



PALADIN ENERGY LTD

ACN 061 681 098

11 March 2008

The Company Announcements Officer
Australian Stock Exchange Limited
Exchange Centre, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

Convertible Bond Disclosure Notice

Attached please find the Disclosure Notice in respect of the convertible bond issue announced 20 February 2008. While the Bonds are being issued primarily to institutional, professional and sophisticated investors offshore, the Disclosure Notice has been lodged to ensure Australian resale restrictions do not apply to any shares later issued on conversion of the Bonds.

Yours faithfully
Paladin Energy Ltd

GILLIAN SWABY
Company Secretary

Not for distribution to United States newswire services or for dissemination in the United States.

11 March 2008

Disclosure Notice

Paladin Energy Ltd ACN 061 681 098

U.S.\$325,000,000

5.00 per cent Convertible Bonds due 2013

**Convertible into Ordinary Shares of Paladin
Energy Ltd**

IMPORTANT NOTICE

GENERAL

About this document

This Disclosure Notice relates to the offer by Paladin Energy Ltd (the “**Issuer**” or the “**Company**”) of 5.00 per cent. Convertible Bonds due 2013 (the “**Bonds**”) convertible into ordinary shares of the Issuer (the “**Ordinary Shares**”), to select investors.

This Disclosure Notice is lodged with the Australian Securities Exchange (“**ASX**”) in accordance with requirements of a declaration of the Australian Securities and Investment Commission (“**ASIC**”) under Subsection 741(1)(b) of the Corporations Act 2001 (Cth) (“**Corporations Act**”). Any offering of Bonds within Australia is open only to select investors who are sophisticated or professional investors as referred to in sections 708(8), 708(10) and (11) of the Corporations Act.

Neither this Disclosure Notice nor any other disclosure document in relation to the Bonds or Ordinary Shares has been lodged with ASIC. A person may not make or invite an offer of the Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Disclosure Notice or any other offering material or advertisement relating to the Bonds in Australia unless the minimum aggregate consideration payable by each offeree is at least A\$500,000 calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001 (Cth) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act, and such action complies with all applicable laws, regulations and directives and such action does not require any document to be lodged with ASIC.

None of ASIC, the ASX nor their respective officers take any responsibility for the contents of this Disclosure Notice or the merits of the investment to which this Disclosure Notice relates. The fact that ASX has quoted the Company's Ordinary Shares and may quote the Ordinary Shares into which the Bonds are converted is not to be taken in any way as an indication of the merits of the Ordinary Shares, the Bonds or the Company.

This Disclosure Notice should be read in its entirety. It contains general information only and does not take into account your specific objectives, financial situation or needs. In the case of any doubt, you should seek the advice of a stock broker or other professional advisor.

None of the Company, any member of its Group, or their respective associates or directors guarantees the success of the offering of the Bonds, the repayment of capital or any particular rate of capital or income return. Investment-type products are subject to investment risk, including possible loss of income and capital invested.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Bonds other than as contained in this Disclosure Notice or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by any person other than the Issuer.

Neither the delivery of this Disclosure Notice nor the offering, sale or delivery of any Bond shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date of this Disclosure Notice.

In this Disclosure Notice, unless otherwise specified, references to “U.S.\$” or “U.S. dollars” are to United States dollars, references to S\$ are to Singapore dollars and references to “A\$” are to Australian dollars.

No representations or recommendations

No representation or warranty, express or implied, is made by Citigroup Global Markets Limited and UBS AG, Australia Branch (the "Joint Bookrunners and Joint Lead Managers") as to the accuracy or completeness of the information contained or incorporated in this Disclosure Notice, and nothing contained or incorporated in this Disclosure Notice is, or shall be relied upon, as a promise or representation by the Joint Bookrunners and Joint Lead Managers or BNY Corporate Trustee Services Limited (the "Trustee"). This Disclosure Notice is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Issuer, the Joint Bookrunners and Joint Lead Managers or the Trustee that any recipient of this Disclosure Notice should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Disclosure Notice and its purchase of Bonds should be based upon such investigations as it deems necessary.

No offer

This Disclosure Notice does not constitute an offer or invitation to subscribe for or purchase any Bonds and is not intended to be used in connection with any such offer or invitation.

Restrictions in foreign jurisdictions

This Disclosure Notice does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Disclosure Notice and the offering, sale and delivery of Bonds and the Ordinary Shares to be issued on conversion of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Disclosure Notice comes are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Disclosure Notice and other offering material relating to the Bonds, see "Subscription and Sale".

The Bonds and the Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"). The Bonds and the Ordinary Shares may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the Securities Act), except pursuant to registration under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Risk Factors

Prospective purchasers of Bonds should carefully consider the risks and uncertainties described or referred to in this Disclosure Notice. An investment in the Bonds should be considered speculative due to various factors, including the nature of the Company's business. See "Cautionary Statement Regarding Forward-Looking Statements" (below) and the "Risk Factors" outlined in Section 5.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements concerning anticipated developments in the Company's operations in future periods, planned exploration activities, the adequacy of the Company's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "targeted", "plans", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. Information concerning the interpretation of drill results and mineral resource estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralisation might be found to be present if and when a project is actually developed.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this document under the heading "Risk Factors". The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and, except as required by law, the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

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Disclosure Notice

1 Key features

The following is a summary of the principal features of the Bonds and the offering. Terms defined under "Terms and Conditions of the Bonds" (the "Conditions") or elsewhere in this Disclosure Notice shall have the same respective meanings in this summary.

The following summary is qualified in its entirety by the more detailed information appearing in the attached Conditions.

1.1 Summary of offer

Issuer	Paladin Energy Ltd.
The Bonds	U.S.\$325,000,000 5.00 per cent. Convertible Bonds due 2013.
The Offering	The Bonds are being offered and sold by the Joint Bookrunners and Joint Lead Managers outside the United States in accordance with Regulation S under the Securities Act ("Offer" or "Offering"). The Offering in Australia is only to select investors who are sophisticated or professional investors within sections 708(8), (10) and (11) of the Corporations Act.
Issue Price	100 per cent. of the principal amount.
Denomination	U.S.\$200,000 and integral multiples thereof.
Closing Date	11 March 2008 (the "Closing Date").
Interest Rate	The rate of interest payable on the Bonds will be 5.00 per cent. per annum. Interest will be payable on the Bonds semi-annually in arrear in equal instalments, on 11 September and 11 March in each year (each an "Interest Payment Date"), commencing with the Interest Payment Date commencing on 11 September 2008.
Status	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 2 of the Conditions) unsecured obligations of the Issuer, as provided in the Conditions, ranking <i>pari passu</i> without any preference among themselves and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Conversion Right	Unless previously redeemed or purchased and cancelled, Bondholders will have the right to convert Bonds into Ordinary Shares at the then applicable Conversion Price at any time on or after 21 April 2008, provided that the relevant Conversion Date shall fall no later than the date falling six New York business days prior to the Final Maturity Date or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, then not later than the sixth New York business day before the date fixed for redemption thereof.
Conversion Price	The initial Conversion Price shall be U.S.\$6.59. The Conversion Price will be subject to adjustment in certain circumstances described in Condition 6(b) (<i>Conversion of Bonds — Adjustment of Conversion Price</i>), including upon the making of a Dividend by the Issuer and upon the occurrence of a Change of Control.
Final Maturity	Unless previously purchased and cancelled, redeemed or converted, the Bonds will be redeemed in cash on 11 March 2013 (the "Final Maturity Date") at their principal amount.
Optional Redemption by the Issuer	The Issuer will be entitled to redeem the outstanding Bonds, in whole but not in part, at their principal amount plus accrued interest to but excluding the date fixed for redemption (i) at any time on or after 1 April 2011, if on each of at least 20 consecutive dealing days (as defined in the Conditions) ending not earlier than five days prior to the giving of the notice of redemption, the Parity Value shall have been at least U.S.\$260,000; or (ii) if at any time prior to the date on which the relevant notice of redemption is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds); or (iii) within 45 days after the end of the Change of Control Period. See Condition 7(b) of the Bonds (<i>Redemption and Purchase—Redemption at the Option of the Issuer</i>).
Optional Redemption by Bondholders	Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, each Bondholder shall have the right, at such Bondholder's option, following the occurrence of a Change of Control (as defined in the Conditions) to require the Issuer to redeem such Bondholder's Bonds at their principal amount together with accrued interest.
Withholding Taxes	All payments in respect of the Bonds shall be made without deduction of or withholding for or on account of any present or future taxes imposed or levied by or on behalf of the Commonwealth of Australia unless such deduction or withholding is required by law. In the event that any such deduction or withholding is required, the Issuer shall pay additional amounts in respect thereof, subject to certain customary exceptions. See "Taxation".

Tax Redemption	In the event of certain changes affecting taxes of the Commonwealth of Australia, the Issuer may, subject to certain conditions being satisfied, give notice to redeem the Bonds in whole, but not in part, at any time at their principal amount, together with accrued but unpaid interest to such date. Upon such notice being given, a Bondholder may elect not to have his Bond redeemed, in which case such holder will not be entitled to receive payment of such additional amounts as are referred to in "Withholding Taxes" above in respect of any payments on the Bonds.
Negative Pledge	The Bonds will contain a negative pledge provision given by the Issuer and its Subsidiaries in respect of Relevant Indebtedness (as defined in the Conditions). See Condition 2 (<i>Negative Pledge</i>).
Cross Default	The Bonds will contain a cross default provision, subject to a threshold of U.S.\$10,000,000 and excluding default in respect of Project Finance Indebtedness. See Condition 10(c) (<i>Events of Default</i>).
Other Events of Default	For a description of certain events that will permit acceleration of the Bonds, see Condition 10 (<i>Events of Default</i>). Upon acceleration for any such event, the Bonds will become immediately due and repayable at their principal amount, together with accrued but unpaid interest.
Trust Deed	The Bonds will be constituted by a trust deed expected to be dated 11 March 2008 ("Trust Deed") between the Issuer and the Trustee.
Trustee	BNY Corporate Trustee Services Limited.
Governing Law	The Bonds and the Trust Deed will be governed by, and construed in accordance with, English law.
Principal Paying, Transfer and Conversion Agent	The Bank of New York
Registrar	The Bank of New York.
Form of the Bonds and Delivery	The Bonds will be in registered form without coupons attached and will be represented by a Global Bond registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream Luxembourg") on or about the Closing Date.

Sales Restrictions	There are restrictions on offers and sales of the Bonds, <i>inter alia</i> , in the United States, the United Kingdom, Canada, Australia, the European Economic Area and Singapore. See "Subscription and Sale".
Listing	Application has been made, and approval in-principle has been received, for the listing of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as any of the Bonds are listed on the SGX-ST. The Company has not applied to have the Bonds admitted to dealing on the ASX or listed on the Toronto Stock Exchange ("TSX").
Lock up	The Issuer has agreed to certain restrictions on its ability and the ability of its Subsidiaries to issue or dispose of Ordinary Shares or related securities during the period commencing on the date of the Subscription Agreement (as defined herein) and ending 90 days after the Closing Date (both days inclusive). See "Subscription and Sale".
ISIN	XS0349087451.
Common Code	034908745.
Use of Proceeds	The net proceeds of the issue of the Bonds are expected to amount to approximately U.S.\$315.4 million, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used to fund further growth as follows: • approximately U.S.\$50 million to further advance the Langer Heinrich expansion project (Stage II); • approximately U.S.\$100–120 million to fund mining development, expansions and to support ongoing merger and acquisition activities as they arise in the next 12 to 18 months. This will include committing funds to Langer Heinrich to further increase production beyond the proposed Stage II expansion and, in conjunction with Cameco Corporation, to evaluating the recently awarded Angela and Pamela uranium deposits in Australia's Northern Territory; • approximately U.S.\$50–70 million for ongoing exploration and business development; • approximately U.S.\$65-75 million on Paladin's marketing arm. Paladin will develop innovative commercial arrangements to take advantage of the dynamic changes in the global uranium industry which are consistent with the trend in other commodities where customers are increasingly looking for flexible and variable contractual and sales proposals extending beyond the traditional long-term contracts and spot sales transactions. Paladin intends

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to open marketing offices to better access key customers in Europe and Asia-Pacific, and will add further contract administration and sales personnel both in its head office and in North America; and

approximately U.S.\$10 million to fund costs associated with the issue.

Currency and Exchange Information

- The Company reports in U.S. dollars. Unless otherwise indicated, all references to "\$", or "A\$" or "dollars" in this offering document refer to Australian dollars. References to "U.S.\$" and "\$" in this offering document refer to United States dollars and Singapore dollars, respectively. The exchange rate at 4.00 pm (Sydney time) on 20 February 2008 as reported by the Reserve Bank of Australia for the conversion of Australian dollars into other currencies was as follows:

A\$1.00 = U.S.\$ 0.9154 U.S.\$1.00 = A\$1.0924

A\$1.00 = S\$1.2918 S\$1.00 = A\$0.7741

1.2 Rights and Liabilities of Ordinary Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to fully paid Ordinary Shares as set out in the Company's constitution ("Constitution").

Ranking

The Ordinary Shares issuable upon the conversion of the Bonds will rank *pari passu* with all the other Ordinary Shares that have been issued.

Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (i) at meetings of shareholders, each shareholder entitled to vote may vote in person or by proxy, attorney or representative; and
- (ii) on a show of hands, every shareholder present in person or by proxy, attorney or representative has one vote and on a poll, every shareholder present in person or by proxy, attorney or representative has one vote for each share that shareholder holds.

A person who holds a share that is not fully paid up (that is, a contributing share) shall be entitled to a fraction of a vote equal to that proportion that the amount paid up bears to the total issue price.

Dividend Rights

Subject to the rights of holders of any preference share and to the rights of the holders of any shares created or raised under any special arrangement as to dividends, dividends declared shall be payable on all shares in accordance with the Corporations Act.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind, the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities on which there is any liability.

Subject to the rights of the shareholders (if any) entitled to shares with special rights in a winding-up, all moneys and property that are to be distributed among shareholders on a winding up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the shares.

Transfer of Shares

Subject to the Company's Constitution, the Corporations Act and any other applicable laws and the ASX Listing Rules, Ordinary Shares are freely transferable.

Future Issues

Without prejudice to any special rights conferred on the holders of any existing shares or class of shares, shares for the time being unissued shall be under the control of the directors of the Company ("Directors"), and subject to the Corporations Act, the ASX Listing Rules, the TSX Company Manual and the Company's Constitution, the Directors may at any time and from time to time issue such number of shares either as Ordinary Shares or shares of a named class or classes (being either an existing class or a new class) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, return of capital or otherwise, and whether as preference shares that are or at the option of the Company are liable to be redeemed, as the Directors shall, in their absolute discretion, determine.

Variation of Rights

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation of rights shall be subject to Sections 246B and 246E of the Corporations Act. The provisions of the Constitution relating to general meetings shall apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by two persons who together hold or represent by proxy one-third of the issued shares of the class.

