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ASX MEDIA ANNOUNCEMENT

29 SEPTEMBER 2008

A\$60.5 MILLION CAPITAL RAISING

Apex Minerals NL (**Apex**) is pleased to announce that it has entered into a Subscription Agreement with Goldman Sachs JBWere Pty Ltd (**GSJBW**) to issue \$58.5 million in a package of Senior Secured Notes (**Secured Notes**), together with detachable Warrants (**Warrants**) and detachable Gold Upside Participation Notes (**GUP Notes**). A signed commitment for an additional \$2 million has been received, but the investment is subject to shareholder approval. If approval is received, the total issue size will increase to \$60.5 million.

Completion of the capital raising will ensure that Apex is fully funded and able to:

- Complete the refurbishment, development and commissioning of the Wiluna project;
- Continue the exploration program, and position the Company to bring the Wilsons and Youanmi projects online in accordance with the Company's integrated mine strategy; and
- Put in place a robust gold hedge programme using predominantly put options to protect the Company's cashflows

The proceeds from the capital raising are proposed to be utilised as follows:

- Exploration and evaluation – circa \$30 million;
- Purchase of put options to protect the Company's exposure to the AUD gold price – circa \$13.5 million;
- Pre-production capital expenditure and working capital – circa \$12 million; and
- Fees and issue expenses – circa \$3 million.

The Secured Notes, GUP Notes and Warrants will be issued as a package to a group of institutional and sophisticated investors including an entity controlled by the Company's largest shareholder, Mr Mark Creasy, which has invested \$2 million. Mr Kim Robinson, the Chairman of the Company, has also committed to make a \$2 million investment, for which the Company will seek shareholder approval at the Annual General Meeting of the Company, expected to be held in late November 2008.

Completion of the issue of the Secured Notes the Warrants and the GUP Notes is expected to take place later today, at which point funds will be received by the Company. No funds relating to the subscription by Mr Robinson will be received until shareholder approval is obtained.

An Offering Circular containing a summary of the terms of the Secured Notes, the Warrants and the GUP Notes is attached to this announcement. Also attached is a worked example of the calculation of the exercise price of the Warrants. In summary:

- The Secured Notes will carry a coupon of 11.25%, paid semi-annually in arrears with the first coupon payable on 29 March 2009. The Notes mature on 29 September 2011 but may be redeemed by Apex at any time after 29 September 2009 by payment of an amount calculated in accordance with the terms and conditions of the Secured Notes.
- The Warrants entitle the holders to subscribe for a total of 43.5 million ordinary shares. The exercise price is calculated according to a specified formula based on the time of exercise, an initial exercise price of \$0.335 and the price of Apex shares at 180 and 270 days after the date of issue of the Warrant. The exercise price may not in any circumstance be less than 70% (\$0.2345) nor more than 100% of the initial exercise price of \$0.335. The initial exercise price of \$0.335 represents a 15% premium to the 5 day VWAP of the Company's shares as at 24 September 2008.
- The GUP Notes entitle the holders to be paid quarterly cash coupons (which may be zero) calculated by reference to a specified formula which allows the holder to participate in any increase in the average AUD gold price in a period over a specified floor price. The holders, as a group, are paid 30% (the participation rate) of the amount by which the average AUD gold price in a period exceeds a floor price, multiplied by a notional principal amount that varies over the life of the GUP Notes. The aggregate of the notional principal amounts is 500,000. The GUP Notes are expected to mature on 7 August 2012. The floor price will be set as the London pm fix gold price (in Australian dollars) today, Monday 29 September 2008, and is able to be reset downwards on 1 January 2009, but may not be less than \$900 per ounce.

The Notes, the Warrants and the GUP Notes will be issued to institutional and sophisticated investors only. None of the Secured Notes, the Warrants and the GUP Notes have been, nor will be, registered under the United States Securities Act of 1933, as amended (**Securities Act**) or the laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of U.S. Persons. The Secured Notes, the Warrants and the GUP Notes are being offered outside the United States in reliance on Regulation S under the Securities Act.

Mr Mark Ashley, Apex's CEO and Managing Director said that this substantial capital raising not only ensures that the Company is now fully funded, but will enable it to maintain its significant and extremely successful exploration program, particularly at Wiluna, where new, potentially independent production sources will be further delineated. Mr Ashley said, "the structure of this financing is fairly unique, particularly with regard to the GUP Notes and has allowed this capital raising to be achieved with minimum dilution to current shareholders". He added, "it is pleasing to have completed this significant capital raising during a period of one of the worst financial crises the world has seen, and this clearly reflects and supports the fact that the integrated mine strategy at Wiluna is a robust and strong project".



Mark Ashley
Managing Director

Contact: Office +61 (0)8 6311 5555

Mobile +61 (0)411470104

Offering Circular dated 29 September 2008



Apex Minerals NL
(ABN 22 098 612 974)

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

AUD58,500,000 Senior Secured Notes due 2011, together with
585 detachable Gold Upside Participation Notes and
117 detachable Warrants each exercisable into 371,840 ordinary shares in the capital of the Issuer and
Issue Price: 100 percent. of the principal amount of the Notes

The Issuer proposes to issue 117 Senior Secured Notes due 2011 (*Notes*). In addition, the Issuer proposes to issue, 585 detachable Gold Upside Participation (GUP) Notes (*GUP Notes*) 117 Warrants (*Warrants*) exercisable into an aggregate of 43,505,280 ordinary shares in the capital of the Issuer (*Ordinary Shares*) per Warrant (subject to any adjustments). The Issuer may also issue an additional 4 Notes, 4 Warrants and 20 GUP Notes without approval of Noteholders, Warranholders or GUP Noteholders. The Ordinary Shares are currently quoted for trading on the stock exchange operated by ASX Limited (ACN 008 624 691) (*ASX*). The closing price of the ordinary shares on ASX on 24 September 2008 was A\$0.35.

The holder of each Warrant has the right to exercise such Warrant into 371,840 Ordinary Shares at any time during the exercise period of the Warrants subject to adjustment in accordance with the Warrant Deed Poll. The Exercise Period is, subject to the terms of the Warrant Deed Poll, the period beginning on, and including, the Issue Date and ending on, and including, the day which is 5 years after the Issue Date.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on 29 September 2011 (*Maturity Date*) at 100 percent. of their principal amount together with any accrued but unpaid interest. Unless previously redeemed or re-purchased and cancelled, the GUP Notes will be redeemed on 29 September 2018 (*GUP Maturity Date*) at 100 percent. of their principal amount.

The obligations of the Issuer under the Notes and GUP Notes are guaranteed by certain subsidiaries of the Issuer and secured by charges and mining mortgages granted by the Issuer and those guarantors as more fully described in this Offering Circular.

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

In particular, the Notes, GUP Notes, Warrants and Ordinary Shares to be issued upon exercise of the Warrants have not been, and will not be, registered under the United States Securities Act of 1933, as amended (*Securities Act*) or the laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of U.S. Persons. The Notes, GUP Notes and Warrants are being offered outside the United States in reliance on Regulation S under the Securities Act.

Investing in the Notes, GUP Notes and Warrants involves risk. For a discussion of certain risks relating to the Issuer and the Notes, GUP Notes and Warrants, see section entitled "*Risk Factors*".

The Notes and GUP Notes will be in registered form and denominations of AUD500,000 and AUD1.00 respectively. The Notes and GUP Notes will take the form of entries in a Register. Payments on the Notes and GUP, and transfers thereof will be effected only through records maintained by the Registrar and the Austraclear System.

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

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A Important Information

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

The Issuer and each Guarantor confirms that:

- all information (other than any assumptions, estimates, forecasts or financial projections) provided by it to the Noteholders, the GUP Noteholders and the Warrantholders is true in all material respects at the date of this Offering Circular;
- neither that information, nor its conduct, or the conduct of anyone on its behalf in relation to the transactions contemplated by the documents referred to in this Offering Circular, was or is misleading or deceptive or likely to mislead or deceive;
- any assumptions, estimates, forecasts and financial projections provided by it to the Noteholders, the GUP Noteholders and the Warrantholders have been prepared in good faith with due care and diligence, are based on all relevant information known to it at the time they are provided and (where relevant) are based on assumptions that are reasonable in all the circumstances; and
- nothing has occurred to the information provided to the Noteholders, the GUP Noteholders and the Warrantholders and no information has been given that results in the information provided by the Issuer being untrue or misleading or deceptive or likely to mislead or deceive.

Neither the Issuer nor any Guarantor has authorised the making or provision of any representation or information regarding the Issuer, the Notes, the GUP Notes or the Warrants other than as contained in this Offering Circular or as approved for such purpose by the Issuer or any Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, any Guarantor, BNY Trust (Australia) Registry Limited, BNY Trust Company of Australia or BTA Institutional Services Australia Limited (in their individual capacity or any of their respective trustee or agent capacities described in this Offering Circular (together, the **Trustees and Agents**)).

This Offering Circular has been prepared by and issued with the authority of the Issuer and each Guarantor. The Issuer and each Guarantor accept responsibility for the information contained in this Offering Circular other than information provided by the Trustees and Agents in relation to their respective descriptions under the section entitled "*Directory*" below. The only role of the Trustees and Agents in the preparation of Offering Circular has been to confirm to the Issuer that their respective descriptions under the section entitled "*Directory*" below are accurate as at the date of this Offering Circular. Apart from the foregoing, none of the Trustees and Agents, any external adviser of the foregoing nor any other person has independently verified the other information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any person other than the Issuer and each Guarantor as to the accuracy or completeness of this Offering Circular or any further information supplied by the Issuer and each Guarantor in connection with the Notes, the GUP Notes, the Warrants or the Ordinary Shares.

The Notes and GUP Notes do not represent liabilities of the Trustees and Agents in their individual capacities or as trustee of any trust. The Trustees and Agents in their individual capacities nor as trustee of any trust do not guarantee the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Notes or the GUP Notes. In addition, none of the obligations of the Issuer or any Guarantor are guaranteed by the Trustees and Agents in their individual capacities or as trustees of any trust or by any associate of the Trustees and Agents.

This Offering Circular contains only summary information concerning the Notes, GUP Notes, Warrants and Ordinary Shares. This Offering Circular is not intended to provide the basis of any credit or other evaluation in respect of the Issuer, any Guarantor or any other person or any Notes, GUP Notes, Warrants or Ordinary Shares and should not be considered as a recommendation or a statement of opinion (or a report of either of these things) by the Issuer, any Guarantor, the Trustee or any other person that any recipient of this Offering Circular or any other information should purchase any Notes, GUP Notes or Warrants or any rights in respect of any Notes, GUP Notes or Warrants. Each investor contemplating purchasing any Notes, GUP Notes or Warrants or any rights in respect of any Notes, GUP Notes or Warrants should make (and will be deemed to have made) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer and the Guarantors.

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

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

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

Neither this Offering Circular nor any other disclosure document in relation to the Notes, the GUP Notes, the Warrants or the Ordinary Shares to be issued on exercise of the Warrants has been lodged with the Australian Securities and Investments Commission (**ASIC**). A person may not make or invite an offer of the Notes, the GUP Notes or the Warrants for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Offering Circular or any other offering material or advertisement relating to the Notes, the GUP Notes or the Warrants in Australia unless the minimum aggregate consideration payable by each offeree is at least A\$500,000 calculated in accordance with section 708(9) of the Corporations Act 2001 of Australia (**Corporations Act**) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act and is not made to a person who is a "retail client" within the meaning of Section 761G of the Corporations Act, and such action complies with all applicable laws, regulations and directives and such action does not require any document to be lodged with ASIC. The Notes, the GUP Notes, the Warrants and the Ordinary Shares have not been and will not be registered under the Securities Act and may not be offered, sold, delivered or transferred within the United States, its territories or possessions or to, or for the account of benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (see the section entitled "*Subscription and Sale*").

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

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

Certain of the information contained in this Offering Circular constitutes "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development or mining results will not be consistent with the Issuer's expectations, metal recoveries, accidents, equipment breakdowns, title matters, labour disputes or other unanticipated difficulties with or interruptions in production, the potential for delays in exploration or development activities or the completion of feasibility studies, political risks involving operations in foreign jurisdictions and the policies of other nations towards companies doing business in these jurisdictions, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, failure to obtain required financing on a timely basis and other risks and uncertainties. Neither the Issuer nor any Guarantor undertake any obligation after the date of this Offering Circular to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future which may affect information contained herein.

The Issuer has agreed to pay certain trustee, agency and advisory fees for trustees, agents and advisers undertaking their respective roles and to reimburse them for certain of their expenses incurred in connection with the issue of the Notes, the GUP Notes and the Warrants.

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

B Documents incorporated by reference

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

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

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

- the 2007 Annual Report of the Issuer;
- the audited consolidated financial statements of the Issuer for each of the five years ended 30 June prior to and including 30 June 2008; and
- any other announcements by the Issuer published on ASX.

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

C Summary of the offering

The following is a summary only and does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular and the full terms of the Note Trust Deed, Warrant Deed Poll and GUP Note Trust Deed and the Security and associated documentation referred to in this summary and further in Section L Security. Further material terms of the Note Trust Deed, Warrant Deed Poll and GUP Note Trust Deed are summarised in Annexures A, B and C of this Offering Circular. Words and expressions defined in this Section, the Glossary or elsewhere in this Offering Circular have the same meanings when used in this Section.

1. General Terms of Issue and Process

Issuer:	Apex Minerals NL (ABN 22 098 612 974)
Guarantors:	Material Subsidiaries will guarantee the Issuer's obligations under the Notes, and for so long as security is required to be in place, the GUP Notes. The initial Guarantors are Apex Gold Pty Ltd (ABN 95 124 893 778), Goldcrest Mines Pty Ltd (ABN 83 101 396 785) and Youanmi Mines Pty Ltd (ABN 52 101 826 884).
Material Subsidiaries	<p>(a) Each of the <i>Issuer Subsidiaries</i> (being those non-Nickel Group Subsidiaries of the Issuer) generating 5% or more of the EBITDA of the <i>Issuer Group</i> (being the Issuer and the Issuer Subsidiaries) or owning 5% or more of the Assets of the Issuer Group;</p> <p>(b) Each Issuer Subsidiary that owns, or has an interest in, a JORC and Infrastructure Tenement; and</p> <p>(c) Any other Issuer Subsidiary necessary so that the Issuer and Guarantors as a whole generate at least 95% of the EBITDA of the Issuer Group or own at least 95% of the Assets of the Issuer Group.</p>
Securities Offered:	A package of Senior Secured Notes due 2011 (<i>Notes</i>) together with detachable Gold Upside Participation Notes (<i>GUP Notes</i>) and detachable Unsecured Warrants (<i>Warrants</i>) which are exercisable into ordinary shares in the capital of the Issuer listed on the ASX (<i>Shares</i>) each as more fully described below (the Notes, the GUP Notes and the Warrants together, the <i>Instruments</i>).
Trustee for the Notes and the GUP Note	BNY Trust Company of Australia (ABN 49 050 294 052)
Security Trustee:	BNY Trust (Australia) Registry Limited (ACN 000 334 636)
Registrar:	BTA Institutional Services Australia Limited (ACN 002 916 396) in respect of the Notes and the GUP Notes. The Issuer will be the Registrar in respect of the Warrants.
Principal Paying Agent:	BTA Institutional Services Australia Limited
Calculation Agent:	BTA Institutional Services Australia Limited
Listing:	It is not intended that any of the Instruments will be listed on any stock or other securities exchange in any jurisdiction

Taxation: All payments in respect of the Notes and the GUP Notes will be made free and clear of, and without withholding or deduction for, any Australian taxes, unless such withholding is required by law. If, however, any amount is required to be deducted or withheld in respect of any taxes, the amount of the payment will be increased so that after making such deductions or withholdings (and any adjustments for them) the payment will be in the amount that would have been received had no deduction or withholding been made

Credit Rating: The Issuer and the Instruments are not, and will not be, rated

Governing Law: New South Wales

2. Terms of Issue of the Notes

Issue Size: AUD58,500,000

Future Issues of Notes: The Issuer has the ability to issue Notes to the value of AUD2,000,000 without Noteholder approval (which the Issuer proposes to issue to Mr Kim Robinson, a director of the Issuer, subject to shareholder approval).

Status: The Notes are senior, secured, unconditional obligations of the Issuer, which will rank *pari passu*, without any preference or priority (except in respect of the Initial Interest Coverage Amount held in the Ramp Up Reserve Account):

- (a) amongst each other;
- (b) with the GUP Notes; and
- (c) with obligations owed to the **Hedge Counterparties** (being entities that are a party to derivative transactions entered into by the Issuer to implement the Issuer's agreed hedging strategy and which comply with certain mandatory provisions (**Secured Hedging Agreements**)).

Security: Fixed and floating charges to be given over the assets and undertaking of the Issuer and the Guarantors (**Charge**) incorporating a featherweight charge over shares held in Apex Nickel

Mining mortgages over existing and future tenements owned by the Issuer and any of the Guarantors which have a JORC compliant reserve or resource or infrastructure that is necessary or material in connection with gold production (**JORC and Infrastructure Resource Tenements**)

If at the time the Notes have been redeemed in full, there are no Secured Hedging Agreements in place, then upon request from the Issuer the Security may be discharged. In that case, to the extent that GUP Notes are outstanding, they will continue as senior, unsecured, unconditional obligations of the Issuer, except the GUP notes will continue to be secured by a fixed charge over the GUP Amount Reserve Account

Security Interests: Neither the Issuer nor any Guarantor will grant any other security interest, except a Permitted Security Interest

Permitted Security Interests:	<p>In addition to the Security described above, the following security interests will be permitted to exist over the assets of the Issuer and the Guarantors:</p> <ul style="list-style-type: none"> (a) existing and future finance leases; (b) a right of title retention in connection with the acquisition of goods in the ordinary course of day-to-day trading on the supplier's usual terms of sale where there is no default in connection with the relevant acquisition; (c) any netting or set-off arrangement in connection with derivative transactions entered into by the Issuer to implement the Issuer's agreed hedging strategy; (d) any right of set-off (other than in connection with financial accommodation) arising in the ordinary course of day-to-day trading; (e) any existing mining mortgages and encumbrances specified on the face of existing mining mortgages or specified on the face of mining mortgages forming part of the Security; (f) a mining mortgage to be granted by Apex Gold Pty Ltd in favour of Australian Gold Resources Pty Ltd to secure rights under an existing Royalty Agreement; and (g) any Security Interest created with the consent of the Security Trustee acting on the instructions of a majority of secured creditors.
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For the avoidance of doubt, security interests may be granted over the shares in, or the assets of, Apex Nickel without restriction.

Currency:	AUD
Coupon:	11.25%, paid semi-annually in arrears on 29 September and 29 March in each year with the first coupon payable on 29 March 2009
Issue Date:	29 September 2008
Maturity Date:	29 September 2011 (3 years)
Issuer Call Date:	29 September 2009 (1 year)
Denomination:	AUD500,000 per Note
Issue Price:	100%
Redemption Price at Maturity:	100%

Early Redemption at the Option of the Issuer:	<p>The Issuer may redeem all, but not some, of the Notes in whole, but not in part:</p> <ul style="list-style-type: none"> (a) <i>Issuer Call</i> at any time from (and including) the Issuer Call Date by payment of the Issuer Early Redemption Amount (set out below); (b) <i>Clean Up Call</i> at their principal amount, plus accrued but unpaid interest, if the aggregate principal amount of the Notes then outstanding is less than 10% of the aggregate principal amount of Notes originally issued; or (c) <i>Tax Call</i> at their principal amount plus accrued but unpaid interest if, as a result of changes relating to tax laws in Australia, the Issuer becomes obliged to pay any additional amounts and such obligation cannot be avoided by reasonable measures <p>The Issuer may exercise any of the above rights by giving not less than 30, and no more than 60, days' written notice to the Trustee</p>
Issuer Early Redemption Amount:	<p>The Issuer Early Redemption Amount is an amount equal to:</p> <ul style="list-style-type: none"> (a) 102% of the face value of the Notes, plus accrued but unpaid interest, from (and including) the Issuer Call Date to (but excluding) the Interest Payment Date falling in September 2010; and thereafter (b) 101% of the face value of the Notes, plus accrued but unpaid interest, from (and including) the Interest Payment Date falling in September 2010 to (but excluding) the Maturity Date.
Redemption at the Option of Noteholders:	<p>Each Noteholder shall have the right, at that Noteholder's option, and unless the Notes have been previously redeemed or repurchased and cancelled:</p> <ul style="list-style-type: none"> (a) <i>Change of Control Put</i> following the occurrence of a Change of Control (as described below) to require the Issuer to redeem such Noteholder's Notes at their principal amount together with accrued but unpaid interest; and (b) <i>Delisting Put</i> if the Ordinary Shares of the Issuer are delisted from the Relevant Stock Exchange (which shall initially be the ASX and in future, such other stock exchange where the daily trading volume of the Ordinary Shares on such stock exchange is greater than the Relevant Stock Exchange for the preceding period), to require the Issuer to redeem such Noteholder's Notes at their principal amount plus accrued but unpaid interest

Change of Control Definition:	<p>A Change of Control will be deemed to have occurred if:</p> <p>(a) an offer is made to all (or as nearly as may be practicable all) Ordinary Shareholders (or all (or as nearly as may be practicable all) Ordinary Shareholders other than the offeror and/or any associate (as defined in section 12 of the Corporations Act) of the offeror) to acquire the whole or any part of the issued ordinary share capital of the Issuer; or</p> <p>(b) any person proposes a scheme of arrangement with regard to such acquisition (other than an Exempt Newco Scheme),</p> <p>and (such offer having become, or been declared, unconditional in all respects or such scheme having been approved by a relevant court) the right to cast more than 50 percent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in the offeror and/or such associate(s) or an event occurs which has a like or similar effect</p>
Mandatory Reduction of Outstanding Principal Amount:	<p>If the net proceeds received by the Issuer from the closing out or termination of any hedge agreements exceeds AUD1,000,000 in aggregate in any period of 90 consecutive days, the Issuer must immediately deposit all amounts received in excess of AUD1,000,000 for such period into the Ramp Up Reserve Account and must pay that amount, and any interest earned on that amount, to Noteholders on the next payment date in redemption of the outstanding principal amount of the Notes</p>
Ramp Up Reserve Account	<p>On or prior to the Issue Date the Issuer will establish a Ramp Up Reserve Account with funds equal to the amount of interest to be paid on the first and second interest payment dates (<i>Initial Interest Coverage Amount</i>). The moneys standing to the credit of that account in respect of the Initial Interest Coverage Amount may only be applied to pay the Interest on the first and second interest payment dates, and any interest earned on the Initial Interest Coverage Amount standing to the credit of the account after these payments are, provided no Event of Default is subsisting, for the account of the Issuer. Any amounts deposited to the account as referred to in the previous paragraph (together with interest earned) are to be applied on the following payment date against the outstanding principal amount of the Notes (pro rata).</p>

Limitations on
Future
Indebtedness:

Whilst the Notes remain outstanding:

- (a) before but excluding the Commercial Operation Date (as defined below) is reached, no additional indebtedness is permitted to be incurred by the Issuer or any Issuer Subsidiary, other than indebtedness:
- (i) in the form of trade letters of credit;
 - (ii) incurred or subsisting under a transaction document;
 - (iii) owing to another member of the group consisting of the Issuer and all its subsidiaries (ie. including the Apex Nickel Group), subject to the restrictions set out below;
 - (iv) under any guarantee from a member of the Issuer Group of the obligations of a member of the Apex Nickel Group, subject to the restrictions set out below;
 - (v) under guarantees given by the Issuer under the Lawlers Joint Venture (see part 10.1 of Section E);
 - (vi) incurred or subsisting under derivative transactions entered into by the Issuer to implement the Issuer's agreed hedging strategy;
 - (vii) under any finance lease of any asset entered into in the ordinary course of trading on arm's length terms, as long as the aggregate capital value of all assets leased under outstanding finance leases of all members of the Issuer Group does not at any time exceed A\$37,500,000 (or its equivalent in another currency or currencies);
 - (viii) incurred or subsisting in the ordinary course of trading on arm's length terms, the aggregate outstanding principal amount of which (when aggregate with the aggregate outstanding principal amount of any other indebtedness which is permitted under this paragraph) does not at any time exceed A\$1,000,000 (or its equivalent in another currency or currencies) in total in any financial year;
 - (ix) under insurance premium funding arrangements provided that such indebtedness does not at any time exceed A\$4,000,000;
 - (x) incurred or subsisting in connection with the giving of environmental bonds;
 - (xi) any guarantee by a member of the Issuer Group of any permitted indebtedness of another member of the Issuer Group;
 - (xii) any guarantee by the Issuer or of any non-financial obligations of the Issuer or a Guarantor; and
 - (xiii) any cross-guarantee entered into by a member of the group consisting of the Issuer and all its subsidiaries (ie. including the Apex Nickel Group subsidiaries) pursuant to, and in accordance with, ASIC Class Order 98/1418 provided that no member of the Issuer Group will be permitted to provide a cross-guarantee of the obligations to any Apex Nickel Group subsidiaries.

- (b) on and from the Commercial Operation Date the Issuer and Issuer Subsidiaries will be permitted to raise additional indebtedness only where the Gearing Ratio is less than 75%.

