash per Exco Share if WHSP achieves 90% Acceptances.

Exco directors **UNANIMOUSLY RECOMMEND** that Exco shareholders accept the Revised Offer by immediately accepting into the Acceptance Facility. You should not withdraw those instructions unless a superior proposal emerges.

### Attractive Premium

Both the Initial Offer of \$0.190 per Exco share and the Revised Offer of \$0.265 per Exco Share represent an attractive premium to the recent and historical trading price of Exco Shares. The Revised Offer reflects a significant premium to the closing price and volume weighted average price (**VWAP**) of Exco Shares prior to the Announcement Date.



Note: VWAPs are based on the period up to and including 22 August 2012 being the last trading day before the Announcement Date.

Exco's second largest shareholder (after WHSP), Ivanhoe Australia Limited (**IVA**) holds 55,022,862 million shares in Exco and has advised WHSP that it intends to accept the Offer in respect of these shares in the absence of an alternative proposal for Exco that is superior for IVA.

WHSP has established an Acceptance Facility so that Exco shareholders who wish to follow the recommendation of the Exco directors to accept WHSP's Offer only on the basis of the proposed increased Offer Price of \$0.265 cash per Exco Share under the Revised Offer can lodge instructions with the Facility Agent for their Exco Shares to be accepted into WHSP's Offer if and when WHSP obtains 90% Acceptances or the Directors of Exco unanimously recommend Exco Shareholders accept a varied Offer.

To accept into the Acceptance Facility shareholders should immediately place "X" in the GREEN box on the Acceptance Form and complete and sign the Acceptance Form and return it to WHSP using the enclosed self addressed envelope so that it is received before the end of the Offer Period.

Further details of WHSP's Offer including its key terms, and how it can be accepted are set out in this Bidder's Statement.

I encourage you to read this Bidder's Statement carefully and in full, and then to return your completed forms as soon as possible. WHSP's Offer is open for your acceptance until 7.00 pm (Sydney time) on Friday, 2 November 2012 unless otherwise extended.

If you have any questions, please call the WHSP Offer Information Line on 1800 600 409 (toll-free within Australia) or +61 2 8256 3378 (for callers from outside Australia) between 9.00 am and 5.00 pm Monday to Friday (Sydney time) during the Offer Period.

We look forward to receiving your signed forms as soon as possible.

Yours sincerely,



**Robert D. Millner**

*Chairman*

Washington H. Soul Pattinson and Company Limited



# Why you should **Accept** the Revised Offer



1.

The Revised Offer is supported by your Exco board. All Exco directors unanimously recommend that you immediately **ACCEPT into the Acceptance Facility**

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2.

The Revised Offer of \$0.265 provides an attractive premium to the recent and historical volume weighted average trading prices of Exco Shares

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3.

The Revised Offer is a straight forward cash offer, which is subject only to WHSP receiving 90% Acceptances and provides Exco shareholders with certainty

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4.

The Revised Offer allows Exco shareholders to eliminate any risks associated with the development of Exco's assets

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5.

The Revised Offer allows Exco shareholders to eliminate any future funding uncertainties for Exco's assets



6. Exco's Share price may fall if WHSP's Offer is not successful and there is no competing proposal

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7. If a substantial number of other Exco shareholders accept WHSP's Offer, and WHSP is unable to proceed with compulsory acquisition, the remaining liquidity of Exco Shares will decrease. This may adversely impact the trading value of Exco Shares as well as the ability of Exco shareholders to sell their Exco Shares

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8. WHSP's Offer is the only current offer available for your Exco Shares

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9. You will not pay brokerage by accepting WHSP's Offer

# Why you should **Accept** the Revised Offer



## 1. The Revised Offer is supported by your Exco board. Exco directors unanimously recommend that you immediately ACCEPT into the Acceptance Facility

WHSP will increase the Offer Price to \$0.265 cash per Exco Share if WHSP obtains 90% Acceptances.

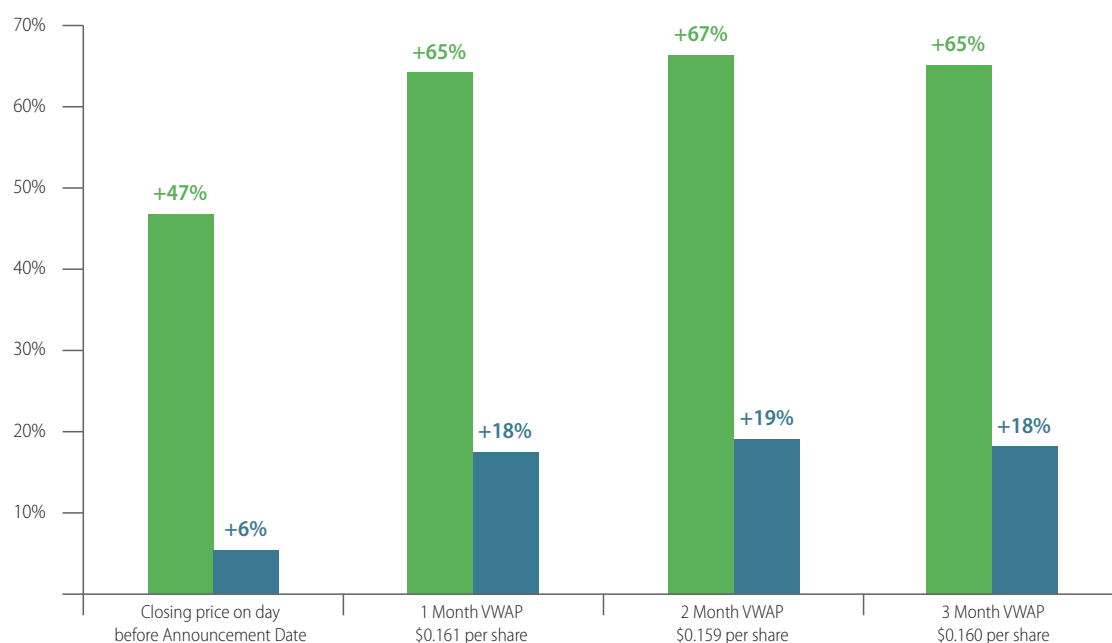
The Exco Board considers that the Revised Offer is fair and should be ACCEPTED by Exco Shareholders by immediately providing instructions to accept into the Acceptance Facility. You should not withdraw those instructions unless a superior proposal emerges.

Each Exco director intends to accept into the Acceptance Facility in respect of the Exco Shares that they own or control and will not withdraw those Acceptance Instructions (subject to there being no superior proposal).

## 2. The Revised Offer provides a significant premium to the recent and historical volume weighted average trading prices of Exco Shares

Both the Initial Offer of \$0.19 cents and the Revised Offer of \$0.265 per Exco share represent a premium to the recent and historical trading price of Exco Shares.

The Revised Offer represents a significant premium to the closing price and volume weighted average trading prices of Exco Shares prior to the Announcement Date.



Note: VWAPs are based on the period up to and including 22 August 2012, being the last trading day before the Announcement Date

### **3. The Revised Offer is a straight forward cash offer , which is only subject to WHSP receiving 90% Acceptances and provides Exco shareholders with certainty**

The value of Exco's assets and its ability to fund these to production is impacted by the global economic environment.

WHSP's Offer is not subject to any defeating conditions. This means that, subject to receiving 90% Acceptances, the Revised Offer will proceed and all Exco shareholders who validly accept the Revised Offer will receive certainty of cash of \$0.265 per Exco Share at a time when, in common with other explorers and developers Exco is exposed to earnings and funding uncertainty.

If you choose not to accept the Offer and WHSP does not compulsorily acquire your Exco Shares you will continue to have exposure to the risks associated with an investment in Exco.

### **4. Accepting the Revised Offer allows Exco shareholders to eliminate any risks associated with the development of Exco's assets**

A majority of Exco's assets are development and exploration stage assets which are inherently risky. The Revised Offer allows Exco shareholders to sell all of their Exco Shares at a price recommended by the Exco board and eliminate that risk.

If Exco is required to raise equity in the future and you are unable or unwilling to contribute to such an equity raising, your shareholding in Exco may be diluted.

### **5. The Revised Offer allows Exco shareholders to eliminate any future funding uncertainties for Exco's assets**

Exco may need additional funding in the future to bring its development and exploration assets to production. If such funding is by means of an equity raising, Exco shareholders who cannot or choose not to participate in any such equity raising may have their shareholding in Exco diluted.

### **6. Exco's Share price may fall if the Revised Offer is not successful and there is no competing proposal**

In the event that the Revised Offer fails and there is no competing proposal, the price of Exco's Shares may fall.

Prior to the Announcement Date, Exco Shares have not closed above the Initial Offer Price since 14 March 2012.



## 7. If a substantial number of other Exco shareholders accept the Initial Offer despite the recommendation of the Exco board, the remaining liquidity of Exco Shares will likely decrease. This may adversely impact the trading value of Exco Shares as well as the ability of Exco shareholders to sell their Exco Shares

At the date of this Bidder's Statement, WHSP has a relevant interest in 19.3% of Exco Shares on issue. At the Announcement Date, Exco's second largest shareholder, Ivanhoe Australia Limited (**IVA**) held an interest in 15.5% of Exco Shares on issue.

IVA has advised WHSP that it intends to accept the Initial Offer in respect of these shares in the absence of an alternative proposal for Exco that is superior for IVA.

WHSP's intentions in respect to Exco depend on the ultimate level of shareholding it achieves. These intentions are set out in Section 6. Exco shareholders should be aware that there are risks associated with being a minority shareholder in an illiquid stock.

## 8. WHSP's Offer is the only current offer available for your Exco Shares

At the date of this Bidder's Statement, there were no current alternative proposals available to Exco shareholders.

## 9. You will not pay brokerage by accepting WHSP's Offer

By accepting WHSP's Offer, you will not pay any brokerage. You may incur brokerage costs if you choose to sell your Exco Shares on market or instruct your broker to accept WHSP's Offer on your behalf.

## Section 1

# Frequently asked questions

This Section provides an overview of WHSP's Offer. Section 9 contains the full terms and conditions of WHSP's Offer.

<b>What is WHSP offering?</b>	<p>WHSP is offering to acquire all of your Exco Shares for \$0.19 in cash per Exco Share on the terms set out in Section 9 of this Bidder's Statement. The \$0.19 offer is referred to in this Bidder's Statement as the "Initial Offer".</p> <p>Exco directors rejected the Initial Offer but have unanimously recommended a higher offer of \$0.265 per Exco Share which WHSP has agreed to pay if WHSP obtains 90% Acceptances during the Offer Period. This higher offer of \$0.265 is referred to in this Bidder's Statement as the "Revised Offer".</p> <p>You can only accept WHSP's Offer in respect of all of your Exco Shares.</p>
<b>What is the Revised Offer?</b>	<p>WHSP will vary the Initial Offer by increasing the Offer Price to \$0.265 cash per Exco Share if WHSP obtains 90% Acceptances during the Offer Period.</p> <p>The board of Exco has unanimously recommended that Exco shareholders accept the Revised Offer by lodging Acceptance Instructions into the Acceptance Facility, further details of which are set out in Section 8.3 of this Bidder's Statement.</p>
<b>When does WHSP's Offer open?</b>	Tuesday, 2 October 2012.
<b>When does WHSP's Offer close?</b>	Unless extended or withdrawn, acceptances for WHSP's Offer close at 7.00 pm (Sydney time) on Friday, 2 November 2012.
<b>What is this Bidder's Statement?</b>	<p>This document is the Bidder's Statement and describes the terms and conditions of WHSP's Offer for your Exco Shares and sets out information relevant to your decision as to whether to accept WHSP's Offer for all of your Exco Shares.</p> <p>This Bidder's Statement is an important document and should be read in its entirety. If you are in any doubt as to how to deal with this document, please consult your legal, financial or other professional adviser as soon as possible.</p>
<b>What is the Acceptance Facility?</b>	<p>WHSP has established an Acceptance Facility so that Exco shareholders who wish to follow the recommendation of the Exco directors to accept WHSP's Offer only on the basis of the proposed increased Offer Price of \$0.265 cash per Exco Share under the Revised Offer can lodge instructions with the Facility Agent for their Exco Shares to be accepted into WHSP's Offer if and when WHSP obtains 90% Acceptances or the directors of Exco unanimously recommend Exco shareholders accept a varied offer. Further details are set out in Section 8.3 of this Bidder's Statement.</p> <p>The Acceptance Facility is open to all Exco shareholders. The collection agent for the Acceptance Facility is Pacific Custodians Pty Limited.</p>

<p><b>What choices do I have?</b></p>	<p>Exco Shareholders have the following choices available to them:</p> <ol style="list-style-type: none"> <li><b>Follow the unanimous recommendation of the Exco directors and accept the Revised Offer through the Acceptance Facility by placing "X" in the GREEN box on the Acceptance Form</b> <ul style="list-style-type: none"> <li>Exco shareholders who wish to accept the Revised Offer of \$0.265 cash per Exco Share should place "X" in the GREEN box on the Acceptance Form and complete and sign the Acceptance Form and the Custodian Direction Letter (if applicable), and return these documents using the self addressed envelope included or otherwise, to the address indicated on the Acceptance Form so that the documents are received before the end of WHSP's Offer Period.</li> <li>Further details are set out in Section 8.3 of this Bidder's Statement.</li> </ul> </li> <li><b>Reject the advice of the Exco board and accept directly into the Initial Offer by placing "X" in the BLUE box on the Acceptance Form</b> <ul style="list-style-type: none"> <li>If Exco shareholders accept directly into the Initial Offer, they will be paid \$0.19 per Exco Share within 7 days of the receipt of their acceptance by WHSP and they will be paid an additional \$0.075 per Exco Share if WHSP later obtains 90% Acceptances within 7 days of this being achieved.</li> <li>If WHSP does not obtain 90% Acceptances, the Exco shareholders who have accepted WHSP's Offer will not receive the additional \$0.075.</li> </ul> </li> <li><b>Sell your Exco shares on ASX</b></li> <li><b>Do nothing and continue to hold your Exco shares</b></li> </ol> <p>Further information about these choices is set out in Section 8.2 of this Bidder's Statement.</p>
<p><b>What is the expected date of payment to Exco shareholders who accept the Initial Offer?</b></p>	<p>If you accept the Initial Offer directly, WHSP will pay you \$0.19 per Exco Share within 7 days of the receipt of your acceptance by WHSP and an additional \$0.075 per Exco Share within 7 days if WHSP later obtains 90% Acceptances. If WHSP does not obtain 90% Acceptances, and you have accepted the Initial Offer directly, you <b>will not</b> receive the additional \$0.075 per Exco Share.</p> <p>If you accept into the Acceptance Facility <b>and</b> WHSP obtains 90% Acceptances, WHSP will pay you the consideration to which you are entitled within 7 days of the release of your acceptance from the Acceptance Facility.</p> <p>Exco shareholders should note that if they choose to lodge Acceptance Instructions into the Acceptance Facility, they will not receive any consideration under WHSP's Offer unless and until WHSP obtains 90% Acceptances or the directors of Exco unanimously recommend Exco shareholders accept a varied Offer or they otherwise withdraw their Acceptance Instructions from the Acceptance Facility and accept the Initial Offer.</p>
<p><b>Is there any possibility that the Offer Period will be extended?</b></p>	<p>The Offer Period can be extended at WHSP's election, subject to the Corporations Act. You will be sent written notice of any extension as required by the Corporations Act and the extension will be announced to ASX.</p>
<p><b>Can I accept WHSP's Offer in respect of only some of my shareholding?</b></p>	<p>No. You can only accept in respect of all of your Exco Shares.</p> <p>If you accept the Initial Offer, or lodge Acceptance Instructions to accept the Revised Offer, you will be deemed to have accepted the Offer, or given Acceptance Instructions (as the case may be) in respect of all of your Exco Shares.</p>
<p><b>Which securities does WHSP's Offer relate to?</b></p>	<p>WHSP's Offer is made in respect of Exco Shares existed as at 7.00 pm (Sydney time) on 27 August 2012 (<b>Record Date</b>) and also relates to Exco Shares that are issued during the period from the Record Date to the end of WHSP's Offer Period due to the vesting of Exco Performance Rights.</p>
<p><b>Are there conditions to WHSP's Offer?</b></p>	<p>No, WHSP's Offer is not subject to any defeating conditions.</p> <p>Receiving the full consideration under the Revised Offer is however conditional on WHSP achieving 90% Acceptances.</p>
<p><b>Can I sell my Exco Shares on ASX?</b></p>	<p>Yes. However, once you accept WHSP's Offer, you will not be permitted to sell your Exco Shares on ASX, accept any other offer or otherwise deal with your Exco Shares.</p> <p>If you accept into the Acceptance Facility you will retain all rights and full control over your Exco Shares and, in particular, you will be able to withdraw your Acceptance Instructions and sell your Exco Shares on ASX simply by notifying the Facility Agent either in writing or by way of an email transmission (at the email address WHSPAF@linkmarketservices.com.au). Further details are set out in the full terms of the Acceptance Facility contained in Annexure C of this Bidder's Statement.</p>