Full details of the rights attaching to the Ordinary Shares are set out in the Company's Constitution, a copy of which can be inspected at the Company's registered office at

Grand Central, First Floor, 26 Railway Road, Subiaco, Western Australia, 6008, Australia during normal business hours.

2 Further information about the Company

The Company is a 'disclosing entity' for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules of the ASX. Copies of documents regarding the Company lodged with ASIC or the ASX respectively may be obtained from, or inspected at, any ASIC office or the ASX respectively.

In addition, you have the right to obtain a copy of the following documents:

- the Annual Report of the Company for the year ended 30 June 2007;
- the Second Quarter and Half Year Report for the half year ended 31 December 2007;
- any continuous disclosure notices given by the Company after the lodgement of the Annual Report for the year ended 30 June 2007 and before the lodgement of the disclosure notice relating to the offer of the Bonds with the ASX; and
- any disclosure notices given by the Company to the ASX regarding its or its subsidiaries mineral resources or reserves.

These documents may be obtained from the Company, free of charge, during the period up to and including 11 March 2008 by contacting the Company Secretary at the head office of the Company at Grand Central, First Floor, 26 Railway Road, Subiaco, Western Australia, 6008, Australia, telephone +61 (8) 9381 4366.

These documents, and all other regular reporting and disclosure documents of the Company, are also available electronically on the website of the ASX, at www.asx.com.au

Prospective investors are advised to obtain and read the documents mentioned above before making their investment decision with respect to the Bonds.

3 About the Company

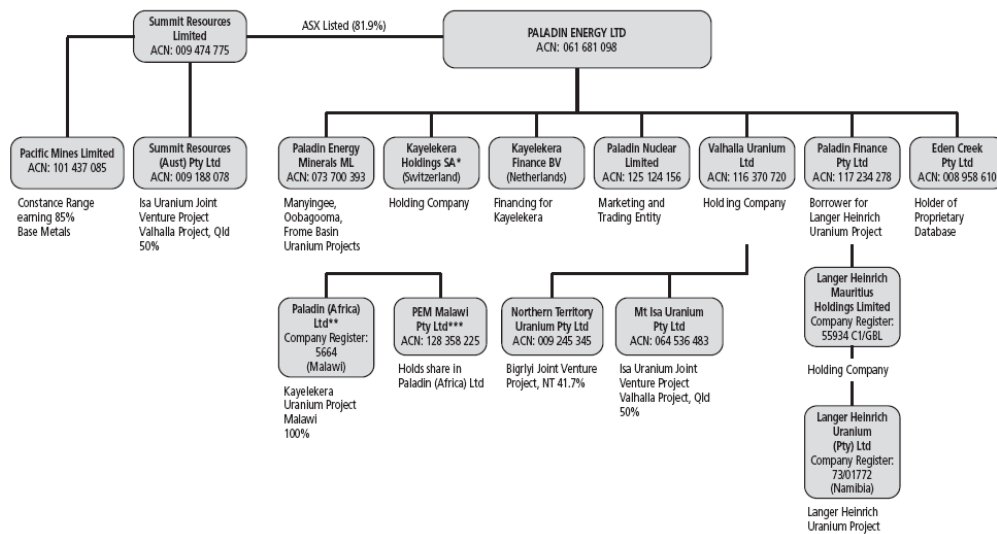
History

The Company was incorporated under the name "Paladin Resources NL" in Australia on 24 September 1993 as a "no liability" company under a Memorandum and Articles of Association. In February 1994, the Company completed its initial public offering in Australia and on 29 March 1994 commenced trading on the ASX. Following changes to Australian corporations law, the Company's Memorandum and Articles of Association were replaced by a Constitution in November 1999.

On 21 January 2000, the Company changed from a no liability company to a limited liability company. At that time, its name changed to "Paladin Resources Ltd". Paladin Resources Ltd dual-listed on the Toronto Stock Exchange ("TSX") on 29 April 2005. On 22 November 2007, the Company changed its name to "Paladin Energy Ltd". On 14 February 2008, the Company listed on the Namibian Stock Exchange ("NSX").

Further information about the Company and its business is publicly available at its website (www.paladinenergy.com.au), on the ASX's website (www.asx.com.au) and under the Company's profile on the SEDAR website maintained by Canadian securities regulatory authorities (www.sedar.com).

The following chart outlines the corporate structure, the percentage of voting securities held and the jurisdiction and registered number (where applicable) of each entity.



All Group Entities 100% owned with the exception of Summit Group and Paladin (Africa) Ltd (refer to ** below).

- * Intended to become 85% shareholder of Paladin (Africa) Ltd and replace Paladin Energy Minerals NL in that capacity.
- ** Currently 100%, however, Malawi Government has right to 15% equity.
- *** Prior to reorganisation, 2 shares issued in Paladin (Africa) Ltd held by Paladin Energy Minerals NL (1 share) & PEM Malawi Pty Ltd (1 share held on trust for Paladin Energy Minerals NL).

A brief overview of the business is set out below.

The Business

The Company operates in the resources industry with its principal business being the exploration for uranium and the evaluation and development of uranium projects in Africa and Australia. The Company is currently focused on development projects in Southern Africa, where it is mining and milling uranium concentrates at its Langer Heinrich Uranium Project in Namibia and is constructing a uranium mining and milling facility at its Kayelekera Uranium Project in Malawi. The Company sells uranium concentrates from its Langer Heinrich Uranium Project and is actively marketing uranium concentrates from both Langer Heinrich and Kayelekera.

The Company's principal assets comprise: (1) the Langer Heinrich Uranium Project in Namibia, Southern Africa, owned 100% by the Company through its wholly owned Namibian subsidiary, Langer Heinrich Uranium (Pty) Ltd; (2) a 100% (reducing to 85% due to the right of the Government of Malawi to acquire 15% equity) interest in the Kayelekera Uranium Project in Malawi, Southern Africa, through the Company's wholly owned Malawi subsidiary Paladin (Africa) Ltd; (3) 81.9% of Summit Resources Limited, a company listed on the ASX with significant exploration territory in Mt Isa, Queensland; (4) a Joint Venture with Summit Resources Limited in relation to the Valhalla and Skal deposits in Queensland; (5) a Joint Venture with Cameco Australia Pty Ltd in respect of the Angela and Pamela Uranium Deposits in the Northern Territory, (6) a Joint Venture with Energy Metals Ltd on the Biglryi project in the Northern Territory; (7) 100% ownership of the Manyingee and Oobagooma uranium deposits in Western Australia; and (8) ownership of a unique proprietary uranium database. The Company's current uranium resource inventory is set out in the following table:

Project	Langer Heinrich Project*	Kayelekera Project*	Manyingee Project**	Oobagooma Project ¹	Valhalla Deposit*	Skal Project	Bigirlyi Deposit	Angela & Pamela Deposits ²
Paladin Equity	100%	85%	100%	100%	90.9%	90.9%	41.7%	50%
Location	Namibia, Southern Africa	Malawi, Southern Africa	West Pilbara, Western Australia	West Kimberley, Western Australia	Queensland, Australia	Queensland, Australia	Northern Territory, Australia	Northern Territory, Australia
Deposit Type	Calcrete	Sandstone	Sandstone	Sandstone	Metasomatic	Metasomatic	Sandstone	Sandstone
Measured & Indicated Resources	37.1Mt @ 0.06% U ₃ O ₈ (22,500t U ₃ O ₈) 49.7Mlbs	15Mt @ 0.09% U ₃ O ₈ (13,630t U ₃ O ₈) 30.0Mlbs	7.9Mt @ 0.1% U ₃ O ₈ (8,080t U ₃ O ₈) 17.8Mlbs	–	21.3Mt @ 0.08% U ₃ O ₈ (16,900t U ₃ O ₈) 37.2Mlbs	–	1.94Mt @ 0.17% U ₃ O ₈ (3,250t U ₃ O ₈) 7.2Mlbs	–
Inferred Resources	43Mt @ 0.06% U ₃ O ₈ (25,308t U ₃ O ₈) 55.9Mlbs	3.4Mt @ 0.06% U ₃ O ₈ (2,040t U ₃ O ₈) 4.5Mlbs	5.5Mt @ 0.05% U ₃ O ₈ (2,810t U ₃ O ₈) 6.2Mlbs	–	12Mt @ 0.075% U ₃ O ₈ (9,000t U ₃ O ₈) 19.8Mlbs	–	2.59Mt @ 0.13% U ₃ O ₈ (3,260t U ₃ O ₈) 7.2Mlbs	–
Historical Resources (non-JORC compliant)	–	–	–	8.3Mt @ 0.12% - 0.14% U ₃ O ₈ (9,950t U ₃ O ₈) 21.9Mlbs	–	4.2Mt @ 0.1%-0.13% U ₃ O ₈ (5,000t U ₃ O ₈) 11.0Mlbs	–	12-13Mt @ 0.1%-0.13% U ₃ O ₈ (12-13,000t U ₃ O ₈) 26-28Mlbs

Resources are quoted inclusive of any reserves that may be applicable.

Resources detailed above in all cases represent 100% of the resource – not the participant's share.

* JORC(2004) & NI 43-101 Compliant.

** JORC(1999) Compliant.

For Valhalla and Skal, the Company's interest is based on 50% deriving from the Mt. Isa Joint Venture and 40.9% via the Company's 81.9% ownership of Summit Resources Limited.

1 Subject to formal grant of exploration licences by the West Australian Government.

2 Subject to formal grant of an exploration licence by the Northern Territory Government.

Langer Heinrich Uranium Project (100%) - Namibia

The Langer Heinrich Uranium Project is located 85 km east of the Namibian coastal resort town of Swakopmund and falls within the boundaries of the Namib-Naukluft National Park. The Langer Heinrich ore body is calcretized valley-fill fluvial sediments in an extensive tertiary palaeodrainage system. The uranium mineralization occurs in the form of carnotite, which is an oxidised uranium and vanadium secondary mineral.

The Langer Heinrich Uranium Project comprises a mining operation which feeds uranium ore to a uranium extraction processing plant designed to produce 2.6Mlbs U₃O₈ per year in its initial configuration. The Langer Heinrich Uranium Project is located on Mining Licence 140, which was granted in July 2005 with an initial 25 year term. Exploration Prospecting Licence 3500 was granted in October 2006, encapsulating the interpreted western extension of the Langer Heinrich Uranium Deposit. The Langer Heinrich Uranium Project is the Company's flagship project and was officially opened by His Excellency, President Hifikepunye Pohamba, of the Republic of Namibia, on 15 March 2007.

Production

The Langer Heinrich Uranium Project is designed to produce 2.6Mlbs per year of uranium oxide concentrate (U₃O₈) from 1.5Mtpa of calcrete and associated ores by ore beneficiation, alkaline leaching, counter current decantation, ion exchange, precipitation and drying to produce a saleable concentrate containing U₃O₈.

Langer Heinrich experienced an extended production ramp-up during 2007, primarily due to the material failure of leach tank liners in the early stages of the ramp-up, causing consequential damage to heat exchangers which took five months to rectify. In December

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2007, the plant reached its design capacity. It produced a total of 650,562 lbs U_3O_8 in the period from 1 July to 31 December 2007. Production for the period January to June 2008 is expected to be 1.3Mlbs U_3O_8 at the design output rate.

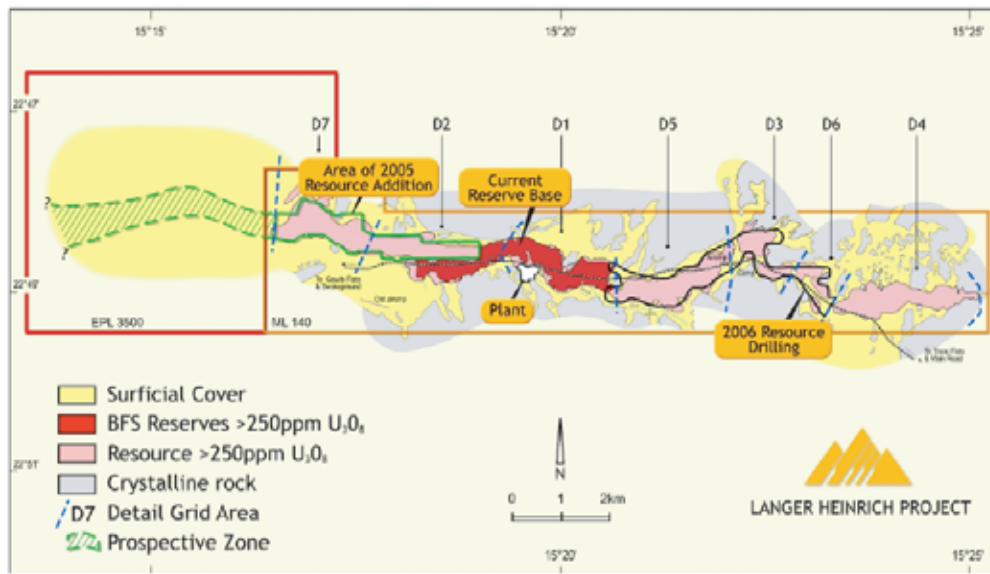
Four uranium sales contracts have been secured which account for approximately 7.7 Mlbs of Langer Heinrich production over the period 2007-2012. Pricing in all four contracts is market-related at the time of delivery and is subject to escalating floor and ceiling components. These contracts were required as part of the project financing.

Planned Expansion – Langer Heinrich Stage II

Engineering has commenced for an expansion of the Langer Heinrich operation from the current design output of 2.6Mlbs U_3O_8 per year to 3.7Mlbs U_3O_8 per year by increasing ore throughput to 2.4M tpa from its current 1.5M tpa and expanding all sections of the processing plant.

Construction of the Stage II expansion will commence in the first half of 2008 and the Company is targeting a mechanical completion date of the end of 2008.

Resources, Reserves & Exploration



A 2006 drilling program of 6,355m of Reverse Circulation ("RC") drilling from 231 holes (confined to Details 3, 4, 5 and 6 targeting the mineralised palaeochannel extending east from the Detail 1 orebody) returned encouraging results. Mineral resource specialists Hellman & Schofield have completed and independently verified a revised mineral resource estimate for Langer Heinrich reported in conformance to both JORC (2004) and NI 43-101 guidelines. The results for the Langer Heinrich Deposit are reported below using a 250ppm U_3O_8 cut-off.

Mineral Resource estimation by Hellman & Schofield for Details 1 to 7:

250ppm Cut-off	Million Tonnes	Grade % U_3O_8	Tonnes U_3O_8	Million lbs U_3O_8
Measured Resources	22.7	0.064	14,634	32.25

250ppm Cut-off	Million Tonnes	Grade % U ₃ O ₈	Tonnes U ₃ O ₈	Million lbs U ₃ O ₈
Indicated Resources	14.5	0.055	7,936	17.49
Inferred Resources	43.4	0.058	25,360	55.89

A further resource definition drilling campaign, comprising some 10,700m of RC drilling, has been commenced, with the aim of delineating all the mineralisation within the Langer Heinrich mining lease. At the same time, a resource infill drilling program of approximately 9,600m RC will be started to upgrade the Inferred Resources in the western portion of Detail 1 and the majority of Detail 2. The intention of the infill drilling is to exceed replacement of those resources depleted by mining during the next two years. An additional 3,500m of RC drilling is planned for exploration of EL 3500 to the immediate west of the current Langer Heinrich mining lease (Detail 7).