Gearing Ratio means at any time the ratio of total liabilities of the Issuer Group (other than reported non-current and current derivative assets) to total assets of the Issuer Group (other than reported non-current and current derivative assets) as reported in the latest audited or unaudited consolidated accounts, adjusted to include any new liabilities of the Issuer Group or assets of the Issuer Group after the date of those accounts;

- (c) the Issuer must not enter into any royalty agreement in respect of a JORC and Infrastructure Tenement other than a royalty agreement which:
 - (i) exists in respect of a JORC and Infrastructure Tenement acquired by any member of the Issuer Group after the date of the Note Trust Deed provided that if such royalty agreement was created in contemplation of the acquisition of that JORC and Infrastructure Tenement by the member of the Issuer Group it was created, and was entered into, on arm's length terms; or
 - (ii) arises pursuant to the terms of an existing or future exploration or mining joint venture agreement or similar arrangement to which a member of the Issuer Group is a party provided that such joint venture agreement or similar arrangement was entered into on arm's length terms

For the avoidance of doubt:

- (a) Limitations on Future Indebtedness only apply whilst the Notes are outstanding; and
- (b) Limitations on Future Indebtedness do not apply to Apex Nickel.

Apex Nickel: The Issuer and the Guarantors may not make any inter-company loans to, or give any guarantee of, subscribe for equity in or otherwise capitalise Apex Nickel in excess of AUD2,500,000 in aggregate in any financial year. This restriction does not apply to guarantees given by the Issuer under the Lawlers Joint Venture (see part 10.1 of Section E) but does apply to any payments made by the Issuer under such guarantees.

Limitations on Exploration Expenditure: The Issuer shall not incur exploration expenditure in excess of:

- (a) for the period on and from the Issue Date until but excluding the Production Start Date – AUD\$10,000,000; and
- (b) for the period commencing on and from the Issue Date until the Commercial Operation Date – AUD\$18,000,000.

Production Start Date: The first day of the calendar month following the calendar month in which Gold Production is greater than 7,000 troy ounces

Commercial Operation Date: Date at which AMC Consultants Pty Ltd has confirmed that that the gold operations at Wiluna have met a set of pre-agreed operating metrics (mine rate, processing rate, recovery amounts, gold production). For the avoidance of doubt, the commercial operation date is after the Production Start Date

Disposal of Assets: Whilst the Notes remain outstanding, the Issuer and the Guarantors may not sell or otherwise dispose of any assets save for a disposal in the ordinary course of its business which is a disposal:

- (a) of anything produced by a member of the Issuer Group for sale in the ordinary course of its business;
- (b) for cash or in exchange for another asset of an asset which is obsolete for the purposes for which such asset is normally used, or which has reached the end of its working-life and is no longer used or useful in its business;
- (c) of an asset in exchange for another asset comparable or superior as to type, value or quality;
- (d) by way of relinquishment of mining tenements (other than any JORC and Infrastructure Tenement) and regardless of whether such Disposal is voluntary or as required to comply with the Mining Act;
- (e) by way of relinquishment of any JORC and Infrastructure Tenement as required to comply with the Mining Act; or
- (f) of other assets not exceeding A\$5,000,000 in aggregate in any financial year,

and any other disposal (and whether such disposal is in the ordinary course of business or otherwise) which is a disposal

- (g) pursuant to an order of a court or Government Agency binding on the Issuer or a subsidiary;
- (h) of assets that are nor required or used in connection with the gold operations of the Issuer Group;
- (i) made with the consent of the Security Trustee acting on the instructions of the secured creditors;
- (j) of the shares in, or assets and undertaking of, Apex Nickel or an entity in the Apex Nickel Group; or
- (k) as otherwise permitted by a Transaction Document.

For the avoidance of doubt, nothing shall restrict the ability of the Issuer to sell or otherwise dispose of the shares in, or assets of, Apex Nickel, nor permit the Issuer or any Guarantor to sell or otherwise dispose of any JORC Resource and Infrastructure Tenement except in accordance with paragraph (e) above

Secured Hedging Agreements	For a hedging agreement to be a Secured Hedging Agreement, it must implement the Issuer's agreed hedging strategy. Also, events of default may include some or all of the events of default under the Notes and may also include a failure to make, when due, a delivery required to be made under the relevant hedging agreement provided that no events other than these may constitute an event of default. Also, the Hedge Counterparty must sign a deed in favour of the Security Trustee that provides, among other things, the Hedge Counterparty is bound by each Security Document and the restrictions and limitations under the Security Trust Deed. Termination events under the relevant hedging agreements may include change of control events and termination events in the standard 2002 ISDA Master Agreement
Events of Default:	<p>The Events of Default will include:</p> <ul style="list-style-type: none"> (a) non-payment; (b) breach of covenants; (c) misrepresentation; (d) insolvency and related matters; (e) cross default (indebtedness of Issuer or Guarantor in excess of AUD1,500,000 becomes due and payable or capable of being due and payable before the scheduled date for payment); (f) material adverse effect on the ability of the Issuer and the Guarantors to perform or comply with their obligations under any of the transaction documentation; and (g) invalidity or illegality of the transaction documentation <p>The Events of Default include grace periods and threshold amounts</p> <p>If an Event of Default exists and is subsisting then the Trustee must, if so directed by either 25% of the Noteholders (calculated by reference to the aggregate of the face value of the Notes outstanding) or by ordinary resolution of Noteholders, declare the Notes to be immediately due and payable</p> <p>Enforcement of the security is subject to the terms of the Security Trust Deed (see Part L).</p>
Default Interest:	Default interest will accrue at 13.25% per annum in respect of any amount due but unpaid
Form of Notes:	The Notes will be issued in registered uncertificated form only. Interests in the Notes will be recorded in the register and transfers effected through the Austraclear System
Settlement:	Austraclear
Security Codes:	ISIN: AU3CB0090108

Selling Restrictions: As set out in Section N – Subscription and Sale. In particular, the Notes will be offered and sold pursuant to Regulation S under the United States Securities Act. No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Notes will be lodged with ASIC or with any other regulatory agency in any jurisdiction

Transferability: The Notes will be freely transferable without the consent of the Issuer, subject to the selling restrictions and applicable laws and regulations of each relevant jurisdiction in which the Notes are offered, transferred, purchased or sold

3. GUP Notes Terms of Issue

Issue Size: AUD585

Aggregate number of GUP Notes to be issued: 585 based on an overall issue size for the Offering of AUD58,500,000

Future Issues of GUP Notes: The Issuer may issue an additional 20 GUP Notes without GUP Noteholder approval (which the Issuer proposes to issue to Mr Kim Robinson, a director of the Issuer, subject to shareholder approval)

Status: Whilst any Note is outstanding or, if the Notes have been redeemed in full, whilst any Hedge Counterparty is a party to the Security Trust Deed, the GUP Notes are senior, secured, unconditional obligations of the Issuer, ranking *pari passu* without any preference or priority:

- (a) amongst each other;
- (b) (except in respect of the Initial Interest Coverage Amount held in the Ramp Up Reserve Account) with the Notes; and
- (c) with obligations owed to the Hedge Counterparties.

If at the time the Notes have been redeemed in full there are no Hedge Counterparties that are parties to the Security Trust Deed, then, upon request from the Issuer, the Security may be discharged. In that case, to the extent that GUP Notes are outstanding, they will continue as senior, unsecured, unconditional obligations of the Issuer, ranking *pari passu* without any preference or priority amongst each other and with any existing or future senior unsecured obligations of the Issuer (except the GUP Notes will continue to be secured by a fixed charge over the GUP Amount Reserve Account)

Security: Whilst any Note is outstanding, or, if the Notes have been redeemed in full, whilst any Hedge Counterparty is a party to the Security Trust, the GUP Notes will benefit from the same Security as the Notes. Whilst the GUP Notes benefit from the same Security as the Notes, the same restrictions in the Security will apply as described above in respect of the Notes (including restrictions on the Issuer and Guarantors granting any security interest, except a Permitted Security Interest – see Terms of Issue of the Notes above)

The Security will be discharged when all outstanding Notes have been redeemed in full and if there are no Hedge Counterparties that are parties to the Security Trust Deed provided that a fixed charge will be granted over the GUP Amount Reserve Account

- GUP Amount Reserve Account: Upon discharge of the Security, for only so long as there are any GUP Notes outstanding:
- (a) within 10 Business Days after the end of each Valuation Period, the Issuer must deposit into the GUP Amount Reserve Account an amount such that the credit balance of that GUP Amount Reserve Account is not less than the aggregate of the GUP Amounts payable in respect of all GUP Notes for Valuation Periods which have ended, but in respect of which a GUP Amount has not been paid; and
 - (b) only withdraw from the GUP Amount Reserve Account an amount equal to, but not exceeding, the aggregate of the GUP Amounts due to be paid in respect of all GUP Notes on a GUP Payment Date and only use the amount withdrawn to pay the aggregate of the GUP Amounts owing in respect of those GUP Notes on that GUP Payment Date
- Disposal of Assets: Whilst the GUP Notes remain outstanding, the Issuer and the Guarantors may not sell or otherwise dispose of assets save for a disposal in the ordinary course of its business which is a disposal:
- (a) of anything produced by a member of the Issuer Group for sale in the ordinary course of its business;
 - (b) for cash or in exchange for another asset of an asset which is obsolete for the purposes for which such asset is normally used, or which has reached the end of its working-life and is no longer used or useful in its business;
 - (c) of an asset in exchange for another asset comparable or superior as to type, value or quality;
 - (d) by way of relinquishment of mining tenements (other than any JORC and Infrastructure Tenement) and regardless of whether such Disposal is voluntary or as required to comply with the Mining Act;
 - (e) by way of relinquishment of any JORC and Infrastructure Tenement as required to comply with the Mining Act; or
 - (f) of other assets not exceeding A\$5,000,000 in aggregate in any financial year,
- and any other disposal (and whether such disposal is in the ordinary course of business or otherwise) which is a disposal
- (g) pursuant to an order of a court or Government Agency binding on the Issuer or a subsidiary;
 - (h) of assets that are not required or used in connection with the gold operations of the Issuer Group;
 - (i) made with the consent of the Security Trustee acting on the instructions of an ordinary resolution of the secured creditors;
 - (j) of the shares in, or assets and undertaking of, Apex Nickel or an entity in the Apex Nickel Group; or

(k) as otherwise permitted by a Transaction Document.

For the avoidance of doubt, nothing shall restrict the ability of the Issuer to sell, or otherwise dispose of, the shares in, or assets of, Apex Nickel, nor permit the Issuer or any Guarantor to sell or otherwise dispose of any JORC Resource and Infrastructure Tenement except in accordance with paragraph (e) above

Apex Nickel: The Issuer and the Guarantors may not make any inter-company loans to, or give any guarantee of, subscribe for equity in or otherwise capitalise Apex Nickel in excess of AUD2,500,000 in aggregate in any financial year. This restriction does not apply to guarantees given by the Issuer under the Lawlers Joint Venture (see part 10.1 of Section E) but does apply to any payments made by the Issuer under such guarantees.

Restrictions on Royalty Agreements: Whilst the GUP Notes remain outstanding, the Issuer must not enter into any royalty agreement in respect of a JORC and Infrastructure Tenement other than a royalty agreement which:

- (a) exists in respect of JORC and Infrastructure Tenements acquired by a member of the Issuer Group after the date the GUP Note Trust Deed provided that if such royalty agreement was created in contemplation of the acquisition of that JORC and Infrastructure Tenement by the member of the Issuer Group it was created, and are entered into, on arm's length terms; or
- (b) arises pursuant to the terms of an existing or future exploration or mining joint venture agreement or similar arrangement to which a member of the Issuer Group is a party provided that such mining joint venture agreement or similar arrangement was entered into on arms length terms

Expiry Date: The GUP Notes will be redeemed and cancelled by the Issuer on the earlier of:

- (a) 29 September 2018 (10-years); and
- (b) the GUP Payment Date in respect of which a GUP Amount has been calculated by reference to the final Notional Principal set out in the Notional Principal Schedule.

Face Value: AUD 1.00

Subscription Price: AUD 1.00

Redemption Price: AUD 1.00

Issue of GUP Notes to initial GUP Noteholders: The Issuer will issue GUP Notes to each initial GUP Noteholder in the ratio of 5 GUP Notes per 1 Note subscribed

Default Interest: Default Interest will accrue at a rate of 13.25% per annum on any due but

unpaid amounts on the GUP Notes

GUP Payments: GUP Noteholders will receive a GUP Payment in cash on each GUP Payment Date equal to the aggregate of the GUP Amount for each of the three Valuation Periods applicable to that GUP Payment Date multiplied by the relevant GUP Noteholder Proportion

GUP Amount: The GUP Amount for a Valuation Period shall be the AUD amount which is the greater of:

- (a) (AUD Spot Gold minus Floor) x (Participation x Notional Principal), where:
 - (i) AUD Spot Gold means, for a given Valuation Period, the arithmetic average of the daily USD gold price per troy ounce (using the Second Fixing) for each London Business Day during the Valuation Period divided by AUD/USD spot rate (using the Second GOFO Fixing) for the corresponding Business Day;
 - (ii) Floor means the lesser of the USD gold price per troy ounce (using the Second Fixing), divided by the AUD/USD spot rate (using the Second GOFO Fixing for the corresponding Business Day) on either of (A) the Issue Date, or (B) 1 January 2009, but subject always to a minimum of A\$900 per troy ounce;
 - (iii) Participation means 30%
- (b) zero

Second Fixing means in respect of any London Business Day, the London Gold Fixing P.M. price (to 4 decimal places) for gold per troy ounce in USD as published by the London Bullion Market Association in respect of that London Business Day

Second GOFO Fixing means in respect of any London Business Day, the bid side of the P.M rate (to 4 decimal places) for AUD/USD as displayed on the GOFO page of the Reuters screen in respect of that London Business Day

Force Majeure: The Issuer may elect that the GUP Amount will be zero for any Valuation Period where a Force Majeure Event has occurred and subsists for a period of 10 consecutive Business Days. The Issuer must notify the Calculation Agent of this election as soon as is reasonably practicable, but in any event within 2 Business Days, after the GUP Calculation Date for the relevant Valuation Period

GUP Noteholder Proportion: The proportion of GUP Notes held by that GUP Noteholder to the aggregate amount of GUP Notes then outstanding

GUP Calculation Date: The last business day in each Valuation Period

Notional Principal: In respect of each successive GUP Calculation Date, means the amount set out in the Notional Principal Schedule.

Production Undertaking: The Issuer and each Guarantor undertake to:

- (a) promptly process ore from the Issuer's Gold operations into Gold Dore (being impure gold bearing metal produced from gold bearing ore);
- (b) promptly refine all such Gold Dore from the Issuer's Gold operations in accordance with the usual practices of gold mining operations of a type

similar to the Issuer's Gold operations.

Official Monthly Statement:	In accordance with the usual practices of gold mining operations of a type similar to the Issuer's Gold operations, the monthly statement provided to the Issuer by each Refiner from time to time relating to the amount of all gold that has been refined by that Refiner during the month to which the monthly statement relates
Refiner:	A refiner accredited by the London Bullion Market Association (for example by being on the LBMA Good Delivery List)
GUP Payment Dates:	GUP Payments will be made 35 days after the end of each third Valuation Period. For the avoidance of doubt, this means that GUP Payment Dates will occur quarterly
Valuation Period:	For so long as any GUP Note is outstanding, each calendar monthly period beginning 1 January 2009
Selling Restrictions:	As set out in Section N – Subscription and Sale. In particular, the GUP Notes will be offered and sold pursuant to Regulation S under the Securities Act. No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the GUP Notes will be lodged with ASIC or with any other regulatory agency in any jurisdiction
Transferability:	The GUP Notes will be freely transferrable without the consent of the Issuer subject to the selling restrictions and all applicable laws and regulations of each relevant jurisdiction in which the GUP Notes are offered, transferred, purchased or sold
Events of Default:	<p>The events of default will include:</p> <ul style="list-style-type: none">(a) non-payment;(b) breach of covenants;(c) misrepresentation;(d) insolvency and related matters;(e) cross default (indebtedness of Issuer or Guarantor in excess of AUD1,500,000 becomes due and payable or capable of being due and payable before the scheduled date for payment);(f) material adverse effect on the ability of the Issuer and the Guarantors to perform or comply with their obligations under any of the Transaction documentation; and(g) invalidity or illegality of the transaction documentation <p>The Events of Default include grace periods and threshold amounts</p> <p>If an Event of Default exists and is subsisting then the Trustee must, if so directed by either 25% of the GUP Noteholders or by an ordinary resolution of GUP Noteholders, declare the GUP Notes to be immediately due and payable</p> <p>Enforcement of the Security is subject to the terms of the Security Trust Deed (see Part L).</p>

Early Redemption: If the GUP Notes are redeemed before their Maturity Date (which the Issuer is entitled to do in certain circumstances governed by taxation outcomes), or are repaid prior to the Maturity Date due to enforcement action or upon an Event of Default, then a GUP Note Early Redemption Amount (see Annexure C for further details) will be payable by the Issuer to be calculated based on averages of fair market values of the GUP Notes on the Early Redemption Date determined by independent financial institutions

Form of GUP Notes: The GUP Notes will be issued in registered uncertificated form only. Interests in the GUP Notes will be recorded in the register and transfers effected through the Austraclear System

Settlement: Austraclear

Security Codes: ISIN: AU3TI0000874

Notional Principal Schedule:

The Notional Principal for the initial GUP Calculation Date is 8,000, and for each succeeding GUP Calculation Date, excluding any GUP Calculation Date in respect of which the Issuer has elected that the GUP Amount will be zero due to Force Majeure, is as follows:

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and the final Notional Amount is 16,000, provided that, the Notional Principal in respect of any GUP Calculation Date in respect of which the Issuer has elected a GUP Amount of zero shall not be as set out above but shall be deemed to be zero.

4. Warrant Terms of Issue

Amount of Warrants to be issued:	117 Warrants will be issued (<i>Subscription Quantity</i>). Upon the full exercise of subscription rights attached to the Warrants, 43,505,280 Ordinary Shares will be issued (subject to any requisite shareholder approval) and represent approximately 10% of the existing issued share capital of the Issuer (ignoring conversion of the Options and payment of partly paid shares) as at the date of this Offering Circular
Future Issues:	An Issuer may issue an additional 4 Warrants without Warrantholder approval (which the Issuer proposes to issue to Kim Robinson, a director of the Issuer, subject to shareholder approval).
Number of Underlying Shares:	Subject to any Adjustments as set out below, each Warrant may be exercised into 371,840 shares.
Subscription Price for Warrants:	AUD 0.01
Exercise Price:	Subject to Adjustment as set out below, the exercise price in respect of a Warrant will be the lesser of: (a) AUD0.335 (the <i>Initial Exercise Price</i>) multiplied by the number of Ordinary Shares who into which the Warrant is exercisable (<i>Underlying Shares</i>); and (b) the higher of: (i) the 5 day VWAP of the Ordinary Shares on the day that is 180 days after the Issue Date multiplied by 115%; and (ii) the Initial Exercise Price multiplied by 70%, each as multiplied by the number of Underlying Shares provided that paragraph (b) will not apply to Warrants exercised prior to 180 days after the Issue Date; or (c) the higher of: (i) the 5 day VWAP of the Ordinary Shares on the day that is 270 days after the Issue Date multiplied by 115%; and (ii) the Initial Exercise Price multiplied by 70%, each as multiplied by the number of Underlying Shares provided that paragraph (c) will not apply to Warrants exercised prior to 270 days after the Issue Date
Issue Date:	29 September 2008
Expiry Date:	29 September 2013 (5 years)

Exercise of Warrants:	<p>The Warrants may be exercised from the Issue Date to the Expiry Date, subject to a minimum number of Warrants to be exercised at that time of:</p> <p>(a) if the Warrantholder holds four or more Warrants, four Warrants; or</p> <p>(b) if the Warrantholder holds less than four Warrants, all of that Warrantholder's Warrants.</p>
Form:	The Warrants will be issued in uncertificated registered form unless a certificate is requested by a Warrantholder
Exercise Period:	At any time between the Issue Date and the Expiry Date (both days inclusive). For the avoidance of doubt, the Warrants will remain valid after any early redemption, refinancing or maturity of the Notes or the GUP Notes during the Exercise Period
Exercise:	Warrants will be exercised by delivery of an exercise notice and receipt of payment of the Exercise Price. Warrantholders may elect to pay cash or transfer Notes to the Issuer in partial or full satisfaction of the Exercise Price (see Condition 5 of the Warrants). The Ordinary Shares to be issued upon exercise of the Warrants must be issued within 10 business days of the delivery of an Exercise Notice
Adjustment:	<p>The number and price of Ordinary Shares to be deliverable upon exercise of the Warrants will be subject to customary adjustments for bonus issues and pro rata rights issues as permitted by the ASX Listing Rules</p> <p>A Warrantholder is not entitled to participate in any new issue of securities in the Issuer top existing shareholders unless they have exercised their Warrants before the record date for determining entitlements to the new issue of securities and may participate as a result of holding Shares</p>
Status:	The Warrants will rank <i>pari passu</i> without any preference or priority amongst each other in all respects
Issue of Warrants to initial Warrantholder:	<p>The Issuer shall issue Warrants to each initial Warrantholder in accordance with the following formula:</p> <p>$IW = DA$ multiplied by C</p> <p>where:</p> <p>(a) IW means the number of Warrants to be issued to that initial Warrantholder on the Issue Date;</p> <p>(b) DA means the Subscription Quantity for the Warrants; and</p> <p>(c) C means that initial Warrantholder's Note commitment on the Issue Date as a percentage of the total Note commitments</p>
Rights of Warrantholder:	A Warrantholder is entitled, in respect of each Warrant for which that person's name is recorded in the Warrant register, to subscribe for 371,840 Shares at the Exercise Price and the Issuer will irrevocably undertake to issue Shares to, or at the direction of, that Warrantholder

Restrictions on Extraordinary Capital Distributions	<p>For so long as Warrants are outstanding, the Issuer must not:</p> <ul style="list-style-type: none"> (a) make any distribution of assets in specie made by the Issuer to the holders of Ordinary Shares in respect of any financial period (whenever made and however described); and (b) any cash dividend or distribution of any kind made by the Issuer to holders of Ordinary Shares for any financial period (whenever made and however described) where the amount of such dividend or distribution is in excess of 10% of the market capitalisation of the Issuer (being the product of the VWAP of an Ordinary Share for the period of 20 Business Days immediately preceding that date and the total number of Ordinary Shares outstanding on that date) on the date the dividend or distribution is announced, <p>provided that this restriction does not include any distribution in specie, non-cash dividend or other distribution made by the Issuer to the holders of Ordinary Shares of, or in connection with, the shares in, or assets and undertaking of, Apex Nickel or an entity in the Apex Nickel Group</p>
Selling Restrictions	<p>As set out in Section N – Subscription and Sale, the Warrants will be offered and sold pursuant to Regulation S under the United States Securities Act of 1933. No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Warrants will be lodged with ASIC or with any other regulatory agency in any jurisdiction</p>
Transferability of Warrants:	<p>The Warrants will be freely transferable without the consent of the Issuer subject to the Selling Restrictions and all applicable laws and regulations of each relevant jurisdiction in which the Warrants are offered, transferred, purchased or sold</p>
Voting:	<p>A Warrantholder will not be entitled to vote at any general meetings of the Issuer by reason only of it being a Warrantholder. Upon subscription for and issue of the Shares, those Shares will have the same voting rights as other Shares</p>
Clearing and Registry:	<p>The Warrants will not be lodged in any clearing system and it is intended that the Issuer will maintain a Register of Warrantholders</p>
Listing of Shares	<p>The Issuer will undertake to ensure that the Shares issued upon exercise of the Warrants will be listed on the ASX and are freely tradable on the ASX in the ordinary course including that they are free from any restrictions under section 707 of the Corporations Act</p> <p>The Issuer must issue a "cleansing statement" as described in 708A(5) each time a warrant is exercised and take such other steps as may be necessary to procure the listing and tradability referred to above.</p>

D Risk Factors

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

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

1. Specific Business Risks

1.1 Stage of Corporate Growth

While the Issuer has cashflow and profit opportunities by virtue of its near-production assets as well as its prospective development and exploration projects, the Issuer has not to date recorded any material revenues nor has it commenced commercial production on its properties.

The Issuer expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that additional losses will not occur in the near future or that the Issuer will be profitable in the future. The exploration and development of the Issuer's properties will require the commitment of substantial resources. The Issuer's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment to advance exploration, development and commercial production at its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Issuer's acquisition of additional properties and other factors, many of which are beyond the Issuer's control.

The ability of the Issuer to bring its major projects on-line in the expected timeframe may adversely impact the Issuer's ability to generate revenue to make coupon payments and impact the Issuer's share price.

1.2 Dependence on Specific Projects

The Issuer's current activities are focused on the Wiluna, Gidgee, Youanmi and Aphrodite Gold Projects, located in Western Australia. Any adverse changes or developments affecting these projects, such as, but not limited to, the Issuer's inability to successfully complete these projects, obtain financing on commercially suitable terms, hire suitable personnel and mining contractors may have a material adverse effect on the Issuer's financial performance and results of operations.