<b>Will I incur any brokerage costs if I accept WHSP's Offer?</b>	If you accept WHSP's Offer, you will not be required to pay brokerage costs if the Exco Shares are registered in your name and you deliver them directly to WHSP. However, if your Exco Shares are registered in a CHESS Holding or you hold your Exco Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or services charges in connection with your acceptance.
<b>Do I have to pay stamp duty if I accept WHSP's Offer?</b>	No, you will not have to pay stamp duty.
<b>What if I accept the Initial Offer and WHSP increases the Offer Price?</b>	In accordance with the Corporations Act, if WHSP increases the Offer Price, you will be paid the higher price irrespective of when you accepted the Initial Offer. If you have already received payment in respect of the Initial Offer, you will be paid the difference between the amount you have already received and the higher price. WHSP will increase the Offer Price to \$0.265 if it obtains 90% Acceptances.
<b>What will happen if I accept directly into the Initial Offer?</b>	If you accept the Initial Offer directly (that is, you do not use the Acceptance Facility) you will be paid \$0.19 cash for each of your Exco Shares. You will receive an additional \$0.075 per Exco Share if WHSP obtains 90% Acceptances. Once you accept the Initial Offer directly you will not be permitted to sell your Exco Shares on ASX, accept any other offer or otherwise deal with your Exco Shares, subject to you exercising any withdrawal rights which might arise. If WHSP does not obtain 90% Acceptances, and you have accepted the Initial Offer, you will not receive the additional \$0.075 per Exco Share.
<b>What will happen if I accept into the Acceptance Facility?</b>	If you accept the recommendation of the Exco directors and lodge Acceptance Instructions into the Acceptance Facility, by placing "X" in the GREEN box on the Acceptance Form and completing and signing the Acceptance Form and the Custodian Direction Letter (if applicable), you will either: <ul style="list-style-type: none"> <li>• receive \$0.265 per Exco Share if WHSP receives 90% Acceptances before the close of the Offer; or</li> <li>• continue to hold your Exco Shares if WHSP does not receive 90% Acceptances before the close of the Offer.</li> </ul> You will be entitled to withdraw your Acceptance Instructions at any time up until WHSP achieves 90% Acceptances or the directors of Exco unanimously recommend Exco shareholders accept a varied Offer. Exco shareholders should note that if they choose to elect to participate in the Acceptance Facility, they will not receive any consideration under the Offer unless and until WHSP obtains 90% Acceptances or they otherwise directly accept the Initial Offer.
<b>What will happen if I do not accept WHSP's Offer?</b>	If you do not accept WHSP's Offer, or if you accept into the Acceptance Facility and WHSP does not obtain 90% Acceptances, you will remain an Exco shareholder and will not receive the consideration offered by WHSP. If WHSP becomes entitled to compulsorily acquire your Exco Shares (that is, essentially if WHSP obtains 90% Acceptances), then WHSP will compulsorily acquire your Exco Shares. If this occurs, you will be paid the Revised Offer Price for your Exco Shares. However, you will receive the Offer consideration earlier if you accept the Revised Offer through the Acceptance Facility as Exco directors have recommended. If WHSP does not acquire your Exco Shares through compulsory acquisition, you will remain an Exco shareholder.
<b>What are the tax implications if I accept WHSP's Offer?</b>	This will vary for each individual and you are advised to consult your financial, tax, or other professional adviser on the tax implications of acceptance. A general summary of the likely Australian taxation implications of accepting WHSP's Offer are provided in Section 7 of this Bidder's Statement.
<b>How do I follow the advice of the Exco directors and accept into the Acceptance Facility?</b>	If you are the legal holder of your Exco Shares, you must place "X" in the GREEN box on the Acceptance Form and complete and sign the Acceptance Form. If your Exco Shares are held through a custodian: <ul style="list-style-type: none"> <li>• you must place "X" in the GREEN box on the Acceptance Form and complete and sign the Acceptance Form; and</li> <li>• complete and sign the Custodian Direction Letter.</li> </ul> You must mail or deliver the completed Acceptance Form and any other documents required by the above instructions using the self addressed envelope included or otherwise, to the address indicated on the Acceptance Form so that it is received before the end of the Offer Period.



<p><b>How do I accept directly into the Initial Offer?</b></p>	<p><b><i>If your Exco Shares are in an Issuer Sponsored Holding (your SRN starts with an “I”):</i></b></p> <p>Place “X” in the BLUE box on the Acceptance Form and return a completed and signed Acceptance Form by using the self addressed envelope or otherwise, to the address indicated in the form before the end of the Offer Period.</p> <p><b><i>If your Exco Shares are in a CHESS Holding (your HIN starts with “X”):</i></b></p> <p>Either:</p> <ul style="list-style-type: none"> <li>• Place “X” in the BLUE box on the Acceptance Form and return a completed and signed Acceptance Form by using the self addressed envelope or otherwise, to the address indicated in the form so that it is received in sufficient time to be processed before the end of the Offer Period; or</li> <li>• instruct your Controlling Participant (usually your broker) to accept the Offer on your behalf before the end of the Offer Period.</li> </ul> <p><b><i>If you are a Participant:</i></b></p> <p>Initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.</p>
<p><b>Can I withdraw my acceptance of the Initial Offer?</b></p>	<p>Once you accept the Initial Offer, you cannot withdraw your acceptance.</p>
<p><b>Can I withdraw my acceptance into the Acceptance Facility?</b></p>	<p>Yes .</p> <p>If you accept by accepting into the Acceptance Facility, you will be able to withdraw your Acceptance Instructions by notifying the Facility Agent either in writing or by way of an email transmission (at the email address WHSPAF@linkmarketservices.com.au). Further details are set out in the full terms of the Acceptance Facility contained in Annexure C of this Bidder’s Statement.</p> <p>You can withdraw your acceptance into the Acceptance Facility at any time up until WHSP achieves 90% Acceptances.</p>
<p><b>Where do I go for further information about WHSP’s Offer?</b></p>	<p>If you have further enquiries in relation to WHSP’s Offer, please call the WHSP Offer Information Line on 1800 600 409 (toll-free within Australia) or +61 2 8256 3378 (for callers from outside Australia) between 9.00 am and 5.00 pm Monday to Friday (Sydney time) during the Offer Period. Alternatively, you may contact your legal, financial or other professional adviser.</p> <p>Any further material information relating to WHSP’s Offer will be lodged with ASX and included on WHSP’s website at <a href="http://www.whsp.com.au">www.whsp.com.au</a>. Further material information may also be the subject of a supplementary bidder’s statement from WHSP.</p>

## **By accepting the Initial Offer directly you will appoint WHSP as your proxy in respect of your Exco Shares.**

You should note that in addition to the usual proxy rights conferred on a bidder by an acceptance , the terms of WHSP’s Offer also entitle WHSP to attend and vote at general meetings of Exco on your behalf in respect of your Exco Shares for which you have accepted the Initial Offer . Those terms also preclude you from attending and voting or appointing another proxy.

In particular, if you accept the Initial Offer prior to the relevant general meeting (if any), WHSP will be entitled to vote in respect of your Exco Shares on any proposal which competes with WHSP’s Offer which requires Exco shareholder approval. WHSP is likely to vote against any such proposal.

It is therefore possible that WHSP could vote against any competing proposal in respect of your Exco Shares, but WHSP may not be successful in completing the acquisition of your Exco Shares under the Revised Offer, in which case you could remain as a shareholder in Exco.

You should note that the proxy rights granted to WHSP will not be limited to resolutions relating to, or affecting, WHSP’s Offer.

Importantly, these proxy rights will not be granted to WHSP if you lodge Acceptance Instructions into the Acceptance Facility, until these Acceptance Instructions are released and processed as valid acceptances of the Revised Offer.

## Section 2

# Information on WHSP

## 2.1 Overview of WHSP and its principal activities

WHSP is a diversified investment company incorporated in Australia and is Australia's second oldest publicly listed company, having listed in 1903.

WHSP has significant investments across a range of different sectors including resources, telecommunications, building products, financial services, pharmaceuticals, retail and agriculture.

## 2.2 WHSP Directors

The directors of WHSP as at the date of this Bidder's Statement are set out below:

### **Robert D Millner**

Chairman of the Board, Non-Executive Director since 1984

### **Michael J Millner**

Deputy Chairman, Non-Executive Director since 1997

### **Peter R Robinson**

Executive Director, joined the Company in 1978 and a Director since 1984

### **David J Fairfull**

Non-Executive Director since 1997

### **Thomas C D Millner**

Non-Executive Director since 2011

### **Robert G Westphal**

Non-Executive Director since 2006

### **David E Wills**

Non-Executive Director since 2006

## 2.3 Announcement by Bidder in relation to the Offer

On 23 August 2012 WHSP made an announcement to ASX in relation to the Offer.

On 19 September 2012, Exco and WHSP made an announcement to ASX in relation to the Revised Offer. This announcement also attached a copy of the binding Bid Implementation Agreement which was entered into by Exco and WHSP on 18 September 2012 to give effect to the Revised Offer. This Bid Implementation Agreement has not been reproduced in this Bidder's Statement however a full copy can be obtained from ASX.

A copy of these announcements are set out in Annexure A to this Bidder's Statement.

## 2.4 WHSP's ownership of CopperChem

WHSP has an interest in 93.4% of CopperChem. CopperChem's operations are based in Cloncurry and it owns a plant for processing sulphide and oxide copper ore.

## 2.5 Interaction between CopperChem and Exco's assets

CopperChem's assets are geographically near Exco's assets and provide a processing opportunity for any ore potentially mined at Mt Colin or Kangaroo Rat. To the extent that CopperChem is able to successfully develop Mt Colin and Kangaroo Rat or has future exploration success through Exco's other Cloncurry based assets, it is possible that ore from those sources will add to the resources of CopperChem's existing operations.

WHSP has been advised by CopperChem that in the normal course of business, the management of CopperChem has previously held discussions with management of Exco in relation to Mt Colin, such as CopperChem.

These discussions did not lead to any formal consideration of an asset sale between the two parties.

In the course of the discussions, CopperChem received some information relating to Mt Colin which included a scoping study prepared for Exco which assumed that the Mt Colin project was owned by a party that also owned a processing facility capable of processing Mt Colin ore.

To the extent that Exco believes that any information it provided to CopperChem is information that Exco Shareholders would reasonably require to make an informed decision about the Offer, Exco has agreed with WHSP that such information will be included in Exco's Target's Statement.

WHSP notes that Mt Colin and Kangaroo Rat:

- have only indicated and inferred resources;
- are undeveloped; and
- are not of sufficient scale to justify the construction of stand-alone processing infrastructure,

and, as such, WHSP is currently unable to define the amount of strategic value to WHSP in gaining these resources.

## 2.6 Alliance agreement and royalty agreements

As previously disclosed by Exco, including in its announcement to ASX dated 1 April 2011, its annual report for its 2011 financial year released on 24 October 2011 and in its announcement to ASX dated 19 July 2012, Exco has a number of agreements in place with CopperChem. These include an alliance agreement and various royalty agreements (together, the **Alliance and Royalty Agreements**) entered into by Exco in December 2004 and subsequently varied in September 2009, when CopperChem first acquired an interest under the Alliance and Royalty Agreements. The Alliance and Royalty Agreements relate to the mining of copper ore resources in the Cloncurry district in Queensland, including under the Great Australia mining lease (ML90065).

Under the Alliance and Royalty Agreements, Exco retains a residual interest with respect to sulphide ores in the Great Australia mining lease and is entitled to certain royalty rights over sulphide ores and oxide ores mined by CopperChem under the Great Australia mining lease.

As disclosed by Exco in its announcement to ASX dated 19 July 2012, there is currently a dispute between CopperChem and Exco in relation to the royalty rights under the Alliance and Royalty Agreements. The value of the historical royalties is in dispute and the value of the future royalty payments is uncertain.

No formal dispute resolution procedures have commenced.

## 2.7 Publicly available information

WHSP is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as an ASX listed company, WHSP is subject to the ASX Listing Rules, which require continuous disclosure of any information WHSP has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The ASX website lists all of the announcements issued by WHSP. These documents are available in electronic form at [www.asx.com.au](http://www.asx.com.au).

In addition, WHSP is required to lodge certain documents with ASIC. Copies of the documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. A substantial amount of publicly available information about WHSP is also available on the WHSP website at [www.whsp.com.au](http://www.whsp.com.au).

## Section 3

# Information on Exco

### 3.1 Disclaimer

The information set out in this Bidder's Statement in relation to Exco has been prepared by WHSP using publicly available information, which has not been independently verified. Accordingly, WHSP does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. Further information relating to Exco's business may be included in the Target's Statement.

### 3.2 Overview of Exco

Exco is an ASX listed mining and exploration company operating since 1998. Exco is focused on exploration and resource/project development.

### 3.3 Exco Directors

The directors of Exco as at the date of this Bidder's Statement are set out below:

**Barry Sullivan**

Chairman of the board and a Non-Executive Director. A Director since 2005

**Alasdair Cooke**

Executive Director. A Director since 2001

**Tom Whiting**

Non-Executive Director since 2011

**Michael Spreadborough**

Non-Executive Director since 2012

**Geoff Laing**

Managing Director since 2012

### 3.4 History of Exco

Exco was registered in Australia on 14 November 1997 and listed on ASX on 21 November 1998.