The Ore Reserves below are based on a U.S.\$30/lb U₃O₈ price and a 250ppm cut off grade. It should be noted that these Ore Reserves have not been reported in an NI 43-101 Technical Report:

250ppm Cut-off	Million Tonnes	Grade % U ₃ O ₈	Tonnes U ₃ O ₈	Million lbs U ₃ O ₈
Proven Ore Reserves	16.7	0.069	11,590	25.54
Probable Ore Reserves	8.63	0.067	5,451	12.01
Total ore Reserves	25.37	0.068	17,041	37.56

Kayelekera Uranium Project (100% - reducing to 85%) – Northern Malawi

The Kayelekera Uranium Project is located in northern Malawi, 52km west of the provincial town of Karonga at the northern end of Lake Malawi and 575km north of the capital city, Lilongwe.

Kayelekera is a sandstone hosted uranium deposit associated with the Permian Karoo sediments and is hosted by the Kayelekera member of the North Rukuru sediments of the Karoo.

The Kayelekera Uranium Project is currently owned 100% by the Company through its wholly owned subsidiary, Paladin (Africa) Ltd ("PAL"). Under the terms of the Development Agreement signed between PAL and the Government in February 2007, the Government of Malawi will become a 15% shareholder in PAL.

Construction started on the Kayelekera Uranium Project in May 2007, with a construction completion target of the end of 2008 and production ramp-up commencing at the beginning of 2009. Construction is expected to be completed on schedule and within budget.

The Project is designed to produce an average of 3.3Mlbs U₃O₈ per year for the first seven years and a further average of 1.17Mlbs U₃O₈ per year for another four years using

accumulated stockpile material. The capital cost to build the Project is U.S.\$200 million, with an additional requirement for U.S.\$40 million in working capital during production ramp up. The Project is located on Mining Licence 0152/2007, which was granted on 2 April 2007 for an initial period of 15 years, with options to renew for 10 year periods.

A construction camp for 500 people has been erected on site and plant area earthworks and construction phase environmental water management structures have been completed. Critical long lead time items have been purchased, including a refurbished semi-autogenous mill, which has been delivered into PAL's Karonga storage compound, and a 10 MWe containerized power plant, which is awaiting installation on site. Mining fleet equipment has been delivered to site. A comprehensive review of the tailings dam design is being conducted and construction is likely to begin during the first quarter of 2008.

Resources, Reserves & Exploration

The JORC (2004) and NI 43-101 Code compliant Mineral Resource base (comprising both arkose and mudstone components) used for the Bankable Feasibility Study completed for the Project ("BFS") pit optimisation work is summarised in the table below:

At 300ppm U ₃ O ₈ Cut-off	Million Tonnes	Grade % U ₃ O ₈	Tonnes U ₃ O ₈	Million lbs U ₃ O ₈
Measured Resources	2.20	0.12	2,730	6.02
Indicated Resources	13.11	0.08	10,880	23.99
Total Measured & Indicated	15.31	0.09	13,630	30.01
Inferred Resources	3.40	0.06	2,040	4.50
At 600ppm U ₃ O ₈ Cut-off	Million Tonnes	Grade % U ₃ O ₈	Tonnes U ₃ O ₈	Million lbs U ₃ O ₈
Measured Resources	1.58	0.16	2,460	5.42
Indicated Resources	6.98	0.12	8,240	18.16
Total Measured & Indicated	8.56	0.13	10,690	23.56
Inferred Resources	1.19	0.09	1,100	2.45

The Ore Reserves, generated from the Measured and Indicated Resources, occur within a single open pit. The BFS indicated a scheduled mine life of seven years, using the ore reserve base of 10.5Mt at an average grade of 0.11% U₃O₈ and a process plant life of 11 years using accumulated stockpile material. Based on the mill throughput of 1.5Mtpa of ore and a 90% recovery, an average 3.3Mlbs U₃O₈ will be produced for the first seven

years, from a feed grade of 0.11% U_3O_8 and an average 1.17Mlbs U_3O_8 over the last 4 years, using the accumulated marginal material grading 0.039% U_3O_8 .

The BFS cashflow incorporates a flat real price for U_3O_8 of U.S.\$60/lb over the 11 year period. The BFS financial model shows highly attractive returns can be achieved using defined reserves only. Even with this conservative pricing schedule, the Project is expected to pay back initial and working capital 30 months after commencement of operations.

The Company is confident that, with a focus on exploration drilling planned to test existing uranium targets in the surrounding tenements over the next three to four years, satellite deposits will be discovered, offering the potential to extend the project life of Kayelekera beyond the 11 years currently identified in the BFS.

Project Finance

Financing of the Project is progressing well, with receipt of credit committee approved offers on 13 February 2008 totalling U.S.\$167 million, consisting of a seven year Project Finance Facility of U.S.\$145 million, a Standby Cost Overrun Facility of U.S.\$12 million and a Performance Bond Facility of U.S.\$10 million. The facilities are being provided by Société Générale Corporate and Investment Banking (as intercreditor agent and commercial lender), Nedbank Capital a division of Nedbank Limited (ECIC lender) and The Standard Bank of South Africa Ltd (as ECIC facility agent and lender). Drawdown on the financing is subject to completion of legal documentation and fulfilment of other conditions precedent usual for this type of funding, including approval for an export credit guarantee from The Export Credit Insurance Corporation (ECIC), South Africa's statutory export credit and foreign investment insurance provider.

Settlement of Legal Proceedings

The Company previously reported that a group of Malawian Non-Government Organisations or Civil Society Organisations commenced legal action against PAL and the Government of Malawi, challenging certain aspects of the Project approvals. As detailed in the Company's ASX announcement lodged on 14 November 2007, the dispute the subject of the legal proceedings has been settled and the proceedings withdrawn. Each party to the settlement has released each other from all actions and claims associated with the litigation and each party has agreed to not recommence litigation.

Queensland Projects

Summit Resources (Aust) Pty Ltd ("Summit"), a wholly owned subsidiary of Summit Resources Limited, controls tenements in two major uranium project areas centred on Mt Isa.

Isa Uranium Joint Venture

The Isa Uranium Joint Venture ("IUJV") covers ground containing the Valhalla and Skal uranium deposits 40km north of Mt Isa in Queensland. It falls within the Mount Isa North Project area. Participants in the joint venture are Summit and Mt Isa Uranium Pty Ltd ("Mt Isa Uranium"), each holding a 50% interest, with Summit acting as manager.

Mt Isa Uranium is a wholly owned subsidiary of Valhalla Uranium Limited ("VUL"), a formerly listed public company and now a wholly owned subsidiary of the Company. Following the successful takeover of VUL in 2006 and its acquisition of 81.9% of the issued capital in Summit Resources Limited in 2007, the Company's effective participating interest in the IUJV is now 90.9%.

Valhalla Uranium Deposit

The Valhalla uranium-vanadium deposit is located 40km northwest of Mt Isa on Exploration Permit for Minerals ("EPM") 9221 which is currently subject to a renewal application.

A resource estimate, shown below, was prepared by Summit and reported, according to the JORC Code, during 2006. The resource estimate will be updated at the conclusion of the 2007/2008 50,000m drilling campaign.

JORC Category	Cut Off U ₃ O ₈	Resources Million Tonnes	Grade % U ₃ O ₈	Metal kt
Indicated Resource	0.023	21.3	0.080	16.9
Inferred Resource	0.023	12.0	0.075	9.0
Indicated Resource	0.064	11.2	0.11	12.6
Inferred Resource	0.064	5.1	0.11	6.0

Resource estimation consultants, Hellman & Schofield, have independently reviewed Summit's resource estimate.

The resource at Valhalla remains open to the north and south along strike and down plunge. Along with near surface metallurgical diamond drilling, resource drilling will now be targeted at extending the resource along strike and down plunge.

Skal Uranium Deposit

The Skal uranium-vanadium deposit is located 32km north of Mt Isa on EPM 14048. Summit commenced drilling the Skal deposit in 2005. Summit has previously released a non-JORC compliant resource estimate for the deposit shown below, based on the 1960's drilling of the previous owner.

Non-JORC Compliant	Resources Million Tonnes	Grade % U ₃ O ₈	Metal kt
Historic Resources	4.2	0.1	5.0

Summit has released the results of further drilling at Skal, but has yet to finalise a new resource estimation as a result of that drilling. Drilling to date has extended known mineralisation and an upgraded resource statement is expected in mid 2008.

Three mineralised shoots have now been defined at Skal. The uranium mineralisation in all three shoots have been closed off along strike but are yet to be closed off down plunge.

The potential quantity and grade referred to above is conceptual in nature, there has been insufficient modern exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Mount Isa North Uranium Project

The Mount Isa North Uranium Project is 100% owned and operated by Summit. Outside the IUJV ground which contains the Valhalla and Skal uranium deposits, Summit has investigated a number of uranium prospects in the 1,639km² Mt Isa North tenement block. Summit has progressively drilled a number of uranium deposits that have the potential to expand the Valhalla-Skal resource base. These uranium deposits and targets now being drilled by Summit at Mt Isa are all uranium bearing albitites, otherwise known as metasomatites. Deposits that have been drilled and resource estimates completed are shown below for Andersons and Watta:

Andersons:

JORC Category	Cut Off U ₃ O ₈	Resources Million Tonnes	Grade % U ₃ O ₈	Metal kt
Inferred Resource	0.023	2.0	0.11	2.1
Inferred Resource	0.046	1.8	0.12	2.1
Inferred Resource	0.069	1.4	0.13	1.8

Watta:

JORC Category	Cut Off U ₃ O ₈	Resources Million Tonnes	Grade % U ₃ O ₈	Metal kt
Inferred Resource	0.011	5.2	0.037	1.9
Inferred Resource	0.023	4.2	0.041	1.7
Inferred Resource	0.046	1.3	0.062	0.8

Summit will explore a further 15 known uranium mineral occurrences within its Mount Isa North Uranium Project area.

Northern Territory Projects**Angela and Pamela Deposits – Joint Venture with Cameco**

The Northern Territory Government advised the Company on 20 February 2008 that the Angela Project Joint Venture (Paladin Energy Minerals NL 50% and Cameco Australia Pty Ltd 50%) had been selected to explore the Angela and Pamela uranium deposits located near Alice Springs in the Northern Territory. The exploration licence applications will now progress through the administrative procedures set out in the Northern Territory's Mining Act.

The Angela Project Joint Venture has committed to spend at least A\$5 million on its initial confirmatory exploration work programme, with a further A\$5-10 million to be spent on a bankable feasibility study and an environmental impact assessment.

Extensive evaluation work was undertaken on the Angela and Pamela uranium deposits by Uranerz Australia Pty Ltd between 1972 and 1983. Historic uranium mineralization defined at the time comprised approximately 12,000t to 13,000t of U₃O₈ in the general range of 0.10% to 0.13% U₃O₈ and remains open at depth. The Company owns all the original drill hole data for the deposit, including geology, geochemistry, down-hole gamma surveys and feasibility studies. This information, together with the Company's extensive in-house knowledge of the deposits, will enable the Angela Project Joint Venture to move rapidly into prefeasibility assessment.

The potential quantity and grade referred to above is conceptual in nature, there has been insufficient modern exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Bigrlyi Uranium Joint Venture

The Bigrlyi Uranium Joint Venture, in which the Company has a 41.7% interest, covers 10 granted Exploration Retention Licences located approximately 390km northwest of Alice Springs in the Northern Territory.

Uranium mineralisation at Bigrlyi is confined to a specific narrow horizon within the lower Mt Eclipse Sandstone for which a local stratigraphic succession has been defined.

The current JORC (2004) Code compliant uranium resources reported for Bigrlyi are shown below:

JORC Category (2004)	Cut Off U ₃ O ₈	Resources Million Tonnes	Grade % U ₃ O ₈	V ₂ O ₅	U ₃ O ₈ kt	V ₂ O ₅ kt
Indicated Resource	0.05	1.94	0.17	0.19	3.25	3.78
Inferred Resource	0.05	2.59	0.13	0.14	3.26	3.60
Indicated Resource	0.1	1.20	0.23	0.23	2.71	2.79
Inferred Resource	0.1	1.23	0.19	0.18	2.30	2.20

Western Australia Projects

As of the date of this Disclosure Notice, the Company has two other uranium projects in its resource asset base, being Manyingee Project and Oobagooma Project in Western Australia. These two projects are currently on hold due to the current restrictive uranium policies of the State Government in Western Australia.

South Australia Projects

Quasar Uranium Joint Venture

The Joint Venture with Quasar Resources Pty Ltd covers two exploration licences in the northern Frome Basin in South Australia. The Company holds a 15% free carried interest in Exploration Licence 3903 and a 20% free carried interest in Exploration Licence 3078. Quasar is a wholly owned subsidiary of Heathgate Resources Pty Ltd, operator of the Beverley in-situ leach uranium mine which is situated immediately south of the Joint Venture tenements. Quasar is operator and manager of the Joint Venture.

Uranium Database

The Company owns a unique uranium database, compiled from over 30 years of investigations by the international uranium mining house Uranerzbergbau GmbH of Germany. The database incorporates all aspects of the uranium mining and exploration industry and includes detailed exploration data for Africa and Australia. It can be used to quickly research uranium prospects, deposits and mineralisation on a country by country basis. The Company continues to evaluate opportunities for acquiring additional uranium projects from this database.

Investments

Deep Yellow Ltd

The Company holds a 14.34% equity interest in Deep Yellow Ltd ("DYL"), an ASX listed Australian uranium exploration company which has extensive properties in both Australia and Namibia. Through its wholly owned Namibian subsidiary, Reptile Uranium Namibia

(Pty) Ltd, DYL is actively exploring for uranium on its four 100% owned exclusive prospecting licences covering 2,872km² in the Namib Naukluft Desert inland from Walvis Bay and south and west of the Company's Langer Heinrich uranium mine. In Australia, DYL is focused on uranium exploration in the Mt Isa district in northwest Queensland and the Tanami Arunta Province in the Northern Territory.

Qualification Statement

The information in this Disclosure Notice that relates to mineral resources and mineral reserves is based on information compiled by Ed Becker BSc (Hons), MAusIMM and David Princep BSc MAusIMM for the mineral resources and Andrew Hutson BE, M.AusIMM for mineral reserves, each of whom has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", and as a Qualified Person as defined in Canadian National Instrument 43-101. Mr Becker, Mr Princep and Mr Hutson are fulltime employees of Paladin Energy Ltd. Each of the above-named consents to the inclusion of the information in this Disclosure Notice in the form and context in which it appears.

4 Directors

Brief profiles of the directors of the Company as at the date of this Disclosure Notice are as follows:

Mr Rick Wayne Crabb (Non-Executive Chairman) Age 50

B. Juris (Hons), LLB, MBA, FAICD, M.AusIMM

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. He advised on corporate and commercial matters including financing, marketing, government agreements and construction contracts for many resource development projects in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. He is presently also a director of Golden Rim Resources Ltd (since 2001), Ashburton Minerals Ltd (since 1999), Otto Energy Ltd (since 2004), Port Bouvard Ltd (since 1996) and Royal Resources Limited (since 2004).