1.3 Execution Risks, Cost Overruns and Delays

Inherent in the Issuer's transition to being a producer is an element of execution risk. Many events could occur to prevent the Issuer from achieving its plans as intended. As with all capital investment projects, the Issuer's development activities are subject to the risk of cost overruns and delays. Management has taken steps to ensure that all forecasts are realistic and achievable, but unexpected events could occur which may cause extra expense to be incurred, and targeted milestones to be missed.

Increased development costs, lower output or higher operating costs may all combine to make a project less profitable than expected at the time of the development decision. This would have a negative impact on the Issuer's expected cashflow.

Additionally, adverse weather conditions over a prolonged period can materially affect exploration, drilling, open cut and dewatering operations, transportation and other infrastructure services and the timing of earning revenues.

1.4 Fluctuations in Commodity Prices

Most of the Issuer's revenues will ultimately be derived from the sale of gold. Consequently, the Issuer's expected earnings will be closely related to the price of gold although may depend on the prices of other minerals as well. The prices of gold and other minerals fluctuate widely and are affected by numerous factors beyond the control of the Issuer. These factors include world supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events.

Future production from the Issuer's mining properties is dependent upon the prices of gold and other minerals being adequate to make these properties economic. Future serious price declines in the market prices of gold and other minerals could cause the Issuer to reassess the economic viability of some or all of its projects, and may force the Issuer to discontinue production or development and may cause the Issuer to lose its interest in, or the Issuer may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of gold projects are produced, a profitable market will exist for them. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

1.5 Increase in Capital Costs

The remaining estimated capital expenditure at Wilsons (Gidgee) and Wiluna from the start of July to the end of October 2008 is approximately A\$41.5 million before first production. This estimate includes a contingency allowance of A\$3 million. An increase in the capital costs of these projects could adversely affect the Issuer's profitability and financial position.

1.6 Exploration, Appraisal and Development Risks

The Issuer's ability to continue to develop and grow its business is dependent upon maintaining exploration success in order to delineate commercially viable reserves and resources.

Access to new exploration ground, drill rigs and other equipment, and skilled labour is necessary to ensure that the Issuer is able to carry out its exploration business. There can be no guarantee that the Issuer will be able to secure access to appropriate exploration ground and the requisite resources in a timely fashion. The success of the Issuer's exploration activities may also be impacted by mechanical failures and breakdowns, poor management, poor weather conditions, and unsuccessful or uneconomic identification of resources due to unexpected geological or drilling conditions.

While drilling may encounter gold, it may not produce intercepts or assays that achieve commercially viable results. The size and composition of the deposit, extraction costs and recovery rates are key factors in determining commercial viability.

1.7 Operating Risks

Future production activities may be affected by unforeseen operational failures and technical difficulties and breakdowns and repairs may be required to various plant and equipment, resulting in significant delays. Poor weather conditions over a prolonged period of time may also adversely affect the Issuer's operating performance, and thus, the value of the Issuer's shares. Industrial and environmental accidents, industrial disputes, disruption to critical consumable supplies and force majeure events may also affect the Issuer's operations.

Additional operational risks inherent in the gold industry may include failure to locate or identify gold deposits, failure to achieve estimated resources in exploration and unexpected shortages or increase in the cost of consumables, spare parts, plant and equipment, development drilling, facilities construction or increases in engineering and other consulting fees.

The operational stability of the Issuer is also critically dependent on the successful interaction with external parties including contractors and consultants. The contractors and consultants engaged by the Issuer may experience insolvency or other managerial failure leading to further cost and delay as the Issuer appoints alternative contractors.

1.8 Delays in First Operational Gold Pour

The key activities and achievements required to reach practical completion and the first operational pouring of gold at Wiluna on the re-establishment of the operation are being monitored on a detailed schedule. The successful completion of construction activities and subsequent pouring of gold at Wiluna is dependent upon a large number of critical activities being completed in a timely and appropriately sequenced fashion. There can be no assurance that all of the required activities will be completed on time so as to allow for the current timetable to be met.

Consistent with the growth stage position of the Issuer, none of the Wiluna, Wilsons (Gidgee), Gidgee or Aphrodite Projects are currently producing positive cashflows. The Issuer's ability to meet its financing costs and repayments is contingent upon commencing production at Wiluna in the near term. Whilst the Issuer remains confident that this will occur before any repayment is scheduled, any delays in first operational gold pour, or associated delays in transport and sale, could expose the Issuer to refinancing risk.

1.9 Reliance on Key Personnel

The Issuer is reliant on key personnel employed or engaged by the Issuer. Loss of such personnel may have a material adverse impact on the performance of the Issuer. In addition, the recruitment of qualified personnel is critical to the Issuer's success. As the Issuer's business grows, it will require additional key financial, administrative, geology, mining, metallurgical, marketing, and public relations personnel as well as additional staff for operations. While the Issuer believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

1.10 Acquisition Strategy

The Issuer may from time to time acquire or make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business.

Whilst a prudent and sensible approach would be taken towards any contemplated transaction, the Issuer may not be able to complete the acquisition. Additionally, if an acquisition or merger does proceed to completion, the integration of the two companies would involve a reasonable amount of management attention.

1.11 The Issuer has never paid dividends

The Issuer has paid no dividends on its Shares to date. Payment of any future dividends will be at the discretion of the Issuer's Board of Directors after taking into account many factors, including the Issuer's operating results, financial condition and current and anticipated cash needs.

1.12 Warranholders' interest in the Issuer may be diluted in the future

The Issuer may undertake additional offerings of its Shares or of securities convertible into Shares including stock options and similar incentive plans in the future. The increase in the number of Warrants issued and outstanding and the possibility of the issuance of Shares on conversion of

convertible securities may have a depressive effect on the price of Shares. In addition, as a result of such additional Warrants, the voting power of the Issuer's existing warrant holders will be diluted.

1.13 Potential Conflicts of Interest

Certain Directors of the Issuer are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Issuer. Situations may arise in connection with potential acquisitions or investments where the other interests of these Directors may conflict with the interests of the Issuer. Directors of the Issuer with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

1.14 Forward Looking Statements

This Offering Circular contains certain statements which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

2. Sector and Industry Risks

2.1 Reserve and Resource Estimates

The Issuer's future operating performance is dependent on its ability to accurately assess and classify its mineral reserves, and finance its projects accordingly. Reserve and resource estimates are expressions of judgment based on knowledge, experience and industry practice and the reserves classifications are related to the inherent risks in producing recoverable minerals. Although the Issuer's reserve and resource estimates have been carefully prepared by the Issuer, or, in some instances have been prepared, reviewed or verified by independent experts, these amounts are estimates only and no assurance can be given that any particular level of recovery will in fact be realised or that an identified resource will ever qualify as a commercially viable reserve which can be legally and economically exploited. Any material change in the quantity of Mineral Resources or Mineral Reserves, grade or stripping ratio may affect the economic viability of the Issuer's properties or any project undertaken by the Issuer. In addition, there can be no assurance that mineral or other metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely affect the Issuer's operations.

Furthermore, the Issuer and its advisers have had to make a number of assumptions in the estimates and calculations they have conducted to date. If any of these assumptions is incorrect, whether positive or negative, this will have an effect on the estimates and calculations which have been projected.

2.2 Funding Risk

The Issuer may require additional capital in the future to, among other things, complete the development of Wiluna and no assurance can be given that such capital will be available at all or available on terms acceptable to the Issuer.

Additional funding may be required for further exploration, appraisal and development of the Issuer's exploration permits in the form of debt or equity, or a combination of both. Given the stage of the Issuer's corporate growth, there can be no assurance the Issuer will be able to secure any such

additional finance on commercially acceptable terms, or at all. Any failure or delay in obtaining additional finance when required may have material adverse effect on the profitability of the Issuer. If the Issuer is unable to obtain additional financing when required and on acceptable terms, it may be required to reduce the scope of its operations or forced to postpone planned expansions.

2.3 Exchange Rate Risks

The majority of the Issuer's costs are denominated in A\$ and revenue will be affected by the US\$ denominated gold price. Fluctuations in the A\$ relative to the US\$ may have a material adverse affect on the Issuer's cash flow and earnings.

2.4 Hedging Risks

The Issuer may enter into hedging transactions from time to time above those described for the Use of Proceeds in order to secure the gold price for a portion of its production. There is a risk that the Issuer may not be able to deliver into the hedges if, for example, there was a production stoppage. In that event the Issuer could be adversely affected if the gold price was to move unfavourably.

2.5 Licences and Permits

The Issuer's mining and exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concession, leases, permits and regulatory consent, which may be withdrawn or made subject to limitation. The maintaining of tenements, obtaining renewals and to getting tenements granted, often depends on the Issuer being successful in obtaining required statutory approvals for its proposed activities on the assumption and that the licences, concessions, leases, permits or consent it holds will be renewed as and when required. 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.

2.6 Insurance

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

The business of the Issuer is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Issuer or others, delays in mining, monetary losses and possible legal liability.

Although the Issuer maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Issuer or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

2.7 Environmental Risk and Safety Regulation

All phases of the Issuer's operations are subject to environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which may result in 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. Future changes in environmental regulation may adversely affect the Issuer's operations.

In addition, environmental hazards may exist on the properties on which the Issuer holds interests which are unknown to the Issuer at present and which have been caused by previous or existing owners or operators of the properties. If this is the case, the Issuer's business and financial performance may be adversely affected.

2.8 Regulatory and Government Policy Risk and Litigation

The Issuer's activities are subject to various laws and government policies regarding prospecting, consents and approvals, development, production, taxes, royalties, labour standards and occupational health, mine safety, toxic substances, land use, water use, environment, land claims of local people, heritage issues, the gold industry, and other matters. Although the activities of the Issuer are, to the knowledge of the Issuer, currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. The introduction of new policies and legislation, amendments to existing policies and legislation, or changes in the interpretation or implementation thereof, could have a substantial adverse impact on the Issuer.

Similar risks which apply to the Issuer's counter parties including joint venture parties, customers and suppliers may also affect the profitability of the Issuer.

Failure to comply with applicable laws, regulations and permitting requirements may result in litigation being commenced against the Issuer or enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or mining tenements being forfeited, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

2.9 Tax

There is a risk that either the Australian Government or, where relevant, a State or Territory government, will alter tax regimes applying to the Issuer. Such alteration could have the effect of reducing cash available for distribution to Ordinary Shareholders, or altering the tax treatment of distributions in the hands of Ordinary Shareholders. It is possible that governments may also, through taxation incentives or subsidies, encourage the use of alternative energy sources. As with any entity, the ability of the Issuer to recoup its existing taxation losses is dependent upon the entity deriving future assessable income and continuing to comply with the conditions for deductibility imposed by legislation, and subject to such taxation legislation not changing in a manner which would adversely affect the entity's ability to recoup its tax losses.

2.10 Title to Properties and Approvals

There can be no assurances that the interest of the Issuer in its properties is free from title defects or that the material contracts between the Issuer and the entities owned or controlled by foreign governments will not be unilaterally altered or revoked. The Issuer has investigated its rights as set forth in this Offering Circular and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests will not be revoked or significantly altered to the detriment

of the Issuer. There can be no assurances that the Issuer's rights and title interests will not be challenged or impugned by third parties.

Government approvals and permits are currently and may in the future be required in connection with the operations of the Issuer.

The Issuer's activities are dependent upon the grant and renewal of appropriate licences, approvals, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There is no assurance that such grants and renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith. To the extent that approvals are required and not obtained, or new conditions are imposed, the Issuer's activities and financial performance may be adversely affected.

2.11 Competition

The Issuer competes with other companies, some which have greater financial and other resources than the Issuer and, as a result, may be in a better position to compete for future business opportunities. The Issuer competes with other mining companies for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of the Issuer's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Issuer can compete effectively with these companies.

3. General Risks

3.1 Economic Conditions and External Market Factors

Changes in both Australian and global economic conditions may affect the financial performance of the Issuer. Factors such as general market, political and economic conditions, including inflation rates, interest rates and foreign currency exchange rates, policy changes, changes in market valuations of listed stocks in gold stocks in particular, structural changes in the global gold exploration and production industries, domestic and international competition, and supply and demand conditions for gold.

In addition, factors such as, but not limited to, stock market trends, changing customer preferences, commodity prices, industrial disruption, and environmental impacts, may all have an adverse impact on the Issuer's operating costs, profit margins and share price. These factors are beyond the control of the Issuer and the Issuer cannot, to any degree of certainty, predict how they will impact on the Issuer.

3.2 ASX Share Investment Risk

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

The market price of a publicly traded stock is affected by many variables, some of which are not directly related to the success of the Issuer. In particular, the share prices for many companies have in recent times been highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world (in particular the Middle East, acts of terrorism and the general state of the global economy). In particular, companies considered to be development stage have experienced wide fluctuations not

necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Issuer's securities.

3.3 Interest Rate Risks

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

3.4 No Prior Market for Notes

The Notes are a new issue of securities for which there is currently no trading market. There can be no assurance that a trading market will develop for the Notes.

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

- The spot and forecasted price of gold
- Gold production rates
- Conditions in the gold industry
- The Issuer's financial condition, financial performance and future prospects.

3.5 No Prior Market for GUPs

The GUPs are a new issue of securities for which there is currently no trading market. There can be no assurance that a trading market will develop for the GUPs.

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

- Prevailing interest rates and the market for similar securities.
- General economic and political conditions.
- Conditions in the gold industry
- The Issuer's financial condition, financial performance and future prospects.

3.6 Exercise and Transferability of the Warrants

The Warrants can be exercised at any time between the Issue Date and, subject to the terms of the Warrant Deed Poll, the date which is five years from the Issue Date (both days inclusive). The Warrants will be freely transferable without the consent of the Issuer subject to Warrant Deed Poll terms and all applicable laws and regulations of each relevant jurisdiction.

The Issuer will apply for official quotation on ASX of the Ordinary Shares to be issued upon conversion of the Warrants. Quotation will not be automatic, but will depend upon ASX exercising its discretion. The Issuer has already been admitted to the official list of the ASX and Ordinary Shares of

the same class as the Ordinary Shares to be issued upon exercise of the Warrants are already quoted. However, the Issuer cannot guarantee, and does not represent or imply, that the Ordinary Shares to be issued upon exercise of the Warrants will be quoted upon issue by the Issuer.

3.7 Trading Price of Ordinary Shares

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

The Issuer's operating results, economic and financial prospects and other factors will affect the trading price of the Ordinary Shares. In addition, the price of the Ordinary Shares is also subject to varied and often unpredictable influences on the market for equities, as outlined in Section 3.2 ASX Share Investment Risk. In addition, the trading price of the Ordinary Shares could be affected by possible sales of the Ordinary Shares by investors who view the Warrants as a more attractive means of equity participation in the Issuer and by hedging or arbitrage trading activity that may develop involving the Ordinary Shares. The hedging or arbitrage could, in turn, affect the trading price of the Ordinary Shares.

3.8 GUP Notes and Gold Production

If the spot gold price does not trade above the floor price calculated in accordance with the GUP Note Trust Deed (see Section C (Description of the Issuer)) then no amounts will be payable by the Issuer to the holders of the GUP Notes. The GUP Notes do not confer any proprietary rights to the underlying gold production of the Issuer or the Guarantors.

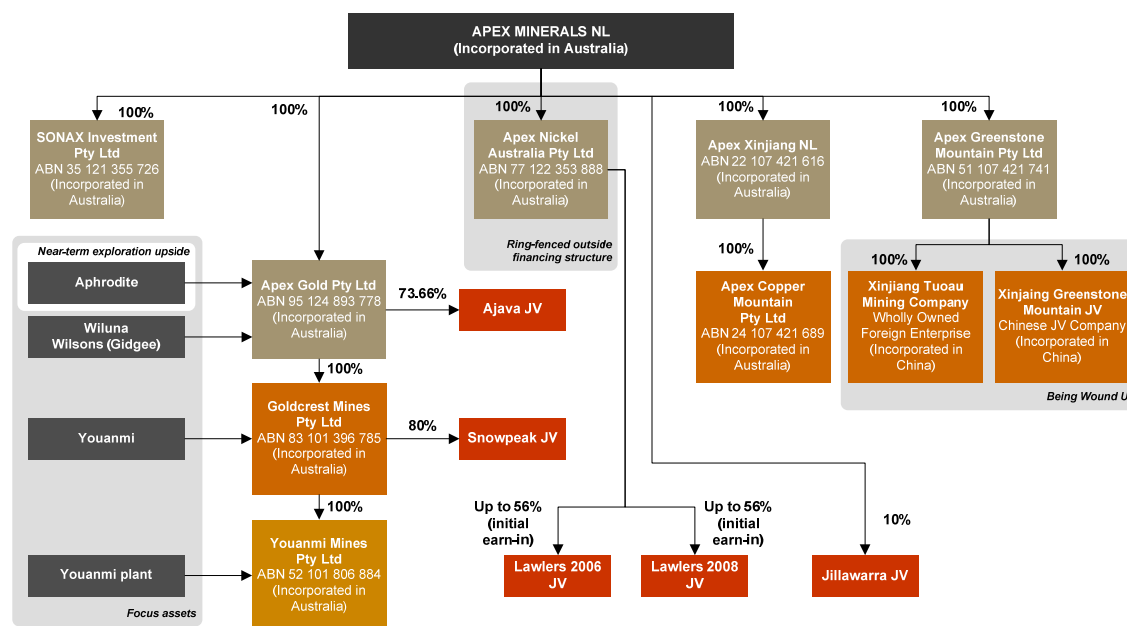
E Description of the Issuer

Certain terminology and information in this section is defined in the "Glossary" at the end of this Offering Circular. Although the Issuer's reserves and resources estimates described in this section have been carefully prepared by the Issuer or, in some instances, have been prepared, reviewed or verified by independent experts or experienced consultants, these are estimates only and no assurance can be given that any particular recovery level of gold from reserves will in fact be realised or that an identified resource will ever be viable for commercial exploitation.

1. Introduction

The Issuer is an ASX listed gold exploration and development company, poised to become a significant gold producer with the development of its near term projects. The Issuer is based in Perth, Western Australia.

The Board has formulated a strategic plan known as the Eastern Goldfield Refractory Gold Consolidation Strategy, centering on refractory gold ore production. The Issuer has identified and acquired numerous underdeveloped autonomous refractory gold deposits in Western Australia's Eastern Goldfields region which were uneconomical as stand-alone operations. Prior to being acquired by the Issuer, these operations were under separate ownership. See below for a graphic outlining the Issuer's corporate structure and interest in its projects. Further details of these specific acquisitions are described in Section 3.



Project development and refurbishment at the Issuer's main asset, the Wiluna Gold Project, commenced in June 2008 following completion of a Project Implementation Study (see Section 4.1). The site has been kept under active care and maintenance immediately following its acquisition. Mining is scheduled to begin at Wiluna (underground) and East Pit (open pit) in October 2008 with ore being immediately accessible from these two sources. At the same time, decline development is scheduled to begin towards new zones at Wiluna and at Wilsons (Gidgee), where first ore is expected to be mined in February 2009. Commercial production is scheduled to begin in the first quarter of 2009 following a ramp-up phase.

As the Issuer moves into production it expects to emerge as a significant Australian listed gold producer at competitive cash costs delivering substantial cash margins.

The Issuer has defined reserves and resources at Wiluna and Wilsons (Gidgee) considered by the Issuer to be sufficient for an initial mine life of 3 years, and the Issuer is undertaking infill drilling with the aim of defining resources which extend the mine life on a running basis out to 5 years. The Issuer has an aggressive exploration strategy in progress and positive drill results have been announced, and the Directors believe these will lead to imminent mine life extension. See below for the current status of the Issuer's resource and reserve base across the key gold assets in its portfolio (Wiluna, Wilsons (Gidgee) and Youanmi):

Table 1: Ore Reserves as at 15 June 2008

	Proved Reserves			Probable Reserves			Total Reserves		
	000's tonnes	Grade, g/t Au	000's Oz Au	000's tonnes	Grade, g/t Au	000's Oz Au	000's tonnes	Grade, g/t Au	000's Oz Au
Wiluna	0	0.0	0	1,219	5.8	227	1,219	5.8	227
Wilsons	0	0.0	0	826	6.4	170	826	6.4	170
Total	0	0.0	0	2,045	6.0	397	2,045	6.0	397

Table 2: Mineral Resources pertinent to the initial three year project at Wiluna and Wilsons (Gidgee) as at 15 June 2008

	Indicated Resources			Inferred Resources			Total Resources		
	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au
Wiluna (Calais area + East Pit)	1,657	6.3	335	1,238	5.6	224	2,895	6.0	559
Wilsons	921	7.3	215	535	6.4	110	1,457	6.9	325
Total	2,578	6.6	550	1,773	5.9	334	4,352	6.3	884

Numbers are rounded to meaningful levels of accuracy and minor apparent computational errors may result.

Table 3: Mineral Resources additional to those pertinent to the initial three year project, as at 15 June 2008

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au
Wiluna (other)	177	1.8	10	1,034	5.9	196	2,085	5.6	376	3,296	5.4	582
Gidgee (other)	27	10.4	9	1,255	4.5	183	563	7.4	134	1,845	5.5	326
Youanmi	18	5.5	3	5,430	2.5	429	2,786	5.8	521	8,234	3.6	953
Aphrodite				-	-	-	1,441	6.2	287	1,441	6.2	287
Total	222	3.1	22	7,719	3.3	808	6,830	6.0	1,314	14,820	4.5	2,149

Numbers are rounded to meaningful levels of accuracy and minor apparent computational errors may result.

The Youanmi numbers are a combination of lower grade near surface resources estimated on the basis of open pit mining scenarios and higher grade deeper resources estimated on the basis of underground mining scenarios. The current Youanmi underground resource is based on a 4g/t gold lower cutoff. The Issuer intends to re-estimate this in the future using a 10g/t gold lower cutoff to more accurately reflect costs and likely breakeven grades. This will result in a lower overall tonnage but a higher grade.

Table 4: Global Mineral Resources as at 15 June 2008

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au
Wiluna	177	1.8	10	2,692	6.1	530	3,323	5.6	600	6,192	5.7	1,141

Gidgee	27	10.4	9	2,176	5.7	398	1,098	6.9	245	3,302	6.1	652
Youanmi	18	5.5	3	5,430	2.5	429	2,786	5.8	521	8,234	3.6	953
Aphrodite				-	-	-	1,441	6.2	287	1,441	6.2	287
Total	222	3.1	22	10,300	4.1	1,360	8,650	5.9	1,650	19,200	4.9	3,030

Numbers are rounded to meaningful levels of accuracy and minor apparent computational errors may result.

The Youanmi numbers are a combination of lower grade near surface resources estimated on the basis of open pit mining scenarios and higher grade deeper resources estimated on the basis of underground mining scenarios. The current Youanmi underground resource is based on a 4g/t gold lower cutoff. The Issuer intends to re-estimate this in the future using a 10g/t gold lower cutoff to more accurately reflect costs and likely breakeven grades. This will result in a lower overall tonnage but a higher grade.

The development and refurbishment of the Wiluna mine and adjacent processing plant has a total forecast pre-production capital cost of A\$62 million. The Issuer has a clearly defined plan to grow production from an initial 100,000 oz per annum rate to 200,000 oz per annum in 2010. Average cash costs across the three key assets is A\$560 / oz. The Issuer expects that growth in production will be sourced from capitalizing on near-term exploration prospects, including potential further reserve definition at Wiluna and Wilsons, and resources at Youanmi, and eventually the Aphrodite deposit.

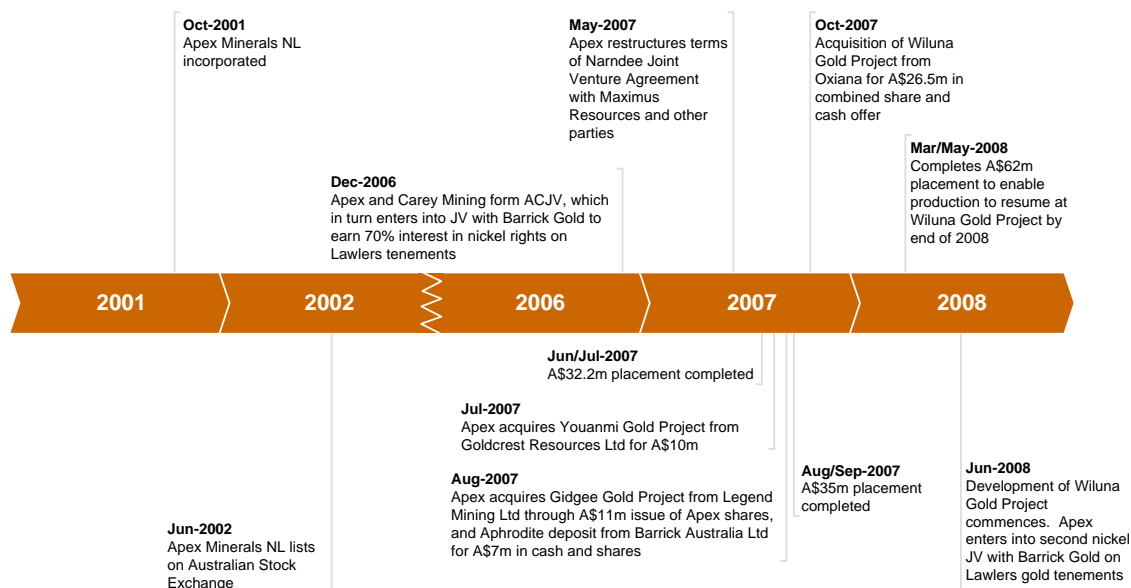
The Issuer has a highly experienced management team, with extensive previous success developing and operating gold mines. The key individuals responsible for exploration (Mark Bennett), operations (Glenn Jardine) and oversight (Mark Ashley) have previously worked together at LionOre Australia, a subsidiary LionOre Mining International Inc, which was acquired by OJSC MMC Norilsk in mid-2007.