### 3.5 Operations

Exco holds over 3,000 square kilometres of prospective tenements in the Cloncurry region of North West Queensland and jointly owns the White Dam Gold Project in South Australia with joint venture partner Polymetals Mining Limited.

### 3.6 Securities

Please refer to Section 4 of this Bidder's Statement for details of Exco's securities, WHSP's interest in those securities and WHSP's dealings in those securities.

### 3.7 Publicly available information

Exco is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as an ASX listed company, Exco is subject to the ASX Listing Rules, which require continuous disclosure of any information Exco has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The ASX website lists all of the announcements issued by Exco. These documents are available in electronic form at [www.asx.com.au](http://www.asx.com.au).

The Exco annual report for the financial year ended 30 June 2011 (**Annual Report**) was lodged with ASIC and given to ASX on 24 October 2011. A description of each announcement made by Exco following the lodgement of the Annual Report up to the date of this Bidder's Statement is set out at Annexure B.

In addition, Exco is required to lodge certain documents with ASIC. Copies of the documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. Further publicly available information about Exco is available in electronic form on Exco's website at [www.excoresources.com.au](http://www.excoresources.com.au).

## Section 4

# Information on Exco Securities

### 4.1 Exco Securities on issue

According to documents provided by Exco to ASX, as at 27 August 2012, Exco had the following securities on issue:

- 356,044,187 Exco Shares; and
- 11,200,000 Exco Performance Rights.

According to an Appendix 3B lodged with ASX on 20 September 2012, all of the Exco Performance Rights on issue as at 27 August 2012 have vested and accordingly, Exco now has 367,244,187 Exco Shares on issue.

Prior to the announcement of WHSP's Offer, the Exco board had also resolved to issue, subject to shareholder approval at the next general meeting, a further 3,300,000 Exco Performance Rights to directors of Exco. WHSP understands that the Exco Board has, in accordance with agreements entered into with these directors in March 2012, resolved to pay these directors an alternative cash amount in lieu of being issued the Performance Rights because shareholder approval may not be obtained before the close of WHSP's Offer and because the Exco Performance Rights have also vested following WHSP making its takeover bid for Exco. Further information on this arrangement will be set out in Exco's Target Statement.

### 4.2 Interest in Exco Shares

As at the date of this Bidder's Statement and at the date that WHSP's Offer is first sent:

- (1) WHSP's voting power in Exco is approximately 19.3%; and
- (2) WHSP has a relevant interest in 70,852,793 Exco Shares.

### 4.3 Dealings in Exco Shares

On 23 August 2012, WHSP acquired 24,265,770 Exco Shares from Ivanhoe Australia Limited for \$0.19 per share.

Apart from the above, neither WHSP nor any associate of WHSP has provided, or agreed to provide, consideration for Exco Shares under any purchase or agreement during the 4 months before the date of this Bidder's Statement.

### 4.4 Highest price paid for Exco Shares by Bidder

The highest price paid in the last 4 months before the date of the bid by WHSP or its Associates for an Exco Share was \$0.19.

### 4.5 No pre-Offer benefits

During the period of 4 months before the date of this Bidder's Statement, and the period from the date of this Bidder's Statement to the date of WHSP's Offer, neither WHSP nor any associate of WHSP gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (1) accept the Offer; or
- (2) dispose of Exco Shares,

which is not offered respectively to all Exco shareholders under WHSP's Offer.

### 4.6 No escalation agreements

Neither WHSP nor any associate of WHSP has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

## Section 5

# Sources of cash Consideration

### 5.1 Maximum Amount under the Revised Offer

The consideration for the acquisition of Exco Shares to which WHSP's Offer relates will be satisfied wholly in cash.

The maximum amount of cash payable under the Revised Offer, assuming WHSP acquires all of the Exco Shares which it does not already hold and the Offer Price is increased to \$0.265 per Exco Share, will be \$78.5 million.

### 5.2 Source of Funds

WHSP has existing cash reserves in excess of the maximum consideration payable pursuant to WHSP's Offer and WHSP intends to fund WHSP's Offer solely through the existing cash reserves of approximately \$218 million held across a number of financial institutions listed on recognised securities exchanges in Australia and overseas.

## Section 6

# WHSP's Intentions for Exco

## 6.1 Introduction

This Section sets out WHSP's intentions for Exco, which are based on the information concerning Exco and its business known to WHSP at the time of preparation of this Bidder's Statement, in relation to:

- the continuation of the business of Exco;
- any major changes to be made to the business of Exco, including any redeployment of the fixed assets of Exco;
- the compulsory acquisition of Exco Shares and the delisting of Exco; and
- the future employment of the present employees of Exco.

WHSP will only make final decisions in light of the material information available to it and circumstances at the relevant time. The statements set out in this Section are therefore statements of current intentions only, which may vary as new information becomes available or circumstances change.

## 6.2 Review of Exco

WHSP has reviewed information that has been made publicly available about Exco regarding its current activities and its plans for the future. However it does not currently have knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation, and financial implications of its current intentions.

At the end of the Offer Period, WHSP will, to the extent that it is able, conduct a review of Exco and its operations, assets, liabilities, structure and employees following which it will, as required, review its intentions as set out in this Section.

Consequently, final decisions on these matters have not been made and statements in this Section are statements of current intention only and which may change as new information becomes available or circumstances change.

## 6.3 Intentions on acquisition of 90% or more of Exco Shares

If WHSP becomes entitled to compulsorily acquire all of the Exco Shares in accordance with the Corporations Act, its current intentions for Exco would be as set out in this Section 6.3.

### (1) Compulsory Acquisition

If it becomes entitled to under the Corporations Act, WHSP will proceed with compulsory acquisition of any outstanding Exco Shares in accordance with the provisions of the Corporations Act.

### (2) ASX Listing

WHSP intends to procure that Exco is removed from the official list of ASX.

### (3) Directors

WHSP intends to replace some or all of the directors of Exco with its own nominees. The replacement directors have not yet been identified by WHSP and their identity will depend upon the relevant circumstances at the time.

### (4) Head Office

WHSP intends to centralise corporate head office functions of WHSP and Exco, such as company secretarial, treasury, financial management, legal, risk management and overall corporate administration of the combined operations, to reduce and eliminate duplication where appropriate.

### (5) Employees

As outlined in Section 6.2, WHSP will conduct a detailed review of Exco's operations, assets, liabilities, structure and employees. Subject to undertaking this review, WHSP expects that there may be some duplication in WHSP's and Exco's businesses and as such certain positions may become redundant. If it is not possible for WHSP to offer alternate roles to employees holding those positions, it is expected that they will be offered redundancy packages in accordance with applicable employment laws.

### (6) Divestment Policy

WHSP does not currently intend to dispose of any assets of Exco. If in the future offers are received for the assets of Exco upon terms and conditions which are favourable so as to be in the in the best interests of Exco, then those assets may be sold.

## **(7) Specific operational intentions**

WHSP will conduct a detailed review of the business and operations of Exco including in relation to its operations at Mt Colin and Kangaroo Rat, following the close of WHSP's Offer to ensure that maximum efficiencies are gained. This review may or may not lead to changes in the business or operations of Exco.

To the extent that WHSP, through CopperChem is able to successfully develop Mt Colin and Kangaroo Rat or has future exploration success through Exco's other Cloncurry based assets, ore from these sources could add to the mine life and resources of CopperChem's existing operations.

## **6.4 Intentions on acquisition of more than 50% but less than 90% of Exco Shares**

If WHSP obtains control of Exco but is not entitled to compulsorily acquire the outstanding Exco Shares, its current intentions for Exco would be as follows:

- (1) subject to the Corporations Act and the constitution of Exco, replace some or all of the directors of Exco to reflect WHSP's ownership interest in Exco; Replacement directors have not yet been determined by WHSP and their number and identity will depend upon the circumstances at the relevant time. Under the terms of the Bid Implementation Agreement dated 18 September 2012 between WHSP and Exco, WHSP has rights to appoint and remove directors of Exco in these circumstances (refer to clause 6 of the document attached to the ASX announcement dated 19 September 2012);
- (2) subject to the Listing Rules, ask the directors of Exco to review whether Exco should remain listed on ASX or be removed from the official list of ASX;
- (3) propose to the board of directors of Exco that they conduct a review of all of Exco's operations and, subject to the approval of Exco's board, allow WHSP to participate in that review;
- (4) implement the intentions outlined in Section 6.3 above, which are consistent with WHSP obtaining control of Exco; and
- (5) WHSP may acquire additional Exco Shares under the "creep" provisions of the Corporations Act. In summary, these provisions would allow WHSP and its Associates to acquire up to 3% of Exco Shares every 6 months. WHSP has not decided whether it will acquire Exco Shares under the "creep" provisions, as that will be dependent upon (amongst other things) the extent of the voting power of WHSP and its associates in Exco and market conditions at that time.

WHSP would only make a decision on these courses of action following receipt of appropriate legal, taxation and financial advice, and in light of the material circumstances at the relevant time, including Exco's directors obligations to have regard to the interests of Exco and all Exco shareholders. WHSP's intentions must also be read subject to the requirements of the Corporations Act and the Listing Rules (if Exco remains listed) in relation to related party transactions.

## **6.5 Intentions on acquisition of less than 50% of Exco Shares**

WHSP's current intentions if it does not acquire control of Exco, are to seek to obtain representation on the board of Exco and then gain a more detailed understanding of all of the projects, assets and operations of Exco to evaluate performance, profitability and prospects of Exco in light of the information then available to WHSP.

## **6.6 Business, assets and employees**

Whether Exco becomes wholly owned or partly owned by WHSP, other than as set out elsewhere in this Section, it is WHSP's present intention:

- (1) to continue the business of Exco;
- (2) not to make any major changes to the business of Exco or redeploy any of the fixed assets of Exco; and
- (3) to continue, to the maximum extent possible, the employment of Exco's present employees.



## Section 7

# Taxation considerations

## 7.1 Introduction

The information in this Section is intended to provide a general overview of the Australian income and capital gains tax implications for Australian residents who accept WHSP's Offer.

This summary is not intended to be comprehensive and is based upon WHSP's interpretation of Australian income tax legislation currently in force at the date of this Bidder's Statement. Exco shareholders should not rely on the information in this Section as advice in relation to their own affairs. The taxation laws are complex and there could be implications in addition to those described in this Section. Exco shareholders should seek independent professional advice in relation to their own particular circumstances.

The information in this Section does not apply to non-resident Exco shareholders and Exco shareholders who have received their Exco Shares in their capacity as employees of Exco. Non-resident and employee shareholders should also obtain their own independent advice.

## 7.2 Exco Shares held as a capital investment

Exco shareholders, who acquired their shares with the intention of holding them as a long term investment to earn dividend income and/or for long term capital growth, will usually be treated as holding those shares as a capital asset.

Such Exco shareholders who accept WHSP's Offer and dispose of their Exco Shares to WHSP may realise a capital gain or capital loss under Australian capital gains tax rules.

Exco shareholders whose cost base for the acquisition of their Exco Shares is for less than the Offer Price, will make a capital gain on the disposal of their Exco Shares to WHSP. The cost base of listed shares will generally be the cost of acquisition of the Exco Shares plus any costs incurred in relation to acquiring and disposing of the shares (such as broker's fees and stamp duty). Certain Exco shareholders can qualify to be entitled to a CGT discount so that only part of any net capital gain is liable to Australian tax.

If an individual makes a capital gain from the disposal of their Exco Shares which have been held for at least 12 months before disposal, the individual will qualify for the discount and be taxed on only 50% of any net gain remaining after the application of capital losses incurred in the current year and carried forward from prior years by the Exco shareholder. If the Exco Shares have been held for less than 12 months, the individual will be taxed on 100% of any net gain remaining after the application of any capital losses.

If a trustee of a superannuation fund makes a capital gain from the disposal of Exco Shares which have been held for at least 12 months before disposal, after application of the discount, the trustee will be taxed on only  $\frac{2}{3}$  of any net gain remaining after the application of capital losses.

The discount can also apply to Exco shareholders who are trustees of other trusts. Such shareholders should seek specific tax advice concerning the application of the CGT discount rules to them.

As an alternative to the discounting concession above, in calculating their capital gain, Exco shareholders who are individuals, complying superannuation entities or the trustees of trusts who acquired their Exco Shares at or before 11.45am on 21 September 1999, may choose to adjust the cost base of their Exco Shares to include indexation by reference to changes in the consumer price index up to the calendar quarter ended 30 September 1999.

Exco shareholders whose cost base of acquiring their Exco Shares is greater than the Offer Price will make a capital loss if they accept WHSP's Offer. In calculating the capital loss, the reduced cost base is not indexed for inflation irrespective of how long the Exco Shares have been held.

Capital losses may be offset against capital gains arising in the same year of income to determine the net capital gain. Any net capital gain is included in the Exco shareholder's assessable income and is subject to income tax. Capital losses may not be otherwise offset against taxable income, but may be carried forward to offset against future capital gains.

Exco shareholders should seek independent professional advice in relation to their own particular circumstances.

## 7.3 Exco Shares held as revenue assets

Australian resident Exco shareholders may be subject to the general income tax provisions (rather than the capital gains tax provisions) in respect of the profit or loss made from the disposal of their Exco Shares to WHSP in some circumstances. For example, this will occur if an Exco shareholder is in the business of trading in securities or their Exco Shares were acquired for the purpose of making a profit from a subsequent sale.

In these circumstances a taxable gain will arise if the Offer Price exceeds an Exco shareholder's costs of acquiring its Exco Shares. A loss will arise for the Exco shareholder if the Offer Price is less than the costs they incurred when acquiring the Exco Shares. This loss may be offset against other taxable income (including capital gains) made by the Exco shareholder.

Exco shareholders should seek independent professional advice in relation to their own particular circumstances.

## Section 8

# Other material information

## 8.1 Introduction

Except as set out in this Bidder's Statement, there is no other information that is material to the making of the decision by a holder of Exco Shares whether to accept WHSP's Offer, which is known to WHSP and has not been previously disclosed to Exco shareholders.

## 8.2 Options for Exco shareholders

There are several options available to Exco shareholders, including:

- Accept the recommendation of the Exco directors by accepting the Revised Offer using the Acceptance Facility;
- Accept the Initial Offer directly;
- Sell your Exco Shares on ASX; or
- Do nothing and continue to hold your Exco Shares.

### (1) Accept into the Acceptance Facility

Exco shareholders that lodge Acceptance Instructions into the Acceptance Facility by placing "X" in the GREEN box on the Acceptance Form and completing and signing the Acceptance Form and the Custodian Direction Letter (if applicable) will either:

- receive \$0.265 per Exco Share if WHSP receives 90% Acceptances before the close of WHSP's Offer; or
- continue to hold their Exco Shares if WHSP does not receive 90% Acceptances before the close of WHSP's Offer.

Exco shareholders should note that if they choose to lodge Acceptance Instructions into the Acceptance Facility they will:

- be able to withdraw those instructions at any time up until WHSP obtains 90% Acceptances or the directors of Exco unanimously recommend Exco Shareholders accept a varied Offer; and
- not receive any consideration under WHSP's Offer unless and until WHSP obtains 90% Acceptances or they otherwise directly accept WHSP's Offer (as described below) or the directors of Exco unanimously recommend Exco Shareholders accept a varied Offer.