Mr Crabb was appointed a director on 8 February 1994 and Chairman on 27 March 2003.

Mr John Borshoff (Managing Director) Age 62

BSc(Geology), F.AusIMM, FAICD

Mr Borshoff is a geologist who has been involved in the Australian and African exploration and mining industry for 34 years. Mr Borshoff worked for International Nickel and Canadian Superior Mining before joining a German mining group, Uranerz, from 1976 to 1991. He became Chief Geologist/Exploration Manager during the period 1981-1986 and served as its Chief Executive from 1987 to mid 1991 when the German parent of Uranerz made the decision to close its Australian operations. The primary focus of the Uranerz Group was the search for, and development of, uranium projects with the company operating extensively throughout Australia, North America and Africa.

Mr Borshoff founded the Company and was appointed a director on 24 September 1993. He has extensive knowledge of the uranium industry and experience in company management, strategic planning and administration.

Mr Sean Reveille Llewelyn (Non-Executive Director) Age 59

LLB

Mr Llewelyn first qualified as a solicitor in Australia and subsequently England. His life work however has been in finance and merchant banking having worked for more than 20 years in this capacity in Australia, the UK, the USA and South Africa. His considerable experience has been in derivatives, structured finance and early stage investment relating to the metal markets. He has been involved with the uranium industry for over 13 years and has a comprehensive understanding of its structure and dynamics.

Mr Llewelyn was instrumental in the formation of a joint venture company between Anglo Gold and First Rand International to assume marketing responsibility for uranium on behalf of Nuclear Fuels Corporation of South Africa (Nufcor).

Mr Llewelyn was appointed a director on 12 April 2005.

Mr Donald Myron Shumka (Non-Executive Director) Age 65

BA (Economics), MBA

Mr Shumka is Vancouver based and is the President and Managing Director of Walden Management Ltd., a consulting firm specializing in natural resources. From 1989 to 2004, he was Managing Director, Investment Banking with CIBC World Markets and Raymond James Ltd. Prior to 1989, Mr. Shumka was Vice President, Finance and Chief Financial Officer of West Fraser Timber Co. Ltd., one of Canada's largest forest products companies. He holds a Bachelor of Arts Degree in Economics from the University of British Columbia and a Master of Business Administration Degree from Harvard University. He currently sits on the boards of Eldorado Gold Corporation and Northern Peru Copper Corp.

Mr Shumka was appointed a director on 9 July 2007.

Mr Ian Urquhart Noble (Non-Executive Director) Age 67

BSc (Metallurgy), ARCST, F.AusIMM

Mr Noble has more than 40 years experience covering the mining, chemical and nuclear industries with a strong emphasis in the mining and mineral processing fields. He is an internationally recognised consultant, specialising in hydrometallurgy and comminution, and has been involved in many of the major mining developments within Australia and overseas. He has held senior management positions with both Wright Engineers Australia Ltd and Fluor Australia and took a lead role in the design of Australia's two major uranium processing plants.

Mr Noble's initial involvement with uranium was with Wright Engineers Pty Limited on the Rabbit Lake project in Canada. In Australia, in 1976, he was Lead Engineer on the Ranger Uranium Feasibility Study, followed by a three year involvement in the design & construction phase, initially as Process Engineering Manager, and then a period as Project Engineer for the hydrometallurgical plant, and finally a year on site as Pre-Commissioning and Commissioning Manager. He was subsequently Lead Process Engineer for the design of the then Western Mining Corporation's Olympic Dam Project.

Mr Noble was appointed a director on 29 June 2005.

5 Risk factors

There are numerous widespread risks associated with investing in any form of business and with investing in bonds and the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry. Many of these risk factors are largely beyond the control of the Company and its Directors because of the nature and location of the existing and proposed business activities of the Company.

Investors should carefully consider the risks described below before making a decision to invest in the Bonds.

INVESTMENT SPECIFIC RISKS

The following summary outlines some of the major risk factors in respect of an investment in the Bonds.

Market for Bonds

The Company has received approval in-principle for the listing and quotation of the Bonds. However, there is currently no formal trading market for the Bonds and an active trading market may not develop for the Bonds after the Offering, or if developed, such a market may not sustain a price level at the Offering price.

Other Indebtedness

The Bonds will rank *pari passu* with all other unsecured and unsubordinated obligations of the Company save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Absence of Covenant Protection

Other than as described herein, the Trust Deed will not limit the Company's ability to incur additional debt or liabilities (including secured indebtedness). The Trust Deed will not contain any provision specifically intended to protect holders of the Bonds in the event of a future leveraged transaction by the Company (other than secured capital markets transactions).

Certain Subsidiaries (as defined in the Conditions) of the Company have significant outstanding indebtedness, including Project Finance Indebtedness (as defined in the Conditions), and may in future incur further indebtedness, including Project Finance Indebtedness. The Company has and may in the future provide guarantees and/or indemnities in respect of such indebtedness and Project Finance Indebtedness.

The Company is a holding company with no significant assets other than the shares of its wholly-owned and non wholly-owned Subsidiaries. The ability of the Company's Subsidiaries to pay dividends and make other transfers to the Company may be limited by various regulatory, contractual, legal and tax constraints or the Subsidiaries' debt or other agreements with lenders. If as a result of these restrictions the Company is unable to ensure the continued transfer of dividends and other income to it from these Subsidiaries, this may materially and adversely impair the Company's ability to pay dividends and interest, and to service its debt obligations, including its obligations under the Bonds.

Limitation in Ability to Redeem Bonds

The Company must redeem the Bonds on the Maturity Date, on the request of a Bondholder if a Change of Control occurs or on the occurrence of an Event of Default. The Company cannot assure Bondholders that, if required, it would have sufficient cash or other financial resources at any such time or would be able to arrange financing to redeem the Bonds in cash.

Market Price of the Bonds

The market price of the Bonds will be based on a number of factors, including:

- (a) the prevailing interest rates being paid by companies similar to the Company;
- (b) the overall condition of the financial and credit markets;
- (c) prevailing interest rates and interest rate volatility;
- (d) the markets for similar securities, including Paladin's existing 2011 Convertible Bonds;
- (e) the financial condition, results of operation and prospects of the Company;
- (f) the publication of earnings estimates or other research reports and speculation in the press or investment community;
- (g) the market price and volatility of the Ordinary Shares;

- (h) changes in the industry and competition affecting the Company; and
- (i) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the market price of the Bonds.

Volatility of Market Price of Ordinary Shares

The market price of the Ordinary Shares may be volatile. The volatility may affect the ability of holders of Bonds to sell the Bonds at an advantageous price. Additionally, this may result in greater volatility in the market price of the Bonds than would be expected for nonconvertible debt securities. Market price fluctuations in the Ordinary Shares may be due to the operating results of the Company failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Cautionary Statement Regarding Forward-Looking Statements". In addition, stock markets, including the SGX-ST, ASX and TSX, from time to time suffer significant price and volume fluctuations that affect the market price for securities and which may be unrelated to the operating performance of the Company. Any of these events could result in a decline in the market price of the Bonds or the Ordinary Shares.

Summit Resources Litigation

In 2006, Summit Resources (Australia) Pty Ltd ("Summit") commenced proceedings against the Company's wholly owned subsidiary, Mt Isa Uranium Pty Ltd ("Mt Isa Uranium") ("Summit Proceedings"). Mt Isa Uranium owned a 50% interest in the Isa Uranium Joint Venture ("IUJV"). Summit owned the other 50%.

Summit alleged that Mt Isa Uranium (and/or its predecessor in title, Resolute Ltd ("Resolute")) had breached the terms of the Isa Uranium Joint Venture Agreement ("IUJVA"), and as a consequence, pursuant to the terms of the IUJVA, Summit was entitled to acquire Mt Isa's 50% interest in the IUJV for 85% of the market value of that interest. Mt Isa Uranium was defending those proceedings.

In February 2007, prior to any trial in the Summit Proceedings, the Company made a takeover bid for Summit's parent, Summit Resources Ltd ("SRL"). As a consequence of that takeover bid, the Company acquired approximately 81% of the shares in SRL. However, during the course of the takeover, Areva NC (Australia) Pty Ltd ("Areva") had acquired slightly more than 10% of SRL, preventing the Company from compulsorily acquiring all outstanding SRL shares.

On 3 August 2007, the Company announced that Mt Isa Uranium had settled the Summit Proceedings. Notwithstanding the settlement, Areva is seeking leave in the Western Australian Supreme Court to intervene in the Summit Proceedings ("Areva Proceedings"), and pursue the Summit Proceedings on behalf of Summit and SRL.

In its announcement of 3 August 2007, SRL explained that an independent board committee made the decision to settle the Summit Proceedings. To be successful in the Areva Proceedings, Areva must, amongst other things, establish that the decision to settle the Summit Proceedings was not in the best interest of Summit and SRL.

The Company has the benefit of an indemnity from Resolute (as the effective vendor of the 50% interest in the IUJV) in relation to the Summit Proceedings.

The Company considers that there are defences to Areva's claim to be entitled to pursue the Summit Proceedings on behalf of Summit. Also, the Company has previously announced that it considers that it is confident that it can successfully defend the claims in the Summit Proceedings (i.e. if Areva were to obtain the right to pursue those proceedings). In any event, as a result of the indemnity and the Company's 82%

ownership of SRL, the Company considers that a change in the ownership of the IUJV interests to Summit would not be of any significant consequence.

GENERAL RISKS

The following summary, which is not exhaustive, represents some of the more general major risk factors for the Company.

Speculative Nature of Mineral Exploration and Development

Development of the Company's mineral exploration properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk increases substantially when a company's properties are in the exploration as opposed to the development phase. There is no assurance that commercial quantities of ore will be discovered on any of the Company's exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the control of the Company.

Development & Production risk

The Company's principal business to date has been the evaluation, development and operation of uranium projects in Africa and Australia. Maintaining design capacity at Langer Heinrich, commissioning of the Langer Heinrich Stage 2 expansion and commissioning at Kayelekera may not proceed to plan, with potential for delay in the timing of commissioning, targeted production and/or for not achieving the level of targeted production. In extreme circumstances, these potential delays or difficulties may necessitate additional funding which could lead to additional equity or debt requirements for the group. In addition to potential delays, as the Kayelekera Project construction remains at an early stage there is a risk that capital and/or operating costs will be higher than expected or there will be other unexpected changes in variables upon which the decision to proceed to development was made. These potential scope changes and/or cost overruns may lead also to additional funding requirements.

The Company's production may be affected by numerous other factors beyond the Company's control. Mechanical failure of the Company's operating plant and equipment, and general unanticipated operational and technical difficulties, may adversely affect the Company's operations. Operating risks beyond the Company's control may expose it to uninsured liabilities. The business of mining, exploration and development is subject to a variety of risks and hazards such as cave-ins and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards and the use of contractors including contract miners. Such occurrences may delay production, increase production costs or result in damage to and destruction of, mineral properties or production facilities, personal injury, environmental damage and legal liability. The Company has insurance to protect itself against certain risks of mining and processing within ranges of coverage consistent with industry practice. However, the Company may become subject to liability for hazards that it cannot insure against or that it may elect not to insure against because of high premium costs or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on its financial condition and results of operations.

Uranium Contracts

The Company has entered into a number of take-or-pay contracts for offtake of U_3O_8 from Langer Heinrich with large and financially sound customers. These contracts provide the Company with market prices subject to escalating floor and ceiling prices while allowing it to benefit from some upside should the spot market for U_3O_8 out-perform the ceiling prices. The Company faces a risk of non-performance on these contracts as well as potential penalties if it fails to meet its obligations in terms of product quality and/or timing of supply.

Political Stability

Many of the Company's activities are conducted in Southern Africa. In Southern Africa, the Company's projects may be subject to the effect of political changes, war and civil conflict, changes in government policy, lack of law enforcement and labour unrest and the creation of new laws. These changes (which may include new or modified taxes or other government levies as well as other legislation) may impact on the profitability and viability of its properties.

In Australia, government policy from time to time may not be favourable to uranium mining and export. To the extent that the capital markets may have placed value on the possibility of a change in State Government policy towards uranium mining, this value may be reduced by events that lead the capital markets to believe these changes are less likely or will be slower to eventuate.

Liquidity Concerns and Future Financing

Further exploration and development of the various mineral properties in which the Company holds interests depend upon the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the financing required as and when needed. Volatile markets for mineral commodities may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or joint ventures or reduce or terminate some or all of its operations.

Logistics

Logistical risk relates to long supply lines, and lack of engineering and other support facilities close to the Company's operating sites. In Africa, the transshipment of uranium concentrate through neighbouring countries for export could be subject to disruptions through transshipment licensing delays, political disputes and natural disasters.

Uninsurable Risks

The Company may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, or in amounts, which exceed policy limits.

Mineral Resources and Ore Reserves

No assurance can be given that the anticipated tonnages and grades of ore will be achieved during production or that the indicated level of uranium recovery will be realised. Uranium price fluctuations, as well as increased production costs or reduced recovery rates, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such ore reserves. Moreover, shortterm operating factors relating to ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

Uncertainty Relating to Inferred Mineral Resources

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to measured or

indicated resources or proven or probable mineral reserves as a result of continued exploration.

Security of Tenure

All tenements in which the Company has interests are subject to renewal conditions or are yet to be granted, which will be at the discretion of the Federal Ministry and the relevant Ministries in Western Australia, South Australia, Northern Territory, Queensland, Namibia and Malawi. The maintenance of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining required statutory approvals for proposed activities. While the Company anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

Government Regulations

The Company's activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment and upon interests of native and/or indigenous peoples. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted.

In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

While it is possible that costs and delays associated with compliance with such laws, regulations and permits could become such that the Company will not proceed with the development or operation of a mine, the Company is not aware of any material environmental constraint affecting its proposed mining activities or exploration properties that would preclude the economic development or operation of any specific mine or property.

Foreign Operations

The Company's operations in Namibia and Malawi are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or otherwise benefit residents of that country or region.

Changes, if any, in mining or investment policies or shifts in political attitude in any of the countries in which it operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices

relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Operating History

The Company has only a brief operating history and there can be no assurance of its ability to operate its projects profitably. While the Company intends to generate working capital through operation of its current and proposed uranium mines, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for exploration and development programs.

Volatility of Uranium Prices

The mining industry is competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that uranium prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Uranium prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, alternative sources to meet energy consumption, currency exchange fluctuations, interest rates, global or regional consumption patterns, technological improvements leading to more efficient use of uranium, speculative activities and increased production due to improved mining and production methods or increased exploration.

Key Personnel

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration, development and operation of mining properties is limited and competition for such persons is intense.

As the Company's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff on the operations side. The Company will be required to hire additional personnel in Australia, Namibia and Malawi. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Labour and Employment Matters

While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant country governmental authorities which regulates its operations. Adverse changes in such legislation may have a material adverse effect on the Company's business.