With its imminent production start date, the Issuer believes that it is poised to take excellent advantage of near-term price strength, and long-term gold market dynamics.

2. Corporate History

The Issuer was incorporated on 31 October 2001 and listed on the ASX on 5 June 2002. The principal activity of the Issuer since incorporation has been exploration for mineral resources. The Issuer's move towards becoming a gold producer commenced in 2006 with a revision in strategy and management.

Outlined below are the key milestones in the Issuer's history.



The Issuer has an experienced Board and management team (outlined in Section 11), most of whom have worked together previously and have an outstanding industry track record. Since the change in strategy, the Issuer has made progress towards its goal of becoming a significant gold producer.

2001	Oct-2001: Apex Minerals NL incorporated
2002	Jun-2002: Apex Minerals NL lists on Australian Stock Exchange
2006	<p>Apr-2006: Announced new strategic direction, including a number of key board and management appointments, including Mark Ashley, Chief Executive Officer and Managing Director, and a placement to raise a total of \$7 million</p> <p>Dec-2006: Entered into an agreement with Carey Minerals, to be known as the ACJV, and the ACJV in turn entered into a joint venture agreement with subsidiaries of Barrick Gold to earn 70% interest in the nickel rights on over 100 square kilometers of Barrick's tenements in the Lawlers district of the North Eastern Goldfields of Western Australia</p> <p>May-2007: Announced execution of agreements to acquire Youanmi Gold Project, Aphrodite Gold Project and Gidgee Gold Project (see below)</p> <p>May-2007: Reached agreement with Maximus Resources Ltd and other parties to restructure its residual minority interests (diluting to 15%) in various tenements in which Maximus is earning a 70% interest under the terms of the Narndee Joint Venture Agreement. Under the terms of the restructure, the Issuer received 1.5 million shares and 1 million options in Maximus</p> <p>Jun-2007: Announced execution of agreement to acquire Wiluna Gold Project (see below)</p> <p>Jun-2007: Announced a A\$32.2 million placement to satisfy the cash component of acquisitions (see below), to substantially advance those projects with the aim of moving toward a development decision and to provide additional regional exploration funding and general working capital</p> <p>Jul-2007: Announced a A\$35 million placement to complete the acquisition of the Wiluna Gold Project and undertake significant exploration progressing to implementation study and project development</p> <p>Jul-2007: Acquired the Youanmi Gold Project from Goldcrest Resources Limited for a total consideration of A\$10 million, satisfied by the payment of A\$5 million in cash and the issue of 14,285,714 of the Issuer shares</p> <p>Aug-2007: Acquired the Aphrodite deposit from Barrick (PD) Australia Limited for a total consideration of A\$7 million, satisfied by the payment of A\$5 million in cash and the issue of A\$2 million worth of the Issuer shares</p> <p>Aug-2007: Acquired the Gidgee Gold Project from Legend Mining Limited through the issue of 34 million shares, representing a purchase price equivalent to A\$11 million. The agreement includes a further contingent payment of A\$5 million by the Issuer to Legend, payable upon future production from the Gidgee tenements reaching 250,000 ounces</p> <p>Oct-2007: Acquired the Wiluna Gold Project from Oxiana Limited for a total consideration of A\$26.5 million, satisfied by the payment of A\$16.5 million in cash and the issue of A\$10 million of the Issuer shares (based on the volume weighted average price of the Issuer over the 30 day period prior to completion). In addition, a further payment of A\$3 million is to be made upon the resumption of gold production from the sale tenements</p>
2008	<p>Mar-2008: Completes A\$62m placement to enable production to resume at Wiluna Gold Project by end of 2008</p> <p>Jun-2008: Entered into a second nickel joint venture with subsidiaries of Barrick Gold on its Lawlers gold tenements. The joint venture covers the ground adjacent to the Issuer's existing Lawlers Nickel joint venture. As in the 2006 Lawlers Joint Venture, the Issuer can earn a 70% interest in the nickel rights by spending A\$1.5 million within three years, including a minimum expenditure of A\$500,000 within the first twelve months. At the end of the earn-in period, the Barrick Gold subsidiaries can contribute or dilute.</p> <p>Jun-2008: Commenced project development at the Wiluna Gold Project after finalising a Project Implementation Study</p>

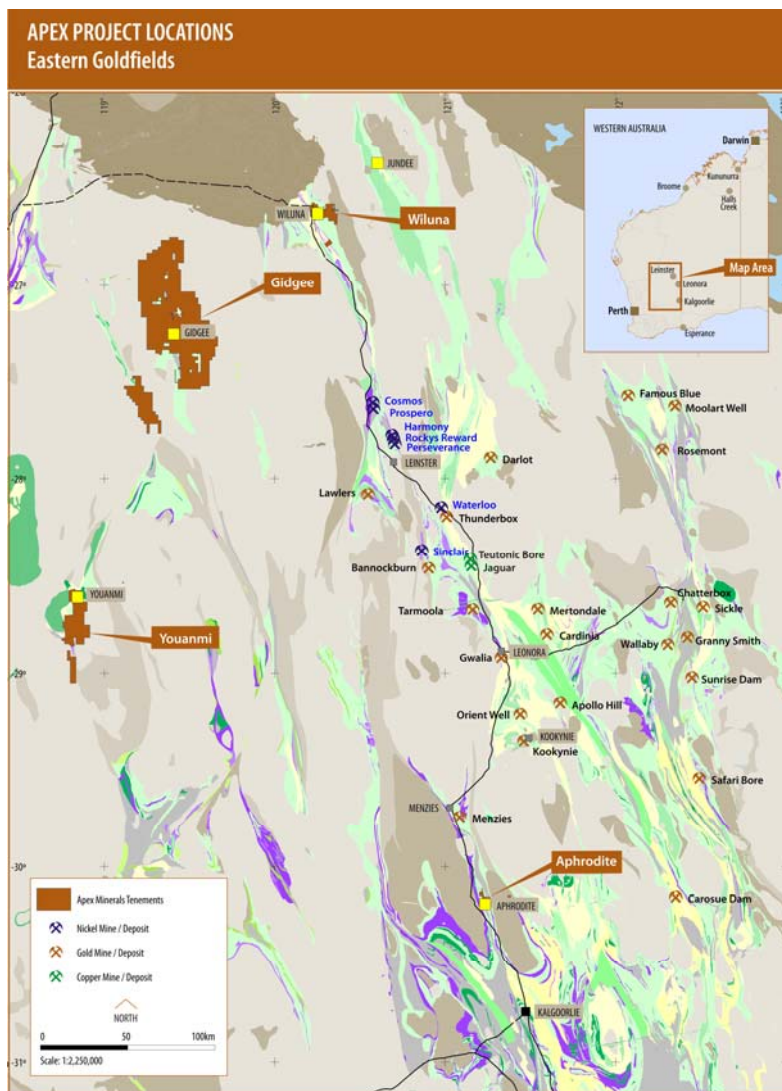
3. Eastern Goldfields Refractory Gold Consolidation Strategy

The Issuer has identified numerous refractory gold deposits in Western Australia's Eastern Goldfields region which had remained underdeveloped because their previously fragmented ownership rendered the stand-alone projects uneconomic.

The Issuer has acquired 100% ownership of a number of these projects, giving total Eastern Goldfields landholdings of over 3,800 square kilometres and a total gold resource inventory of approximately 3 million ounces. In addition, the Issuer has acquired processing plants (both conventional and bacterial oxidation), camp facilities and other valuable infrastructure at each of the projects.

The key acquisitions were:

- the Wiluna Gold Project (which includes the central processing plant);
- the Gidgee Gold Project (which includes the Wilsons deposit);
- the Youanmi Gold Project; and
- the Aphrodite Gold Deposit.



The Issuer's strategy can be broadly defined in two stages:

Stage 1 (in motion) - The development of the Wiluna, Wilsons (Gidgee) and Youanmi gold operations with Wiluna as a central processing hub

The Wiluna Gold Project includes a 1 million tonne per annum processing plant and BIOX® bacterial oxidation plant. It will become the Issuer's first central gold processing facility with feed consisting of approximately 50% high grade underground ore from Wiluna, with the balance made up by additional high grade ore trucked from the Wilsons deposit at the Gidgee Gold Project and from the Youanmi Project, approximately 120 kilometres and 320 kilometres away respectively.

The Wiluna operation has been under active care and maintenance since the end of July 2007 in such a manner that it can be restarted rapidly and at minimal cost. Assisting in the time of re-commencement of operations at Wiluna is existing infrastructure comprising a sealed airstrip, village, workshops, power station, borefields and roads, the existing processing plant, developed underground and open pit mines and care and maintenance workforce. Significant exploration work has been undertaken across the Issuer's projects which has successfully defined enough ounces to begin production from the last quarter of calendar year 2008.

Project development of Stage 1 commenced in June 2008 after the finalisation of a Project Implementation Study. The Issuer expects to achieve an initial production rate of 100,000 ounces per annum when production from Wiluna underground and open pit ore sources commences, increasing to 150,000 ounces shortly thereafter with additional production from Wilsons. The Issuer believes that its integrated mine strategy will deliver cost synergies from an expanded production base, a move that it expects will enable it to emerge as a significant Australia listed gold producer.

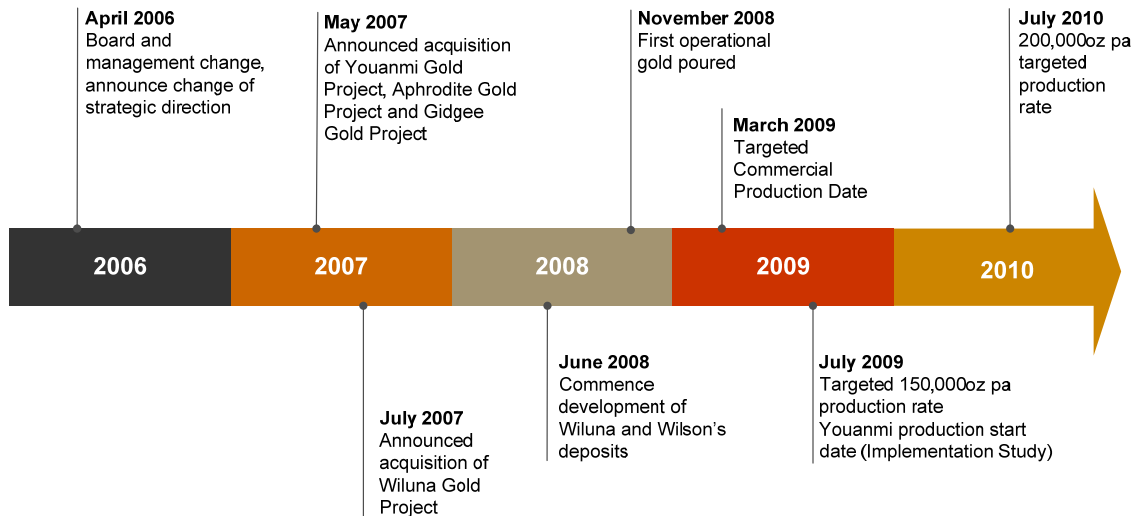
First operational gold pouring is expected to occur in November 2008 with commercial production commencing in the first quarter of 2009. The Issuer will continue to conduct drilling activities for the purposes of both exploration and upgrading the status of currently defined resources and reserves.

The Wiluna gold operations are discussed in further detail in Section 6 below.

Stage 2 (target mid 2010) – The development of the Aphrodite gold deposit

Subsequent to the successful ramp-up of the Wiluna (and associated mines) gold operations, the Issuer intends to consider other opportunities for expanding its production base including the development of the Aphrodite gold deposit. The development of Aphrodite will entail the establishment of an additional processing hub, producing either a high grade gold concentrate or gold metal. The former will be trucked to Wiluna for treatment through the BIOX® bacterial oxidation plant.

Resource drilling has commenced at Aphrodite, with in-fill drilling currently being undertaken with the aim of increasing the Resource estimate in the near term. Subject to a sufficient resource and reserve being defined, the Issuer expects Aphrodite to increase annual group gold production to around 350,000 oz per annum once developed..



4. Project Implementation

4.1 The Project Implementation Study

The Issuer commissioned a Project Implementation Study (“the Study”) for the Wiluna Project in Western Australia in 2008. The Study includes:

- Resource estimates prepared by Coffey / RSG for the Wiluna and Wilsons (Gidgee) deposits (see competent person statement at the end of this Section E).
- Reserve estimates and mine development and production schedules by Arbitrage Consulting Pty Ltd (see competent person statement at the end of this Section E);
- Mine capital and operating cost modeling from first principles by LJ Putland and Associates (see competent person statement at the end of this Section E);
- Geotechnical and hydrological reviews by Peter O’Bryan and Associate and Aquaterra Pty Ltd respectively;
- Metallurgical testwork by AMMTEC and SGS Oretest;
- Process plant crushing, grinding and flotation modeling and finite element analysis of the grinding mills of the processing plant by Orway Mineral Consultants, JKMRC, Murdoch University and F.L. Schmidt respectively;
- Surface mine infrastructure and processing plant refurbishment engineering study and capital cost estimate by Rapallo Engineering Pty Ltd; and
- Certain environmental and safety reports

The Issuer commenced project development at its Wiluna Project in Western Australia in June 2008 and expects to achieve an initial production rate of 100,000 ounces per annum when production from Wiluna commences, increasing to 150,000 ounces per annum shortly thereafter with the addition of production from Wilsons (Gidgee). Production is forecast to rise further to 200,000 ounces per annum once ore from the Youanmi mine becomes available later next year. Production for the 2009 calendar year is forecast at 150,000 ounces, rising to 200,000 ounces per annum in subsequent years.

The positive study results have validated the Issuer's integrated mine strategy, which will deliver cost synergies from an expanded production base utilising ore from the Wiluna, Wilsons (Gidgee) and Youanmi projects, and have encouraged the Issuer to accelerate its drill program at Wiluna.

The Study has verified the integrity of the BIOX ® bacterial oxidation plant at Wiluna. It has also confirmed the amenability of processing Wiluna, Wilsons (Gidgee) and Youanmi ore types through the Wiluna plant. The Study has established reserves from the ore bodies at Wiluna and the nearby Wilsons (Gidgee) deposit, from which ore will be trucked to the Wiluna processing plant. Reserves at Youanmi are expected to be delineated once dewatering and refurbishment of the decline has been completed allowing infill drilling from underground which is anticipated to be during the first half of 2009.

The significant reduction in cash costs from those of previous operators has been achieved by optimising mill throughput, whereby low grade material which previously accounted for a large percentage of the ore feed will be replaced with high grade ore from the Wilsons (Gidgee) deposit. The Issuer's decision to implement owner-mining, rather than contractor mining, could also result in lower mining costs.

Mining is scheduled to begin at Wiluna (underground) and East Pit (open pit) in October 2008 with ore being accessed immediately from these two sources. At the same time, decline development will begin at Wilsons (Gidgee), where first ore is expected to be mined in February 2009.

First operational gold pouring is expected to occur in October 2008 with commercial production commencing in the first quarter of 2009. At this stage, Youanmi is scheduled to contribute to production in the second half of 2009 once dewatering and decline refurbishment has been completed.

The Study has been completed on the basis that gas supply for the Issuer's existing 13MW gas power station at Wiluna will be available upon the recommencement of production at the end of 2008 and that this gas supply has been secured from Apache Corporation through a third party. The Issuer's gas fired power station is capable of supplying all of the operation's power requirements. Power to the site during the current project development phase was provided by the Issuer's diesel power station during June 2008 and is now being provided under a short term gas supply contract to September 2008. Power generation at Wilsons (Gidgee) and Youanmi is planned to be by diesel generation.

The reserve definition at Wiluna is centred on the immediate area surrounding existing underground mine infrastructure at the Woodley and Calais decline. While exploration has so far focused on these areas to bring the mine back into production, part of the focus will now move to various other areas within the mine environs in order to open up other potential production areas. Within the Gidgee tenements exploration has also been very focused, in this case on the Wilsons (Gidgee) deposit. Now that the initial mine life is established here, exploration will also move to defining other areas of potential production within the tenement package. This, together with exploration to be carried out at Youanmi will provide additional development opportunities for the Issuer.

The Issuer's projects have been advancing on several fronts while infill and extensional drilling and Study was being undertaken.

4.2 Financial Discussion

The Study delivered results in line with the Issuer's previous expectations. Overall average cash costs are expected to be around A\$560 per ounce both before and after production from Youanmi is initiated. Costs for the Wiluna underground mine are forecast lower at under A\$500 per ounce, mainly due to proximity to the central processing plant. This dynamic has provided the Issuer with further impetus to explore aggressively at Wiluna. An analysis of the cash costs for each deposit is provided in the table below:

Table 5 – C1 Cash cost breakdown (A\$ per ounce produced)

	Wiluna (u/g)	Wiluna East Pit	Wilsons (Gidgee)	Youanmi	Average
Mining	231	208	325	384	289
Processing	166	293	158	89	153
Admin	55	96	52	29	50
Transport	0	0	82	108	46
Royalties	27	27	27	27	27
Total	478	625	644	637	566

The diesel price assumed in the study is A\$1.40 per litre (before government rebates). Sensitivity analysis highlights that a 10% movement in the diesel price results in a 1% change (approximately A\$5 per ounce) in operating costs at Wiluna and a 2% change (approximately A\$12 per ounce) at Wilsons (Gidgee).

The Study estimated start-up capital of A\$62 million, which is marginally higher than the A\$55 million expected at the time of the equity issue in March 2008 (cost increases are in line with escalations being seen across the industry in the current environment). The Issuer will capitalise all production up until 31 December 2008 at which point commercial production is expected to begin. The Issuer believes that a number of optimisation opportunities exist with regard to reducing capital costs and/or deferment (into the post production period). These opportunities are currently being reviewed but will not delay the project.

4.3 Project Development and Production Schedule

The refurbishment of the Wiluna plant and infrastructure is well underway and processing is scheduled to recommence in November 2008.

Production will commence at Wiluna from underground stopes already developed in the Calais zone above 600mRL and the East Pit (open pit) where the next bench has already been production drilled.

Production from East Pit is expected to be treated by the end of the June quarter 2009 by which time all ore will be coming from high grade underground sources.

While ore is being sourced from Calais above 600mRL and East Pit, development will be undertaken to the new zones of Henry 5, Henry 5 North and Burgundy and extensions to Calais below 600mRL. Production from these zones will commence from ore driving in the first quarter calendar year 2009.

Underground development of the Wilsons (Gidgee) deposit is scheduled to commence in October 2008 via an adit developed off the base of the existing Wilson's (Gidgee) 3 open pit. First ore production from Wilsons is also expected in the first quarter calendar year 2009 from development.

At the Youanmi mine, dewatering began from surface in January 2008. The open pit is expected to be dewatered by the end of 2008. Underground dewatering will commence in early calendar year 2009 with first ore production contemplated, by the Project Implementation Study, in the third quarter calendar year 2009.

Process Plant

A significant amount of work has already been undertaken to refurbish and improve the Wiluna process plant. As at 23 June 2008, this work has included:

- Completion of the refurbishment of the flotation circuit;

- Commencement of the refurbishment of the crushing, cyanide leach and BIOX® circuits;
- Commencement of the refurbishment of the water supply, electrical distribution and instrumentation and control systems.

Contracts have been executed for the refurbishment of the plant and work has already commenced on site.

The refurbishment of the plant and infrastructure is being managed by Rapallo Engineering. At present a team of approximately 150 personnel is involved in plant refurbishment activities on site.

Bacteria

Bacteria previously used for production at Wiluna using the BIOX® process have been sustained at respected laboratories in Perth for future operational use and have been used successfully for metallurgical test-work of Wiluna, Wilsons (Gidgee) and Youanmi mineralisation. Propagation of the bacteria into large vessels ready for transport to the site for commercial use has commenced.

Village

The Wiluna village is being upgraded to meet modern workforce expectations. Work completed to date includes the refurbishment of the wet and dry messes, gymnasium, pool and sections of accommodation units. This work will continue prior to the re-commencement of the operation.

Power Station

The Issuer owns the 13MW gas fired power station at Wiluna. Improvements are being made to the engine managements systems on the generators and the power station control system to improve the efficiency, availability and operation of the station. This facility will provide all of the power requirements for the site.

The Issuer also owns an 8MW diesel power station at Wiluna that is a standby facility in the event of interruption to gas supplies.

The site was being supplied with power from the back-up diesel generation power station during June 2008 during refurbishment when gas supplies from Apache Corporation sourced gas was interrupted but is now being supplied by the 13MW gas power station with gas sourced from the North West Shelf Joint Venture under a short term contract to September 2008. The current gas supply shortage in Western Australia is not expected to affect the refurbishment schedule.

Underground Mining

The underground mine at Wiluna has been kept dewatered, ventilated and fully serviced to allow the infill and extensional drilling programme to be undertaken. Accordingly it is in a state for operations to recommence.

The underground mobile equipment fleets required for Wiluna and Wilsons (Gidgee) have been ordered and equipment has commenced arriving on site.

East Pit

East Pit will be mined under contract and the next bench has been drilled out ready for charging ahead of the recommencement of mining. Dewatering below the pit has been maintained during care and maintenance.

Personnel

The Issuer has been successful in securing technical and operational personnel including the retention of personnel with experience at the Wiluna operation.

Geology

The Issuer currently has a team of 5 geologists and support staff at Wiluna including the previous Wiluna senior project geologist and support crew.

Mining

The previous mine foreman has been retained and the mining manager and the underground manager have been recruited. The Issuer recently advertised for underground mining supervisory and operating personnel and received approximately 500 applications for approximately 100 positions.

Metallurgy

The previous plant metallurgists, process foreman and two senior plant operators have been retained by the Issuer and have been intimately involved in the upgrading and refurbishment of the plant.

Maintenance

The previous maintenance manager and a crew of over a dozen tradesmen with prior experience at Wiluna have been retained by the Issuer over the past 12 months and have been engaged in care and maintenance and refurbishment activities.

The Issuer successfully recruited an additional 20 maintenance personnel in May 2008 to assist with plant refurbishment tasks ahead of start-up.

Administration

The following personnel are currently employed at Wiluna in administrative roles; contract resident manager, senior site administrator, health and safety advisor, purchasing officer, receptionist and medic.

5. Near-Term Exploration Plan

5.1 Overview

The Issuer has a detailed exploration strategy which is being pursued in earnest. The Issuer has a very strong level of confidence in being able to execute on the strategy, and belief in the part it plays in the overall corporate strategy. However, the nature of exploration is such that management may make tactical changes as drilling progresses, and new leads and priorities emerge. Exploration Director, Mark Bennett, has worked closely with Mark Ashley and Glenn Jardine on numerous previous projects and they are fully aligned on the approach to achieving the strategic goals.

The exploration budget for FY09 (July to June) of A\$20 million is broken down broadly as follows:

- A\$11.5 million at Wiluna
- A\$6 million at Gidgee (Wilsons)
- A\$0.75 million at Youanmi (including the adjacent Snowpeak joint venture)
- A\$0.75 million at Aphrodite (including the adjacent Ajava joint venture)
- A\$1 million at Lawlers nickel joint venture

On a look-forward basis, Wiluna is expected to represent approximately 50% of the total exploration budget given that: it is the most prospective of the projects; historically it has been the most prolific producer; recently it has delivered ounces to the resource inventory at least cost; it is forecast to be the

lowest cost producer; and its proximity to the BIOX® processing plant. This is followed by Gidgee (Wilsons), Youanmi and finally Aphrodite.

The Issuer currently has a substantial global resource inventory of around 3 million ounces. The exploration strategy is designed in part to convert Inferred Resources at Wiluna and Wilsons to Indicated Resources via in-fill drilling, to achieve its targeted Reserve increase. The exploration budget is seen by the Issuer as being sufficient to both maintain production, and undertake infill drilling with the aim of defining resources which will extend mine life. There is a broad timetable set out for this:

- Short term (end 2008) objective of increasing gold inventory by 150,000-200,000 ounces at Wiluna and 50,000-100,000 ounces at Gidgee*.
- Consequent objective of increasing the mineable portion of this gold inventory by 100,000-150,000 ounces at Wiluna and 40,000-50,000 ounces at Gidgee by end 2008*.
- If achieved this would translate to a likely mine life on a running basis of 3.5 to 4 years for Wiluna and Gidgee (Wilsons) by the end of 2008*.
- Targeting a continued increase in inventory during 2009 to extend mine life to 5 years by June 2009*.

**In order to comply with Section 18 of the AusIMM 2004 JORC Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves, it is important to note that the targeted increase in gold inventory and potentially mineable gold inventory described above is based on:*

A large number of drill intersections that have not yet been subject to a resource estimate, which are considered to be of sufficient grade (>4g/t Au) and width (>4m) to be deemed as having "reasonable prospects of eventual economic extraction" (JORC Section 19).