### (2) Accept directly into the Initial Offer

Exco Shareholders will have the option of accepting the Initial Offer directly by placing "X" in the BLUE box on the Acceptance Form enclosed with this Bidder's Statement. Exco Shareholders who accept this way will:

- receive \$0.19 per Exco Share if WHSP does not receive 90% Acceptances before the close of WHSP's Offer; or
- receive \$0.265 per Exco Share (in total) if WHSP receives 90% Acceptances before the close of WHSP's Offer.

If you accept the Initial Offer directly, WHSP will pay you \$0.19 per Exco Share within 7 days of the receipt of your acceptance by WHSP.

If WHSP receives 90% Acceptances, WHSP will pay you the additional \$0.075 per Exco Share within 7 days of the earlier of reaching 90% Acceptances and WHSP's Offer closing. If WHSP does not obtain 90% Acceptances, Exco shareholders who accept the Initial Offer directly will only receive \$0.19 per Exco Share.

If you complete and return the Acceptance Form and you have marked "X" in both the GREEN and the BLUE box, your acceptance will be lodged into the Acceptance Facility and treated as valid Acceptance Instructions and your purported acceptance of the Initial Offer will be treated as invalid.

### (3) Sell on market

Exco Shareholders also have the option of selling all or some of their Exco shares on ASX.

### (4) Continue to hold Exco Shares

Exco shareholders also have the option to reject WHSP's Offer and continue to hold their Exco Shares. However in this case, Exco shareholders should be aware that:

- once WHSP's Offer closes, there is a risk that the trading price of Exco Shares will revert to the levels substantially below that of the Initial Offer and the Revised Offer;
- if WHSP receives acceptances of more than 50% but does not receive 90% Acceptances, Exco shareholders may be minority shareholders in an entity controlled by WHSP. The decrease in the free float of Exco Shares may materially impact liquidity and market value;
- WHSP will be entitled to compulsorily acquire your Exco Shares if WHSP meets the thresholds prescribed by the Corporations Act (ie essentially receives 90% Acceptances) in which case you will receive \$0.265 per Exco Share, but you will receive that consideration later than you would have had you accepted the Initial Offer or lodged Acceptance Instructions into the Acceptance Facility.

## 8.3 Acceptance Facility

### Overview

As referred to above, to facilitate WHSP obtaining 90% Acceptances to trigger the increase in the Offer Price to the Revised Offer Price of \$0.265 per Exco Share, WHSP has established an Acceptance Facility (**Acceptance Facility**).

The Acceptance Facility is open to all Exco Shareholders.

Pacific Custodians Pty Limited (ABN 66 009 682 866) has been appointed Facility Agent by WHSP.

## Operation of the Acceptance Facility

- (1) Exco Shareholders may lodge Acceptance Instructions with the Facility Agent, in the form of:
  - (a) a duly completed Acceptance Form, with "X" marked in the GREEN box, in respect of their Exco Shares; and/or
  - (b) where an Exco Shareholder holds Exco Shares as custodian for another person (the Beneficial Holder), a direction from the Beneficial Holder to the Exco Shareholder to accept WHSP's Offer (**Custodian Direction**) (alternatively, such Custodian Direction can be lodged with the Facility Agent by the Beneficial Holder instead of the custodian who is the registered holder of the relevant Exco Shares),
 (together, **Acceptance Instructions**).
- (2) The Facility Agent will hold Acceptance Instructions as acceptance collection agent only (being no more than a bare trustee for the relevant Exco shareholder) and will not acquire any Relevant Interest in the Exco Shares which are the subject of the Acceptance Instructions.
- (3) Acceptance Instructions lodged with the Facility Agent will demonstrate the intention of the relevant Exco Shareholder to accept WHSP's Offer if 90% Acceptances are obtained however, they will not constitute acceptances of the Initial Offer while they are held by the Facility Agent.
- (4) As soon as is practicable after WHSP becomes aware and is satisfied (acting reasonably) that either:
  - (a) the aggregate of:
    - (i) the number of Exco Shareholders in respect of which WHSP has received valid acceptances of WHSP's Offer; and
    - (ii) the number of Exco Shares in respect of which Acceptance Instructions have been received, as advised by the Facility Agent to WHSP, provided that:
      - (A) where the Acceptance Instructions are in the form of Acceptance Forms, the Exco Shares to which the Acceptance Forms relate remain held by the Exco Shareholders who provide such Acceptance Instructions;
      - (B) where the Acceptance Instructions are in the form of Custodian Directions, the Exco Shares to which the Custodian Directions relate remain held by the relevant custodians; and
      - (C) WHSP is otherwise satisfied (acting reasonably) that, having regard to the form and content of the Acceptance Instructions, if the Acceptance Instructions were released and delivered as contemplated by paragraph (6) below and the Acceptance Forms processed by the Registry and/or the relevant custodian acted in accordance with the Custodian Directions (as applicable), WHSP would receive valid acceptances of WHSP's Offer in respect of the Exco Shares to which the Acceptance Instructions relate,

together with any other Exco Shares in which WHSP has a relevant interest, equals or exceeds 90% of the number of Exco Shares on issue at that time; or

- (b) WHSP has varied the Offer by increasing the consideration under the Offer to \$0.265 per share in Exco or more (**Improved Offer**) and the Exco directors have stated (in a public announcement released on ASX) that they unanimously recommend that Exco shareholders accept the Improved Offer,

WHSP will provide written notice of that occurrence to the Facility Agent (the **Confirmation Notice**).

- (5) By lodging Acceptance Instructions with the Facility Agent and not withdrawing those Acceptance Instructions, Exco Shareholders and (as the case may be) Beneficial Holders will have directed the Facility Agent to deliver those Acceptance Instructions following the Facility Agent's receipt of the Confirmation Notice.
- (6) As soon as is reasonably practicable following receipt of the Confirmation Notice, the Facility Agent will deliver or procure the delivery of (as the case may be):
  - (a) Acceptance Forms to Advanced Share Registry as acceptances of WHSP's Offer; and
  - (b) the Custodian Directions to the relevant custodians.
- (7) Until the Facility Agent receives the Confirmation Notice from WHSP, Exco Shareholders and (as the case may be) Beneficial Holders will retain all rights and full control over Exco Shares which are the subject of their Acceptance Instructions and, in particular, will be able to withdraw their Acceptance Instructions simply by notifying the Facility Agent, provided such notification is received by the Facility Agent prior to its receipt of the Confirmation Notice.
- (8) If the Facility Agent does not receive a Confirmation Notice from WHSP by the end of the Offer Period, the Facility Agent will promptly following the end of the Offer Period, return, or procure the return, of all Acceptance Instructions.

## Disclosure of Acceptance Instructions

By 8.45am (Sydney time) on each business day (or at any other time upon request from WHSP), the Facility Agent will notify WHSP of the number of Exco Shares in respect of which Acceptance Instructions have been received as at 5.00pm (Sydney time) the previous day. Following the receipt of this information from the Facility Agent, WHSP will disclose this information to ASX by 9.30am on the trading day following a change of 1% in the aggregate number of Exco Shares that are the subject of Acceptance Instructions under the Acceptance Facility and Exco Shares in respect of which WHSP has received acceptances under WHSP's Offer, and a breakdown of the aggregate amount between those two categories.

## Facility documents

The summary of the Acceptance Facility in this Section 8.3 should be read subject to the terms of the Acceptance Facility which are referred to and set out in the facility documents. These documents are:

- (1) the full terms of the Acceptance Facility set out in Annexure C to this Bidder's Statement;
- (2) the Custodian Direction Letter; and
- (3) a financial services guide issued by the Facility Agent.

Any Exco Shareholder (or beneficial holder) who requires a Custodian Direction Letter should contact the Facility Agent via the WHSP Offer Information Line.

### ASIC Relief

WHSP proposes, if needed, to apply to ASIC for a modification of section 624(2) of the Corporations Act such that the Exco Shares the subject of Acceptance Instructions are counted towards WHSP's voting power in Exco for the purposes of this subsection. If granted, the modification has the effect that the Offer Period will be automatically extended if within the last 7 days of the Offer Period the aggregate number of Exco Shares the subject of the Acceptance Facility together with the number of Exco shares in which WHSP or an associate has a relevant interest exceeds 50% of the total number of Exco Shares then on issue. The Offer Period would be extended so that it ends 14 days after that event.

## 8.4 ASIC modifications to and exemptions from the Corporations Act

WHSP was granted an exemption pursuant to section 655A(1) of the Corporations Act from section 633(1) item 6 and section 647(3) (c) of the Corporations Act on the basis of certain conditions. The effect of the request was to enable WHSP to lodge a replacement bidder's statement with ASIC no later than 32 days after the original bidder's statement was lodged with ASIC.

Other than above, WHSP has not obtained from ASIC any modifications to, or exemptions from, the Corporations Act to facilitate WHSP's Offer. WHSP may however rely on various "Class Order" instruments published by ASIC which provide for certain modifications and exemptions that apply generally to all bidders, including WHSP.

WHSP may consider seeking to obtain a modification of, or exemption from, the Corporations Act, from ASIC to allow it to vary the Offer so that it also extends to Exco Shares issued as a result of the vesting of the Exco Performance Rights issued following the Record Date pursuant to the Exco Performance Rights Plan. Refer to Section 4.7 of this Bidder's Statement for further information.

## 8.5 Date for determining holders of Exco Shares

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Record Date.

## 8.6 On-market acquisitions

You should be aware that, subject to the requirements of the Corporations Act, WHSP may acquire Exco Shares on market at prices up to WHSP's Offer Price during normal trading on ASX. These purchases will be disclosed to ASX in substantial holder notices which WHSP is required to lodge pursuant to Part 6C.1 of the Corporations Act.

Exco shareholders who sell their Exco Shares on ASX will receive payment on a T+3 basis (being three trading days after the date of the transaction). Exco shareholders who sell their Exco Shares on ASX cannot subsequently accept the Offer in respect of their Exco Shares sold on ASX. Additionally, Exco shareholders who sell their Exco Shares on ASX may incur brokerage charges which they would not incur if they accepted WHSP's Offer.

## 8.7 Consents

Norton Rose Australia has acted as legal adviser, Pitt Capital Partners has acted as financial adviser, Advanced Share Registry has acted as share registrar and Pacific Custodians Pty Limited has acted as Facility Agent for WHSP in connection with WHSP's Offer. Each of Norton Rose Australia, Pitt Capital Partners, Advanced Share Registry, Pacific Custodians Pty Limited and CopperChem Limited has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn that consent as at the date of the Bidder's Statement but should not be regarded as authorising the issue of this Bidder's Statement or any statements in it.

This Bidder's Statement contains statements made or based on statements made in documents lodged with ASIC or ASX. The terms of ASIC Class Order 01/1543 allow such statements to be included without the consent of the parties who made them. Exco shareholders may obtain copies of these documents (free of charge) during the Offer Period by contacting the offer information line. Exco shareholders should note that the Directors of WHSP have assumed, for the purposes of preparing this Bidder's Statement, that the information contained in the documents lodged with ASIC or ASX is accurate. However, the Directors do not take responsibility for the content of these documents and are not to be taken as endorsing, in any way, any or all statements contained in such documents, except to the extent required by law.

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person or from a public official document; or
- a published book, journal or comparable publication.

## 8.8 Other information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (1) material to the making of a decision by a Exco shareholder whether or not to accept WHSP's Offer; and
- (2) known to WHSP,

which has not previously been disclosed to Exco shareholders.

## Section 9

# Terms and conditions of WHSP's Offer

### 9.1 What is WHSP's Offer?

- (1) WHSP offers to buy all of your Exco Shares together with all Rights attached to them, on the terms set out in this Offer.
- (2) The consideration offered is \$0.19 cash for each of your Exco Shares (the Initial Offer).
- (3) By accepting this Offer, you undertake to transfer to WHSP not only all of your Exco Shares, but also all Rights attached to your Exco Shares (see Section 9.8(4) for further information).

### 9.2 What is the Revised Offer?

- (1) WHSP's Offer will be varied by increasing the Offer Price to \$0.265 cash per Exco Share if WHSP obtains 90% Acceptances during the Offer Period.
- (2) Exco shareholders who wish to accept the Revised Offer can either;
  - (a) accept into the Acceptance Facility on the basis they will only accept the Revised Offer if they will receive \$0.265 per Exco Share, or
  - (b) accept the Initial Offer and receive \$0.19 per Exco Share within 7 days and be paid the difference between \$0.19 and \$0.265 per Exco Share if WHSP later obtains 90% Acceptances, within 7 days of this being achieved.

### 9.3 What is the Offer Period?

- (1) WHSP's Offer is dated 2 October 2012.
- (2) WHSP's Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00pm (Sydney time) on 2 November 2012, unless withdrawn or extended in accordance with the Corporations Act.
- (3) WHSP may extend WHSP's Offer Period in accordance with the Corporations Act.
- (4) If, within the last 7 days of WHSP's Offer Period, either of the following events occur:
  - (a) WHSP's Offer is varied to improve the consideration offered; or
  - (b) WHSP's voting power in Exco increases to more than 50%,
 then the Offer Period will be automatically extended so that it ends 14 days after the relevant event, subject to any further extensions in accordance with the Corporations Act.

### 9.4 How do you accept the Initial Offer directly?

#### (1) General

- (a) You may only accept WHSP's Offer in respect of all of your holding of Exco Shares.
- (b) You may accept WHSP's Offer at any time during the Offer Period.
- (c) To accept the Initial Offer directly you must place "X" in the BLUE box on the Acceptance Form and follow the other instructions on the Acceptance Form.

#### (2) Issuer Sponsored Holdings

If you hold your Exco Shares in an Issuer Sponsored Holding (your SRN starts with "I"), to accept WHSP's Offer directly you must:

- (a) place "X" in the BLUE box on the enclosed Acceptance Form and complete and sign the Acceptance Form in accordance with the instructions on it. You will be deemed to have accepted WHSP's Offer in respect of all of your Exco Shares; and
- (b) return the completed Acceptance Form, and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period at the address shown on the Acceptance Form.

#### (3) CHESS Holdings

If your Exco Shares are in a CHESS Holding (your HIN starts with "X") and you are not a Participant, to accept WHSP's Offer in respect of your Exco Shares you must either:

- (a) instruct your Controlling Participant to initiate the acceptance on your behalf under Rule 14.14 of the ASX Settlement Operating Rules before the end of WHSP's Offer Period; or
- (b) authorise WHSP to instruct your Controlling Participant on your behalf to initiate acceptance of WHSP's Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules by placing "X" in the BLUE box on the Acceptance Form and completing, signing and returning the enclosed Acceptance Form in accordance with the instructions on it (together with all documents required by the instructions on the Acceptance Form), at the address shown in the Acceptance Form before the end of the Offer Period.



If you are a Participant, you must yourself initiate acceptance under Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

#### (4) Acceptance Form and other documents

- (a) The Acceptance Form forms part of WHSP's Offer.
- (b) If your Acceptance Form (together with all documents required by the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted and delivered in sufficient time for them to be received by WHSP at the address shown on the Acceptance Form before the end of the Offer Period.
- (c) When using the Acceptance Form to accept this Offer in respect of Exco Shares in a CHESS Holding, you must ensure that the Acceptance Form (together with all documents required by the instructions on the Acceptance Form) are received by WHSP in time for WHSP to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (d) The postage and transmission of the Acceptance Form and other documents is at your own risk.