Subsidiaries

The Company conducts certain of its operations through subsidiaries and holds certain of its assets in such subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Mineral Exploration and Mining Carry Inherent Risks

Mining operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput.

Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results.

Currency Risk

The Company's operations incur expenditures in the local currencies of Australia, Namibia, Malawi and South Africa. Revenue from operations, debt financings and certain other capital and operating costs will be in U.S. dollars. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations which may materially affect its financial position and operating results.

Competition

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Dilution

The Company may undertake additional offerings of securities in the future. The increase in the number of fully paid shares issued and the possibility of sales of such shares may have a depressive effect on the price of fully paid shares already on issue. The Conditions provide for an adjustment to the Conversion Price in relation to some but not all future offerings of securities. In addition, as a result of the issue of such additional fully paid shares, the voting power of the Company's existing shareholders will be diluted.

Dividend Policy

The Company has paid no dividends on its ordinary shares since its date of incorporation and the Company does not anticipate paying dividends on its Ordinary Shares in the foreseeable future. The Company anticipates that it will retain all future earnings and other cash resources for the future operation and development of its business and the Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

The risks described above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment referred to in this Disclosure Notice may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment advisor before making a decision to subscribe for Bonds.

6 Financial information

Overview

The Company's audited consolidated financial statements are in accordance with Australian equivalents to International Financial Reporting Standards ("A-IFRS").

Set out below are:

- a table setting out the consolidated capitalisation of the Company as at 31 December 2007 as adjusted after giving effect to the issue of the Bonds under the Offering;
- a table setting out the consolidated capitalisation of the Company as at 30 June 2007 as adjusted for the issue of the Bonds under the Offering;

- the proforma unaudited consolidated financial statements of the Issuer as at 30 June 2007 to reflect the effect of the Offering on the Issuer's financial position. These statements are based on the audited consolidated financial statements for the Issuer for the year ended 30 June 2007 which are prepared in accordance with A-IFRS. The audited financial statements most recently lodged by the Issuer with ASIC can be obtained as set out in the "Important Notice";
- information on assumptions and adjustments;
- information on use of proceeds; and
- information on earnings coverage.

In this Disclosure Notice, the terms "Issuer", "Company", "we", "us", "our" and "Group" refer to Paladin Energy Ltd and its subsidiaries, unless the context otherwise requires.

As a result of rounding adjustments, the figures or percentages in a column may not add up to the total for that column.

The audited financial reports of the Company, most recently lodged with ASIC, may be obtained from the Company or the ASX as set out in the "Important Notice". Prospective investors are advised to obtain and read these documents before making their investment decision in relation to the Bonds.

Consolidated capitalisation and share capital after Offering

The following table sets forth the consolidated capitalisation of the Company as at 31 December 2007 and 30 June 2007 as adjusted after giving effect to the issue of the Bonds under the Offering. This table should be read in conjunction with the Company's audited consolidated financial statements for the year ended 30 June 2007 and related notes thereto and management's discussion and analysis thereon incorporated by reference in this offering document.

	As at 31 December 2007 (Unaudited – U.S.\$m)	As at 30 June 2007 (Audited – U.S.\$m)	As at 31 December 2007 after giving effect to the issue of the Bonds (Unaudited – U.S.\$m)	As at 30 June 2007 and after giving effect to the issue of the Bonds (Unaudited – U.S.\$m)
Cash and cash equivalents	149.0	182.8	464.4	498.2
Ordinary Shares issued (unlimited authorised)	613.0m	602.4m	613.0m	602.4m
Long term debt	268.0	268.0	534.2	534.2

Pro-forma consolidated financial statements for the Company reflecting effect of the Offer

(a) Introduction

This section provides an overview of the audited financial position of the Company as at 30 June 2007 together with the unaudited pro-forma balance sheet of the Company as at 30 June 2007, to show the effect of completion of the Offer.

The balance sheets as at 30 June 2007 have been prepared in accordance with A-IFRS.

(b) Summarised Balance Sheets

Set out below are a summary of the audited balance sheet of the Company and the proforma balance sheet of the Company, as at 30 June 2007.

This table should be read in conjunction with the financial statements for the Company and other information contained in this document or released to ASX in accordance the Company's continuous disclosure obligations.

	Paladin Energy Ltd U.S.\$m	Proforma Adjustments U.S.\$m	Paladin Energy Ltd U.S.\$m
Current assets			
Cash and cash equivalents	182.8	315.4	498.2
Trade and other receivables	12.6	–	12.6
Inventories	38.0	–	38.0
Total current assets	233.4	315.4	548.8
Non-current asset			
Receivables	–	–	–
Other financial assets.....	60.3	–	60.3
Deferred borrowing costs	0.2	–	0.2
Property, plant and equipment	135.1	–	135.1
Exploration and evaluation expenditure	1,601.4	–	1,601.4
Deferred tax asset	10.4	–	10.4
Intangibles	17.6	–	17.6
Total non-current assets	1,825.0	–	1,825.0
Total assets	2,058.4	315.4	2,373.8
Current liabilities			
Trade and other payables.....	13.8	–	13.8
Unearned revenue	0.2	–	0.2
Interest bearing liabilities.....	5.6	–	5.6
Provisions	10.6	–	10.6
Total current liabilities	30.2	–	30.2
Non-current liabilities			
Trade and other payables.....	–	–	–
Unearned revenue	0.6	–	0.6
Interest bearing loans and borrowings	268.0	266.3	534.3
Deferred tax liability	448.2	–	448.2
Provisions	3.1	–	3.1
Total non-current liabilities	719.9	266.3	986.2
Total liabilities	750.1	266.3	1,016.4
Net assets	1,308.3	49.1	1,357.4
Equity			
Contributed equity.....	1,075.3	–	1,075.3
Reserves.....	113.2	49.1	162.3
Accumulated losses	(65.0)	–	(65.0)
Parent Interests	1,123.5	49.1	1,172.6
Minority Interests	184.8	–	184.8
Total equity	1,308.3	49.1	1,357.4

Basis of preparation of the unaudited pro-forma balance sheet

For the purposes of preparing the unaudited pro-forma balance sheets, the Company has utilised its own audited balance sheet as at 30 June 2007.

Accounting entries have then been made, consistent with the terms of the Offer and the assumptions set out below, in order to arrive at an unaudited pro-forma consolidated balance sheet of the Company as at 30 June 2007.

The pro-forma balance sheets are indicative only. The directors of the Company have drawn their conclusions based on the known facts and other information publicly available. If the facts, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.

All adjustments have been made in accordance with A-IFRS.

Adjustments and assumptions used in preparing the unaudited pro-forma consolidated balance sheets

The following adjustments and assumptions have been made in the preparation of the pro-forma unaudited consolidated balance sheet of the Company, as set out in the section immediately above:

- The issue of U.S.\$325.0 million in aggregate principal amount of convertible bonds in accordance with the Offer, after deduction of the Joint Bookrunners and Joint Lead Managers' fee of 2.50% and estimated expenses of U.S.\$1.5 million for the Offering. The allocation of the convertible bond in accordance with A-IFRS has been assumed to be a liability for 85% of the gross proceeds less fees and expenses; and the balance allocated to an equity reserve. An exchange rate assumption of U.S.\$1.00 = A\$1.0928 has been used.

December 2007 Second Quarter and Half Year Report

On 14 February 2008 the Company released its December 2007 Second Quarter and Half Year Report which contains a Report to Shareholders, Management Discussion and Analysis and Interim Consolidated Financial Statements.

Since 30 June 2007 the Company has maintained its focus on the development and operation of uranium projects in Africa and Australia, as well as evaluation and acquisition opportunities throughout the world.

These activities have since resulted in the use of cash and drawdown of U.S.\$3.0 million in project finance for the Langer Heinrich Uranium Project.

Use of Proceeds

The net proceeds of the issue of the Bonds are expected to amount to approximately U.S.\$315.4 million, subject to adjustment for certain expenses in connection with the Offering. The net proceeds will be used by the Issuer to fund further growth including the commitment of funds to Langer Heinrich to further increase production beyond the proposed Stage II expansion and, in conjunction with Cameco Corporation, to evaluating the recently awarded Angela and Pamela uranium deposits in Australia's Northern Territory, to fund mining development, expansions and new acquisition opportunities as they arise, and to ensure Paladin's marketing arm is appropriately funded to meet customers' needs.

Earnings Coverage

The Company's earnings coverage ratio for the year ended 30 June 2007 is less than one-to-one. The Company's pro forma earnings coverage ratio for the year ended 30 June 2007 is also less than one-to-one.

The Company's consolidated net loss for the year ended 30 June 2007 was U.S.\$37.6 million.

Assuming the issuance of the Bonds based on an exchange rate of U.S.\$1.00 = A\$1.0928, the incremental amount of consolidated net earnings required to achieve an earnings coverage ratio of one-to-one would be U.S.\$53.9 million for the year ended 30 June 2007.

7 Subscription and sale

This section summarises the Subscription Agreement entered into by the Company and the Joint Bookrunners and Joint Lead Managers. It also sets out restrictions on the Offering in various jurisdictions.

SUBSCRIPTION AGREEMENT

Citigroup Global Markets Limited and UBS AG, Australia Branch (the "Joint Bookrunners and Joint Lead Managers") have entered into a subscription agreement dated 20 February 2008 with the Issuer (the "Subscription Agreement"). Upon the terms and subject to the conditions contained therein, the Joint Bookrunners and Joint Lead Managers have agreed to subscribe or procure subscribers either directly or through any of their respective affiliates for the aggregate principal amount of the Bonds at the issue price of 100 per cent. of their principal amount (the "Issue Price"). The obligations of the Joint Bookrunners and Joint Lead Managers are several, as to half the aggregate principal amount of the Bonds each.

The Issuer has agreed to pay to the Joint Bookrunners and Joint Lead Managers a combined management and underwriting commission and selling commission of 2.50 per cent. of the gross proceeds raised from the issue of the Bonds.

The Issuer has also agreed to reimburse the Joint Bookrunners and Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Bonds. The Joint Bookrunners and Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Bonds.

The Issuer has undertaken that during the period commencing on the date of the Subscription Agreement and ending 90 days after the Closing Date, it will not, and the Issuer has undertaken to procure that none of its subsidiaries will, without the prior written consent of the Joint Bookrunners and Joint Lead Managers, (i) directly or indirectly, issue, offer, pledge, sell, contract to issue or sell, issue or sell any option or contract to purchase, purchase any option or contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or announce an intention to do any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares, whether any such swap or transaction described in paragraph (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply (a) to the Bonds or (b) in connection with transactions which have already been publicly announced or (c) pursuant to conversion of the Bonds or the conversion or exchange of any existing bonds or other securities which carry the right of conversion or exchange into Ordinary Shares or (d) pursuant to any redemption or repurchase of existing bonds which carry the right of conversion or exchange into Ordinary Shares or (e) upon exercise of existing options in respect of Ordinary Shares or (f) to the issue or grant of securities under any employees' or directors' incentive scheme (whether or not in existence as at the date of the Subscription Agreement) or (g) to an issue of securities as consideration for any merger or acquisition provided that the Issuer obtains the prior written consent of the Joint Bookrunners and Joint Lead Managers (such consent not to be unreasonably withheld).

The Joint Bookrunners and Joint Lead Managers and each of their affiliates have or may have, in the past, performed investment banking and advisory services for the Issuer and the Group, for which they have received customary fees and expenses. The Joint Bookrunners and Joint Lead Managers and each of their affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer and the Group in the ordinary course of their businesses.

SALE RESTRICTIONS

United States of America

The Bonds and the Ordinary Shares, to be issued upon conversion of the Bonds, have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Under the terms of the Subscription Agreement each Joint Bookrunner and Joint Lead Manager represents that it has not offered or sold, and agrees that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds.

The Bonds are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

United Kingdom

Each Joint Bookrunner and Joint Lead Manager has also represented, warranted and agreed in the Subscription Agreement that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Australia

Each Joint Bookrunner and Joint Lead Manager has represented and agreed in the Subscription Agreement that it:

- (a) has not made or invited, and will not make or invite, an offer of the Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Disclosure Notice or any other offering material or advertisement relating to any Bonds in Australia,

unless (i) the offeree is a sophisticated or professional investor within sections 708(8), (10) and (11) of the Corporations Act, and (ii) such action complies with applicable laws and directives.

Canada

Under the terms of the Subscription Agreement each Joint Bookrunner and Joint Lead Manager has acknowledged that no prospectus in relation to the Bonds has been or will be prepared and filed with any Canadian securities regulatory authority. Each Joint Bookrunner and Joint Lead Manager has also represented and agreed in the Subscription Agreement that it:

- (a) will provide to each prospective purchaser of Bonds in Canada a copy of this Disclosure Notice together with the form of wrap agreed between the parties for use in Canada (collectively, the "Canadian Wrap");
- (b) will ensure that each purchaser of Bonds in Canada executes and delivers to the Company a copy of the form of subscription agreement agreed between the parties for use in Canada;

- (c) will ensure that a confirmation of purchase is given to each purchaser of Bonds in Canada and that each such confirmation bears the legend set forth in clause (b) of the paragraph immediately below; and
- (d) has not distributed or published, and will not distribute or publish any offering material or advertisement relating to the Bonds in Canada, other than the delivery of a copy of the Canadian Wrap to each prospective purchaser of Bonds.

The distribution of the Bonds in Canada is being made on a private placement basis. Accordingly, any resale of the Bonds or the underlying Ordinary Shares issued upon the conversion of the Bonds must be made through an appropriately registered dealer or in accordance with an exemption from the dealer registration requirements of applicable provincial securities laws. As well, any resale of the Bonds or the underlying Ordinary Shares issued upon the conversion of the Bonds must be made in accordance with, or pursuant to an exemption from, the prospectus requirements of those laws, unless the following conditions are satisfied:

- (a) at least four months have elapsed since the date of the distribution of the Bonds;
- (b) the confirmation of trade in respect of the Bonds and the share certificate in respect of any underlying Ordinary Shares issued on conversion of the Bonds by the purchaser prior to the date that is four months and a day after the date of the initial distribution of the Bonds issued to the purchaser bears the following legend restriction notation stating "Unless permitted by securities legislation the holder of this security must not trade the security before 12 July 2008";
- (c) the trade is not a "control distribution" as defined in applicable securities law;
- (d) no unusual effort is made to prepare the market or to create a demand for the Bonds or the underlying Ordinary Shares, as the case may be; and
- (e) no extraordinary commission or consideration is paid to a person or company in respect of the trade of the Bonds or the underlying Ordinary Shares, as the case may be.