Consideration of underground mining costs as a basis for compliance with JORC Section 19 (the definition of Mineral Resources) to estimate minimum grade and width criteria.

Prior experience at these operations of discovery rate, discovery cost, and rate of conversion of mineralisation to resources and resources to reserves.

The statements of potential quantity and grade stated above are conceptual in nature and there has been insufficient exploration to define a Mineral Resource at this stage, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The Issuer is currently using nine rigs for its exploration activities which are split broadly:

- Six underground rigs: four of which are carrying out resource definition, and two are concentrating on grade control
- Remaining three rigs are at surface

5.2 Exploration Strategy at Wiluna

Wiluna is the main focus of the exploration strategy as it represents the most immediate opportunity to increase total gold ounces, has a faster time-to-production, and has lower cash costs of under \$500/oz. In terms of exploration dollars spent, the drilling at Wiluna is broadly evenly split between the three types of drilling (see below), but in terms of metres drilled and their effectiveness (i.e., the number of intersections of mineralisation), there is a skew towards grade control where greater drilling efficiency can be achieved due to the relatively few drilling metres required to add ounces to the resource inventory. Drilling activity at Wiluna can be categorised as follows:

- Pure exploration: identification of new zones, both from surface and underground drilling.

- Resource definition: in-fill drilling to enhance mineralisation information, and hence increase the quantum and confidence in resources.
- Grade control: detailed in-fill drilling to optimise stope placement and ore extraction.

An increase in Reserves at Wiluna should have the advantage of enabling the Issuer the choice of deferring the startup of Youanmi for 6 months or potentially longer and substituting Youanmi production with additional production from Wiluna should that be considered a preferred option. Compared to Youanmi, the capex spend to begin processing newly proven ore at Wiluna is negligible given its proximity to the Plant.

5.3 Exploration Strategy at Gidgee (Wilsons)

The Wilsons deposit at Gidgee currently has a three year reserve. The Issuer considers that it is likely that this can be readily extended through ongoing infill drilling of the Inferred Resource to Indicated status, and subsequent conversion to Reserves. Outside of the Wilsons deposit, the Gidgee Project is relatively under-explored. A major attraction of drilling at Gidgee is the fact that most gold mineralisation outside the Wilsons deposit is free-milling rather than being refractory, and therefore represents an opportunity to increase overall production whilst not taking up flotation and BIOX® capacity at the Wiluna plant. The Premium deposit has a previous resource estimate which grades 12g/t gold increasing the potential of trucking to Wiluna for processing through the conventional part of the plant. High grade drill results from the Premium and Cascade prospects have recently been announced. A mineral resource will now be estimated and should that become a viable reserve it could be developed with less capex than Youanmi.

5.4 Exploration Strategy at Youanmi

The Issuer estimates that Youanmi will require \$12-15 million of capex to re-access underground development and provide relevant infrastructure, and a further \$3m to drill out from underground to reach an Indicated Resource status. Based on prior production records, the production grade is forecast to be approximately 11.5g/t. Whilst it is interpreted to be the highest grade of all of the proposed projects, Youanmi is also forecast to be the highest cost. Whilst Youanmi could be progressed to provide ore for the plant in relatively short order, management has the option to defer Youanmi and potentially make up for the shortfall from higher production from Wiluna and from the Gidgee project (other than Wilsons).

5.5 Exploration Plan at Aphrodite

The Issuer estimates that Aphrodite is likely to require \$3-4 million in exploration spend over time to reach a minimum acceptable resource and reserve threshold. For this reason, the Issuer has consciously decided to be prudent and to delay heavy exploration expenditure at Aphrodite until a stage when the capex requirement can be met more comfortably. Accordingly, the exploration budget is \$0.75 million. That said, upside exploration prospects at the site are considered to be good, and a new resource estimate is expected before the end of 2008.

6. The Wiluna Gold Project

6.1 Overview

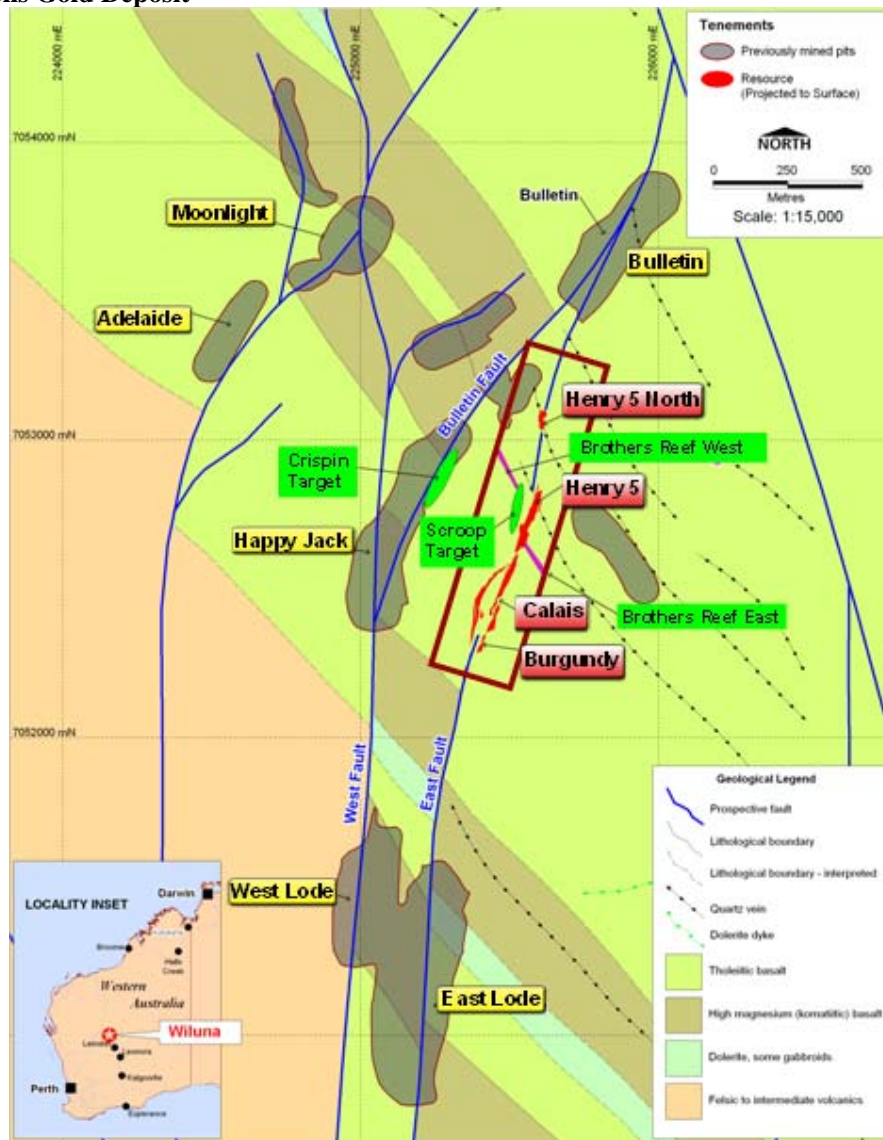
The Wiluna Gold Project is located 1,000 kilometres northeast of Perth, Western Australia and comprises granted mining leases covering approximately 50 square kilometres, as well as miscellaneous licences. The operation has access to the Goldfields Gas Pipeline and includes gold resources totalling over 1 million ounces, a 1Mtpa processing facility, a BIOX® bacterial oxidation plant, along with other established infrastructure.

Previous production and known resources occur in two main fault structures, the East Lode and West Lode, to a depth of 1,000 metres below surface. It is estimated that only 50% of the known extent of these lodes has been tested by systematic exploration drilling, with much of this carried out at very broad drill spacing. The Directors believe that potential therefore exists for the delineation of additional resources with a probability of converting these to reserves.

The Issuer is pursuing a vigorous drilling program at Wiluna with the dual aim of infill drilling known resources to the indicated category and drilling around previous known intercepts to delineate additional resources.

This resource upgrade in conjunction with previously defined resources of 3.6 million tonnes @ 5.4g/t gold in other zones, has increased the total Mineral Resource at Wiluna to over 1 million ounces. Resource drilling has continued with the primary aim of infilling the Inferred portion of the Mineral Resource in order to upgrade it to the higher confidence Indicated category.

The Wilsons Gold Deposit



6.2 Reserves and Resources

It is anticipated that a revised resource estimate will be announced in the September 2008 quarter, once the results of exploration drilling (see Section 6.3) have been released.

Wiluna Ore Reserves as at 15 June 2008

	Proved			Probable			Total		
	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au
Burgundy	0	0.0	0	251	6.1	49	251	6.1	49
Calais	0	0.0	0	333	6.1	65	333	6.1	65
Henry 5	0	0.0	0	180	7.2	41	180	7.2	41
Henry 5 North	0	0.0	0	191	6.8	41	191	6.8	41
U/G Total	0	0.0	0	955	6.4	197	955	6.4	197
East Pit O/C	0	0.0	0	264	3.3	30	264	3.3	30
Total	0	0.0	0	1,219	5.8	227	1,219	5.8	227

Wiluna Underground Ore Reserve as at 15th June 2008, using a 4.5g/t Au lower cutoff.

Wiluna Open Pit Ore Reserve as at 15th June, 2008 using a 1.5g/t Au lower cutoff.

Wiluna Resources pertinent to the initial three year project

	Indicated Resources			Inferred Resources			Total Resources		
	000's tonnes	Grade, g/t Au	000's Oz Au	000's tonnes	Grade, g/t Au	000's Oz Au	000's tonnes	Grade, g/t Au	000's Oz Au
Calais	520	6.5	109	219	6.3	44	739	6.4	153
Burgundy	382	6.4	78	401	5.5	70	782	5.9	149
Henry5	228	7.6	56	130	5.4	22	358	6.8	78
Henry5 Nth	238	7.1	54	403	5.8	75	641	6.3	129
Scroop	-	-	-	85	4.4	12	85	4.4	12
Total u/g	1,368	6.7	297	1,238	5.6	224	2,606	6.2	521
East Pit	289	4.0	38	-	-	-	289	4.0	38
Total	1,657	6.3	335	1,238	5.6	224	2,895	6.0	559

Wiluna Calais area underground and East Pit open pit Mineral Resources as at 30th April 2008, using a 3.5g/t Au lower cutoff for underground resources and 1.5g/t Au lower cutoff for open pit resources. The East Pit Indicated Resource was estimated in May 2007 and has been slightly depleted by mining in June 2007.

6.3 Details of Exploration Results

The Issuer believes the Wiluna Project offers opportunities for future exploration. It is estimated that around half of the known prospective area at Wiluna has been tested by systematic exploration drilling, providing potential for the delineation of additional resources with a probability of converting these to reserves.

Since the last resource estimate (above), the Issuer has focused on continuing to infill drill areas classified as Inferred with the objective of upgrading them to the higher confidence Indicated Resource category. Also, drilling has succeeded in extending the known areas of mineralisation. Key outcomes include:

- Infill drilling of the Calais, Burgundy and Henry5 Indicated Resources to better define stopping blocks.

- Infill drilling areas of Inferred Resource in order to convert them to Indicated status: the Directors consider this is likely to increase Indicated Resources between the Burgundy and Calais zones, and between the Henry5 and Henry5 North zones.
- Extensional drilling up and down plunge of the Burgundy, Henry5 and Henry5 Footwall zones: this has led to the definition of new zones of mineralisation between Henry5 and Henry5 North, down plunge of Burgundy, and down plunge of the Henry5 Footwall in a new zone known as Baldric, in which initial drilling has identified wide, high grade mineralisation.
- Detailed infill drilling has defined significantly more mineralisation than has previously been quantified in the East Pit open pit resource. This drilling is expected to lead to a resource upgrade.
- First results from the Issuer's initial resource drilling program at East Lode North have confirmed the continuity of mineralisation immediately beneath and to the north of the East Lode open pit.

These results will form the basis of a revised mineral resource estimate to be undertaken in the September 2008 quarter.

Details of these recent drilling results are given in announcements to the ASX, as follows:

- Wide high grade gold hits extend the Baldric and Crispin Zones, Wiluna – 4 September 2008.
- High grade free milling gold at Premium and Cascade prospects, Gidgee – 29 August 2008.
- Exceptional drilling results from the East Lode open pit at Wiluna – 18 August 2008.
- Drilling confirms additional high grade gold in East Lode open pit, Wiluna – 4 August 2008.
- Drilling improves Calais zone and expands the Burgundy zone at Wiluna – 28 July 2008.
- Drilling discovers a new zone and extends Henry5 and Henry5 North at Wiluna – 22 July 2008.
- Significant drilling results increase potential of East Lode at Wiluna – 18 July 2008.
- Drilling extends mineralisation beyond current resource at Wiluna and Wilsons – 27 June 2008.

Baldric

Drillhole CADH1100A, situated 80m up dip from all previous intersections in the Baldric and Henry5 Footwall zone has intersected:

- **32.85m @ 12/8g/t gold** (est. 13.0m true width) from 163.3m.

Three holes, drilled 40m apart from one another and 70-80m down dip from the previous intersection of **9.65m @ 20.0g/t gold** (est. 4.8m true width) in hole CADH815, have intersected:

- **27.2m @ 9.8g/t gold** (est. 9.3m true width) from 299.7m in CADH1130.
- **24.3m @ 4.9g/t gold** (est. 12.0m true width) from 265.8m in CADH1131.
- **16.75m @ 8.3g/t gold** (est. 8.5m true width) from 282.55m in CADH1132.

These holes extend the Baldric zone to an overall dip extent of 450m and a strike extent of 300m. It is characterised by high grades and remains open in all directions. Drilling will continue to scope out the extent of this zone over the next few months. Detailed infill drilling will commence once the planned Henry5 decline has been established. This decline will also enable easy access for future development and mining.

Crispin

Hole CADH1115, drilled to test the Crispin target on the intersection of the Bulletin and West Lode faults, has intersected approximately 30m of alteration and mineralisation containing visible gold (assays awaited), with an estimated true width of 24m, situated over 100m down plunge from the previous intersection of 19.3m true width @ 6.0g/t gold in GDH428. The Crispin target now extends over a dip of 200m and a strike of 100m.

Crispin is situated 200m laterally from the Calais orebody and can potentially be accessed by a crosscut from the Calais decline. Drilling will continue to scope out the extent of this zone over the next few months.

East Lode North

Results from the Issuer's initial resource drilling program at East Lode North have confirmed the continuity of mineralisation immediately beneath and to the north of the East Lode open pit. Better results are summarised below:

- **12.2m @ 11.8g/t gold** (est. 6.6m true width) from 190.3m in ELN26.
- **7.2m @ 9.7g/t gold** (est. 5.0m true width) from 469.4m in ELN36.
- **9.9m @ 7.6g/t gold** (est. 5.8m true width) from 274.6m in ELN20.
- **13.2m @ 4.0g/t gold** (est. 7.5m true width) from 207.8m in hole ELN10.
- **6.0 @ 9.1g/t gold** (est. 4.0m true width) from 227m in hole ELN11

A Resource estimate is expected to be completed during the September 2008 quarter. The proximity of this zone to the planned final design for the East Lode open pit would make it readily accessible via a relatively short decline once open pit mining is completed. The pit is scheduled to be mined from October 2008 to February 2009 as part of the ramp-up of production.

East Lode Open Pit

Reverse circulation (RC) grade control drilling has started at the East Lode open pit prior to the commencement of open pit mining in October 2008. The grade control program has been designed to better determine the ore reserve announced on 23 June 2008 and also to delineate a hangingwall zone that falls within the planned pit shell but which has not yet been included in any resource or reserve estimate. This zone is expected to increase the current East Lode open pit Indicated Resource and Probable Reserve, which currently stand at 289,000 @ 4.0g/t for 38,000 ounces and 264,000t @ 3.3g/t for 30,000 ounces respectively.

Follow-up drilling has since confirmed this new zone along the entire strike length of drilling. This is expected to lead to a substantial increase in the open pit resource and reserve. Drill intersections include:

- **46m @ 4.8g/t gold** (est. 32.5m true width) from start of hole in AWGC39.
- **25m @ 18.5g/t gold** (est. 17.7m true width) from 11m in AWCG59, including **12m @ 32.7g/t gold** (est. 8.5m true width) outside of the current resource.

- **17m @ 12.4g/t gold** (est. 12.0m true width) from 20m in AWGC86, including **15m @ 12.4g/t gold** (est. 10.6m true width) outside of the current resource.
- **18m @ 10.5g/t gold** (est. 12.7m true width) from 14m in AWGC85, including **6.5m @ 22.6g/t gold** (est. 4.6m true width) outside of the current resource.
- **14m @ 13.6g/t gold** (est. 9.9m true width) from 5m in AWGC3.
- **21m @ 7.3g/t gold** (est. 14.8m true width) from start of hole in AWGC66, including **5m @ 15.5g/t gold** (est. 3.5m true width) outside of the current resource.
- **19m @ 6.3g/t gold** (est. 13.4m true width) from 26m in AWGC50, including **12m @ 7.4g/t gold** (est. 8.5m true width) outside of the current resource.
- **21m @ 4.9g/t gold** (est. 14.8m true width) from start of hole in AWGC48, including **15m @ 4.4g/t gold** (est. 10.6m true width) outside of the current resource.
- **23m @ 8.0g/t gold** (est. 16.0m true width) from 27m in hole AWGC73.
- **24m @ 9.3g/t gold** (est. 17.0m true width) from 16m in AWGC81.
- **20m @ 7.5g/t gold** (est. 13.8m true width) from 20m in hole AWGC54.
- **30m @ 4.1g/t gold** (est. 21.0m true width) from 22m in hole AWGC64.
- **22m @ 5.3 g/t gold** (est. 15.0m true width) from 9m in AWGC91.
- **22m @ 5.4g/t gold** (est. 15.0m true width) from 3m in AWGC110.
- **25m @ 4.1g/t gold** (est. 17.0m true width) from 29m in AWGC150.
- **25m @ 4.2g/t gold** (est. 17.0m true width) from 29m in AWGC155.
- **12m @ 10.8g/t gold** (est. 9.0m true width) from 13m in hole AWGC13.
- **37m @ 3.3g/t gold** (est. 28.0m true width) from 9m in AWGC45.
- **13m @ 9.9g/t gold** (est. 9.0m true width) from 34m in hole AWGC46.
- **13m @ 8.5g/t gold** (est. 9.0m true width) from 17m in AWGC63.
- **15m @ 6.1g/t gold** (est. 10.0m true width) from 8m in AWGC53.
- **18m @ 5.7g/t gold** (est. 13.0m true width) from 5m in hole AWGC62.
- **17m @ 6.3g/t gold** (est. 12.0m true width) from 18m in AWGC72.
- **8m @ 10.8g/t gold** (est. 7.0m true width) from start of hole in AWGC6.

This mineralisation falls within the designed pitshell and can therefore be mined without the need for any additional stripping or cutback to the pit. This will result in higher production from the East Lode open pit at no additional mining cost, further enhancing project economics during the initial six months of production.

East Lode deeps

A single hole, ELD1 has been drilled 1709m down plunge from historic workings which produced approximately 2 million ounces of gold prior to 1950. The hole intersected the East Lode fault in the expected position and also mineralisation comprising **4.7m @ 3.04g/t gold** (est. 4.4m true width).

The hole has confirmed the continuation of the East Lode fault and the presence of prospective stratigraphy. Drilling will now step out from this point to define the exact position of the preferred host rocks as the first step in defining mineralised shoots.

Calvert

Results from the Issuer's initial resource drilling program at Calvert have confirmed the continuity of mineralisation. Better results are summarised below:

- **6.0m @ 5.2g/t gold** (est. 4.3m true width) from 356m in hole CVT2.
- **6.1m @ 7.3g/t gold** (est. 3.4m true width) from 390.6m in hole CVT13B.
- **13.5m @ 6.1g/t gold** (est. 10.0m true width) from 333m in hole CVT6.
- **8.4m @ 8.6g/t gold** (est. 6.0m true width) from 409.6m in hole CVT7.
- **15.0m @ 5.3g/t gold** (est. 11.0m true width) from 379.6m in hole CVT10C.

Lawless Reef

The reverse circulation (RC) precollars to two of the holes drilled to test the East Lode North target have also intersected significant mineralisation associated with a quartz reef thought to be a down dip continuation of the Lawless Reef. The Lawless Reef was previously mined in a shallow open pit and remains undrilled at depth other than a single pervious RC hole which intersected **4m @ 6g/t gold**. The intersections comprise:

- **5.0m @ 24.5g/t gold** (est. 4.0m true width) from 91m in hole ELN22.
- **8.0m @ 57.6g/t gold** (est. 7.0 true width) from 87m in hole ELN35.

Calais

Infill drilling at Calais continues to confirm good widths and grade:

- **16.1m @ 5.2g/t gold** (est. 12.0m true width) from 93.5m (100 lens) and **4.2m @ 16.8g/t gold** (est. 3.0m true width) from 138.4m (50 lens) in hole CADH1040.
- **12.3m @ 5.4g/t gold** (est. 8.4m true width) from 100.6m in hole CADH1041, 100 lens.
- **7.0m @ 11.1g/t gold** (est. 5.7m true width) from 99.0m in hole CADH1037, 100 lens.
- **7.3m @ 6.8g/t gold** (est. 5.0m true width) from 105.95m in hole CADH1021B, 50 lens.

Other zones

Exploration drilling has also intersected zones of mineralisation not yet included in any Resource estimate. These intersections will be followed up as underground drilling positions become available during the establishment of new development headings. Examples of other zones include intersections of:

- **9.4m @ 6.7g/t gold** (est. 8.1m true width) from 406.8m in CADH760 - 70m down plunge from a previous intersection of 15m @ 8.7g/t gold (est. 8m true width) in drillhole GDH428 at the Crispin target.
- **4.7m @ 15.4g/t gold** (est. 2.3m true width) from 149.5m in WDH1208 - in a cross link lode.
- **0.4m @ 13.6g/t gold** (est. 0.2m true width) from 49.0m in CADH908 - in a narrow portion of the Brothers Reef quartz lode.

7. The Gidgee Gold Project

7.1 Overview

The Gidgee Project is located 640 kilometres northeast of Perth and covers 70 kilometres of strike of the Gum Creek greenstone belt. The Project is located close to existing developments and contains a total JORC compliant resource inventory of 651,000 ounces of gold, including the Wilson's refractory gold deposit (Current Resource: 1,457,000t @ 6.9g.t for 325,000oz).

The Project also includes a 600,000tpa gold treatment plant (currently not in operation), a 150-man camp, additional high-grade non-refractory resources close to existing developments and has significant exploration upside.

It is expected that underground mining at the rate of 300,000 tpa at ~6.5g/t from the Wilsons (Gidgee) deposit will be trucked to Wiluna once re-developed.

7.2 Reserves and Resources

An interim resource statement for the Wilsons deposit was announced on 27 May 2008 and an initial three year Probable Reserve based on the Indicated portion of this resource was announced on 23 June 2008. Both of these statements were based on drilling undertaken to the end of April 2008.

Wilson's Ore Reserve as at 15 June 2008

	Proved			Probable			Total		
	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au	000's tonnes	Grade g/t Au	000's Oz Au
Wilson's 1	0	0.0	0	310	5.4	53	310	5.4	53
Wilson's 2	0	0.0	0	313	6.2	62	313	6.2	62
Wilson's 3	0	0.0	0	203	8.4	55	203	8.4	55
Total	0	0.0	0	826	6.4	170	826	6.4	170

Wilson's Ore Reserve as at 15th June 2008, using a 4.5g/t Au lower cutoff.

Wilsons Resources pertinent to the three year project

	Indicated Resources			Inferred Resources			Total Resources		
	000's tonnes	Grade, g/t Au	000's Oz Au	000's tonnes	Grade, g/t Au	000's Oz Au	000's tonnes	Grade, g/t Au	000's Oz Au
Wilsons 1	473	5.9	89	308	5.7	56	781	5.8	145
Wilsons 2	325	7.3	76	219	7.2	50	544	7.3	127
Wilsons 3	123	12.5	49	9	14.4	4	132	12.6	53
Total	921	7.3	215	535	6.4	110	1,457	6.9	325

Wilsons Mineral Resource as at 30th April 2008, using a 4.5g/t Au lower cutoff.

Additional infill drilling outlined in the exploration section below has not yet been incorporated.

7.3 Details of Exploration Results

The Gidgee Gold Project also offers exploration opportunities. The Issuer intends to continue its resource drilling programme in order to infill the Inferred portion of the Mineral Resource with the aim of upgrading these to the higher confidence Indicated category.

Drilling has focused on infilling the Inferred part of the Wilsons deposit in order to convert it to Indicated status, and drilling has also commenced at the Premium and Cascade prospects, which comprise free milling (i.e. non-refractory) mineralisation situated close to existing underground development beneath the Swan Bitter open pit. Results for two holes drilled at the Wilsons 3 shoot have been received, which include:

- **5.5m @ 8.8g/t gold** (est. 3.3m true width) from 377.0m in AGDD71 - the down dip extension of Wilsons 3.

The Issuer has announced high grade drill results from the Premium and Cascade prospects within the Gidgee Project. This mineralisation is free milling (non-refractory) and is close to existing infrastructure established for the mining of the nearby Wilsons resource and adjacent to existing underground development.