## 9.5 How do you accept the Revised Offer?

Details on how to accept the Revised Offer are set out in Section 8.3 of this Bidder's Statement.

## 9.6 Effect of Offer Acceptance

- (1) By signing and returning the Acceptance Form with "X" in the BLUE box or otherwise accepting WHSP's Offer pursuant to Section 9.3, you:
  - (a) accept WHSP's Offer (and any variation of it) in respect of all of your Exco Shares;
  - (b) will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Exco Shares from WHSP's Offer or otherwise dispose of your Exco Shares;
  - (c) agree to transfer to WHSP all of your Exco Shares;
  - (d) represent and warrant to WHSP that at the time of acceptance as a fundamental condition going to the root of the contract resulting from your acceptance, and the time the transfer of your Exco Shares to WHSP is registered;
    - (i) all your Exco Shares are and will be fully paid up, and WHSP will acquire good title to them and full beneficial ownership of them free from all Third Party Rights;
    - (ii) that you have full power and capacity to accept WHSP's Offer and to sell and transfer the legal and beneficial ownership in those Exco Shares (including any Rights) to WHSP; and

- (iii) unless you have notified WHSP in accordance with Section 9.6, your Exco Shares do not consist of separate parcels;
- (e) irrevocably authorise WHSP (or any nominee or nominees of WHSP) as your agent and attorney to exercise all your powers and rights attaching to your Exco Shares. This includes, without limitation, powers and rights to:
  - (i) requisition, convene, attend and vote in person or by proxy at all general meetings of Exco; and
  - (ii) execute all such instruments as WHSP may require for the purpose of vesting good title in your Exco Shares and all Rights attaching to your Exco Shares in WHSP;
- (f) irrevocably authorise WHSP (or any nominee or nominees of WHSP) as your agent and attorney to attend and vote in person or by proxy at all general meetings of Exco on your behalf;
- (g) agree that in exercising the powers conferred by the power of attorney in Sections 9.4(3)(d) and 9.4(3)(e), WHSP or its nominee is entitled to act in the interest of WHSP;
- (h) agree not to attend or vote in person at any general meeting of Exco, or to exercise or purport to exercise any of the powers conferred on WHSP or its nominee in Sections 9.4(3)(d) and 9.4(3)(e);
- (i) indemnify WHSP against any claim or action against it for any loss, damage or liability incurred by it as a result of you not producing your Holder Identification Number (**HIN**) or Securityholder Reference Number (**SRN**) or in consequence of the transfer of your Exco Shares being registered by Exco without production of your HIN or SRN for your Exco Shares;
- (j) if your Exco Shares are in a CHESS Holding, irrevocably authorise WHSP (or any nominee or nominees of WHSP) to:
  - (i) instruct your Controlling Participant to initiate acceptance of WHSP's Offer in respect of your Exco Shares in accordance with the ASX Settlement Operating Rules;
  - (ii) give any other instructions in relation to your Exco Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
  - (iii) even though WHSP has not yet paid or provided the consideration due to you, transmit a message to ASX in accordance with the ASX Settlement Operating Rules so as to enter your Exco Shares which are in a CHESS Holding to the Takeover Transferee Holding;
- (k) irrevocably authorise WHSP (or any nominee or nominees of WHSP) to alter the Acceptance Form by inserting such details as are omitted in respect of your Exco Shares and by rectifying any errors in or omissions from it as may be necessary to make it an effective acceptance of WHSP's Offer or to enable registration of the transfer of your Exco Shares to WHSP;

- (l) irrevocably authorise and direct Exco to pay to WHSP, or to the account of WHSP for, all Rights in respect of your Exco Shares. If WHSP's Offer is withdrawn, rescinded or rendered void, WHSP will account to you for any such Rights received by WHSP;
  - (m) irrevocably authorise WHSP to notify Exco on your behalf that your place of address for the purpose of serving notices upon you in respect of your Exco Shares is the address specified in the WHSP notification; and
  - (n) agree, to execute all such documents, transfers and assurances as may be necessary or desirable to convey your Exco Shares registered in your name and attaching Rights to WHSP.
- (2) WHSP may, at any time, in its sole discretion and without further communication to you, determine that any Acceptance Form it receives is a valid acceptance, even if one or more of the requirements for acceptance has not been complied with, but if WHSP does so, WHSP is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.
  - (3) WHSP may, at any time, in its sole discretion and without further communication to you, determine all questions as to the form of documents, eligibility to accept WHSP's Offer and the time of receipt of an acceptance of WHSP's Offer. WHSP is not required to communicate with your prior to making this determination. The determination of WHSP will be final and binding on the parties.
  - (4) The representations, warranties and authorities referred to in Section 9.4(3) will remain in force after you receive the consideration for your Exco Shares and after WHSP becomes registered as the holder of your Exco Shares.
- (a) if the document is delivered with your acceptance, WHSP will provide the consideration in accordance with Section 9.8(1);
  - (b) if that document is given after acceptance and before the end of the Offer Period, WHSP will provide the consideration to you on or before 7 days after that document is given;
  - (c) if that document is given after the end of the Offer Period, WHSP will provide the consideration within 7 days after that document is given; and
  - (d) if you do not give the document to WHSP within one month after the end of the Offer Period, WHSP may, in its sole discretion, rescind the contract resulting from your acceptance of WHSP's Offer.
- (4) If you accept WHSP's Offer, WHSP is entitled to all Rights in respect of your Exco Shares. WHSP may require you to provide all documents necessary to vest title to those Rights in WHSP, or otherwise to give it the benefit or value of those Rights. If you do not do so, or if you have received the benefit of those Rights, WHSP will be entitled to deduct from the consideration otherwise due to you the amount (or value, reasonably assessed by WHSP) of those Rights. If WHSP does not, or cannot, make such a deduction, you must pay that amount to WHSP.
  - (5) If at any time after you accept WHSP's Offer any of the following:
    - (a) Banking (Foreign) Exchange Regulations 1959 (Cth);
    - (b) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
    - (c) Charter of the United Nations (Sanctions – Afghanistan) Regulations 2008 (Cth);
    - (d) Charter of the United Nations (Sanctions – Iraq) Regulations 2008 (Cth); or
    - (e) any other law of Australia,

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

## 9.7 Effect of Acceptances into the Acceptance Facility

Details regarding the effect of accepting into the Acceptance Facility are set out in section 8.3 of this Bidder's Statement.

## 9.8 Payment of Consideration

- (1) WHSP will pay to you the consideration for your Exco Shares by cheque in Australian currency. The cheque will be sent at your risk to you at your address on the share register held by WHSP immediately prior to the preparation of the cheque by prepaid ordinary mail, or in the case of addresses outside of Australia, by prepaid airmail.
- (2) Subject to this Section 9.8 and the Corporations Act, if you have accepted WHSP's Offer, WHSP will pay you the consideration under WHSP's Offer on or before the date that is 7 days after the date your acceptance is received by WHSP.
- (3) Where the Acceptance Form requires an additional document to be given with your acceptance to enable WHSP to become the holder of your Exco Shares (such as a power of attorney):

## 9.9 The Offerees

- (1) WHSP's Offer is being made to:
  - (a) each person registered as the holder of Exco Shares in the register of Exco shareholders at 7.00 pm (Sydney time) on the Record Date; and
  - (b) any person who becomes the registered holder of Exco Shares during the period commencing at 7.00 pm Sydney time on the Record Date and ending at the end of the Offer Period due to the exercise of Exco Performance Rights.

- (2) If, at the time WHSP's Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of your Exco Shares, a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to:
  - (a) that other person in respect of those Exco Shares; and
  - (b) you in respect of any other Exco Shares you hold to which WHSP's Offer relates,
 and WHSP's Offer will be deemed to have been withdrawn immediately at that time.
- (3) If your Exco Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting WHSP's Offer.

## 9.10 Trustees and nominees

- (1) If you are registered as the holder of one or more parcels of Exco Shares as trustee or nominee for, or otherwise on account of, another person, section 653B of the Corporations Act will apply so that WHSP is taken to have made a separate and distinct offer to you for each distinct parcel of Exco Shares including any distinct parcel held in your own right. Acceptance by you of WHSP's Offer for any distinct parcel of Exco Shares is ineffective unless:
  - (a) you give WHSP notice in accordance with Section 9.10(2) stating that your Exco Shares consist of distinct parcels; and
  - (b) your acceptance specifies the number of Exco Shares in each distinct parcel to which the acceptance relates.
- (2) The notice required under Section 9.10(1)(a):
  - (a) if it relates to Exco Shares not in a CHESS Holding, must be in writing; or
  - (b) if it relates to Exco Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act.

## 9.11 Withdrawal of Offer

- (1) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions.
- (2) If WHSP's Offer is withdrawn, all contracts arising from its acceptance become void.

## 9.12 Variation of Offer

WHSP reserves the right to vary its Offer in accordance with the Corporations Act.

## 9.13 No stamp duty or brokerage

- (1) There will be no stamp duty payable by you on the transfer of your Exco Shares to WHSP.
- (2) As long as your Exco Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to WHSP, you will not incur brokerage in connection with your acceptance of WHSP's Offer.
- (3) If your Exco Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Exco Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or services charges in connection with acceptance of WHSP's Offer.

## 9.14 Broker Handling Fee

- (1) Subject to the terms below, WHSP will pay a broker handling fee (**Broker Fee**) to market participants of ASX (**Brokers**) who initiate valid acceptances (**Acceptances**) of WHSP's Offer in respect of parcels of Shares held by retail shareholders of Exco. A retail shareholder of Exco is a shareholder who is not a Broker or an associate of a Broker and who holds less than \$500,000 worth of Exco Shares (as measured by the offer consideration) as at the date of the acceptance.
- (2) The Broker Fee will be 0.75% of the consideration payable by WHSP under WHSP's Offer as a result of the Acceptance, subject to a maximum Broker Fee of \$750 payable in respect of any Acceptance. WHSP also proposes to pay a minimum fee of \$50 for each Acceptance. WHSP reserves the right to aggregate any acceptances in determining the Broker Fees payable to any Broker if WHSP believes that a party or parties has/have structured holdings of Exco Shares to take advantage of the Broker Fee.
- (3) The Broker Fee is payable to Brokers only. No part of any Broker Fee may be passed on or paid to the accepting Exco shareholders. An acceptance of a Broker Fee by a Broker constitutes a representation that neither it, nor its associates, holds a relevant interest (within the meaning of those terms in the Corporations Act) in the Exco Shares and the Broker Fee will not be passed on or otherwise shared directly or indirectly with the accepting Exco shareholder.
- (4) The Broker Fee will be payable to any Broker:
  - (a) who submits to the share registrar the share registrar's broker fee claim form (**Claim Form**) no later than 5.00 pm (Sydney time) on the day which is 5 Business Days after the end of the Offer Period. Claim Forms may be obtained from the share registrar by contacting Advanced Share Registry on +61 8 9389 8033; and
  - (b) whose original official stamp appears on the Acceptance Form or who, in respect of a CHESS Holding, produces evidence satisfactory to WHSP that it is the Controlling Participant who initiated the acceptance.



- (5) The Claim Form will provide specific details to Brokers on the manner in which claims must be made and where claims must be lodged.
- (6) Subject to the terms above, payment of the Broker Fee, in respect of a valid Acceptance will be made by cheque within 10 business days after the end of the Offer Period .
- (7) For any Exco shareholder on the CHESS subregister, where that shareholder directly requests WHSP (and not the relevant Broker) to initiate acceptance of WHSP's Offer on their behalf, that Broker will not be entitled to receive the Broker Fee.
- (8) No Broker Fees are payable in respect of Acceptances that are withdrawn. No Broker Fees are payable in respect of on market acquisitions of Exco Shares by WHSP.

### 9.15 Power of attorney

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under Sections 9.6(1)(e) and 9.6(1)(f).

### 9.16 Governing law

This Offer and any contract that results from your acceptance of WHSP's Offer are governed by the laws in force in New South Wales, Australia.

## Section 10

# Definitions and interpretation

## 10.1 Definitions

In this Bidder's Statement:

**90% Acceptances** means where the aggregate of:

- (1) Valid acceptances into the Offer; and
- (2) Acceptance instructions into the Acceptance Facility which would (or if WHSP, acting reasonably, is satisfied would) if released and processed, result in valid acceptances of WHSP's Offer,

together with any other Exco Shares in which WHSP has a relevant interest, represents at least 90% of the issued Exco securities;

**Acceptance Form** means the acceptance form that accompanies WHSP's Offer;

**Announcement Date** means 23 August 2012;

**Acceptance Facility** means the acceptance facility established by WHSP as outlined in Section 8.3 of this Bidder's Statement;

**Acceptance Instructions** has the meaning set out in Section 8.3 of this Bidder's Statement;

**ASIC** means the Australian Securities & Investments Commission;

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires;

**ASX Settlement** means ASX Settlement Pty Ltd ACN 008 624 691, the body which administers the CHESS system in Australia;

**ASX Settlement Operating Rules** means the settlement operating rules of ASX Settlement;

**Bidder's Statement** means this document and each schedule and annexure to it;

**Broker** means a member organisation admitted to participate in the CHESS under rule 2.1.1 of the ASX Settlement Operating Rules;

**CHESS** means the clearing house electronic sub-register system;

**CHESS Holding** means a number of Exco Shares which are on the CHESS subregister of Exco (being a register admitted by ASX Settlement and which records uncertified holdings of shares);

**Closing Date** means 7.00 pm on Friday, 2 November 2012, unless WHSP's Offer is extended;

**Controlling Participant** means the Participant who is designated as the controlling participant for Exco Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules (normally your broker);

**CopperChem** means CopperChem Limited ACN 130 641 691;

**Corporations Act** means the *Corporations Act 2001*;

**Directors** means the directors of WHSP;

**Encumbrance** means

- (1) a mortgage, charge, lien, pledge, hypothecation or other encumbrance over the asset;
- (2) a profit a prendre, easement or restrictive covenant affecting the asset;
- (3) a caveat, garnishee order, writ of execution, right of set off, assignment by way of security, deposit of money by way of security or monetary claim affecting the asset;
- (4) a preferential interest, trust, title retention arrangement (other than in the ordinary course of business), or other estate, interest, claim or arrangement affecting the asset;
- (5) a right, including a contractual right, an option, a right of first refusal, a right of pre-emption or other right, to acquire the property or to restrain any person from acquiring the asset;
- (6) a right, including a lease, licence or other right, to occupy or use the asset; or
- (7) an agreement to grant, create or register any of them or to allow any of them to exist,

and whether the Encumbrance is registered or unregistered, statutory, legal or equitable.