These resale restrictions may in some circumstances apply to resales made outside of Canada. A Canadian resident purchaser seeking to resell the underlying Ordinary Shares issued upon the conversion of the Bonds *prior* to the end of the four month period referred to in paragraph (a) above should contact the Issuer and its Canadian transfer agent, Computershare Investor Services Inc., to establish that the necessary Canadian prospectus exemption is available and to make arrangements to remove the legend from its share certificate to permit resale of the Ordinary Shares.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Joint Bookrunner and Joint Lead Manager has represented, warranted and agreed in the Subscription Agreement that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of the Bonds to the public in that Relevant Member State prior to the publication of a prospectus in relation to such offer which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Bonds to the public in that Relevant Member State at any time: (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities, (ii) to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year, (b) a total balance sheet of more than euro 43,000,000, and (c) an annual net turnover of more than euro 50,000,000, as shown

in its last annual or consolidated accounts, (iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), or (iv) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive, provided in each case outlined in (i) to (iv) above inclusive that no such offer of Bonds shall result in a requirement for the publication of the Issuer or the Joint Bookrunners and Joint Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the preceding paragraph, the expression "an offer of Bonds to the public" in relation to the Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Singapore

Under the terms of the Subscription Agreement each Joint Bookrunner and Joint Lead Manager has acknowledged that this Disclosure Notice has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner and Joint Lead Manager has represented, warranted and agreed in the Subscription Agreement that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Disclosure Notice or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

- (i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

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

General

Under the terms of the Subscription Agreement no action has been or will be taken in any jurisdiction by the Joint Bookrunners and Joint Lead Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Disclosure Notice or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Joint Bookrunner and Joint Lead Manager has agreed in the Subscription Agreement that it will comply (to the best of its knowledge and belief) with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Disclosure Notice or any other such material, in all cases at its own expense.

8 Additional information

OWNERSHIP RESTRICTIONS

FATA

The acquisition of interests in the Company is regulated by the Australian Foreign Acquisitions and Takeovers Act (FATA) and Corporations Act.

FATA generally prohibits (with the sanction of penalties) the acquisition by a "foreign person" of certain interests in the Company, and gives the Treasurer of the Commonwealth of Australia power to make a divestment order in respect of such an acquisition, if a single foreign person (alone or together with its associates) would have an interest in 15% or more of the shares or votes of the Company, or a number of foreign persons (alone or together with their respective associates) would have in aggregate an interest in 40% or more of the shares or votes of the Company, unless prior notice of the acquisition has been given to the Treasurer and the Treasurer has either stated that there is no objection to the acquisition or a statutory period has expired without the Treasurer objecting.

Takeover Restrictions

The takeover provisions in Chapter 6 of the Corporations Act prohibit (with the sanction of penalties) the acquisition of certain interests in the Company, if as a result of the acquisition the acquirer's (or another party's) "voting power" in the Company would increase to above 20%, or would increase from a starting point that is above 20% and below 90%. That prohibition is subject to a number of exceptions, including for acquisitions pursuant to a regulated takeover bid. Chapter 6C of the Corporations Act also contains provisions requiring market disclosure of certain interests (and changes in interests) in the Company by persons holding voting power in the Company of 5% or more.

ASX Listing Rules

The ASX Listing Rules prohibit the issue of equity or convertible securities if the value of those securities, when aggregated with the value of any other securities of the same class issued during the previous 12 months, exceeds 15% of the value of the same class of security on issue at the commencement of that period of 12 months, *inter alia*, except with prior shareholder approval, to ordinary shareholders pro rata, pursuant to a takeover or scheme of arrangement, to finance a takeover or scheme of arrangement, or an exercise by the directors of a declared right to dispose of the shortfall remaining after a pro rata equity offering.

INTERESTS AND FEES

Interests of Directors

Other than as set out below or elsewhere in this Disclosure Notice, no Director or a candidate for election as Director has, or has had within the two years prior to lodgement of this Disclosure Notice, any interest in:

- the promotion or formation of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offering; or
- the Offering,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or any candidate for election as a Director:

- to induce him or her to become, or to qualify him or her as, a Director; or
- for services rendered by him or her in connection with the formation or promotion of the Company or the Offering.

Details of the interests of the Directors in the securities of the Company as at the date hereof, including those held directly and indirectly, are disclosed in the Company's most recent Management Information Circular dated 4 October 2007 in a table on page 9.

Details on the Directors' remuneration are contained in the most recently lodged annual report for the Company.

The information described above can be obtained from the Company, ASIC or the ASX respectively, as set out in the "Important Notice".

Interests of Promoters, Advisers and Experts

Other than as set out in the Disclosure Notice, no promoter, no professional, adviser or expert named as such in this Disclosure Notice and no Underwriter to the Offering or financial services licensee named as a financial services licensee involved in the Offering has, or has had within the two years prior to lodgement of this Disclosure Notice, any interest in:

- the promotion or formation of the Company;
- property acquired or proposed to be acquired by the Company in connection with its promotion or formation or the Offering; or
- the Offering.

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any such persons for services rendered by him or her in connection with the formation or promotion of the Company or the Offering.

Expenses and Fees

The total estimated expenses and fees of the Offering (including third party fees, legal fees and other consulting fees, registration and listing fees and other expenses) will be approximately U.S.\$1.5 million, which is payable by the Company and will be deducted from or paid out of the proceeds of this offering.

AUTHORISATIONS AND CONSENTS

Written consents have been given and, at the time of the lodgement of this Disclosure Notice with the ASX, have not been withdrawn by the parties identified below on the terms stated below. Each of the parties set out below:

- does not make, or purport to make, any statement in this Disclosure Notice and is not aware of any statement in this Disclosure Notice, which purports to be based on a statement made by them; and

- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Disclosure Notice other than a reference to its name.

Auditors' Consent

Ernst & Young (Australia) have consented to the inclusion in this Disclosure Notice of their reports to the shareholders of the company on the financial reports of the Company for the years ended 30 June 2007 and 2006 and the half-year and quarter ended 31 December 2007.

Expert's consents

Hellman & Schofield Pty Ltd has given its consent to be named in this Disclosure Notice in the form and context in which it is named as set out in Section 3.

Directors' Authorisations

This Disclosure Notice is issued by Paladin Energy Ltd A.C.N. 061 681 098. Each Director consents to the lodgement of this Disclosure Notice with the ASX.

ASIC Modification

The Company has received a modification of section 708A of the Corporations Act to enable the on-sale of Ordinary Shares issued on conversion of the Bonds.

9 General information

- 1 The Company's corporate head office and principal place of business is located at Grand Central, First Floor, 26 Railway Road, PO Box 201, Subiaco, WA 6008, Australia.
- 2 The auditors of the Company in Australia are Ernst & Young, Chartered Accountants.
- 3 The transfer agent and registrar for the Ordinary Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario located at 100 University Avenue, 11th Floor, North Tower and Computershare Investor Services Pty Ltd at its offices located at Level 2, 45 St. Georges Terrace, Perth, Western Australia.
- 4 The issue of the Bonds and the Ordinary Shares to be issued on conversion of the Bonds and the terms of the offering and the issue of the Bonds were approved by resolutions of the Board of Directors of the Company passed on 20 February 2008 and 6 March 2008.
- 5 Copies of the constitutive documents of the Company and copies of the Trust Deed and the Agency Agreement (upon execution) will be available for inspection, and the published financial statements of the Company will be available for collection at the specified office of the Principal Paying, Transfer and Conversion Agent during normal business hours, so long as any of the Bonds is outstanding.
- 6 The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Bonds is XS0349087451. The Common Code for the Bonds is 034908745.
- 7 The Company has obtained or will at the date of issue obtain all consents, approvals and authorisations in Australia and Singapore required to be obtained in connection with the issue and performance of the Bonds.
- 8 Except as set out in this Disclosure Notice or in the Company's ASX and TSX disclosure, there has been no significant change in the financial or trading

position of the Company and its subsidiaries as a whole since 30 June 2007 and no material adverse change in the financial position or prospects of the Company and its subsidiaries as a whole since 30 June 2007.

- 9 Except as described in this Disclosure Notice or in the Company's ASX and TSX disclosure, none of the Company nor any of its subsidiaries is involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds nor, so far as the Company is aware, is any such litigation or arbitration pending or threatened.
- 10 The financial statements of the Company as at and for the year ended 30 June 2007 and the year ended 30 June 2006 as set out in this Disclosure Notice have been audited by Ernst & Young, Chartered Accountants, auditors to the Company, as stated in their reports appearing therein.
- 11 Approval in-principle has been received for the listing of the Bonds on the SGX-ST. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Bond is exchanged for individual definitive Bonds. In addition, in the event that the Global Bond is exchanged for individual definitive Bonds, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the individual definitive Bonds, including details of the paying agent in Singapore.
- 12 Other than as provided in Condition 6(b)(x), the Bondholders do not have any participating rights in the event of a takeover offer for the Issuer.

10 Terms and Conditions of the Bonds

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the U.S.\$325,000,000 5.0 per cent. Convertible Bonds due 2013 (the “**Bonds**”), which expression shall, unless otherwise indicated, include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds, was (save in respect of any such further bonds) authorised by a resolution of the board of directors of Paladin Energy Ltd (ACN 061 681 098) (the “**Issuer**”) passed on 20 February 2008. The Bonds are constituted by a trust deed dated 11 March 2008 (the “**Trust Deed**”) between the Issuer and BNY Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the “**Conditions**”) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying, Transfer and Conversion Agency Agreement dated 11 March 2008 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee and The Bank of New York (the “**Principal Paying, Transfer and Conversion Agent**”, which expression shall include any successor as principal paying, transfer and conversion agent under the Agency Agreement), the paying, transfer and conversion agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the “**Paying, Transfer and Conversion Agents**”, which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and The Bank of New York in its capacity as registrar (the “**Registrar**”, which expression shall include any successor as registrar under the Agency Agreement). Copies of the Trust Deed and the Agency Agreement are available for inspection at the office of the Trustee at One Canada Square, 48th Floor, London E14 5AL, and at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

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

1 Form, Denomination, Title and Status

(a) *Form and Denomination*

The Bonds are in registered form, serially numbered, in principal amounts of U.S.\$200,000 and integral multiples thereof (“**authorised denominations**”).

(b) *Title*

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

(c) *Status*

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves. The payment obligations of the Issuer under the Bonds rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2 Negative Pledge

So long as any of the Bonds remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and will ensure that none of its Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a “**Security Interest**”) upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness (other than a Permitted Security Interest) unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to the satisfaction of the Trustee to ensure that:

- (i) all amounts payable by the Issuer under the Bonds and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be, to the satisfaction of the Trustee; or
- (ii) such other Security Interest or guarantee or indemnity or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Bonds and the Trust Deed either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

“**Permitted Security Interest**” means a Security Interest in respect of property or assets of a Subsidiary of the Issuer, which Security Interest existed before the relevant entity became a Subsidiary of the Issuer and was not created in contemplation of such entity becoming a Subsidiary of the Issuer and provided that the principal amount of such Relevant Indebtedness is not increased.

3 Definitions

In these Conditions, unless otherwise provided:

“**Additional Ordinary Shares**” has the meaning provided in Condition 6(c).

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

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

“**Australian Securities Exchange**” means ASX Limited (ABN 98008624691).

“**Bondholder**” and “**holder**” mean the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

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

"Cash Dividend" has the meaning provided in Condition 6(b)(iii).

"Change of Control" has the meaning provided in Condition 6(b)(x);

"Change of Control Notice" has the meaning provided in Condition 6(g).

"Change of Control Period" has the meaning provided in Condition 6(b)(x).

"Closing Date" means 11 March 2008.

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

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

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

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

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

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

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

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

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

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

“Dividend” means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares, or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then for the purposes of this definition the Dividend in question shall be treated as a Cash Dividend of the greater of (i) such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, Fair Market Value of such other property or assets (as at the date of the first public announcement of such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or transferred and delivered is determined);
- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by the Issuer or any Subsidiary of the Issuer shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a **“Specified Share Day”**) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price, on the five dealing days immediately preceding the date of such announcement, in which case such purchase, redemption or buy back shall be deemed to constitute a dividend in cash in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought

back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back; and

- (d) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by a Financial Adviser.

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

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

"Fair Market Value" means, with respect to any property on any date, the fair market value of that property as determined in good faith by a Financial Adviser provided that (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Spin-Off Securities, Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by a Financial Adviser), the fair market value (a) of such Spin-Off Securities or Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities or Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Spin-Off Securities, Securities, options, warrants or other rights are publicly traded); (iv) where Spin-Off Securities, Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Spin-Off Securities, Securities, options, warrants or other rights shall be determined in good faith by a Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Spin-Off Securities, Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof; (v) in the case of (i) translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and in any other case, translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date and (vi) in the case of (i) and (ii) disregarding any withholding or deduction required to be made on account of tax and any associated tax credit.

"Final Maturity Date" means 11 March 2013.

“Financial Adviser” means an investment bank of international repute appointed by the Issuer and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee), appointed by the Trustee following notification to the Issuer provided that the Trustee has no obligation to make such appointment unless it has been indemnified and/or provided with security to its satisfaction in respect of the costs, fees and expenses of such adviser.

“indebtedness for borrowed money” means any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of (i) money borrowed or raised (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

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

“Loan Notes” means notes, bonds, debentures, debenture stock, loan stock or other securities issued to commercial banks or other participants in loan syndication markets which are not intended to be listed or ordinarily dealt in on any recognised listing authority, stock exchange or over-the-counter or other securities market and which for the avoidance of doubt shall not include any notes, bonds, debentures, debenture stock, loan stock or other securities issued in the capital markets, whether by way of public offer or private placement.

“Newco Scheme” means a scheme of arrangement or analogous proceeding (a **“scheme of arrangement”**) which effects the interposition of a limited liability company (**“Newco”**) between the Shareholders of the Issuer immediately prior to the scheme of arrangement (the **“Existing Shareholders”**) and the Issuer; provided that only ordinary shares of Newco are issued to Existing Shareholders and that immediately after completion of the scheme of arrangement the only shareholders of Newco are the Existing Shareholders and that all Subsidiaries of the Issuer immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after the scheme of arrangement and that the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and Voting Rights of or in respect of those Subsidiaries as was held by the Issuer immediately prior to the scheme of arrangement, and that such scheme of arrangement, does not envisage or contemplate and was not proposed or adopted in contemplation of any change in respect of such holdings.

“Non-Cash Dividend” has the meaning provided in Condition 6(b)(iii).

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

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

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

“Parity Value” means, in respect of any dealing day, the U.S. dollar amount calculated as follows:

$$PV = OS \times MP$$

where:

$$PV = \text{the Parity Value}$$

$$OS = \text{the number of Ordinary Shares that would fall to be delivered on the exercise of Conversion Rights in respect of a Bond in the principal amount}$$

MP = of U.S.\$200,000, assuming the Conversion Date to be such dealing day the closing price for the Ordinary Shares as published by or derived from the Relevant Stock Exchange on such dealing day (provided that if on any such dealing day the Ordinary Shares shall have been quoted cum-Dividend or cum-any other entitlement the closing price on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement), translated, if not in U.S. dollars, into U.S. dollars at the Prevailing Rate on such dealing day.

a **"person"** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

"Prevailing Rate" means, in respect of any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 p.m. (London time) on that date as appearing on the Relevant Page or if such rate cannot be determined on that day, the rate prevailing as at or about 12 p.m. (London time) on the immediately preceding day on which such rate can be so determined.