8. The Youanmi Gold Project

8.1 Overview

The Youanmi Project is located 480 km northeast of Perth, Western Australia and covers 40 kilometres of strike of the Youanmi shear zone. It currently contains a total JORC and NI 43-101 compliant resource inventory of 951,000 ounces of gold, including the Youanmi Deeps refractory gold deposit (Indicated and Inferred resource of 2.4 million tonnes @ 8.5 g/t for 658,000 oz of gold) and also has significant potential exploration upside. It should be noted that the above refractory gold resource was estimated using a 4g/t Au lower cutoff grade. The Issuer has undertaken additional drilling since this estimate and intends to re-estimate the resource using a more prudent higher cutoff grade (e.g., 10g/t Au) to more realistically reflect the likely cost base of mining this material. This is likely to lead to a reduction in tonnes and contained gold, but an increase in grade, which is a key consideration to optimise project economics.

The Project includes a 600,000tpa gold treatment plant, a 270,000tpa sulphide flotation plant (currently not in operation) and a BacTech bacterial oxidation treatment plant capable of treating the gold concentrate.

Dewatering of the open pit surface commenced early in 2008, and the Issuer expects this to be completed by the end of 2008. Underground dewatering is expected to commence in early 2009. It is

expected that mining at the rate of 150,000 tpa at 11.5g/t (previously achieved when operating) will be trucked to Wiluna once re-developed.

8.2 Details of Exploration Results

The Issuer undertook exploration drilling at Youanmi Gold sites in early 2008. Surface drilling at these sites successfully scoped out the limits of mineralisation ahead of the dewatering and refurbishment of the decline.

Better results from the surface drilling include:

- **3.25m @ 17.2g/t gold** (est. 2.8m true width) from 773.25m in AYMD1W3.
- **2.15m @ 10.9g/t gold** (est. 1.8m true width) from 692.6m in AYMD2W4

9. The Aphrodite Gold Project

The Aphrodite Project is located 65 kilometres north of Kalgoorlie, Western Australia and covers 51 square kilometres of the Bardoc Tectonic Zone. It contains a refractory gold deposit with a JORC compliant Inferred Resource of 1.44mt @ 6.2g/t for 287,000 ounces of gold, as well as a significant inventory of unclassified gold mineralization. The Issuer has undertaken additional drilling since this estimate and intends to re-estimate the Aphrodite resource prior to December 2008.

9.1 Details of Exploration Results

Resource drilling at Aphrodite has returned results including :

- **8.55m @ 6.5g/t gold** (est. 5.1m true width) from 325m in AAPD4.
- **8.5m @ 5.6g/t gold** (est. 5.1m true width) from 403m in AAPD5.
- **7.0m @ 6.0g/t gold** (est. 4.2m true width) from 215.0m in AAPD10.
- **20.35m @ 6.5g/t gold** (est. 12.2m true width) from 226.45m in AAPD10.

10. Other Exploration Prospects

10.1 Lawlers Nickel Joint Venture

The Issuer is a party to a joint venture with mining contractor Carey Minerals (the **ACJV**), and the ACJV has in turn entered into two separate agreements with subsidiaries of Barrick Gold to earn a 70% interest in the nickel rights on over 100 square kilometres of the tenements of Barrick's subsidiaries in the Lawlers district of the Northeastern Goldfields of Western Australia.

The tenements are part of Barrick's Lawlers Gold Operations, and contain over 40 strike kilometres of relatively unexplored nickel sulphide prospective ultramafic rocks in the heart of a world class nickel province, where it is surrounded by Jubilee Mines' Cosmos, Prospero and Sinclair nickel deposits, BHP Billiton's Perseverance and Rockys Reward nickel mines, and Norilsk's Waterloo nickel mine.

Importantly, no effective nickel sulphide exploration has been undertaken on these tenements since Selection Trust explored the area thirty years ago. Since that time, nickel sulphide exploration has been very limited, with most exploration focussing on nickel laterite and gold.

A 1300 sample soil geochemical survey was undertaken during the March 2007 quarter over three target zones. These areas were selected on the basis of favourable geology and favourable element ratios in previous, less systematic surveys. Platinum group element data obtained from this survey will augment the data collected by previous explorers. The outcomes of this survey will assist in the selection of areas for electromagnetic geophysical surveys to be conducted in the second quarter. The areas sampled include the Four Corners, Hollywood and Catoe targets.

Geophysical surveys are in progress at the time of writing.

10.2 Jillawarra Joint Venture

The Jillawarra Joint Venture is located 200 kilometres north of Meekatharra, Western Australia, and is managed by ASX-listed Abra Mining Limited. On 24 September 2008 Abra Mining Limited announced that it has earned a 70% interest in the project pursuant to the Jillawarra Joint Venture Agreement and that the Issuer and the third party which hold the residual interest have each elected to convert their respective interests to a 10% interest free carried to completion of a bankable feasibility study, such that Abra Mining Limited will have an 80% interest in the project. Following the bankable feasibility study, Apex and the third party must elect to either contribute to future expenditure, or convert their respective interest to a 1.5% net smelter royalty. The project is situated in the Bangemal Basin along strike from Abra's namesake lead-zinc deposit, which is estimated to contain 50Mt @ 5.5% lead.

10.3 Snowpeak Joint Venture

A subsidiary of the Issuer holds an 80% interest in a joint venture with Snowpeak Nominees in relation to various tenements that are adjacent to the Youanmi Project (see part 8 of this Section E). Until completion of a bankable feasibility study, the Issuer is solely responsible for expenditure in relation to the tenements. After completion of a bankable feasibility study, each party is to contribute to joint venture expenditure in proportion to their participating interest. Following commencement of mining operations over part (or all) of the relevant tenements, Snowpeak Nominees may elect to participate or its interest dilutes.

10.4 Ajava Joint Venture

A subsidiary of the Issuer holds a 73.66% interest in the Ajava Joint Venture with Dalrymple Resources NL. The joint venture relates to three tenements that are adjacent to the Aphrodite deposit (see part 9 of this Section E) and is being managed and sole funded by the Issuer.

11. Board and Key Senior Management

11.1 Board

Kim Robinson - Chairman

BSc (Geology)

Mr Kim Robinson is the Non-Executive Chairman of the Issuer. He is a founding Director and is also currently Executive Chairman of Kagara Zinc Limited. He graduated from the University of Western Australia in 1973 with a degree in Geology and has 29 years experience in the minerals exploration and mining industries.

In addition to the successful development of Kagara Zinc's Mt Garnet operations, Kim has been involved in a number of successful mine developments in Western Australia including the Bounty Gold Mine, the Mt McClure Gold Mine, the Cosmos Nickel Mine and the discovery of the Emily Ann and Maggie Hays Nickel deposits.

Mark Ashley - CEO and Managing Director

FCMA

Mark Ashley is the Managing Director of the Issuer. He is a Fellow of the Chartered Institute of Management Accountants and has over 20 years experience in the resources industry.

In 1992, Mark joined Forrestania Gold – which was subsequently acquired by LionOre in 1994 and was with the company through its emergence as a growing international nickel producer up until 31st March, 2006. Mark who was a main board Director and CEO of its Australian operations left LionOre at that time to run the Issuer.

Mark was the founding CEO of Kagara Limited (as a public listed company) and is currently one of its Non-Executive Directors. Mark is also a Non-Executive Director of Metallica Minerals Limited, an ASX listed company. Mark is a Member of Council at the Curtin University of Technology and is a member of the university's Finance Committee. He has also served as Chairman of the Major Gifts Committee for the Royal Flying Doctor Service, and is currently one of its Non-Executive Directors. He has also acted as Director of the Australian Gold Council.

Mark has international resource experience having worked in South America, Africa, the United Kingdom, China and now Australia.

Dr Mark Bennett - Exploration Director

BSc PhD MAusIMM FGS

Dr Mark Bennett is a geologist with over 21 years' experience, predominantly in gold, nickel and base metal exploration and mining. He holds a BSc in Mining Geology from the University of Leicester and a PhD from the University of Leeds and is a Member of the Australasian Institute of Mining and Metallurgy and an elected Fellow of the Geological Society of London.

Mark has worked in Europe, West Africa, and Australia during his career spent predominantly working for WMC Resources and LionOre Mining International's Australian operations. His previous positions include Exploration Manager and Chief Geologist, including periods at WMC's Kambalda Nickel Operations, Gold Fields' St.Ives Gold Mines, Forrestania Gold's Bounty Gold Mine, and WMC's Melbourne Head Office.

In 2002, Mark received the Association of Mining and Exploration Companies (AMEC) Prospector of the Year Award in recognition of his contribution to the discovery of the Thunderbox Gold Mine and the Waterloo nickel deposit.

Glenn Jardine - Director Operations

BEng FAusIMM

Mr Glenn Jardine has over 20 years experience in the mining industry and most recently succeeded Mark Ashley as Managing Director of LionOre Mining International's Australian operations, where he also held roles including Chief Operating Officer and prior to that, General Manager, New Business and Project Manager. During his time with LionOre Australia, Mr Jardine oversaw the successful development of the Emily Ann, Maggie Hays and Waterloo nickel mines, leading teams whose work was subsequently recognised by the achievement of two separate major environmental awards.

Glenn graduated with a BE Mining from the University of Queensland in 1984 and is a member of the Institute of Company Directors and a Fellow of the Aus IMM.

Stephen Lowe - Non-Executive Director

B Bus (ECU), Grad Dip Adv Tax (UNSW), MTax (UNSW), FTIA, MAICD

Mr Stephen Lowe is a taxation specialist with over 15 years experience consulting to a wide range of corporate and private clients on a broad range of taxation issues including mining and international matters, GST and CGT. He is a director of ASX listed Croesus Mining NL. He is also a director of the Perth based specialist taxation firm MKT - Taxation Advisors and has been a director of several other public unlisted companies. His qualifications include a Bachelor of Business, Post-Graduate Diploma in Advanced Taxation and a Master of Taxation from the University of New South Wales. Steve is a Fellow of the Taxation Institute of Australia and a Member of the Australian Institute of Company Directors. Within the past three years Mr Lowe has not been a director of any other publicly listed company.

Todd Bennett – Non-Executive Director

MBA

Mr Bennett is the managing director of AMB Holdings Pty Ltd, a private investment company associated with the Bennett family. Mr Bennett oversees the management of a broad portfolio of assets, which includes a significant share in the Rhodes Ridge Iron Ore project in the Pilbara, and AMB's strategic relationships with the Rio Tinto Group.

Mr Bennett holds an MBA from the University of Western Australia and is also an Executive Director of the unlisted Finance and Energy Exchange (FEX) a premium provider of energy and financial derivatives with a focus on Asia.

Mr Bennett joined the Issuer in July 2008.

Graham Anderson - Company Secretary

BBus, DipFP, CA

Mr Anderson is a graduate of Curtin University and has over 20 years' commercial experience as a Chartered Accountant. He operates his own specialist accounting and management consultancy practice, providing a range of corporate advisory services to both public and private companies. From 1990 to 1997 he was an audit partner at Duesburys and from 1997 to 1999 he was an audit partner at Horwath Perth. He is currently Director and Company Secretary of APA Financial Services Limited, Echo Resources Limited, Pegasus Metals Limited, Dynasty Metals Limited and Company Secretary of Apex Minerals NL, Iron Road Limited, Westonia Mines Limited and Mamba Minerals Limited.

11.2 Senior Management

Mark Ashley - CEO and Managing Director

See above

Dr Mark Bennett - Exploration Director

See above

Glenn Jardine - Director Operations

See above

Grant Brock – Chief Operations Officer

BAppSC(Min) F AusImm

Grant Brock is a mining engineer with over 30 years experience in the Australian mining industry and business training from Harvard University. He has been involved in mining operations in Western Australia in iron ore, gold, and industrial minerals and base metals in Broken Hill, Tasmania and Queensland. He has held senior managerial positions in operations, acquisitions and project development for CRA Limited, Aberfoyle Limited, Western Metals Limited and Sons of Gwalia Limited. His experience also includes the evaluation of base metal projects in Europe and South America and the development of new technologies in metal production.

He was also Chief Operating Officer and Executive Director for Allied Gold Limited where he managed the construction, commissioning and transition to gold producer for the Simberi Oxide Gold project located in the Tabar Islands of Papua New Guinea.

Anna Neuling – Chief Financial Officer

BSc ACA(ICAEW)

Anna is a Chartered Accountant (UK) and joined the Issuer in July 2007, having previously gained several years mining company experience in senior financial roles both within industry and in professional practice. Prior to joining the Issuer she held roles with LionOre Australia and prior to that with Deloitte (in London and Perth). Anna has a degree in Mathematics from Newcastle University in the UK and is a member of the Institute of Chartered Accountants of England and Wales.

Will Dix - Exploration Manager

BSc MSc MAusIMM

Mr Will Dix is a geologist with 12 years experience in gold, nickel and base metal exploration and mining. He was formerly Northeastern Goldfields Supervising Geologist for LionOre Australia and was a member of the team responsible for the discovery of the Waterloo and Amorac nickel sulphide deposits and the Thunderbox two million ounce gold deposit.

Andy Thompson - Geology Manager

BSc (Hons)

Mr Andy Thompson is a geologist with over 15 years experience in gold, nickel and base metal exploration and mining. Most recently he was the Geology Superintendent at the Silver Swan Nickel Mine. Andy was also a member of the team responsible for the discovery of both the Thunderbox Gold Mine, where he was Geology Manager, and the Waterloo and Amorac nickel sulphide deposits. Prior to this he was also employed at the Nimary and Yilgarn Star Mines.

Jeremy Robinson - Business Analyst

BCom

Mr Jeremy Robinson is a business analyst who has previously worked as resource analyst at a leading Sydney stockbroking firm for a number of years where he was involved in the evaluation and financing of resource projects.

Competent Person's statement in respect of Wiluna Calais Zone and Wilsons (Gidgee)

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Andrew Thompson who is an employee of the Issuer, and in the case of the underground resources depicted at Wiluna (Calais Zone) and Wilsons (Gidgee) and references, by Mr. Brian Wolfe who is an employee of Coffey Mining Pty. Ltd. Mr. Thompson and Mr. Wolfe are

Members of the Australasian Institute of Mining and Metallurgy and have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Thompson and Mr. Wolfe consent to the inclusion in this report of the matters based on information in the form and context in which it appears.

Reverse circulation (RC) drill samples are obtained by collecting meter samples via a three stage riffle or cone splitter, and diamond drill hole results are obtained from half NQ core or quarter HQ core sampled to geological boundaries where appropriate.

Samples are prepared at Genalysis' Kalgoorlie and Perth laboratories using single stage pulverization of the entire sample. Samples are analysed at Genalysis' Perth laboratory. Gold assays are obtained using a 50g lead collection fire assay digest and atomic absorption spectrometry (AAS) analysis techniques. Multi-element analyses (arsenic, sulphur, iron, lead, zinc, bismuth, antimony and tellurium) are obtained using a four acid total digest and inductively coupled plasma optical emission spectrometry (ICP OES) analysis techniques. Full analytical quality assurance - quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

The spatial location of samples from surface holes is derived using a combination of surveyed grid coordinates and 3D differential GPS collar survey pickups, and Reflex single shot and gyroscopic downhole surveys. The spatial location of samples from underground holes is derived using surveyed rig setups and Reflex multi-shot downhole surveys. True widths are calculated using the mean dip and strike of the mineralization from 3D wireframe models and downhole surveys.

Quoted drill intersections are based on situation specific criteria, which include using a lower cutoff of 1g/t or 2g/t gold and acceptable levels of internal dilution.

Mineral Resources have been estimated using standard accepted industry practices. All Resources have been estimated via Block Ordinary Kriging using 1m composite samples. Top cuts have been applied to the composites and are considered appropriate for the nature and style of mineralization in all cases. Directional grade variography was modeled for all zones based on 1m composites. Geological and mineralization modeling has been achieved by 3D modeling of footwall and hangingwall structures (a lower 2g/t Au cutoff was applied in the case of Wilsons Deposit). Block models have been developed for these deposits incorporating a suitable parent and sub block dimension to allow adequate volume resolution of modeled geology and mineralization. Grade interpolation (via Block Ordinary Kriging) was then undertaken using a multiple estimation pass strategy.

Where quoted, Mineral Resource and Ore Reserve tonnes and ounces are rounded to appropriate levels of precision, causing minor computational errors.

Mineral Resources are classified on the basis of drillhole spacing, geological continuity and predictability, geostatistical analysis of grade variability, sampling, analytical, spatial and density QAQC criteria and demonstrated amenability of mineralization style to proposed processing methods.

Ore Reserves have been estimated in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

The information in this report which relates to the Wiluna and Wilsons Underground Ore Reserves is based on and accurately reflects the information compiled by Mr Blair Duncan a consultant to the Issuer and Principal of Arbitrage Consulting Australia Pty Ltd. The information in this report which relates to the Wiluna Open Pit Ore Reserve is based on and accurately reflects the information compiled by Mr Linton Putland a consultant to the Issuer and Principal of LJ Putland and Associates. Mr. Duncan and Mr. Putland are members of The Australasian Institute of Mining and Metallurgy ("AusIMM") and have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a 'Competent Person' as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for

reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Duncan and Mr. Putland consent to the inclusion in this report of the matters based on information in the form and context in which it appears.

Key Points relating to the Wiluna Calais Zone and Wilsons (Gidgee) 2008 Ore Reserve Statement

Metal Prices

An average gold price of AU\$800 per ounce was used.

Classification

Ore Reserves are derived from the economic portions of the Measured and Indicated Resources. Those Measured and Indicated Resources have been modified to allow for mine losses and dilution to produce the Ore Reserve estimates of mill ore feed tonnes that will be mined from those Measured and Indicated resources only. The Ore Reserves estimated to be mined from Measured Resources are categorised as “Proved Ore Reserves” and the Ore Reserves from Indicated Resources are categorised as “Probable Ore Reserves”.

Significant portions of the Wiluna’s ore-bodies that are currently classified as Inferred Resources will also be mined and processed as ore – but these Inferred Resources are excluded from being reported in public Ore Reserve statements until additional drilling and re-estimation is carried out in the normal course of operations.

Cut-Off Grade

A cut-off grade of 4.5 g/t Au has been applied to achieve the Ore Reserve statement for Underground reserves at Wiluna and Wilsons (Gidgee) and 1.5g/t Au for the Open Pit reserves at Wiluna (East Pit).

Mining Factors and Assumptions in respect of Wiluna Calais Zone and Wilsons (Gidgee)

Wiluna Underground Mining Method

Ore Reserves are assumed to be recovered from 2 underground mining methods as follows:

- *Development Ore – Ore produced from mine development and may be subject to planned dilution so as to position the ore drives for optimum practical stope extraction.*
- *Bench Stoping Ore – Ore produced from “longitudinal bench stopes” orientated along the strike direction of the orebody where the orebody is up to 8 metres wide. Where possible stope development will occur “bottom up” with mullock used to fill the stope void at completion of individual stope mining.*

Wilsons (Gidgee) Underground Mining Method

Ore Reserves are assumed to be recovered from 2 underground mining methods as follows:

- *Development Ore – Ore produced from mine development and may be subject to planned dilution so as to position the ore drives for optimum practical stope extraction.*
- *Bench Stoping Ore – Ore produced from “longitudinal bench stopes” orientated along the strike direction of the orebody where the orebody is up to 8 metres wide.*

Wiluna Open Pit Mining Method

Ore Reserves are assumed to be recovered from completion of the partially mined East Pit Cutback. The cutback will be mined utilising standard diesel hydraulic open pit mining equipment. Ore and waste boundaries will be delineated by in-pit grade control drilling with ore and waste being mined separately. All material will require drilling and blasting.

Underground Estimation Procedure

Three dimensional outlines of mining stopes and development horizons were designed based on the April 2008 Resource Model using standard proprietary mining software. A minimum mining width of

2.0 m was applied. Development openings were designed to achieve practical stope extraction and minimise planned dilution depending on immediate local conditions.

Open Pit Estimation Procedure

Estimations were based on the Version 2 resource model generated by Snowden's in 2006 and the Agincourt East Pit Cutback design 16 and includes material which lies between the existing topographical pit surface (as surveyed at the end of June 2007) and Cutback design 16, at a cut-off grade of 1.5g/t Au .

Wiluna Underground Ore Recovery and Dilution

Historical underground reconciliations were examined and consideration of the "bottom up" mining method was used to determine the dilution estimates of 15% at a grade of 2.0 g/t.

Mining Recovery from development and stoping shapes is assumed to be 100%.

Wiluna Open Pit Ore Recovery and Dilution

A mining dilution of 20% additional tonnes at a grade of 0g/t Au were applied based on historical estimates.

A mining recovery of 95% of overall ore tonnes and 88% of the estimated grade for stope fill material were applied based on historical estimates.

Wilsons (Gidgee) Underground Ore Recovery and Dilution

The three dimensional mining stopes were expanded by 0.50 m on the hanging wall and 0.25 m on the footwall. The resulting dilution skins were assessed for Au content. In percentage terms dilution averages 17% at a grade of 2.4 g/t has been applied.

Mining Recovery from development and stoping shapes is assumed to be 89%.

Competent Person's Statement in respect of Wiluna non-Calais Zones

The information in this report that relates to Exploration Results in respect of the Wiluna non-Calais Zones is based on information compiled by Mr Andrew Thompson who is an employee of the issuer.

The information in this report that relates to the Wiluna non-Calais Zones Resources is based on information compiled by Paul Tan, who was a full time employee of Agincourt and Oxiana at the time these resources were estimated. These resources were correct as of 1st June 2007.

The information has been verified by Mr. Andrew Thompson, who is a full time employee of Apex.

Competent Person's Statement in respect of Gidgee non-Wilsons Zones

The information in this report that relates to the Gidgee non-Wilsons Zones Measured, Indicated and Inferred Mineral Resources is based on studies commissioned and published by Legend Mining and its consultant Dr Spero Carras, as quoted in Legend Mining's 2006 Annual Report.

The information has been verified by Mr. Andrew Thompson, who is a full time employee of Apex.

Competent Person's Statement in respect of Youanmi

The information in this report that relates to the Youanmi Measured, Indicated and Inferred Mineral Resources is based on studies commissioned and published by Goldcrest Resources and its consultant Mr. Steve Hyland, to comply with NI 43-101 reporting standards, as disclosed on Goldcrest's website and their TSX announcement of 20 July 2006.

The information has been verified by Mr. Andrew Thompson, who is a full time employee of Apex.

Competent Person's Statement in respect of Aphrodite

The information in this report that relates to the Aphrodite Inferred Resources is based on Barrick Gold's December 2005 Year End Resource Statement, and confirmed by Mr Richard Allan of Barrick Gold.

The information has been verified by Mr. Andrew Thompson, who is a full time employee of Apex.

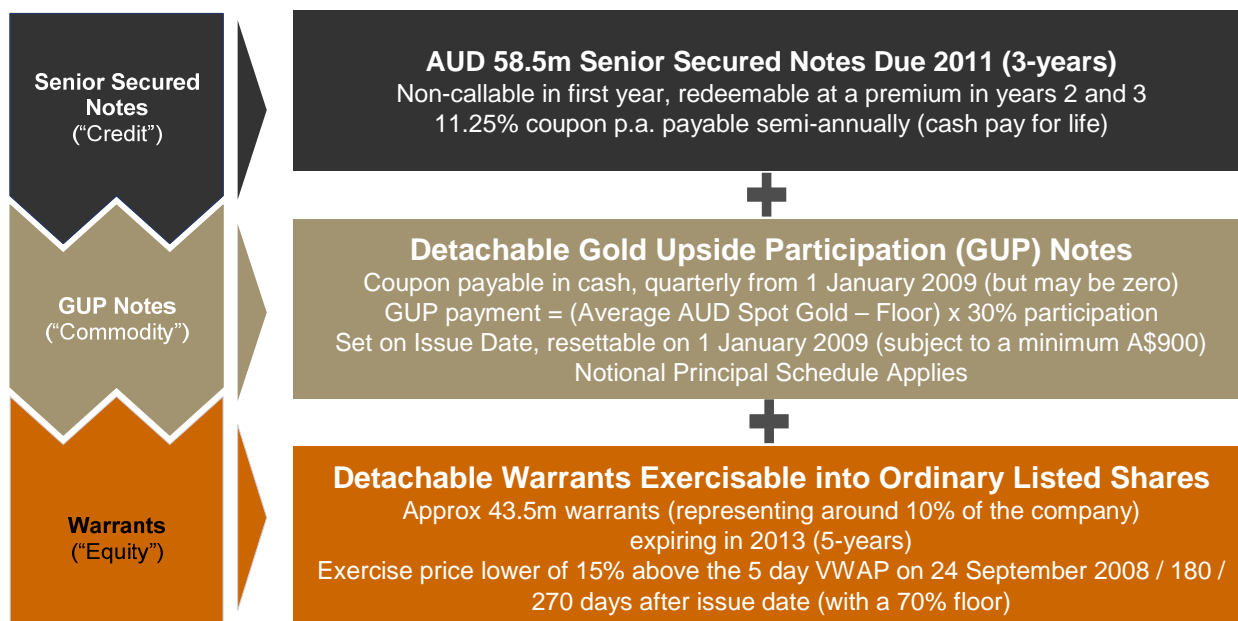
Consents of Competent Persons

Mr Thompson, Mr Wolfe, Dr Carras, Mr Hyland and Mr Tan are Members of the Australasian Institute of Mining and Metallurgy, and Mr Allan is Barrick's Qualified Person. All have sufficient experience of relevance to the styles of mineralization and the types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Thompson, Mr Wolfe, Dr Carras, Mr Hyland, Mr Tan and Mr Allan consent to the inclusion in this report of the matters based on information in the form and context in which it appears.