**Exco** means Exco Resources Limited ABN 99 080 339 671;

**Exco Performance Rights** means the unlisted performance rights issued in accordance with the Exco Performance Rights Plan 2012;

**Exco Shares** means fully paid ordinary shares in Exco;

**Facility Agent** means Pacific Custodians Pty Limited ABN 66 009 682 866;

**Initial Offer** means WHSP's Offer to acquire Exco Shares at the Initial Offer Price;

**Initial Offer Price** means \$0.19 cash per Exco Share;

**Listing Rules** means the listing rules of ASX;

**Offer Date** means 2 October 2012;

**Offer Period** means the period commencing on the Offer Date and ending on the Closing Date;

**Offer Price** means the Initial Offer Price, the Revised Offer Price or both, as the context requires;

**Participant** means an entity admitted to participate in CHES under Rules 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules;

**Record Date** means 7.00 pm (Sydney time) on Monday, 27 August 2012;

**Revised Offer** means the proposed increase in the Offer Price from \$0.19 to \$0.265 per Exco Share if WHSP obtains 90% Acceptances;

**Revised Offer Price** means \$0.265 cash per Exco Share;

**Rights** means all accreditations, rights and benefits of whatever kinds attaching or arising from Exco Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Exco or any of its subsidiaries);

**Section** means a section of this Bidder's Statement;

**Takeover Transferee Holding** has the same meaning as in the ASX Settlement Operating Rules;

**Target's Statement** means the target's statement to be issued by Exco in response to this Bidder's Statement in accordance with section 633(1) of the Corporations Act;

**Third Party Rights** means all Encumbrances or material adverse interests of any nature and restrictions on transfer of any nature (legal or otherwise); and

**VWAP** means volume weighted average trading price of Exco Shares on ASX;

**WHSP** means Washington H. Soul Pattinson and Company Limited ABN 49 000 002 728.

**WHSP's Offer** or **Offer** means WHSP's offer to acquire Exco Shares set out in Section 9 of this Bidder's Statement.

## 10.2 Interpretation

- (1) Reference to:
  - (a) words and phrases given a particular meaning in Chapter 6 of the Corporations Act have the same meaning in this Bidder's Statement, unless the context otherwise requires;
  - (b) one gender includes the others;
  - (c) the singular includes the plural and the plural includes the singular;
  - (d) a person includes a body corporate;
  - (e) a party includes the party's executors, administrators, successors and permitted assigns;
  - (f) a statute, regulation or provision of a statute or regulation (**Statutory Provision**) includes:
    - (i) that Statutory Provision as amended or re-enacted;
    - (ii) a statute, regulation or provision enacted in replacement of that Statutory Provision; and
    - (iii) another regulation or other statutory instrument made or issued under that Statutory Provision;
  - (g) money is to Australian dollars, unless otherwise stated; and
  - (h) time is to Sydney time, unless otherwise stated.
- (2) "Including" and similar expressions are not words of limitation.
- (3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (4) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this Bidder's Statement.

## Section 11

# Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution passed by all the directors of WHSP

Dated: 28 September 2012



**Robert D. Millner**  
*Director*

Washington H. Soul Pattinson and Company Limited

## Annexure A

# Announcements in relation to WHSP's Offer



**WASHINGTON H SOUL PATTINSON  
AND COMPANY LIMITED**

ABN: 49 000 002 728

Level 1, 160 Pitt Street Mall Sydney NSW 2000 Australia

GPO Box 479, Sydney NSW 2001 T: (02) 9232 7166 F: (02) 9235 1747

## WHSP announces a cash Offer to acquire Exco Resources Limited for \$0.19 per share

- WHSP announces an all cash offer to acquire the shares in Exco that it does not already hold for \$0.19 per share
- WHSP has a relevant interest in 19.9% of Exco
- The Offer is to be effected by way of an off-market takeover
- The Offer is subject to only one condition, being no Prescribed Occurrences occurring in relation to Exco

Washington H. Soul Pattinson & Company Limited (ASX: SOL) (**WHSP**) announces a proposal to acquire all of the ordinary shares it does not already hold in Exco Resources Limited (ASX: EXS) (Exco) for \$0.19 cash per share by way of an off-market takeover (Offer). The Offer values Exco at approximately \$69.8 million (fully diluted, including performance rights).

### Attractive Premium

WHSP believes the Offer represents attractive value for Exco shareholders and is at an attractive premium to the recent and historical trading price of Exco shares. The Offer price of \$0.19 cash per share represents:

- a premium of 18% to the one month volume weighted average price (**VWAP**) of \$0.161 per Exco share up to and including 22 August 2012;
- a premium of 19% to the two month VWAP of \$0.159 per Exco share up to and including 22 August 2012; and
- a premium of 18% to the three month VWAP of \$0.160 per Exco share up to and including 22 August 2012.

WHSP's Chairman Rob Millner said "this is a straight forward cash offer. The offer allows Exco shareholders to exit their investment at an attractive premium to recent and historical trading prices."

### **Only one condition attached to WHSP's Offer**

The Offer is subject only to one customary condition, being no Prescribed Occurrences occurring in relation to Exco. Full details of the Prescribed Occurrences are set out in an appendix to this announcement.

### **Support of Major Shareholder**

WHSP today acquired 24,265,770 shares in Exco from Ivanhoe Australia Limited (**Ivanhoe Australia**).

After that sale, Ivanhoe Australia holds 55,022,862 shares in Exco. Ivanhoe has advised WHSP that it intends to accept the Offer in respect of these shares in the absence of an alternative proposal for Exco that is superior for Ivanhoe Australia.

Ivanhoe Australia has authorised WHSP to make this statement of its intention in relation to the Offer in this announcement.

### **Further information about the Offer**

The Offer will be fully funded from WHSP's existing cash reserves.

Full details about the Offer and further information about WHSP will be set out in WHSP's Bidder's Statement which WHSP expects to lodge with ASIC and ASX and serve on Exco shortly.

The Bidder's Statement will include a timetable for the Offer.

### **Advisers**

Pitt Capital Partners is acting as financial adviser to WHSP and Norton Rose Australia is acting as legal adviser.

#### **For further information contact:**

Robert Millner, Chairman  
+61 2 9232 7166

## **Appendix – Conditions of Offer**

### **No Prescribed Occurrences**

During the period from the Announcement Date to the date that is three business days after the close of the Offer Period (each inclusive), none of the occurrences listed in section 652C(1) or (2) of the Corporations Act happen (other than the issue of Exco Shares pursuant to the exercise of Exco Performance Rights). That is:

- Exco converts all or any of its shares into a larger or smaller number of shares;
- Exco or a subsidiary of Exco resolves to reduce its share capital in any way;
- Exco or a subsidiary of Exco enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- Exco or a subsidiary of Exco issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- Exco or a subsidiary of Exco issues, or agrees to issue, convertible notes;
- Exco or a subsidiary of Exco disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- Exco or a subsidiary of Exco charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- Exco or a subsidiary of Exco resolves to be wound up;
- the appointment of a liquidator or provisional liquidator of Exco or a subsidiary of Exco;
- a court makes an order for the winding up of Exco or a subsidiary of Exco;
- an administrator of Exco, or a subsidiary of Exco, is appointed under section 436A, 436B or 436C of the Corporations Act;
- Exco or a subsidiary of Exco executes a deed of company arrangement; or
- a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Exco or a subsidiary of Exco.



19 September 2012

## Exco board recommends Revised WHSP takeover Offer

### Highlights

- **WHSP to increase offer from 19 cents per share to 26.5 cents per share provided WHSP receives acceptances which, together with its existing Exco shareholding, give WHSP an interest in 90% of Exco's ordinary shares.**
- **WHSP to establish an Acceptance Facility to enable Exco shareholders to support WHSP's higher offer.**
- **Exco directors unanimously recommend WHSP's revised offer to Exco shareholders, in the absence of a superior proposal, and will accept into the Acceptance Facility in relation to shares they control.**
- **Further details of the revised offer and the Acceptance Facility will be included in a replacement bidder's statement and a target's statement to be sent to Exco shareholders in the next two weeks.**
- **Exco shareholders advised to await receipt of takeover documents before taking any action in respect of their Exco shares.**

On 23 August 2012, Washington H. Soul Pattinson & Company Limited (ASX:SOL) ("**WHSP**") announced its intention to make an unsolicited takeover offer ("**Offer**") for all of the shares in Exco Resources Ltd (ASX:EXS) ("**Exco**") at a price of 19 cents ("**Initial Offer**").

On 28 August 2012, Exco announced that the independent directors of Exco had concluded that the Initial Offer was unfair and inadequate. Since then, Exco has been in discussions with WHSP to determine if WHSP was willing to increase its Offer to a price which the board of Exco could recommend.

### Revised Offer

Exco and WHSP are pleased to announce that they have reached agreement on a recommended conditional increase to the Initial Offer from 19 cents per Exco share to 26.5 cents per Exco share (the "**Revised Offer**").

To give effect to the Revised Offer, Exco and WHSP have entered into a binding Bid Implementation Agreement ("BIA"), a copy of which is appended to this announcement. Under the Revised Offer, the price paid to Exco shareholders will be increased from 19 cents to 26.5 cents cash per fully paid Exco share if WHSP obtains:

- valid acceptances of the Offer; and/or
- acceptance instructions into an acceptance facility (the "**Acceptance Facility**");

which in aggregate (together with any other Exco shares in which WHSP has a relevant interest) represent at least 90% of the issued Exco shares ("**90% Acceptances**").

WHSP has also today confirmed that the Offer is now unconditional in all other respects.

## Acceptance Facility

To facilitate Exco shareholders being able to accept the Revised Offer, WHSP will establish the Acceptance Facility under which all Exco shareholders will be able to lodge acceptance instructions which will only be released and processed if WHSP obtains 90% Acceptances.

The key terms of the Acceptance Facility are attached to this announcement. The full terms and conditions of the Acceptance Facility, together with an invitation to participate in the Acceptance Facility, will be sent to Exco shareholders in the next two weeks.

## Each director of Exco:

- recommends that Exco shareholders accept WHSP's Revised Offer by accepting into the Acceptance Facility as soon as it opens and do not withdraw those instructions; and
- intends to accept into the Acceptance Facility as soon as it opens, in respect of Exco shares that they own or control, and will not withdraw those instructions,

subject, in each case, to there being no superior proposal in relation to Exco.

## Attractive Premium

The Revised Offer of 26.5 cents cash per share is a 39.5% increase to WHSP's Initial Offer of 19 cents per share.

Exco and WHSP believe 26.5 cents represents an attractive price for Exco shareholders, reflecting a significant premium to the recent and historical trading price of Exco's shares prior to the announcement of the Initial Offer, being:

- a 47.2% premium to Exco's closing share price of 18 cents on 22 August 2012, the day before the announcement of the Initial Offer ("**Announcement Date**");
- a 54.3% premium to Exco's volume weighted average price ("**VWAP**") of 17.2 cents for the 5 trading days prior to the Announcement Date; and
- a 64.2% premium to Exco's VWAP of 16.1 cents for the 20 trading days prior to the Announcement Date.

Speaking today, the Managing Director of Exco, Mr Geoff Laing said:

"We are very pleased to have been able to agree a price at which the Exco board can unanimously recommend this revised offer.

We always believed that our assets had a special value to WHSP's subsidiary CopperChem. The Exco board believes that this revised offer delivers a fair share of that value to Exco shareholders.

We look forward to working with WHSP and its advisers to achieve 90% acceptances so that all of our shareholders receive the recommended higher offer price of 26.5 cents."

The chairman of WHSP, Mr Robert Millner said today:

*"We believe that the revised offer price of 26.5 cents represents an attractive premium for Exco shareholders. We look forward to Exco shareholders accepting into the Acceptance Facility as soon as possible."*





## Offer Documentation

WHSP will lodge a replacement bidder's statement, which will include a timetable for the Offer, in the coming week and Exco will lodge a target's statement shortly thereafter. The bidder's statement, together with Exco's target's statement, is expected to be sent to Exco shareholders early in October 2012.

The full terms of the Acceptance Facility, together with an invitation to participate in the Acceptance Facility, will be sent to Exco shareholders at the same time.

**Pending receipt and consideration of the above mentioned documentation Exco shareholders are advised to take no action in relation to their Exco shares.**

Exco is being advised by Macquarie Capital (Australia) Limited and Ashurst Australia.

WHSP is being advised by Pitt Capital Partners and Norton Rose Australia

For further information please contact:

Exco	WHSP
<b>Geoff Laing</b> <i>Managing Director</i> Exco Resources Limited  +61 8 9211 2000	<b>Robert Millner</b> <i>Chairman</i> WHSP  +61 2 9232 7166
<b>Michael Ashforth</b> <i>Executive Director</i> Macquarie Capital (Australia) Limited  +61 8 9224 0644	<b>Todd Barlow</b> <i>Managing Director</i> Pitt Capital Partners  +91 2 9210 7000
<b>Warrick Hazeldine / Karen Oswald</b> Cannings Purple  +61 8 6314 6300	<b>WHSP Information Line</b>  1800 600 409 (outside Australia) +61 2 8256 3378

## Key terms of Acceptance Facility

The following is a summary of the key terms of the Acceptance Facility. Exco Shareholders should refer to the full terms as and when they are received.

- (a) Pacific Custodians Pty Limited (ABN 66 009 682 866) will be appointed Facility Agent by WHSP.
- (b) Exco Shareholders may lodge acceptance instructions with the Facility Agent, in the form of:
  - (i) a duly completed Acceptance Form in respect of their Exco Shareholders; and/or
  - (ii) where an Exco Shareholder holds Exco Shares as custodian for another person (the **Beneficial Holder**), a direction from the Beneficial Holder to the Exco Shareholder to accept the Offer (**Custodian Direction**) (alternatively, such Custodian Direction can be lodged with the Facility Agent by the Beneficial Holder instead of the custodian who is the registered holder of the relevant Exco Shares),  
(together, **Acceptance Instructions**).
- (c) The Facility Agent will hold Acceptance Instructions as acceptance collection agent only and will not acquire any Relevant Interest in the Exco Shares which are the subject of the Acceptance Instructions.
- (d) Acceptance Instructions lodged with the Facility Agent will demonstrate the intention of the relevant Exco Shareholder to accept the Offer if 90% Acceptances are obtained – however they will not constitute acceptances of the Offer while they are held by the Facility Agent.
- (e) As soon as is practicable after WHSP becomes aware and is satisfied (acting reasonably) that the aggregate of:
  - (i) the number of Exco Shareholders in respect of which WHSP has received valid acceptances of the Offer; and
  - (ii) the number of Exco Shares in respect of which Acceptance Instructions have been received, as advised by the Facility Agent to WHSP, **provided that:**
    - (A) where the Acceptance Instructions are in the form of Acceptance Forms, the Exco Shares to which the Acceptance Forms relate remain held by the Exco Shareholders who provide such Acceptance Instructions;
    - (B) where the Acceptance Instructions are in the form of Custodian Directions, the Exco Shares to which the Custodian Directions relate remain held by the relevant custodians; and
    - (C) WHSP is otherwise satisfied (acting reasonably) that, having regard to the form and content of the Acceptance Instructions, if the Acceptance Instructions were released and delivered as contemplated by paragraph (f) below and the Acceptance Forms processed by the Registry and/or the relevant custodian acted in accordance with the Custodian Directions (as applicable), WHSP would receive valid acceptances of the Offer in respect of the Exco Shares to which the Acceptance Instructions relate,together with any Exco Shares in which WHSP has a relevant interest, equals or exceeds 90% of the number of Exco Shares on issue at that time, WHSP will provide written notice of that occurrence to the Facility Agent (**the Confirmation Notice**).
- (f) By lodging Acceptance Instructions with the Facility Agent and not withdrawing those Acceptance Instructions, Exco Shareholders and (as the case may be) Beneficial Holders will have directed the Facility Agent to deliver those Acceptance Instructions in accordance with paragraph (g) following the Facility Agent's receipt of the Confirmation Notice.
- (g) As soon as is reasonably practicable following receipt of the Confirmation Notice, the Facility Agent will deliver or procure the delivery of (as the case may be):
  - (i) Acceptance Forms to Advanced Share Registry as acceptances of the Offer; and
  - (ii) the Custodian Directions to the relevant custodians.
- (h) Until the Facility Agent receives the Confirmation Notice from WHSP, Exco Shareholders and (as the case may be) Beneficial Holders will retain all rights and full control over Exco Shares which are the subject of their Acceptance Instructions and, in particular, will be able to withdraw their Acceptance Instructions simply by notifying the Facility Agent, provided such notification is received by the Facility Agent prior to its receipt of the Confirmation Notice.
- (i) If the Facility Agent does not receive a Confirmation Notice from WHSP by the end of the Offer Period, the Facility Agent will promptly following the end of the Offer Period, return, or procure the return, of all Acceptance Instructions.