"Principal Subsidiary" of the Issuer at any time shall mean any Subsidiary of the Issuer (not being a Subsidiary falling within sub-paragraph (iv) of the definition of "Project Finance Indebtedness" and whose only indebtedness for borrowed money is Project Finance Indebtedness):

- (i) whose (a) profits on ordinary activities before tax or (b) net assets represent 10 per cent. or more of the consolidated profits on ordinary activities before tax of the Issuer and its Subsidiaries or, as the case may be, consolidated net assets of the Issuer and its Subsidiaries, in each case as calculated by reference to the then latest audited financial statements of such Subsidiary and the then latest audited consolidated financial statements of the Issuer provided that (i) in the case of a Subsidiary acquired or an entity which becomes a Subsidiary after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, the reference to the then latest audited consolidated financial statements of the Issuer for the purposes of the calculation of the above shall until the consolidated audited financial statements of the Issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a Subsidiary, be deemed to be a reference to the then latest consolidated financial statements of the Issuer adjusted in such manner as may be appropriate to consolidate the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary in such financial statements, (ii) if, in the case of any Subsidiary, no audited financial statements are prepared, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be determined by reference to its unaudited annual financial statements (if any) or on the basis of *pro forma* financial statements, (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Issuer and (iv) if the latest financial statements of any Subsidiary of the Issuer are not prepared on the basis of the same accounting principles, policies and

practices of the latest consolidated audited financial statements of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on *pro forma* financial statements or, as the case may be, consolidated financial statements of such Subsidiary prepared on the same accounting principles, policies and practices as adopted in the latest consolidated audited financial statements of the Issuer, or an appropriate restatement or adjustment to the relevant financial statements of such Subsidiary; or

- (ii) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary of the Issuer, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary of the Issuer and the transferee Subsidiary shall cease to be a Principal Subsidiary of the Issuer under the provisions of this sub-paragraph (ii) upon publication of its next audited financial statements but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time after the date on which such audited financial statements have been published by virtue of the provisions of sub-paragraph (i) above or (as a result of another transfer to which this sub-paragraph (ii) applies) before, on or at any time after such date by virtue of the provisions of this sub-paragraph (ii).

A report by the Auditors that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Bondholders.

“Project Finance Indebtedness” means any present or future indebtedness incurred to finance the ownership, acquisition, construction, creation, development, maintenance and/or operation of an asset (whether or not an asset of the Issuer or any of its Subsidiaries), or any associated rehabilitation works, in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Issuer or any of its Subsidiaries) has or have no recourse whatsoever to the Issuer or any of its Subsidiaries for the repayment thereof other than:

- (i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset or the business of owning, acquiring, constructing, developing, maintaining and/or operating such asset; and/or
- (ii) (A) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given over such asset (and/or any other assets primarily used in the business of owning, acquiring, constructing, creating, developing, maintaining and/or operating such asset) or the income, cash flow or other proceeds deriving therefrom (or given over shares or the like in the capital of the borrower or owner of the asset or any Subsidiary described in paragraph (iv)) to secure such indebtedness, provided that (aa) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement and (bb) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of the Issuer or any of its Subsidiaries (other than a Subsidiary described in paragraph (iv)) or to appoint or procure the appointment of any receiver, trustee or similar person or officer

in respect of the Issuer or any of its Subsidiaries (other than a Subsidiary described in paragraph (iv)) or any of its assets (save for the assets the subject of such encumbrance); and/or (B) recourse against the assets, income, cashflow, proceeds or shares or the like subject to an encumbrance referred to in this paragraph (ii); and/or

- (iii) recourse under any form of assurance, undertakings or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) or under an indemnity for breach of an obligation or representation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition other than costs to complete tests or project completion tests) of the Issuer or any of its Subsidiaries; and/or
- (iv) recourse against (aa) any Subsidiary, or the assets of any Subsidiary, whose principal business comprises the ownership, acquisition, construction, creation, development, maintenance and/or operation of the asset concerned; or (bb) any Subsidiary, or the assets of any Subsidiary, whose principal business comprises the ownership or financing, directly or indirectly, of any Subsidiary described in paragraph (iv)(aa); and/or
- (v) recourse under any guarantee and/or indemnity of such indebtedness or completion of construction or development of an asset, provided that in any such case the guarantee and/or indemnity is (to the extent not permitted by any of the foregoing paragraphs) released or discharged if completion of the relevant construction or development occurs on or prior to the agreed date for completion referred to in or in connection with the guarantee and/or indemnity and no default under or in connection with such indebtedness, guarantee or indemnity or any agreement relating thereto is then subsisting.

“Record Date” has the meaning provided in Condition 8(c).

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

“Relevant Currency” means Australian dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the Australian Securities Exchange is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or traded on the Relevant Stock Exchange.

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

“Relevant Indebtedness” means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash, and which (in any case) are or are

capable of being quoted, listed or ordinarily dealt in on any recognised listing authority, stock exchange, securities quotation system or over-the-counter or other securities market, but shall in any event not include Project Finance Indebtedness or any indebtedness in the form of or represented by Loan Notes.

"Relevant Page" means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

"Relevant Stock Exchange" means (i) in respect of the Semi-Annual Period commencing on the Closing Date, the Australian Securities Exchange; and (ii) in respect of any subsequent Semi-Annual Period, the Relevant Stock Exchange in respect of the preceding Semi-Annual Period, unless the Issuer shall on the London business day immediately succeeding the last day of such preceding Semi-Annual Period have delivered to the Trustee a certificate of the Issuer signed by two Directors of the Issuer that the average daily trading volume in respect of the Ordinary Shares on any other stock exchange or securities market on which the Ordinary Shares are listed or quoted or dealt in (and have been so listed or quoted or dealt in throughout the preceding Semi-Annual Period) shall for such preceding Semi-Annual Period have been greater than 150 per cent. of the average daily trading volume in respect of the Ordinary Shares on such Relevant Stock Exchange, in which case the Relevant Stock Exchange in respect of the relevant Semi-Annual Period shall be such other stock exchange or securities market and such Relevant Stock Exchange as so determined shall be the Relevant Stock Exchange for the purposes of any relevant calculation or determination to be made (including a determination of Current Market Price) as at any date falling within the relevant Semi-Annual Period (including any constituent calculation or determination, including a determination of Volume Weighted Average Price for the purposes of determining Current Market Price, to be made for the purpose of such calculation or determination). For the purposes of determining the average daily trading volume of the Ordinary Shares where the Ordinary Shares are represented by certificates or depositary or other receipts which are listed or quoted or dealt in on the relevant stock exchange or securities market, such average daily trading volume shall be determined by dividing the average daily trading volume of such certificates or depositary or other receipts by the number of Ordinary Shares represented by such certificate or depositary or other receipts at the relevant time.

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

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

"Semi-Annual Date" means 11 March and 11 September in each year.

"Semi-Annual Period" means the period commencing on (and including) a Semi-Annual Date and ending on (but excluding) the next following Semi-Annual Date, with the first Semi-Annual Period commencing on 11 September 2008.

"Shareholders" means the holders of Ordinary Shares.

"Specified Date" has the meaning provided in Condition 6(b)(vii) and (viii).

"Spin-Off" means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme,

Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries.

"Spin-Off Securities" means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

"Subsidiary" means, in relation to the Issuer, any entity which is a subsidiary of the Issuer within the meaning of Part 1.2 Division 6 of the Corporations Act or is a subsidiary of or otherwise controlled by the Issuer within the meaning of any approved accounting standard applicable to the Issuer.

"Tax Redemption Date" has the meaning provided in Condition 7(c).

"Tax Redemption Notice" has the meaning provided in Condition 7(c).

"TSX" means the Toronto Stock Exchange.

"U.S. dollars" and **"U.S.\$"** means United States dollars.

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

"Voting Rights" means the right generally to vote at a general meeting of shareholders of the Issuer.

References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

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

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

For the purposes of Conditions 6(b), (c), (h) and (i), Condition 7(h) and Condition 11 only, (a) references to the “**issue**” of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of Condition 6(b)(iv) and (vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as “**in issue**”.

4 Registration and Transfer of Bonds

(a) *Registration*

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

(b) *Transfer*

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

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

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

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

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 7(b) or 7(c); (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(h); (iii) in respect of which a

holder shall have exercised its option to require the Issuer to redeem pursuant to Condition 7(e) or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 8(c)) in respect of any payment of interest on the Bonds.

5 Interest

(a) *Interest Rate*

The Bonds bear interest from and including the Closing Date at the rate (the “**Interest Rate**”) of 5.0 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in equal instalments in arrear on 11 March and 11 September in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 11 September 2008.

If interest is required to be calculated for a period other than an Interest Period it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed

“**Interest Period**” means the payment period beginning on (and including) the Closing Date and ending on (but excluding) 11 September 2008, being the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(j)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 5(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

6 Conversion of Bonds

(a) *Conversion Right and Conversion Price*

Subject as provided below, each Bond shall entitle the holder to convert into new Ordinary Shares, credited as fully paid, subject to and as provided in these Conditions (a “**Conversion Right**”).

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall (subject as aforesaid) be determined by dividing the principal amount of the Bonds to be converted by the conversion price (the “**Conversion Price**”) in effect on the relevant Conversion Date.

The initial Conversion Price is U.S.\$6.59 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(h) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery, to or as directed by the relevant Bondholder of Ordinary Shares credited as paid up in full as provided in this Condition 6.

Subject to, and as provided in these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, subject to any applicable fiscal or other laws or regulations and as hereinafter provided, at any time on or after 21 April 2008, provided that the relevant Conversion Date shall not fall later than on the date falling six New York business days prior to the Final Maturity Date or, if such Bond is to be redeemed pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, not later than the sixth New York business day before the date fixed for redemption thereof pursuant to Condition 7(b) or 7(c), unless there shall be default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right may be exercised up to the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, the date falling six New York business days prior to the Final Maturity Date.

Conversion Rights in respect of a Bond may not be exercised following the giving of a notice by the holder thereof pursuant to Condition 7(e).

Conversion Rights may not be exercised following the giving of notice by the Trustee pursuant to Condition 10.

Conversion Rights may not be exercised by a Bondholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

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

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

The Issuer will procure that Ordinary Shares to be issued or transferred and delivered on conversion will be issued or transferred and delivered to the holder of the Bonds

completing the relevant Conversion Notice or his nominee. Such Ordinary Shares will be deemed to be issued or transferred and delivered as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 6(c) will be deemed to be issued or transferred and delivered as of the date the relevant Retroactive Adjustment takes effect or as at the date of issue or transfer and delivery of Ordinary Shares if the adjustment results from the issue or transfer and delivery of Ordinary Shares (each such date, the “**Reference Date**”).

(b) *Adjustment of Conversion Price*

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

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

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

where:

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

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

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

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

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

where:

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

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

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

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

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

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the first date the Ordinary Shares are traded on the Relevant Stock Exchange ex- the relevant Dividend or, in the case of a purchase, redemption or buy-back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, on which such Ordinary Shares (or depositary or other receipts or certificates) are purchased, redeemed or bought back or, in the case of a Spin-Off, is the Current Market Price of an Ordinary Share on the dealing day immediately preceding the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off; and
- B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately prior to such purchase, redemption or buy back).

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

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

"Non-Cash Dividend" means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

"Cash Dividend" means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than one falling within paragraph (b) of the

definition of "Spin-Off" and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of "Dividend", and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of "Dividend" shall be treated as being a Non-Cash Dividend.

- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the first date on which the Ordinary Shares are traded on the Relevant Stock Exchange ex-options, ex-warrants or ex-rights (the "ex-date") of the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

- A is the number of Ordinary Shares in issue at close of business on the dealing day immediately preceding the ex-date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such Ordinary Shares, options, warrants or other rights.

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

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

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the first date on which the Ordinary Shares

are traded on the Relevant Stock Exchange ex-rights, ex-options or ex-warrants (the "ex-date"); and

- B is the Fair Market Value on the dealing day immediately preceding the ex-date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the date of issue of the Securities or grant of such rights.

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

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

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares.

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

- (vii) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares or shall issue or grant any options, warrants or rights to convert into, purchase or subscribe for Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying

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

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

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued by the Issuer for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or upon the exercise of any such options, warrants or rights or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto or upon exercise of such options, warrants or rights at the initial conversion, exchange, exercise or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation;

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

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

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the Bonds) as are mentioned in sub-paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the

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consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

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

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as a Financial Adviser shall consider appropriate for any previous adjustment under this sub-paragraph or sub-paragraph (b)(vii) above;

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

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

- (ix) If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any

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

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

where:

- A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on which the terms of such offer are first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

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

(x) If:

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

and (such offer or scheme having become or been declared unconditional in all respects) more than 50 per cent. of the Voting Rights of the issued share capital of the Issuer have or will become unconditionally vested in the offeror and/or such associate(s) as aforesaid, or an event occurs which has a like or similar effect (a “**Change of Control**”), then upon any exercise of Conversion Rights where the Conversion Date falls during the period (the “**Change of Control Period**”) commencing on the occurrence of the Change of Control and ending 30 calendar days following the Change of Control or, if later, 30 calendar days following the date on which a Change of Control Notice as required by Condition 6(g) is given, the Conversion Price (the “**Change of Control Conversion Price**”) shall be as determined pursuant to the following formula:

$$COCCP = OCP / (1 + (CP \times c/t))$$

where:

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COCCP	=	means the Change of Control Conversion Price
OCP	=	means the Conversion Price in effect on the relevant Conversion Date, disregarding the application of this paragraph (b)(x)
CP	=	means 25 per cent. (expressed as a fraction)
c	=	means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date
t	=	means the number of days from and including the Closing Date to but excluding the Final Maturity Date

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

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

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

- (a) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (b) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or

receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency it shall be converted into the Relevant Currency at the Prevailing Rate on the date of the first public announcement of the terms of issue of such Ordinary Shares or, as the case may be, Securities; and
- (d) in determining consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Bond shall be after any consolidation, reclassification or sub-division as is mentioned in Condition 6(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6(b)(ii), (iii) (iv), (v) or (ix), or after any such issue or grant as is mentioned in Condition 6(b)(vi) and (vii), in any case in circumstances where the relevant Conversion Date falls before the relevant adjustment becomes effective under Condition 6(b) (such adjustment, a “**Retroactive Adjustment**”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the “**Additional Ordinary Shares**”) as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bond

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

(d) *Decision of a Financial Adviser*

If any doubt shall arise as to the appropriate adjustment to the Conversion Price or as to the occurrence of a Change of Control, the Issuer shall consult a Financial Adviser and the written opinion of such Financial Adviser in respect of such adjustment to the Conversion Price shall be conclusive and binding on all parties, save in the case of manifest error.

(e) *Employees' Share Schemes*

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

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

On any adjustment, the resultant Conversion Price, if not an integral multiple of U.S.\$0.001, shall be rounded down to the nearest whole multiple of U.S.\$0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 17 and the Trustee promptly after the determination thereof.