F Description of the Structure

The Offering consists of three instruments, which require investors to take a view on three different risks (investors are also referred to the risks outlined in Section D, Risk Factors). Please see Section C Summary of the Offering for further details:

- **Credit Risk:** The Notes will carry a coupon of 11.25%, paid semi-annually in arrears with the first coupon payable on 29 March 2009. The Notes mature on 29 September 2011 but may be redeemed by Apex at any time after 29 September 2009 by payment of an amount calculated in accordance with the terms and conditions of the Notes.
- **Equity Risk:** The Warrants entitle the holders to subscribe for a total of 43.5 million ordinary shares. The exercise price is calculated according to a specified formula based on the time of exercise, an initial exercise price of \$0.335 and the price of Apex shares at 180 and 270 days after the date of issue of the Warrant. The exercise price may not in any circumstance be less than 70% (\$0.2345) nor more than 100% of the initial exercise price of \$0.335. The initial exercise price of \$0.335 represents a 15% premium to the 5 day VWAP of the Company's shares as at 24 September 2008.
- **Commodity Risk:** The GUP Notes entitle the holders to be paid quarterly cash coupons (which may be zero) calculated by reference to a specified formula which allows the holder to participate in any increase in the average AUD gold price in a period over a specified floor price. The holders, as a group, are paid 30% (the participation rate) of the amount by which the average AUD gold price in a period exceeds a floor price, multiplied by a notional principal amount that varies over the life of the GUP Notes. The aggregate of the notional principal amounts is 500,000. The GUP Notes are expected to mature on 7 August 2012. The floor price will be set as the London pm fix gold price (in Australian dollars) today, Monday 29 September 2008, and is able to be reset downwards on 1 January 2009, but may not be less than \$900 per ounce.



The three instruments of the Offering are issued as a package to initial Noteholders on the Issue Date, but are then each detachable until their respective redemption, maturity or expiry dates. This detachability permits the holders (in theory) to trade the three different securities separately and independently. As the total return achieved on the Offering by an individual investor is dependent on

the combined performance of the three securities, that total return will vary based on the chosen strategy and timing of buying and selling the three securities.

Investors are provided with a bond floor to their investment (in the form of the cash coupons and principal repayments on the Notes), combined with potential upside through exposure to both the mid-term gold price performance (via the GUP Payments), and the ongoing exploration and development prospects of the Issuer (via the opportunity to take an equity stake in the Issuer by exercising the Warrants).

Investors should read and understand the terms and conditions of the three instruments summaries of which can be found in Section C Summary of the Offering and Annexures A, B and C.

G Selected Financial Information

G Selected Financial Information

The summary financial information as at 30 June 2008 set out below has been extracted without material modification from, should be read in conjunction with, and is qualified in its entirety by reference to the audited consolidated financial statements of the Issuer for the year ended 30 June 2008, including the notes thereto, which are incorporated by reference in this Offering Circular.

In addition to preparing annual and semi-annual financial statements, under the Listing Rules, the Issuer must prepare a Quarterly Activities Report. The Quarterly Activities Report contains production statistics and other operational and cashflow information as well as limited unaudited financial information.

1. Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, liability and equity instrument are disclosed in Note 1 to the audited consolidated financial statements contained in the Issuer's Financial Report for Year Ended 30 June 2008.

2. Summary Financial Information

The following financial information, reflecting summary information extracted from the audited consolidated financial statements of the Issuer for the year ended 30 June 2008 is as follows:

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenues from ordinary activities	2,025	202	1,834	183
Recovery from subsidiary	-	22	-	-
Other income	837	736	836	-
Marketing expenses	(96)	(56)	(96)	(57)
Occupancy expenses	(199)	(128)	(193)	(128)
Share based payments	(3,456)	(1,276)	(2,942)	(1,276)
Administrative expenses	(4,749)	(1,862)	(4,610)	(1,862)
Exploration expenditure written off	(54,134)	(3,251)	(185)	(1,420)
Provisions for writedowns	-	(293)	(58,833)	(3,475)
Finance costs	(634)	-	-	-
(Loss) from ordinary activities before related income tax expense	(60,406)	(5,906)	(64,189)	(8,035)
Income tax attributable to operating loss	-	-	279	-
Loss after income tax	(60,406)	(5,906)	(63,910)	(8,035)
Basic loss per share (cents)	(19.01)	(3.69)		

**BALANCE SHEETS
AS AT 30 JUNE 2008**

	Consolidated		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current Assets				
Cash and cash equivalents	38,909	13,264	38,008	13,244
Trade and other receivables	2,274	68	305	66
Inventory	1,972	-	-	-
Other financial assets	512	-	-	-
Total Current Assets	43,667	13,332	38,313	13,310
Non Current Assets				
Other receivables	-	-	51,778	-
Property, plant and equipment	48,450	357	350	357
Deferred tax assets	-	-	279	-
Other financial assets	1,526	2,777	1,189	1,220
Exploration acquisition costs	19,195	-	-	-
Project development	27,737	-	-	-
Total Non Current Assets	96,908	3,134	53,596	1,577
Total Assets	140,575	16,466	91,909	14,887
Current Liabilities				
Trade and other payables	12,305	2,407	1,867	2,407
Provisions	471	117	276	117
Loan Payable	-	-	414	429
Borrowings	17	-	-	-
Deferred consideration	3,000	-	-	-
Total Current Liabilities	15,793	2,524	2,557	2,953
Non-Current Liabilities				
Borrowings	69	-	-	-
Provisions	29,722	-	-	-
Other payables	21	-	-	-
Total Non-Current Liabilities	29,812	-	-	-
Total Liabilities	45,605	2,524	2,557	2,953
Net Assets	94,970	13,942	89,352	11,934
Equity				
Issued capital	162,967	24,081	162,967	24,081
Share based payments reserve	4,732	1,276	4,732	1,276
Available for sale investments	(208)	700	(193)	821
Accumulated losses	(72,521)	(12,115)	(78,154)	(14,244)
Total Equity	94,970	13,942	89,352	11,934

3. Post Balance Sheet Events

Since 30 June 2008, the following material events (not otherwise referred to in Section E – Description of the Issuer) have occurred up to the date of this Offering Circular.

3.1 Employee Share Option Plan and Directors Options and Payment of Partly Paid Shares

On 18 July 2008, the Issuer issued 1,000,000 unlisted options in the Issuer exercisable at \$0.70 expiring 18 July 2013 pursuant to a consultancy agreement.

On 18 July 2008, the Issuer announced that it proposed to issue (subject to shareholder approval) 750,000 unlisted options in the Issuer exercisable at \$0.70 expiring 18 July 2013 to a Director of the Issuer, Todd Bennett.

On 3 August 2008, payment in full of 605,000 partly paid shares was made.

3.3 Empire Resources Limited

On 3 July 2008, the Issuer acquired 5 million shares at 17 cents per share to become a substantial shareholder in Empire Resources Ltd and obtaining the right to nominate a representative to join the board of directors of Empire Resources Ltd. In addition, the Issuer entered into a memorandum of understanding with Empire Resources Ltd to enter into commercial negotiations in relation to the Yuinmery Project, 85 kilometres southwest of Sandstone, Western Australia.

3.4 Jillawarra Joint Venture

On 24 September 2008 Abra Mining Limited announced that it has earned a 70% interest in the project pursuant to the Jillawarra Joint Venture Agreement and that the Issuer and the third party which hold the residual interest have each elected to convert their respective interests to a 10% interest free carried to completion of a bankable feasibility study such that Abra Mining Limited will have an 80% interest in the project. Following the bankable feasibility study, Apex and the third party must elect to either contribute to future expenditure, or convert their respective interest to a 1.5% net smelter royalty

H Description of the Issuer's Share Capital

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

1. General

Under section 140(1) of the Corporations Act, the Constitution of the Issuer has effect as a contract between the Issuer and each member, and between a member of the Issuer and each other member. Accordingly, upon exercise of the Warrants into Ordinary Shares, the holders of Ordinary Shares will become liable to comply with the Constitution of the Issuer. However, since the Ordinary Shares issued upon exercise of the Warrants will be issued credited as fully paid, they are not subject to any call for money by the Directors. Accordingly, no monetary liability attaches to them and they will not become liable for forfeiture.

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

2. Voting

Members are entitled to notice of and to attend and vote at, general meetings. Subject to any Ordinary Shares which may in the future be issued with special or preferential rights, every Ordinary Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each Share.

3. Dividends

The Issuer in its annual general meeting may from time to time determine the distribution of profits of the Issuer by way of dividend.

Subject to any Ordinary Shares which may in the future be issued with special or preferential rights (at present there are none), the Directors may declare a dividend to be paid to Ordinary Shareholders entitled to that dividend.

4. Capitalisation of Profits

Subject to the Listing Rules, the Issuer in general meeting may upon the recommendation of the Directors capitalise and distribute any undivided profits of the Issuer.

5. Rights on Winding-up

Subject to the rights of holders of Ordinary Shares with special rights (at present there are none), on a winding up of the Issuer the liquidator may divide amongst the Ordinary Shareholders in specie or in kind any part of the assets of the Issuer and may vest any part of the assets of the Issuer in trustees

upon trusts for the benefit of Ordinary Shareholders as the liquidator thinks fit. Any and all moneys and assets that are legally distributable among the Ordinary Shareholders shall be distributed in proportion to the Ordinary Shares held by them respectively.

6. Issue of Shares

Without prejudice to any special rights conferred on the holders of any Ordinary Shares or class of Ordinary Shares (at present there are none) and subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue shares and options on such terms and conditions as the Directors think proper with the sanction of a special resolution. A share may be issued with preferential, deferred or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

7. Transfer of Ordinary Shares

A member may transfer Ordinary Shares by a market transfer in accordance with any system recognised by the ASTC Settlement Rules or ASX and effected in accordance with the Constitution or an instrument in writing in any usual or common form or approved by the Directors or recognised by the ASTC Settlement Rules or the ASX.

8. Variation of Rights

Subject to the Listing Rules, the rights attached to the Ordinary Shares may be varied with the consent in writing of Ordinary Shareholders holding three-quarters of the Ordinary Shares of the relevant class, or by a special resolution passed at a separate general meeting of the holders of the Ordinary Shares of that class in accordance with the Corporations Act.

I Issued Capital

1. Shares

1.1 Shares Outstanding

As at 22 September 2008, the Issuer had on issue 390,353,712 Ordinary Shares as described below:

Size of Holding	Number of Ordinary Shareholders
1-1,000	1,265
1,001-5,000	1,137
5,001-10,000	468
10,001-100,000	788
100,001- and over	209
Total holders	3,867

1.2 Substantial Shareholders

The substantial shareholders of the Issuer (ie. those with voting power of 5 percent or more) as at 16 September 2008 as follows.

Substantial Shareholders	Percentage (percent)
Mr Mark G Creasy	10.3%
Pelagic Capital Advisors	5.1%

As at 22 September 2008, the Issuer has on issue 19,125,000 partly paid shares paid up to 0.001 cents each. After the General Meeting held on 22 June 2006, the terms and conditions for all partly paid shares on issue are:

- (a) No calls may be made by the Issuer for the partly paid shares currently on issue to be fully paid up, for 5 years from 23 June 2006.
- (b) After the first anniversary of the date of the General Meeting, the holder of partly paid shares may request that a call be made by the Issuer to pay up the uncalled capital on no more than one half of the partly paid shares held by that shareholder.
- (c) After the second anniversary of the date of the General Meeting, the holder of partly paid shares may request that call be made by the Issuer to pay up the uncalled capital on all of the remaining partly paid shares held by that shareholder from time to time or a proportion thereof.

2. Options

The Issuer had the following Options on issue as at 22 September 2008:

Expiry and Exercise Date	Exercise Price (\$A)	Number of Options
--------------------------	----------------------	-------------------

3 July 2011	\$0.20	1,500,000
20 July 2011	\$0.14	7,200,000
17 August 2011	\$0.30	250,000
14 September 2011	\$0.35	250,000
31 May 2009	\$0.20	300,000
1 November 2011	\$0.35	500,000
1 November 2011	\$0.35	1,000,000
30 November 2011	\$0.45	275,000
30 November 2011	\$0.45	300,000
1 June 2012	\$0.65	2,875,000
1 June 2012	\$0.65	2,600,000
30 July 2012	\$1.00	1,975,000
15 October 2012	\$1.30	350,000
30 October 2012	\$1.30	200,000
11 November 2012	\$1.30	350,000
10 January 2013	\$1.60	50,000
27 April 2013	\$1.30	700,000
11 May 2013	\$1.30	1,911,000
19 June 2013	\$1.30	550,000
18 July 2013	\$0.70	1,000,000

All the Options listed above were issued to consultants of the Issuer, staff of the Issuer under the Issuer's Employee Share Option Plan or to Directors with shareholder approval. The Employee Share Option Plan allows for granting of options of up to 5% of the Issuer's issued capital. As at 22 September 2008:

- (a) the Options issued to existing staff have various exercise prices (see above); and
- (b) the total amount of Options granted to directors totalled 10,300,000 and have various exercise prices (see above).

3. Effect of the issue of the Warrants on the Issuer

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

In the event of a full exercise of the Warrants issued, then following exercise of the Warrants into ordinary Shares (as at 22 September 2008):

- (a) the Issuer would have on issue approximately 433,858,992 Ordinary Shares; and
- (b) the Ordinary Shares issued as a result of exercise of the Warrants would constitute approximately 10% of the Ordinary Shares on issue (ignoring conversion of the Options and payment of partly paid shares).

4. Dividend policy

The Issuer has been a mining exploration and development company since listing on the ASX and as such has not paid any dividends. Consistent with its current stage of maturity, the Issuer does not expect to pay a dividend for the years ending 31 December 2008, 2009 or 2010. The Directors will review the dividend policy on an annual basis.

J Taxation

29 September 2008

The Directors
Apex Minerals NL
Ground Floor
31 Ventnor Avenue
WEST PERTH WA 6005

Dear Directors

Apex Minerals NL Issue of Notes, GUP Notes and Warrants

This letter has been prepared at the request of Apex Minerals NL ("Apex") for inclusion in an offering circular ("Offering Circular") to be dated 29 September 2008 for the proposed issue of Senior Secured Notes ("Notes"), Gold Upside Participation Notes ("GUP Notes") and Warrants exercisable into Australian Securities Exchange ("ASX") listed Ordinary Shares in Apex ("Warrants").

This letter provides a summary of the Australian income tax, goods and services tax ("GST") and stamp duty implications for an Australian resident and a non-resident (excluding temporary residents) of Australia for income tax purposes of:

- ▶ subscribing and holding each of the Notes, GUP Notes and Warrants;
- ▶ disposing of, or having redeemed, each of the Notes and GUP Notes;
- ▶ exercising the Warrants, disposing of the Warrants before exercise or the lapsing of the Warrants; and
- ▶ disposing of Ordinary Shares acquired upon exercise of the Warrants.

This letter does not contain a summary of any non-Australian taxation implications of the above.

The information contained in this letter is a general outline of the Australian taxation consequences based on the taxation law as at the date of this letter. The information contained in this letter is based on the Income Tax Assessment Act 1936 ("ITAA 1936"), the Income Tax Assessment Act 1997 ("ITAA 1997"), the A New Tax System (Goods and Services Tax) Act 1999 ("the GST Act"), relevant stamp duty legislation, applicable case law and published Australian Taxation Office ("ATO") rulings, determinations and administrative practice at the date of this letter. Australian tax law may be amended at any time and therefore the taxation consequences discussed in this letter may alter if there is a change in the taxation law after the date of this letter.

The summary in this letter is based on and is limited to the precise arrangements set out in the summary information about the Notes, the GUP Notes and the Warrants in the section titled "Summary of the offering" of the Offering Circular and the Note Trust Deed, GUP Note Trust Deed and the Warrant Deed Poll each dated 25 September 2008.

The information contained in this letter has not been prepared for investors that:

- ▶ acquire the Notes, GUP Notes or Warrants other than by way of initial subscription to the issuer;
- ▶ hold the Notes, GUP Notes or Warrants as trading stock in the ordinary course of carrying on a business;
- ▶ are financial institutions, insurance companies, partnerships or trusts;
- ▶ are Australian residents that hold Notes, GUP Notes or Warrants as part of an enterprise carried on by the Australian resident at or through a permanent establishment of the Australian resident in a foreign country;
- ▶ are non-residents of Australia that hold Notes, GUP Notes or Warrants as part of an enterprise carried on by the non-resident at or through a permanent establishment of the non-resident in Australia; or
- ▶ are exempt from Australian tax.

The taxation consequences for a particular investor may vary depending on the circumstances of each investor. Accordingly, the information contained in this letter is general in nature and should not be relied upon by investors as formal tax advice. Investors should obtain their own professional taxation advice on the taxation consequences of acquiring, holding or disposing of Notes, GUP Notes or Warrants.

This advice is confined to taxation issues and is only one of the matters that investors need to consider when making a decision about their investments. Under the Corporations Act, this advice is not required to be provided to investors by a holder of an Australian Financial Services License (“AFSL”). Before making a decision about their investments, investors should consider taking advice from a holder of an AFSL.

This tax letter should be read with the remainder of the Offering Circular. Capitalised terms in this letter have the same defined meaning as in the Offering Circular, unless otherwise indicated.

1 Notes

1.1 Characterisation of Notes for Australian income tax purposes

The Australian income tax law contains rules to characterise financing instruments as “debt interests” or “equity interests” for income tax purposes. Those rules can apply to characterise an interest either on a stand-alone basis or as part of a related scheme based on the combined economic effect of the constituent schemes comprising the related scheme. The Commissioner of Taxation has a power to make a determination that it would be unreasonable to treat constituent schemes as related schemes for these purposes.

The Notes should constitute a debt interest pursuant to the tests set out in the ITAA 1997. This should be the case even if the Notes, the GUP Notes and the Warrants are characterised as comprising related schemes for these purposes.

1.2 Interest received by investors on the Notes

An interest payment received by an Australian resident in respect of their investment in the Notes should be included in the assessable income of the Noteholder for the year of income in which the Noteholder received the interest payment.

A non-resident Noteholder, other than a non-resident that holds Notes in the course of carrying on a business at or through a permanent establishment in Australia, should be subject to Australian interest withholding tax in respect of interest paid on the Notes, subject to the exemption under section 128F of the ITAA 1936 discussed below.

Where an amount of interest is subject to Australian interest withholding tax, interest withholding tax is generally imposed at a rate of 10 per cent.

1.2.1 Section 128F exemption

Section 128F of the ITAA 1936 provides an exemption from interest withholding tax for interest paid by a company in respect of a “debenture” or debt interest in the company if certain conditions are satisfied.

The Notes should be a debenture for the purposes of section 128F of the ITAA 1936.

A key condition in order for the exemption to be available in respect of interest paid on a debenture is that the “public offer test” is satisfied. An example of when the issue of a debenture satisfies the public offer test is if the issue resulted from the debenture being offered for issue:

- (a) to at least 10 persons each of whom:
 - (i) was carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets; and
 - (ii) was not known, or suspected, by the company to be an associate of any of the other persons covered by this paragraph.

We understand that Apex expects that the requirements of the public offer test should be satisfied in respect of the issue of the Notes. On this basis, section 128F should apply to interest paid on the Notes such that no withholding tax should be required to be withheld in respect of interest payments on the Notes.

1.3 Quotation of Tax File Numbers (“TFN”) or Australian Business Number (“ABN”)

If a Noteholder is an Australian resident, the issuer must withhold tax at the rate of 46.5 per cent if the Noteholder does not quote a TFN or ABN to the issuer, or proof of an appropriate exemption from the quotation rules.

Similarly, if a Noteholder is a non-resident of Australia that holds the Notes in the course of carrying on a business at or through a permanent establishment of the non-resident in Australia, the issuer must withhold tax at the rate of 46.5 per cent if the Noteholder does not quote a TFN or ABN to the issuer, or proof of an appropriate exemption from the quotation rules.

1.4 Redemption or disposal of Notes

1.4.1 Australian resident

If a Noteholder, being an Australian resident, disposes of a Note or has their Note redeemed, the Noteholder should be required to include any gain on the disposal or redemption in its assessable income for the year of income in which the disposal or redemption occurs. Any loss should be an allowable deduction for the investor for the year in which the disposal or redemption occurs.

A Noteholder will make a gain if the consideration received on disposal or redemption of the Notes exceeds the consideration given for the acquisition of the Notes. An example of when a Noteholder may be likely to make a gain on redemption of their Notes is if the redemption is in circumstances which give rise to receipt of the Issuer Early Redemption Amount. A Noteholder will make a loss if the consideration received on disposal or redemption of the Notes is less than the consideration given for the acquisition of the Notes.

1.4.2 Non-resident of Australia

If a Noteholder is a non-resident of Australia and is not carrying on business in Australia at or through a permanent establishment in Australia, the non-resident may be required to include any gain made on disposal or redemption of the Notes in its assessable income for Australian taxation purposes if the gain has an Australian source. Whether a gain or amount of income has an Australian source is a question of fact and the application of the tax law surrounding the issue is complex. Further, the terms of applicable International Tax Treaties may also be relevant and may impact the analysis. Non-resident Noteholders should obtain their own independent taxation advice on the Australian taxation implications of any gain made on the disposal or redemption of their Notes.

2 GUP Notes

2.1 Characterisation of GUP Notes for Australian income tax purposes

As discussed above, the Australian income tax law contains rules to characterise financing instruments as “debt interests” or “equity interests” for income tax purposes. Those rules can apply to characterise an interest either on a stand-alone basis or as part of a related scheme based on the combined economic effect of the constituent schemes comprising the related scheme. The Commissioner of Taxation has a power to make a determination that it would be unreasonable to treat constituent schemes as related schemes for these purposes.

Based on the pricing, terms and conditions of the GUP Notes, the GUP Notes should constitute a debt interest for the purposes of the Australian income tax law. This should be the case even if the Notes, the GUP Notes and the Warrants are characterised as comprising related schemes for these purposes.

2.2 GUP Payment received on GUP Notes

2.2.1 Australian resident

A GUP Payment received by an Australian resident in respect of its investment in a GUP Note should be included in the assessable income of the GUP Noteholder. The Australian income tax law contains rules which treat certain income on a “qualifying security” as being derived on an accruals basis rather than on a receipts basis. The rules are contained in Division 16E of the ITAA 1936. Generally, the rules apply to prevent deferral of the timing of the recognition of income for Australian income tax purposes.

A GUP Note is likely to constitute a qualifying security for these purposes. Accordingly, a resident GUP Noteholder should include income from a GUP Note in its assessable income in accordance with the rules in Division 16E of the ITAA 1936.

2.2.2 Non-resident of Australia

The rules in Division 16E of the ITAA 1936 specifically do not require non-residents of Australia to recognise assessable income in respect of a qualifying security on an accruals basis.

A GUP Payment made in respect of a GUP Note should not be taken to be an amount of “interest” or an amount “in the nature of interest”. Accordingly, in respect of a non-resident GUP Noteholder, other than a non-resident that holds GUP Notes in the course of carrying on a business at or through a permanent establishment in Australia, interest withholding tax should not apply in respect of a GUP Payment.

If a GUP Noteholder is a non-resident of Australia and is not carrying on business in Australia at or through a permanent establishment in Australia, the non-resident may be required to include any GUP Payment received in its assessable income for Australian taxation purposes if the GUP Payment has an Australian source.

Whether an amount of income has an Australian source is a question of fact and the application of the tax law surrounding the issue is complex. Further, the terms of applicable International Tax Treaties may also be relevant and may impact the analysis. Non-resident GUP Noteholders should obtain their own independent taxation advice on the Australian taxation implications of any GUP Payment received.

2.3 Quotation of TFN or ABN

If a GUP Noteholder is an Australian resident, the issuer must withhold tax at the rate of 46.5 per cent if the GUP Noteholder does not quote a TFN or ABN to the issuer, or proof of an appropriate exemption from the quotation rules.

If a non-resident GUP Noteholder does not quote a TFN to Apex before the time when the holder had to be registered with Apex as the investor entitled to the GUP Payment, and the GUP Payment has an Australian source, and a non-resident investor is not able to obtain tax treaty relief in respect of the taxation of the income in Australia, then Apex would have to withhold an amount of tax from a GUP Payment at the rate of 46.5 per cent. Such a withholding would not represent a final tax in respect of the GUP Payment.

If a non-resident GUP Noteholder is of the view that it is not taxable in Australia in respect of a GUP Payment, is not required to furnish to the Commissioner a tax return under section 161 of the ITAA 1936 in respect of a year of income and does not have a TFN, Apex should not be required to withhold an amount from a GUP Payment to that non-resident if the following information is given to Apex by the eligible representative of the investor in a manner approved by the Commissioner:

- ▶ the name and address of the entity;
- ▶ the reason why the entity is not obliged to furnish to the Commissioner a return under section 161 of the ITAA 1936 in respect of the year of income.