## Annexure B

# Exco Announcements between 24 October 2011 and the date of this Bidder's Statement

Date	Announcement Headline
20/09/12	Exercise of Performance Rights and Appendix 3B
19/09/12	Exco Board Recommends Revised WHSP Takeover Offer
17/09/12	Trading Halt
11/09/12	Turpentine Resource – 181% Increase in Contained Copper
7/09/12	Mount Colin Drilling Update
28/08/12	Form 604 Notice of change of interests from IVA
28/08/12	Exco advises WHSP offer inadequate – take no action
27/08/12	Notice of ceasing to be a substantial holder
23/08/2012	Response to WHSP Cash Offer
20/08/2012	Mount Colin Drilling Update – Amended
20/08/2012	Mount Colin Drilling Update
20/08/2012	Kangaroo Rat Project Update
06/08/2012	Wallace South Exploration Update
01/08/2012	Notice of initial substantial holder from IFL
24/07/2012	Fourth Quarter Activities and Cash Flow Report
19/07/2012	Great Australia Royalty – Update
03/07/2012	Appointment of Director – Appendix 3X
03/07/2012	Resignation of Director – Appendix 3Z
03/07/2012	Director Appointment/Resignation
26/06/2012	Salebury Exploration Update
29/05/2012	International Roadshow Presentation
17/05/2012	Appendix 3Y – Additional disclosure
17/05/2012	Change in Director's Interests – Appendix 3Y
30/04/2012	Third Quarter Activities and Cashflow Report
23/04/2012	Resources Roadshow Presentation
20/04/2012	Queensland Exploration Update

Date	Announcement Headline
30/03/2012	Issue of Performance Rights and Appendix 3B
30/03/2012	BRR Broadcast – Exploration Results and NW Field programme
28/03/2012	Kangaroo Rat – Resource Upgrade
23/03/2012	Further Positive Results at Salebury
22/03/2012	Open Briefing – MD on Exploration Programme and Outlook
15/03/2012	Half Year Report and Accounts – December 2011
02/03/2012	SandP Indices Announces March Quarterly Rebalance
24/02/2012	Receipt of ATO Class Ruling
13/02/2012	Hazel Creek Exploration Update
06/02/2012	Exploration Update – Cloncurry Project
31/01/2012	Second Quarter Activities and Cashflow Report
12/01/2012	Boardroom Radio Broadcast – Vertigo Development
11/01/2012	Appendix 3X – Statement of Initial Shareholding
10/01/2012	Vertigo project to be developed
10/01/2012	Appointment of Managing Director
12/12/2011	Exploration Update
12/12/2011	Payment of Dividend – Update
09/12/2011	\$135m Distribution Completed
28/11/2011	Exercise of Options and Appendix 3B
28/11/2011	Boardroom Radio Broadcast of AGM Presentation
24/11/2011	Acting CEO presentation to Annual General Meeting
24/11/2011	Results from Annual General Meeting and Distribution details
31/10/2011	First Quarter Activities and Cash Flow Reports
31/10/2011	First Quarter Activities and Cash Flow Reports
25/10/2011	CEO Presentation to 2011 Mining Resources Convention

## Annexure C

# Terms of the Acceptance Facility

- 1 These Terms of Appointment (Terms) relate to the shareholder acceptance facility (the Acceptance Facility) that has been arranged by Washington H. Soul Pattinson and Company Limited (ABN 49 000 002 728) (WHSP) with Pacific Custodians Pty Limited (ACN 009 682 866) (Facility Agent) in respect of the off-market takeover offer (Offer) by WHSP for all of the ordinary shares in Exco Resources Limited (Exco). Unless otherwise defined in these Terms, capitalised expressions used in these Terms have the same meaning as these terms in this Bidder's Statement.
- 2 The Facility Agent has agreed to make the Acceptance Facility available and accept any appointment as acceptance facility collection agent on these Terms by way of a deed poll dated 28 September 2012 (Deed of Settlement) in favour of all Exco Shareholders who agree to appoint the Facility Agent as such
- 3 Under the Acceptance Facility, Exco Shareholders may lodge acceptance instructions with the Facility Agent (c/o Link Market Services Limited)<sup>1</sup>, in the form of
  - (1) a duly completed Acceptance Form, with marked with "X" in the GREEN box, in respect of their Exco Shares in which the Bidder's Statement (Acceptance Form); and/or
  - (2) where an Exco Shareholder holds Exco Shares as a custodian (the Custodian) for another person (the Beneficial Holder), a direction from the Beneficial Holder to the Exco Shareholder to accept the Offer (Custodian Direction) (and such Custodian Direction can be lodged by the Beneficial Holder instead of the custodian who is the legal owner of the relevant Exco Shares),

(together, the Acceptance Instructions) that demonstrate their intention to accept the Offer in respect of the Exco Shares which the Exco Shareholder holds if (and only if) the acceptance Condition is satisfied. The Acceptance Condition is satisfied if the Confirmation Letter referred to in paragraph 5 below is provided by WHSP to the Facility Agent.
- 4 The Facility Agent will hold any duly completed and executed Acceptance Form or, where applicable, any duly completed and executed Custodian Direction (as appropriate) in respect of all of the Exco Shares which the Exco Shareholder holds or beneficially owns as acceptance collection agent and bare trustee only pursuant to these Terms and the Deed of Settlement. The parties acknowledge that the powers of the Facility Agent and each Exco Shareholder or Beneficial Holder (as applicable) who lodges Acceptance Instructions with the Facility Agent (each a Participant) under the Facility are limited such that the exception to the definition of "relevant interest" in sub-section 609(2) of the Corporations Act 2001 (Act) will apply. Furthermore, the parties acknowledge that the Facility Agent is acting as acceptance facility collection agent in the ordinary course of its business and, accordingly, the exception to the definition of "relevant interest" in sub-section 609(3) will apply. All Acceptance Forms and/or Custodian Directions delivered by Exco Shareholders to the Facility Agent will not constitute acceptances of the Offer while they are held by the Facility Agent.
- 5 Each Participant directs and authorises the Facility Agent to deliver or procure the delivery of (as applicable):
  - (1) a completed Acceptance Form to the Registry, Advanced Share Registry Limited as acceptances of the Offer; and/or
  - (2) the Custodian Direction to the relevant Custodian(s),

as soon as reasonably practicable after (and not before) the Facility Agent receives a letter from WHSP (Confirmation Letter) stating that WHSP has become aware and is satisfied (in each case acting reasonably) that either:

  - (3) the aggregate of:
    - (a) the number of Exco Shares in respect of which WHSP has received valid acceptances of the Offer; and
    - (b) the number of Exco Shares in respect of which Acceptance Instructions have been received, as advised by the Facility Agent to WHSP, provided that:
      - (i) where the Acceptance Instructions are in the form of Acceptance Forms, the Exco Shares to which the Acceptance Forms relate remain held by the Exco Shareholders who provide such Acceptance Instructions;
      - (ii) where the Acceptance Instructions are in the form of Custodian Directions, the Exco Shares to which the Custodian Directions relate remain held by the relevant custodians; and

---

1 Please return the acceptance instructions using the enclosed reply paid envelope or, alternatively, post it to the following address:  
 Pacific Custodians Pty Limited  
 c/o Link Market Services Limited  
 WHSP Shareholder Acceptance Facility  
 Locked Bag A14  
 Sydney South NSW 1235  
 Australia

- (iii) WHSP is otherwise satisfied (acting reasonably) that, having regard to the form and content of the Acceptance Instructions, if the Acceptance Instructions were released and delivered as contemplated by this paragraph 5 and the Acceptance Forms processed by the Registry and/or the relevant custodian acted in accordance with the Custodian Directions (as applicable), WHSP would receive valid acceptances of the Offer in respect of the Exco Shares to which the Acceptance Instructions relate,
- together with any other Exco Shares in which WHSP has a relevant interest, equals or exceeds 90% of the number of Exco Shares on issue at that time; or
- (c) WHSP has varied the Offer by increasing the consideration under the Offer to \$0.265 per share in Exco or more (Improved Offer) and the Exco directors have stated (in a public announcement released on ASX) that they unanimously recommend that Exco Shareholders accept the Improved Offer,
- 6 WHSP and the Facility Agent will use their reasonable endeavours to ensure that the Acceptance Instructions are processed or implemented as soon as practicable following the issue of the Confirmation Letter.
- 7 By 8.45am (Sydney time) on each business day (or at any other time upon request from WHSP), the Facility Agent will notify WHSP of the number of Exco Shares in respect of which Acceptance Instructions have been received as at 5.00pm (Sydney time) the previous day, with the expectation that WHSP will release this information to ASX in conjunction with its substantial holding notices in relation to acceptances to the Offer received. In addition, the Facility Agent will inform WHSP of any withdrawals of any Acceptance Instructions in accordance with paragraph 9 below on the day those withdrawals are received.
- 8 Participants may withdraw Acceptance Instructions from the Acceptance Facility at any time prior to the Facility Agent receiving the Confirmation Letter from WHSP.
- 9 The Facility Agent must return (or procure the return of) the Acceptance Form or Custodian Direction to the Participant promptly upon receipt of written notification from:
- (1) the Participant withdrawing its Acceptance Instructions at any time prior to the Facility Agent receiving the Confirmation Letter from WHSP, which written notification will be either in writing<sup>2</sup> or by way of email transmission<sup>3</sup> (at the email address WHSPSAF@linkmarketservices.com.au), provided that such notification to withdraw the relevant Acceptance Instruction(s):
    - (a) is received by the Facility Agent prior to its receipt of the Confirmation Letter; and
    - (b) contains:
      - (i) the full name of the registered holder of the relevant Exco Shares that are the subject of the withdrawal notice; and
      - (ii) either:
        - (A) the security holder reference number of the relevant holder of the Exco Shares that are the subject of the withdrawal notice; and/or
        - (B) the holder identification number of the relevant holder of the Exco Shares that are the subject of the withdrawal notice; or
    - (2) WHSP terminating its arrangements with the Facility Agent in respect of the Acceptance Facility, which it can and will only do in the circumstances described in paragraph 20 or where no Confirmation Letter has been provided to the Facility Agent by the end of the Offer Period.

If the Facility Agent receives such written notification of withdrawal prior to receiving a Confirmation Letter or if WHSP terminates its arrangements in respect of the Acceptance Facility in the circumstances referred to above, the Facility Agent will cease to have any right or obligation to deliver the relevant Acceptance Instructions to WHSP and will cease to have further rights or powers in relation to the relevant Exco Shares under these Terms.

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2 which written notice must be sent to:  
Pacific Custodians Pty Limited  
c/o Link Market Services Limited  
WHSP Shareholder Acceptance Facility  
Locked Bag A14  
Sydney South NSW 1235  
Australia

3 The email notification must be from at least one of the individuals that signed the relevant Acceptance Form. The Facility Agent is entitled to assume that the person named as signing the e-mail is the person that signed the relevant Acceptance Form if it appears, on its face, that this is the case.

- 10 Each Participant will represent and warrant both at the time the Participant delivers the Acceptance Form and/or Custodian Direction in respect of its Exco Shares to the Facility Agent and at the time when the Facility Agent delivers those documents to WHSP in accordance with these Terms, that:
  - (1) it has authority to enter into the arrangements and provide the warranties the subject of these Terms and those in the Acceptance Form and/or Custodian Direction;
  - (2) it has the full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership in the Exco Shares to which an Acceptance Instruction relates, or where a custodian is the legal owner of Exco Shares to which an Acceptance Instruction relates, the relevant Beneficial Holder is the absolute beneficial owner of the Exco Shares and controls the exercise of the power to dispose of the Exco Shares;
  - (3) in respect of the Acceptance Form (if applicable), the Acceptance Form has been duly completed and executed and will enable WHSP to acquire good title to, and beneficial ownership free from all encumbrances of, the Exco Shares that are specified in the Acceptance Form (and any additional Exco Shares that are specified in an Acquisition Notice under paragraph 10(5) below) and, in the case of CHES Holdings, when it is delivered to Advanced Share Registry Limited, the Exco Shareholder will take all necessary action in order to ensure the relevant Broker or Participant immediately initiates acceptance of the Offer;
  - (4) in respect of the Custodian Direction (if applicable), the Custodian Direction has been duly completed and executed and when delivered to the Custodian, it will compel the Custodian to immediately accept the Offer for the Exco Shares subject to its compliance procedures (in respect of which the Beneficial Holder will take all reasonably necessary action to seek to ensure the Custodian immediately accepts the Offer), and on the Custodian acting in accordance with the Custodian Direction and accepting the Offer, WHSP will acquire good title to, and beneficial ownership free from all encumbrances of, the Exco Shares that are specified in the Custodian Direction;
  - (5) if it purchases a legal and beneficial interest or beneficial interest in additional Exco Shares, it must notify the Facility Agent in writing, as set out in paragraph 9(1) above (Acquisition Notice) within 24 hours of the additional number of Exco Shares acquired and how those Exco Shares are registered and by doing so acknowledges that those additional Exco Shares are subject to the Acceptance Instructions; and
  - (6) it will give the Facility Agent written notice in accordance with paragraph 9(1) above revoking the Acceptance Instructions if the Participant either:
    - (a) intends to dispose of, encumber or otherwise create any third party interest whatsoever in respect of any of the Exco Shares or, where the Exco Shares are held by a custodian, the custodian is changed or the Beneficial Holder becomes registered as the holder of the Exco Shares; or
    - (b) intends, wishes or decides to withdraw any of its Acceptance Instructions.
- 11 The Participant warrants and acknowledges to the Facility Agent both at the time the Participant delivers the Acceptance Form and/or Custodian Direction in respect of its Exco Shares to the Facility Agent and at the time when the Facility Agent delivers those documents to WHSP in accordance with these Terms, that:
  - (1) it has read and understood these Terms;
  - (2) these Terms apply as between the Participant and the Facility Agent, not WHSP;
  - (3) any contract formed on the Participant's acceptance of the Offer is between it and WHSP, not the Facility Agent;
  - (4) the Facility Agent has not provided any investment, financial advice or other advice, or has any obligation to provide such advice, concerning the Participant's decision to participate in the Acceptance Facility and has no obligation to provide such advice; and
  - (5) these Terms and the Acceptance Facility are governed by the laws in force in New South Wales.
- 12 Each Participant acknowledges, and by accepting the Acceptance Form and/or Custodian Direction, the Facility Agent agrees, that the Facility Agent does not have any duties, obligations, rights or powers in relation to the Exco Shares or the bare trust referred to in these Terms other than as expressly set out in these Terms and that nothing in the arrangement described in these Terms creates in the Facility Agent a relevant interest (as defined in the Corporations Act), or legal or equitable interest (including any proprietary interest), or association or fiduciary relationship between the Facility Agent and the Participant in, or in relation to, any of the Exco Shares which are the subject of the Acceptance Form and/or Custodian Direction held by the Facility Agent. To the fullest extent permitted by law, each Participant agrees that the Facility Agent shall not have any liability to the Participant for any claim, demand, loss, cost, expense, liability or action (Loss) arising directly or indirectly from or relating to the Participant's participation in the Acceptance Facility or the actions of the Facility Agent with respect to the Acceptance Facility (including Losses as a result of the Facility Agent's negligence or default).
- 13 Each Participant further acknowledges that it is only the Acceptance Instructions and the rights and obligations conferred under these Terms which the Facility Agent holds as acceptance collection agent and bare trustee, and that the Facility Agent has, and will have, no interest whatsoever (including as trustee, legal, equitable or otherwise) in the Exco Shares to which the Acceptance Instructions relate, or the rights attaching to them.