The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in the inability to issue Ordinary Shares on conversion as fully paid.

(g) *Change of Control*

Within 14 calendar days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a "**Change of Control Notice**"). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to require the Issuer to redeem their Bonds as provided in Condition 7(e).

The Change of Control Notice shall also specify:

- (i) the nature of the Change of Control;
- (ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price (on the basis of such Conversion Price) applicable pursuant to Condition 6(b)(x) during the Change of Control Period;
- (iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (iv) the Change of Control Put Date and the last day of the Change of Control Period;
- (v) details of the right of the Issuer to redeem any Bonds which shall not previously have been converted or redeemed pursuant to Condition 7(e); and
- (vi) such other information relating to the Change of Control as the Trustee may reasonably require.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so.

(h) *Procedure for exercise of Conversion Rights*

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

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be the second Perth business day following the date of the delivery of the Bonds and the Conversion Notice.

A Bondholder exercising a Conversion Right shall be responsible for paying directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on conversion (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Australia or Canada (or any province, state or territory thereof) in respect of the allotment and issue of any Ordinary Shares on such conversion or in respect of the delivery of any Ordinary Shares on such conversion (including any Additional Ordinary Shares), which shall be paid by the Issuer) and such Bondholder shall be responsible for paying all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection

with such conversion. For the avoidance of doubt, none of the Agents and the Trustee shall be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

Ordinary Shares to be issued on exercise of Conversion Rights will be issued, at the option of the Bondholder exercising its Conversion Right as specified in the Conversion Notice, either:

- (a) in uncertificated form through the securities trading system known as the Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Ltd ("**CHESS**") or in "book-entry-only" form eligible for deposit at The Canadian Depository for Securities Limited ("**CDS**") (or any successor licensed clearance and settlement facility applicable to the Ordinary Shares), or
- (b) in certificated form registered in the name of or as directed by the Bondholder in the relevant Conversion Notice,

and in the case of (a) the Ordinary Shares will be credited to the CHESS account or the CDS Participant account specified in the Conversion Notice, or in the case of (b) the certificate for the Ordinary Shares will be mailed to the relevant Bondholder (at the risk of such Bondholder) to the address specified in the Conversion Notice, or if a Bondholder does not specify a valid CHESS account or CDS Participant account in the Conversion Notice, a certificate for the Ordinary Shares will be mailed to the relevant Bondholder (at the risk of such Bondholder) to the address specified in the Register, in each case by a date which is generally expected to be not later than three Toronto business days (in the case of Ordinary Shares to be issued in "book-entry only" form eligible for deposit at CDS) or three Perth business days (in the case of Ordinary Shares to be issued through CHESS or in certificated form) after the relevant Conversion Date.

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

(i) *Ordinary Shares*

- (i) Ordinary Shares issued or transferred and delivered upon conversion of the Bonds will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.
- (ii) Save as provided in Condition 6(j), no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the

relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(j) *Interest on Conversion*

If any notice requiring the redemption of any Bonds is given pursuant to Condition 7(b) or 7(c) on or after the fifteenth calendar day prior to a record date in respect of any Dividend or distribution payable in respect of the Ordinary Shares which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) and where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the applicable Interest Rate on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to, a U.S. dollar account with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(k) *Purchase or Redemption of Ordinary Shares*

The Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back its own shares (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Bondholders.

(l) *No duty to Monitor*

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

7 Redemption and Purchase

(a) *Final Redemption*

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

(b) *Redemption at the Option of the Issuer*

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

- (i) at any time on or after 1 April 2011, if the Parity Value on each of at least 20 consecutive dealing days ending not earlier than 5 days prior to the giving of the relevant Optional Redemption Notice, shall have been at least U.S.\$260,000; or
- (ii) if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds); or
- (iii) within the period of 45 days after the end of the Change of Control Period.

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (which notice shall be irrevocable) redeem (subject to the second following paragraph) all, and not some only, of the Bonds on the date ("**Tax Redemption Date**") at their principal amount, together with accrued but unpaid interest to such date, if (i) the Issuer certifies to the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts in respect of payments on the Bonds pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in (i) and (ii) above which shall be conclusive and binding on the Bondholders.

Upon the expiry of a Tax Redemption Notice, the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued interest to such date.

If the Issuer gives a notice of redemption pursuant to this Condition 7(c), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made on such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts on the Bonds shall be made subject to the deduction or

withholding of the taxation required to be withheld or deducted by the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

(d) *Optional and Tax Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date, (ii) the Conversion Price, the aggregate principal amount of the Bonds outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Bondholders.

(e) *Redemption at the option of Bondholders*

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at its principal amount, together with accrued interest to such date. To exercise such right, the holder of the relevant Bond must, at any time in the Change of Control Period, deliver a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent (a **"Change of Control Put Exercise Notice"**) to the specified office of any Paying, Transfer and Conversion Agent. The **"Change of Control Put Date"** shall be the 14th calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account with a bank in New York City specified by the relevant Bondholder in the Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

(f) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall, subject to compliance with applicable laws and regulations, be made available to all Bondholders alike.

(g) *Cancellation*

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries shall be surrendered to the Principal Paying, Transfer and Conversion Agent for cancellation and may not be reissued or re-sold.

(h) Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail, save that a notice of redemption given by a Bondholder pursuant to Condition 7(e) shall prevail over any other notice of redemption given pursuant to this Condition 7, whether given before, after or at the same time as any notice of redemption under Condition 7(e).

8 Payments*(a) Principal*

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

(b) Interest and other Amounts

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

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

(c) Record Date

"Record Date" means the sixth New York business day before the due date for the relevant payment.

(d) Payments

Each payment in respect of the Bonds pursuant to Condition 8(a) and (b)(i) will be made by transfer to a U.S. dollar account with a bank in New York City as notified to the Registrar by the relevant Bondholder by no later than the relevant Record Date.

The Issuer will not be required to make any such payment in respect of the Bonds until 6 business days after the Bondholder has provided the necessary account details for payment in accordance with this Condition 8(d).

(e) Payments subject to fiscal laws

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

(f) Delay in payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day, (ii) if the Bondholder is late in surrendering the relevant Bond or (iii) if the Bondholder does not provide the necessary account details for payment in accordance with these Conditions.

(g) Business Days

In this Condition, "**business day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business, in New York City and (where such surrender is required by these Conditions) in the place of the specified office of the Registrar or relevant Paying, Transfer and Conversion Agent, to whom the relevant Bond is surrendered.

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

The initial Paying, Transfer and Conversion Agents and Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying, Transfer and Conversion Agent or the Registrar and appoint additional or other Paying, Transfer and Conversion Agents or Registrar, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent or another Registrar, (ii) maintain Paying, Transfer and Conversion Agents having specified offices in at least two major European cities including a Paying, Transfer and Conversion Agent having a specified office in London, (iii) a Paying, Transfer and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, (iv) so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require, a Paying, Transfer and Conversion Agent having a specified office in Singapore and (v) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(i) Fractions

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

9 Taxation

All payments made by or on behalf the Issuer in respect of the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Commonwealth of Australia otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction is required on account of a tax liability that the holder has or may have otherwise than as a result of such holding or receipt; or
- (b) (in the case of a payment on redemption) if the Bond is surrendered more than 30 days after the Relevant Date, or in any case if the relevant Bondholder does not provide the necessary account details for payment in accordance with these Conditions within 24 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amount had the Issuer been obliged, following the surrendering of the Bond (in the case of payment on redemption) and providing the necessary account details for payment in accordance with these Conditions, to make the payment on the last day of the period of 30 days following the Relevant Date; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying, Transfer or Conversion Agent in a Member State of the European Union; or
- (e) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges by reason of the holder being an associate of the Issuer for the purposes of section 128F of the Income Tax Assessment Act 1936 of Australia (as amended).

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

This Condition 9 shall not apply in respect of payments on any Bonds which are the subject of an election by the relevant Bondholder pursuant to Condition 7(c) (*Redemption for Taxation Reasons*).

10 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured to its satisfaction and provided that in the case of paragraphs (b), (c), (d) and (g) (and, to the extent analogous, (h)) or, in relation to a Principal Subsidiary, paragraphs (e) and (f) (and, to the extent analogous, (h)) the Trustee shall have certified to the Issuer that in its opinion such event is materially prejudicial to the interests of the Bondholders), give notice to the Issuer that the Bonds are, and they shall accordingly thereby immediately become, due and repayable at their principal amount together with accrued interest if any of the following events (each an “**Event of Default**”) shall have occurred:

- (a) default is made for more than 10 days in the payment on the due date of any amount payable in respect of the Bonds; or
- (b) the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed and (unless in the opinion of the Trustee, certified in writing to the Issuer, the default is incapable of remedy) is not remedied within 45 days (or such longer period as the Trustee may permit) after the Issuer shall have received from the Trustee written notice of such default requiring it to be remedied; or
- (c)
- (i) any other present or future indebtedness for borrowed money of the Issuer or any Subsidiary of the Issuer becomes due and payable prior to its stated maturity by reason of an event of default (however described); or
 - (ii) any such indebtedness is not paid when due or within any originally applicable grace period; or
 - (iii) the Issuer or any Subsidiary of the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money; or
 - (iv) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiary of the Issuer for any indebtedness for borrowed money (or any guarantee of, or indemnity in respect of, indebtedness for borrowed money) that has become payable becomes enforceable and steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager, controller or other similar person),
- and the aggregate amount of the indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$10,000,000 (or its equivalent in other currencies). For the purposes of this paragraph (c), "indebtedness for borrowed money" shall exclude Project Finance Indebtedness; or
- (d) a distress, attachment, execution or other legal process is levied or enforced on or against all or any substantial part of the property, assets or revenues of the Issuer or any Principal Subsidiary of the Issuer which is not discharged, removed, stayed or paid within 30 days; or
- (e) the Issuer or any Principal Subsidiary of the Issuer (i) is or states that it is insolvent or unable to pay its debts, (ii) is presumed under the Corporations Act to be insolvent (other than as a result of a failure to pay a statutory demand in relation to a claim the subject of a bona-fide dispute), (iii) stops, suspends or threatens to stop or suspend payment of its debts generally, or (iv) makes or enters into a general assignment or an arrangement or composition or compromise with or for the benefit of its creditors (other than in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation permitted under paragraph (f)); or
- (f) an administrator (as defined in the Corporations Act) or liquidator or a like or similar officer is appointed in respect of the Issuer or any Principal Subsidiary or a court order is made or a resolution passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary of the Issuer, or the Issuer or any Principal Subsidiary of the Issuer ceases or threatens to cease to carry on business (other than in the case of a Principal

Subsidiary, as a result of a *bona fide* disposal of such business or its assets), except in any such case for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary of the Issuer, where that Principal Subsidiary is solvent or its undertaking and assets are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or

- (g) a final judgment or judgments of a court or courts of competent jurisdiction for the payment of money aggregating in excess of U.S.\$10,000,000 (or its equivalent in the relevant currency of payment) are rendered against the Issuer or any Principal Subsidiary of the Issuer and which judgments are not bonded, discharged or stayed pending appeal within 60 days (or such longer period as the Trustee may permit) after the Latest Date, or are not discharged within 60 days (or such longer period as the Trustee may permit) after the later of the expiration of such stay and the Latest Date; or
- (h) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (f) above.

“**Latest Date**” means the latest of (i) the entry of such judgment; (ii) if such judgment specifies a date by which it must be satisfied, the date so specified; and (iii) the time allowed or specified under applicable law for such judgment to be bonded, discharged or stayed pending appeal.

11 Undertakings

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

- (a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares; or
 - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or contractor or former employee or contractor (including Directors or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to an employees' share or option scheme whether for all employees, directors, or executives or any one or more of them,

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

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

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

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

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (as defined in Section 11 of the Corporations Act)) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders;
- (g) in the event of a Newco Scheme the Issuer shall take (or shall procure that there is taken) all necessary action to ensure that (to the satisfaction of the Trustee) immediately after completion of the scheme of arrangement (i) such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be converted into or exchanged for ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed and (ii) the ordinary shares of Newco are:
 - (A) admitted to listing on the Relevant Stock Exchange; or
 - (B) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market;
- (h) use its best endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Australian Securities Exchange and the TSX and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (i) not change the jurisdiction in which it is domiciled or resident or to whose taxing authority it is subject generally unless it would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Bonds;

- (j) if there is a change in the Relevant Stock Exchange, notify the Trustee and the Bondholders in accordance with Condition 17 by not later than 7 days after the commencement of the relevant Semi-Annual Period; and
- (k) for so long as any Bond remains outstanding and subject to the occurrence of a Change of Control, use its reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing and to trading on the Australian Securities Exchange and the TSX.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually a certificate of the Issuer, as to there not having occurred an Event of Default or Potential Event of Default since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in this Condition 11, nor be liable to any person for not so doing.

12 Prescription

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

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

13 Replacement of Bonds

If any Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification and Waiver, Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds (other than deferring the earliest date on which the Bonds may be redeemed pursuant to Condition 7(b)(i)) or the dates on

which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount, or interest on, the Bonds or to reduce the amount payable on redemption of the Bonds or modifying or cancelling the Conversion Rights, (iii) to increase the Conversion Price other than in accordance with these Conditions, (iv) to change the currency of any payment in respect of the Bonds, (v) to change the governing law of the Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)), or (vi) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one-half, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed). An Extraordinary Resolution is a resolution in respect of which not less than three-quarters of the votes cast shall have been in favour at a meeting of Bondholders duly convened and held in accordance with the Trust Deed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

(b) *Modification and Waiver*

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

(c) *Substitution*

The Trustee may, without the consent of the Bondholders, agree with the Issuer to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Bonds and the Trust Deed of any Subsidiary of the Issuer subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer and (b) the Bonds continuing to be convertible or exchangeable into Ordinary Shares as provided in these Conditions *mutatis mutandis*

as provided in these Conditions, with such amendments as the Trustee shall consider appropriate provided that in any such case, (x) the Trustee is satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution, and (y) certain other conditions set out in the Trust Deed are complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and shall be notified promptly to the Bondholders.

(d) *Entitlement of the Trustee*

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

15 Enforcement

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

16 The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking any action or proceedings unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants (including the Auditors), financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under a condition hereof or any provision of the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in the absence of manifest error.

17 Notices

All notices regarding the Bonds will be valid if published in a leading daily newspaper having circulation in (i) Asia (which is expected to be the *Asian Wall Street Journal*) and (ii) Europe (which is expected to be the *Financial Times*). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

So long as the Bonds are represented by a Global Bond and such Global Bond is held on behalf of a clearing system, and where the rules of the Singapore Exchange Securities Trading Limited so permit, notices to Bondholders shall be given by delivery of the relevant notice to such clearing system for communication by them to their respective accountholders instead of in accordance with Condition 17.

18 Further Issues

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

19 Contracts (Rights of Third Parties) Act 1999

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

20 Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds

("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Agent for Service of Process*

The Issuer has irrevocably appointed Hackwood Secretaries Limited at its registered office for the time being, currently at One Silk Street, London EC2Y 8HQ as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.