- 14 The Facility Agent does not accept and each Participant releases the Facility Agent from any responsibility in relation to its appointment as Facility Agent including for ensuring that the Confirmation Letter from WHSP is delivered, that it is delivered in time to effect acceptance of the Offer in respect of Exco Shares, or for investigating the authorisation of the WHSP authorised officer who signs any Confirmation Letter. The Facility Agent is entitled to rely on a Confirmation Letter and any information and reconciliations from WHSP as conclusive evidence of the number of Exco Shares in the Acceptance Facility and the Facility Agent does not accept, and the Participant releases the Facility Agent from, any liability whatsoever should there be any discrepancies in calculation or reconciliation as a result of such reliance or otherwise.
- 15 The Facility Agent and its related bodies corporate, subsidiaries, branches and affiliates (Facility Group):
  - (1) do not accept and the Participant releases the Facility Group from any responsibility if there is any defect in the completion, execution or implementation of the Acceptance Form or Custodian Direction by the Participant or by the custodian, which would render the Acceptance Form or Custodian Direction (or any Acceptance Form provided by the Custodian in relation to Exco Shares) ineligible for acceptance;
  - (2) do not represent or warrant that WHSP will provide the Confirmation Letter once a particular level of acceptances under the Offer is achieved;
  - (3) will rely on the representations and warranties in paragraph 10 of these Terms including when informing WHSP of the number of Exco Shares which are the subject of Acceptance Instructions held by the Facility Agent; and
  - (4) are not providing advice or making any recommendation in relation to the Acceptance Facility or the Offer.
- 16 The Acceptance Instructions and enclosures should be provided to the Facility Agent by post<sup>4</sup>. However, the Facility Agent reserves the right to act on documents emailed or faxed to the Facility Agent.
- 17 By signing and returning the Acceptance Instructions, or otherwise appointing the Facility Agent under these Terms, each Participant will be deemed to have (subject to withdrawal under paragraph 8 of these Terms) irrevocably authorised:
  - (1) WHSP and each of its officers and agents to correct any errors in, and omissions from, the Acceptance Instructions, as may be necessary to make the form an Acceptance Instruction valid or correct; and
  - (2) the Facility Agent to disclose the Acceptance Instructions to WHSP or allow WHSP and their representatives to review the Acceptance Instructions at any time, provided WHSP and their representatives must keep such Acceptance Instructions confidential.
- 18 If Participant returns an Acceptance Form to the Facility Agent with a "X" marked in both the GREEN box and the BLUE box that Participant's Acceptance Instructions to the Facility Agent will be treated as valid and their purported acceptance of the Offer will be treated as invalid.
- 19 The Terms may be amended by the Facility Agent (with the consent of WHSP) by notice provided to ASX, provided that no amendment is prejudicial to the interests of the Participant or confer on WHSP or the Facility Agent any control or discretion over the voting or disposal of the Exco Shares to which Acceptance Instructions relate.
- 20 If there is in effect a final order of the Takeovers Panel, Court, or a government agency which prevents the Offer from being completed before the Facility Agent receives a Confirmation Letter, the Acceptance Facility will terminate and Acceptance Instructions will be returned to the relevant Participant.
- 21 The invitation to participate in the Acceptance Facility is made to you only and you should not distribute the Acceptance Form without the consent of the Facility Agent.
- 22 Each Participant acknowledges that the Facility Agent is not providing advice or making any recommendation in relation to the Participant's participation in the Acceptance Facility.
- 23 This Acceptance Form, including (for the avoidance of doubt) these Terms, may be amended by the Facility Agent with the consent of the Participant.
- 24 WHSP may at any time by notice provided to ASX remove Pacific Custodians Pty Limited as acceptance facility collection agent under this Facility and appoint another entity on the same terms or on terms which are no less favourable to the Participant than these Terms, and the Participant will continue to be bound by the Terms as if they had provided their Acceptance Instructions to the new acceptance facility collection agent and the new terms had applied at that time.

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4 Please return the acceptance instructions using the enclosed reply paid envelope or, alternatively, post it to the following address:  
Pacific Custodians Pty Limited  
c/o Link Market Services Limited  
WHSP Shareholder Acceptance Facility  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**Washington H. Soul Pattinson and Company Limited**

ABN 49 000 002 728

Level 1, 160 Pitt Street, Sydney NSW 2000

T: +61 2 9232 7166 F: +61 2 92351747

[www.whsp.com.au](http://www.whsp.com.au)



## ACCEPTANCE FORM

[Shareholder name]

28 September 2012

No. of my / our Exco Shares: [to be inserted]

HIN / SRN for my/our Exco Shares: [to be inserted]

This Acceptance Form is being provided to you by Washington H. Soul Pattinson and Company Limited (**WHSP**) in relation to the Offer by WHSP for all of the ordinary shares in Exco Resources Limited (**Exco**) pursuant to the bidder's statement dated 28 September 2012 (**Bidder's Statement**). Unless stated otherwise, terms defined in the Bidder's Statement have the same meaning when used in this Acceptance Form.

WHSP will increase the Offer Price from 19 cents to 26.5 cents cash per Exco share provided WHSP obtains 90% Acceptances during the Offer Period. Exco directors have rejected the Initial Offer of 19 cents per Exco share but have recommended that Exco shareholders **ACCEPT** the Revised Offer of 26.5 cents per Exco share.

**EXCO DIRECTORS RECOMMEND THAT YOU PLACE AN "X" IN THE GREEN BOX BELOW, SIGN THIS FORM OVERLEAF AND RETURN IT AS SOON AS POSSIBLE IN THE ENCLOSED REPLY PAID ENVELOPE**

### What is the Acceptance Facility?

WHSP has established an Acceptance Facility which is open to all Exco shareholders. The Acceptance Facility is designed to facilitate your acceptance into the Revised Offer by allowing you to lodge Acceptance Instructions with Pacific Custodian Pty Ltd (the **Facility Agent**) that will only be released and processed if the Acceptance Condition is met as outlined in the Terms of the Acceptance Facility (**Terms**), please refer to Annexure A and Annexure C of the Bidder's Statement.

In this regard, if the Acceptance Condition is met, you will receive 26.5 cents per Exco share. Until the Acceptance Condition is met, you will retain all rights and full control over your Exco shares however if you decide to accept the Initial Offer directly or to sell your shares on the ASX you should first cancel your Acceptance Facility instructions. The Facility Agent will hold the Acceptance Instructions as acceptance collection agent only and will not acquire a relevant interest in any of the Exco shares that are the subject of the Acceptance Instructions. For more information on the Terms, please refer to Section 8.3 and Annexure A and Annexure C of the Bidder's Statement.

### What do I need to do to accept into the Acceptance Facility?

**If you wish to ACCEPT the Revised Offer of 26.5 cents via the Acceptance Facility, you should;**

- Place an "X" in this box; AND
- Sign page 2 of this acceptance form and provide your contact details

By placing an "X" in the box above and signing and returning this form, you:

- agree to appoint Pacific Custodians Pty Limited as Facility Agent to act on your behalf in respect of the Acceptance Facility in accordance with the Terms;
- will be deemed to have instructed the Facility Agent to accept the Revised Offer in respect of ALL of your Exco shares if WHSP obtains 90% Acceptances or as otherwise outlined in the Terms;
- agree that the Facility Agent will hold your Acceptance Instructions or Custodian Direction (as relevant) on your behalf as acceptance facility collection agent subject to the Terms
- agree that you have received a copy of the Financial Services Guide from Pacific Custodians dated 28 September 2012; and
- acknowledge and agree to be bound by the Terms.

### What do I need to do to accept the Initial Offer of 19 cents per share directly?

This is not recommended by Exco Directors, however, Exco shareholders can accept the Initial Offer directly. Acceptance of the Initial Offer directly is irrevocable but you will receive the Initial Offer consideration of 19 cents per Exco share within 7 days after your acceptance is received by WHSP. You will only receive the additional consideration under the Revised Offer of 7.5 cents per Exco share if the Acceptance Condition is met.

**If you wish to ACCEPT the Offer directly rather than via the Acceptance facility, you should;**

- Place an "X" in this box
- Sign page 2 of this acceptance form and provide your contact details

B  
A  
R  
C  
O  
D  
E

**PLEASE TURN OVER TO COMPLETE THIS FORM**

**To be completed by Exco Shareholder / Beneficial Owner as registered above:**

Contact Name (please provide):

Contact Number (during business hours):

Contact Email Address:

**You must sign this form for your instructions to be valid:**

Shareholder/Beneficial Owner 1 (Individual)	Shareholder/Beneficial Owner 2 (Individual)	Shareholder/Beneficial Owner 3 (Individual)
Sole Director & Company Secretary	Secretary / Director (delete one)	Director

**Date of signing (please insert):** \_\_\_\_\_

**Signing instructions:**

Please sign this Acceptance in the places for signature(s) out on the front page and in accordance with the following instructions:

– **Joint Shareholders:** If your Exco Resources Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.

– **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.

– **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.

- **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

**Lodgment instructions**

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

**Mailing Address**

Pacific Custodian Pty Limited  
c/- Link Market Services Limited  
WHSP Shareholder Acceptance Facility  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

or

**Hand Delivery**

Pacific Custodian Pty Limited  
c/- Link Market Services Limited  
WHSP Shareholder Acceptance Facility  
1A Homebush Bay Drive  
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

A Financial Services Guide from Pacific Custodians Pty Limited dated 28 September 2012 is enclosed. You should read this and the Terms carefully before choosing to participate in the Acceptance Facility. The Facility Agent has agreed to accept the appointment as facility collection agent on the Terms by way of a deed poll dated 28 September 2012 in favour of all Exco shareholders who appoint the Facility Agent as such by marking the GREEN box and completing and returning this Acceptance Form.

**Your acceptance must be received before the end of the Offer Period, which is 7:00pm (Sydney time) on Friday 2 November 2012 (unless extended).**

**If you have any questions about the terms of the Offer or how to accept, please call the WHSP Offer Information Line on the following numbers:  
1800 600 409 (within Australia) +61 2 8256 3378 (outside Australia)**



## FINANCIAL SERVICES GUIDE

**This Financial Services Guide (FSG) is issued by Pacific Custodians Pty Limited AFS Licence No. 295142 (Pacific Custodians). Pacific Custodians has been appointed by Washington H. Soul Pattinson and Company Limited ("WHSP") as the acceptance facility collection agent for the Acceptance Facility as described in the Terms of the Acceptance Facility (Facility). The Terms of the Acceptance Facility are found in Annexure C to the Bidder's Statement of WHSP dated 28 September 2012.**

This FSG is an important document that is intended to provide you with information about Pacific Custodians Pty Limited who may act for you as acceptance facility collection agent for the Facility in connection with the off-market takeover offer by WHSP for all of the ordinary shares in Exco Resources Limited.

The matters covered in this FSG include: who we are and how we can be contacted; the financial services we will provide; the remuneration we receive in relation to the financial services we may provide and how we deal with any complaints you may have.

Please contact us if you have any questions about us or this FSG. Our contact details are set out at the end of this FSG.

### Who is Pacific Custodians?

Pacific Custodians is a wholly owned subsidiary of Link Market Services Limited ACN 083 214 537. Link Market Services Limited is the administrator of the Facility.

### What Services will Pacific Custodians provide?

Pacific Custodians will provide dealing services as acceptance facility collection agent to you only if you submit your Acceptance Form marked with an "X" in the Green box. Your Acceptance Form is in the Bidder's Statement of WHSP dated 28 September 2012.

As your acceptance facility collection agent under the Facility, Pacific Custodians will deliver your Acceptance Form to the Registry on receipt of the Confirmation Letter from Washington H. Soul Pattinson and Company Limited. The details of the acceptance facility collection agent service are described in the Terms of the Acceptance Facility.

Pacific Custodians will not provide any advisory service and you should seek independent advice in this regard.

Pacific Custodians is responsible for the financial services it provides to you. The services are provided by Pacific Custodians on its own behalf.

### How do I provide instructions to Pacific Custodians?

The completion and submission of your Acceptance Form to Pacific Custodians (c/o Link Market Services Limited) (and, if relevant, the submission of any withdrawal instructions in accordance with the Terms of the Acceptance Facility) provide all the instructions that are required.

### How is Pacific Custodians remunerated?

Pacific Custodians will not charge you any fees in relation to the services that it provides to you in relation to the Facility. Link Market Services Limited will be remunerated by WHSP for its services and the services Pacific Custodians provides to you in relation to the Facility.

Employees of Pacific Custodians and its related companies are remunerated by salary and do not directly receive any commission or fees. Bonus payments are discretionary.

### How do I make a complaint?

Pacific Custodians is committed to providing quality financial services. We have developed a fast and efficient complaint handling procedure to enable us to deal with any complaints you may have about us.

If you have a complaint about our services, please contact us by:

**Phone** (02) 8280 7748  
**Mail** **Complaints Manager**  
Pacific Custodians Pty Limited  
Locked Bag A14,  
Sydney South NSW 1235  
**Fax** (02) 9287 0303  
**Email** [complaints@linkmarketservices.com.au](mailto:complaints@linkmarketservices.com.au)

Pacific Custodians is a member of the Financial Ombudsman Service (FOS) which is an externally managed dispute resolution scheme registered with the Australian Securities and Investments Commission. If you feel we have not dealt with your complaint satisfactorily, you may refer your complaint to FOS by:

**Phone** 1300 780 808  
**Mail** **Financial Ombudsman Service**  
GPO Box 3,  
Melbourne VIC 3001  
**Fax** (03) 9613 6399  
**Internet** [www.fos.org.au](http://www.fos.org.au)