Non-resident GUP Noteholders should obtain their own independent taxation advice on the Australian taxation implications of any GUP Payment received or to be received.

2.4 Disposal or redemption of GUP Notes

2.4.1 Australian resident

If a GUP Noteholder, being an Australian resident, disposes of a GUP Note or has its GUP Note redeemed, the GUP Noteholder should be required to include any gain, calculated in accordance with the rules in Division 16E of the ITAA 1936, on the disposal or redemption of the GUP Note in its assessable income for the year of income in which the disposal or redemption occurs. Any loss, calculated in accordance with the rules in Division 16E of the ITAA 1936, should be an allowable deduction for the GUP Noteholder for the year in which the disposal or redemption occurs.

The capital gains tax rules also need to be considered. These rules may give rise to residual capital gains tax implications. A resident GUP Noteholder should obtain independent taxation advice on the application of the rules in Division 16E of the ITAA 1936 and the capital gains tax rules to the disposal or redemption of a GUP Note.

2.4.2 Non-resident of Australia

If a GUP Noteholder is a non-resident of Australia and is not carrying on business in Australia at or through a permanent establishment in Australia, the non-resident may be required to include any gain made on disposal or redemption of a GUP Note in its assessable income for Australian taxation purposes if the gain has an Australian source. Whether a gain or amount of income has an Australian source is a question of fact and the application of the tax law surrounding the issue is complex. Further, the terms of applicable International Tax Treaties may also be relevant and may impact the analysis. Non-resident GUP Noteholders should obtain their own independent taxation advice on the Australian taxation implications of any gain made on the disposal or redemption of their GUP Notes.

3 Warrants

3.1 *Characterisation of the Warrants for Australian income tax purposes*

As discussed above, the Australian income tax law contains rules to characterise financing instruments as “debt interests” or “equity interests” for income tax purposes. Those rules can apply to characterise an interest either on a stand-alone basis or as part of a related scheme based on the combined economic effect of the constituent schemes comprising the related scheme. The Commissioner of Taxation has a power to make a determination that it would be unreasonable to treat constituent schemes as related schemes for these purposes.

The treatment of the Warrants as an equity interest on a stand-alone basis, or as a part of a related scheme which is characterised as a debt interest, should not affect the discussion below.

3.2 *Exercise of Warrants and receipt of Ordinary Shares*

The Australian income tax implications for a Warrantholder that exercises a Warrant and receives Ordinary Shares will depend on whether the Warrantholder:

- ▶ held the Warrants as “revenue” assets or as capital gains tax (“CGT”) assets before exercise; and
- ▶ is a resident or non-resident of Australia.

This letter has been prepared on the basis that a Warrantholder does not hold its Warrants as “revenue” assets and that the Australian income tax implications of the exercise of Warrants in respect of a Warrantholder arise pursuant to the CGT rules.

The CGT implications for a Warrantholder on exercise of a Warrant held as a CGT asset should be disregarded. The cost base and reduced cost base of the Warrant to the Warrantholder should be included in the cost base and reduced cost base to the Warrantholder of the Ordinary Share acquired as a result of the exercise of the Warrant.

The cost base and reduced cost base of a Warrant to the Warrantholder should include the money paid by the Warrantholder to acquire a Warrant (for example, the Subscription Price for Warrants).

The cost base and reduced cost base of the Ordinary Share acquired as a result of exercise of the Warrant should also include the Exercise Price paid upon exercise of the Warrant, as well as any incidental costs incurred in relation to the exercise of the Warrant that are not deductible for income tax purposes.

3.3 *Exercise of Warrants and disposal of Ordinary Shares*

The Australian income tax implications for a Warrantholder that exercises a Warrant are discussed at section 3.2 above.

The Australian income tax implications of the disposal of an Ordinary Share acquired as a result of exercise of a Warrant will depend on whether the Ordinary Shareholder:

- ▶ held the Ordinary Share as a “revenue” asset or as a CGT asset; and
- ▶ is a resident or non-resident of Australia.

This letter has been prepared on the basis that an Ordinary Shareholder does not hold its Ordinary Shares as “revenue” assets and that the Australian income tax implications of the disposal of Ordinary Shares by an Ordinary Shareholder arise pursuant to the CGT rules.

Generally, an Ordinary Shareholder will make a capital gain if the capital proceeds received on disposal of the Ordinary Share exceed the cost base to the Ordinary Shareholder of the Ordinary Share disposed. An Ordinary Shareholder will make a capital loss if the capital proceeds received on disposal of the Ordinary Share are less than the reduced cost base of the Ordinary Share to the Ordinary Shareholder.

If an Ordinary Shareholder is a non-resident, and did not hold the Ordinary Share in the course of carrying on a business in Australia at or through a permanent establishment of the non-resident in Australia, an Ordinary Shareholder should only be subject to CGT in Australia in respect of a capital gain made on disposal of an Ordinary Share if both of the following conditions are satisfied:

- (a) The sum of the market values of all the assets of Apex that are taxable Australian real property exceeds the sum of the market values of the assets of Apex that are not taxable Australian real property. For these purposes, taxable Australian real property is real property situated in Australia, or a mining, quarrying or prospecting right (to the extent the right is not real property) where the minerals, petroleum or quarry materials are situated in Australia.
- (b) The Ordinary Shares held by the non-resident, together with any other interests held in Apex, give the non-resident and its associates, interests that amount to 10 per cent or more of Apex at that time, or throughout a 12 month period that began no earlier than 24 months before that time and ended no later than that time.

Non-resident Ordinary Shareholders should obtain their own independent taxation advice on the Australian taxation implications of any gain made on the disposal of their Ordinary Shares.

3.4 Disposal of Warrant before expiry without exercising

The Australian income tax implications for a Warrantheader of a disposal of a Warrant before expiry and without exercising the Warrant will depend on whether a Warrantheader:

- ▶ held the Warrant as a “revenue” asset or as a CGT asset; and
- ▶ is a resident or non-resident of Australia.

This letter has been prepared on the basis that a Warrantheader does not hold its Warrants as “revenue” assets and that the Australian income tax implications of the disposal of Warrants in respect of a Warrantheader arise pursuant to the CGT rules.

Generally, a Warrantheader should make a capital gain if the capital proceeds received on disposal of the Warrant exceed the cost base to the Warrantheader of the Warrant disposed. A Warrantheader should make a capital loss if the capital proceeds received on disposal of the Warrant are less than the reduced cost base of the Warrant to the Warrantheader.

If a Warrantheader is a non-resident, and did not hold the Warrant in the course of carrying on a business in Australia at or through a permanent establishment of the non-resident in Australia, a Warrantheader should only be subject to CGT in Australia in respect of a capital gain made on disposal of a Warrant if both of the following conditions are satisfied:

- (a) The sum of the market values of all the assets of Apex that are taxable Australian real property exceeds the sum of the market values of the assets of Apex that are not taxable Australian real property. For these purposes, taxable Australian real property is real property situated in Australia, or a mining, quarrying or prospecting right (to the extent the right is not real property) where the minerals, petroleum or quarry materials are situated in Australia.
- (b) The Warrants held by the non-resident, together with any other interests held in Apex, give the non-resident and its associates the right to acquire 10 per cent or more of Apex at that time, or throughout a 12 month period that began no earlier than 24 months before that time and ended no later than that time.

Non-resident Warrantheaders should obtain their own independent taxation advice on the Australian taxation implications of any gain made on the disposal of their Warrants.

3.5 Expiry of the Warrants

This letter has been prepared on the basis that a Warrantheader does not hold its Warrants as “revenue” assets and that the Australian income tax implications of the expiry of Warrants in respect of a Warrantheader arise pursuant to the CGT rules.

If a Warrant expires without exercise by the Warrantholder during the Exercise Period, and the Warrantholder does not receive capital proceeds as a result of the expiry, the Warrantholder should make a capital loss equal to the reduced cost base of the Warrant. As discussed above, the reduced cost base of a Warrant to the Warrantholder will include the money paid by the Warrantholder to acquire a Warrant (for example, the Subscription Price paid for a Warrant). If a Warrantholder is a non-resident, and did not hold the Warrant in the course of carrying on a business in Australia at or through a permanent establishment of the non-resident in Australia, any capital loss made by the Warrantholder on expiry of the Warrant should be disregarded.

3.6 CGT concession – Australian resident individuals or complying superannuation funds

A Warrantholder that is an Australian resident individual or a complying superannuation entity may be entitled to discount the amount of a capital gain (after application of capital losses) arising from a disposal of Warrants or Ordinary Shares. The amount of the capital gain that can be discounted is 50% for individual investors and 33¹/₃% for complying superannuation entity investors (conditions apply). This discount is only available if the disposal occurs at least 12 months after the date of acquisition of the Warrant (in the case of the disposal of the Warrant) or the date of acquisition of the Ordinary Share on exercise of the Ordinary Share (in the case of an Ordinary Share acquired as a result of the exercise of a Warrant).

A company is not able to obtain the CGT discount concession.

4 Tax Reform

The Australian Federal Government is undertaking a review of Australia's future taxation system. Investors should obtain independent advice in respect of the implications of this review.

On 20 September 2007 the Tax Laws Amendment (Taxation of Financial Arrangements) Bill 2007 was introduced into Federal Parliament. This Bill was introduced as part of the reform to the taxation of financial arrangements ("TOFA"). The Bill subsequently lapsed on the calling of the 2007 Federal Election.

The Bill contained proposals to amend the income tax law to provide specific timing rules for the recognition of gains and losses from financial arrangements. These measures also proposed to treat gains and losses from financial arrangements as being on "revenue" account.

Based on the proposals as contained in the Bill, the measures were intended to apply only to financial arrangements entered into on or after the first day of an entity's income year commencing on or after 1 July 2009. The Bill contained a proposal to allow taxpayers to elect to apply the rules to financial arrangements entered into on or after the first day of an entity's income year commencing on or after 1 July 2008. However, in August 2008 the Assistant Treasurer announced that it is the Federal Government's intention that the "early start date" election apply to financial arrangements entered into on or after the first day of an entity's income year commencing on or after 1 July 2009 and that the TOFA measures apply generally to financial arrangements entered into on or after the first day of an entity's income year commencing on or after 1 July 2010. The Bill also contained an election to allow taxpayers to elect to apply the rules to financial arrangements entered into before the commencement date of the rules.

Until such time as legislation giving effect to the TOFA measures is enacted, there is uncertainty regarding the time from which the rules may commence to apply.

Investors should obtain their own advice in relation to the potential application of the TOFA rules to the Notes, the GUP Notes and the Warrants.

5 Stamp duty

Our stamp duty comments are based on the stamp duty legislation of the States and Territories and any public rulings issued by the State and Territory Revenue Authorities in force as at the date of this letter of advice. It is possible that our comments are affected by changes in law, including changes which may have retrospective effect. However, we are not aware of any formal announcements by any Revenue Authority or tabled bills proposing changes to the stamp duty legislation in any State or Territory that are likely to take effect in the near future and that would impact on our opinion.

The stamp duty comments in this letter are based on the factual assumptions outlined below. If any of the factual assumptions are incorrect this may affect the stamp duty analysis. We have been provided with a representation letter from Apex confirming the accuracy of the factual assumptions.

- ▶ Apex is a company that is on the Official List of the ASX and it is intended that Apex will be on the Official List of the ASX at the time of any exercise of the rights granted under the Warrants. In this regard we note that the stamp duty implications may change if Apex is not on the Official List of the ASX at this time.
- ▶ Apex is a company incorporated in, or taken to be incorporated in, Western Australia under the *Corporations Act 2001* (Cwth).
- ▶ all landholdings to which Apex is entitled, directly or indirectly, are located solely in Western Australia.
- ▶ all documents in relation to the Notes, GUP Notes and Warrants will be executed in a jurisdiction other than South Australia.

5.1 Notes

No stamp duty should arise on the issue, redemption or transfer of the Notes.

5.2 GUP Notes

No stamp duty should arise on the issue, redemption or transfer of the GUP Notes.

5.3 Warrants

No stamp duty should arise on the purchase of the Warrants. Similarly, no stamp duty should arise on the transfer of the Warrants.

The conversion of the Warrants into ordinary shares in Apex should not give rise to any stamp duty implications provided the conversion does not result in any person, either alone or together with related persons, obtaining an interest of 90% or more in Apex. If a liability were to arise, the acquirer, Apex and, in certain circumstances, persons related to the acquirer, will be jointly and severally liable to pay the duty arising (which would arise at rates of up to 5.15% based on the underlying market value of the Western Australian land and chattels deemed to be acquired). In the event that Apex has paid the duty arising on a conversion they are permitted under the *Duties Act 2008* (WA) to recover the amount of duty paid from the acquiring party.

6 GST

This letter only considers the Australian GST implications of investing in the Notes, the GUP Notes, and the Warrants.

There will be no GST payable in relation to the issue of the Notes, the GUP Notes or the Warrants on the basis that the supply will either be an input taxed financial supply or GST-free depending on the circumstances of the investor.

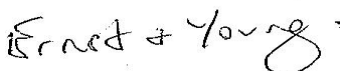
Notwithstanding that there will be no GST in the price of the Notes, the GUP Notes or the Warrants, depending on each investor's particular circumstances, there may be GST implications for investors associated with the acquisition and any subsequent dealings with the Notes, the GUP Notes, and the Warrants. In this respect, investors may be restricted in claiming input tax credits for GST included in the price of acquisitions (such as legal costs) related to the acquisition and any subsequent dealings with the Notes, the GUP Notes, or the Warrants.

Each investor should seek their own advice in this regard that takes into account their specific facts and circumstances.

* * *

Ernst & Young has given its consent to the inclusion of this letter in the Offering Circular. Ernst & Young gives no assurance or guarantee in respect of the performance of the Notes, the GUP Notes or the Warrants and the letter's content should not be taken as an endorsement or recommendation.

Yours faithfully



Ernst & Young

K Capitalisation and Indebtedness of the Issuer

The following table sets out the consolidated short-term and long-term debt and equity capitalisation of the Issuer as at 30 June 2008.

30 June 2008(A\$'000)	
Short-term debt (net cash)	17
Long-term debt	69
Share based payments reserve	4,732
Available for sale investments revaluation reserve	(208)
Accumulated losses	(72,521)
Total Equity	94,070
Total debt as % of equity	0.09%

There have been no material changes in the financial affairs of the Issuer since 30 June 2008, save for those that have been publicly disclosed or disclosed elsewhere in this Offering Circular.

L Security

The subsidiaries of the Issuer (other than Apex Nickel) that are "Material Subsidiaries" (as defined above in Section C) will guarantee all amounts payable by the Issuer under, or in respect of, the Notes and subject to the position on hedging as further described below, the GUP Notes for so long as there are any Notes outstanding or, if the Notes have been redeemed in full, for so long as any Hedge Counterparty is a party to the Security Trust Deed (each such Material Subsidiaries, a **Guarantor**). When the Transaction Documents are entered into, the Guarantors are Apex Gold Pty Ltd, Goldcrest Mines Pty Ltd and Youanmi Mines Pty Ltd. Any subsidiary after the date of Transaction Documents that is, or becomes, a Material Subsidiary is required to become a Guarantor and grant security. Any subsidiary that ceases to be a Material Subsidiary will be released from the Guarantee and the security granted by it.

Fixed and Floating Charges (**Charges**) will be granted by the Issuer and the Guarantors over all of their assets and undertaking, other than the shares held by the Issuer in Apex Nickel (but subject to the featherweight charge described below). Apex Nickel does not, and will not, give any guarantee or security in respect of the Notes or the GUP Notes.

Under the Corporations Act, a security holder can only enforce security during the administration of a corporation if the security held is over all, or substantially all, of the assets of that corporation. To ensure the charge given by the Issuer is over all or substantially all of its assets, the Charges given by it include a "featherweight charge" over the shares it holds in Apex Nickel. This featherweight charge is a floating charge over these shares, but gives the Issuer freedom to deal with the Apex Nickel shares at any time, including disposing of the shares or granting first ranking security over those shares in favour of another person.

Mining Mortgages will be granted over existing and future tenements owned by the Issuer and any of the Guarantors which either have a "Resource" or "Reserve" (as those terms are understood for the purposes of the JORC Code) or on which infrastructure which is necessary for, or material to, the Issuer's gold operations is located.

Under the Security Trust Deed, the Security Trustee (BNY Trust (Australia) Registry Limited) is appointed as the security trustee to hold the Security on trust for the secured creditors (being the Security Trustee, Hedge Counterparties, Note Trustee (under the Note Trust Deed), Noteholders and, whilst the GUP Notes are secured, the GUP Note Trustee (under the GUP Notes) and the GUP Noteholders). The Security Trustee shall act on instructions given by the "Majority Secured Creditors" (66 and two thirds of total exposures of all secured creditors). Certain matters, such as amendments and release of the Security, need the instructions of all secured creditors. Enforcement of the Guarantee and Security is subject to the terms of the Security Trust Deed – the instructions of the Majority Secured Creditors are required. The Security Trust Deed contains similar provisions relating to indemnities given to the Security Trustee and relating to the Security Trustee's liability as are contained in the Note Trust Deed and the GUP Note Trust Deed.

The Issuer and the Material Subsidiaries are permitted to enter into hedge arrangements provided it is in accordance with the agreed hedging strategy set out in the Security Trust Deed. The Hedge Counterparties will also have the benefit of the Guarantee and Security (subject to the terms of the Security Trust Deed), ranking for the benefit thereunder *pari passu* with the Noteholders and GUP Noteholders. If a Hedge Counterparty closes out a hedging agreement due to an event of default under the hedging agreement then the Security Trustee is not obliged to enforce the Security unless instructed to do so by the Majority Secured Creditors except that if the amount owing to the relevant Hedge Counterparty is not paid within 90 days and that amount is more than \$100,000 then the relevant Hedge Counterparty may instruct the Security Trustee to enforce the Security.

When all outstanding Notes have been redeemed in full, if no Hedge Counterparty is a party to the Security Trust Deed, the Guarantee will immediately, and the Security will upon the request of the Issuer, be discharged. In that case, to the extent that the GUP Notes are outstanding at that time, they will continue as senior obligations of the Issuer secured only by a fixed charge over the proceeds of the GUP Amount Reserve Account.

If at the time the outstanding Notes have been redeemed in full, and any Hedge Counterparty is a party to the Security Trust Deed, the Guarantee and Security will remain in place and the holders of GUP Notes will benefit from that Guarantee and Security on a *pari passu* basis with the Hedge Counterparties for so long as the permitted hedging continues to be in place.

Each Charge will be registered with ASIC. The Mining Mortgages will be registered with the Department of Industry and Resources of Western Australia.

M Use of proceeds

The proceeds from the capital raising are proposed to be utilised as follows:

- Exploration and evaluation – circa \$30 million;
- Purchase of put options to protect the Company’s exposure to the AUD gold price – circa \$13.5 million;
- Pre-production capital expenditure and working capital – circa \$12 million; and
- Fees and issue expenses – circa \$3 million.

N Subscription and Sale

The initial Noteholder, GUP Noteholder and Warrantholder has agreed to subscribe and pay for the principal amount of the Notes, the GUP Notes and the Warrants at the issue price of 100 percent of the principal amount of the Notes, plus any accrued interest in respect thereof upon the terms and subject to the conditions of a subscription agreement dated 25 September 2008 and made between the Issuer and the initial Noteholder, GUP Noteholder and Warrantholder (the *Subscription Agreement*).

As at the Issue Date, the initial Noteholder, GUP Noteholder and Warrantholder is taken to have represented, warranted and agreed as follows:

General

It understands that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Notes or the GUP Notes or the Warrants or the Ordinary Shares to be issued on exercise of the Warrants (*New Shares*), or possession or distribution of the Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Notes or the GUP Notes or Warrants or the New Shares or any other offering or publicity material relating to the Notes or the GUP Notes or the Warrants or the New Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, it understands that none of the Notes, the GUP Notes, the Warrants nor any New Shares may be offered or sold, directly or indirectly, and neither the Offering Circular nor any other offering material or advertisements in connection with the Notes, the GUP Notes, the Warrants or the New Shares may be distributed or published, by the Issuer in or from any country or jurisdiction, except in compliance with all applicable rules and regulations of any such country or jurisdiction.

Australia

It has not and will not offer, directly or indirectly, for issue, or invite applications for the issue of, any Notes, GUP Notes or Warrants or offer any Notes, GUP Notes or Warrants for sale or invite offers to purchase any Notes, GUP Notes or Warrants to a person, where the offer or invitation is received by that person in Australia, and has not and will not distribute or publish any disclosure document (as defined in the Corporations Act or any other offering material or advertisement relating to any Notes, GUP Notes or Warrants in Australia, unless:

- (a) (i) the minimum amount payable by the offeree for such Notes, GUP Notes or Warrants is at least A\$500,000 (calculated in accordance with section 708(9) of the Corporations Act); or (ii) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act and is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act; and
- (b) such action complies with applicable laws and directives; and
- (c) such action does not require any document to be lodged with ASIC.

No prospectus or other disclosure document has been or will be lodged by Issuer with ASIC.

United Kingdom

- (a) It has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the *FSMA*)) received by it in connection with the issue or sale of any Notes or GUP Notes 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 the Notes or GUP Notes in, from or otherwise involving the United Kingdom.

United States

The Notes, the GUP Notes, the Warrants and the New Shares have not been and will not be registered under the Securities Act and may not be offered, sold, delivered or transferred within the United States, its territories or possessions or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. It represents that it has not offered or sold, and agrees that it will not offer or sell, any Notes, GUP Notes, the Warrants or the New Shares 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 nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, the GUP Notes, the Warrants and the New Shares. Terms used in this paragraph have the meanings given to them by Regulation S. It is taken to have represented that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Notes, the GUP Notes, the Warrants or the New Shares, except with its affiliates or with the prior written consent of the Issuer.

Hong Kong

It acknowledges that:

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

Japan

The Notes, GUP Notes or Warrants have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the *Financial Instruments and Exchange Law*). Accordingly, it is taken to represent, warrant and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes, GUP Notes or Warrants in Japan, or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

Singapore

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

Where the Notes, GUP Notes or Warrants 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 will not be transferable within six months after that corporation or that trust has acquired the Notes, GUP Notes or Warrants pursuant to an offer made under Section 275 of the SFA except:

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

O General Information

1. The creation and issue of the Notes, the GUP Notes and the Warrants and the giving of the guarantees and security interests described in this Offering Circular has been authorised by resolutions of the Directors of the Issuer and the Guarantors dated 24 September 2008.
2. Save as disclosed in this Offering Circular, there are no legal or arbitration proceedings against or affecting the Issuer, any of its Subsidiaries or any of their respective assets, nor is the Issuer aware of any pending or threatened proceedings, which are or might be material in the context of the issue of the Notes, the GUP Notes or the Warrants.
3. Save as disclosed in this Offering Circular (or as disclosed in any document incorporated by reference in this Offering Circular), there has been no adverse change, or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) or general affairs of the Issuer since 30 June 2008 that is material in the context of the issue of the Notes, the GUP Notes or the Warrants.
4. For so long as any of the Notes, the GUP Notes or the Warrants are outstanding, copies of the following documents may be inspected during normal business hours at the registered office of the Issuer:
 - (a) Note Trust Deed;
 - (b) GUP Note Trust Deed; and
 - (c) Warrant Deed Poll.
5. For so long as any of the Notes, the GUP Notes or the Warrants are outstanding, copies of the audited consolidated financial statements of the Issuer for each of the three years ended 30 June prior to and including 30 June 2008 and the unaudited consolidated financial statements of the Issuer for the six months ended 31 December 2006 and 31 December 2007 may be obtained free of charge during normal business hours at the specified office of the Issuer.
6. The Issuer publishes annual audited consolidated financial statements.
7. The Notes and the GUP Notes have been accepted for clearance through Austraclear System. The ISIN for the Notes is AU3CB0090108 and the ISIN for the GUP Notes is AU3TI0000874.
8. None of the Notes, the GUP Notes nor the Warrants will be listed on any exchange.
9. The Notes, GUP Notes and the Warrants do not provide for participating rights in the event of a takeover of the Issuer.
10. The Trustee is entitled under the Note Trust Deed and the GUP Note Trust Deed to act on the opinion or advice of, or information obtained from, any expert or a certificate or report or confirmation of the Issuer's auditors or of any accountants, financial advisers, investment bank, lawyer or expert in each case whether or not addressed to the Trustee or otherwise and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise, and will not be responsible to anyone for any loss occasioned by so acting.

P Glossary

Definitions

In this Offering Circular, the following terms and expressions have the following meanings unless otherwise defined (see, in particular, definitions in Section C Summary of the Offering) or the contrary intention appears:

2006 Lawlers Joint Venture Agreement means the nickel joint venture agreement between Plutonic Operations Limited, Forsayth NL, Apex Minerals NL, Apex Nickel Australia Pty Ltd, Carey Mining Pty Ltd and Carey Minerals Pty Ltd dated 2006.

2008 Lawlers Joint Venture Agreement means the nickel joint venture agreement between Plutonic Operations Limited, Forsayth NL, Apex Minerals NL, Apex Nickel Australia Pty Ltd, Carey Mining Pty Ltd and Carey Minerals Pty Ltd dated 8 December 2008.

A\$, \$, AUD, Australia dollars or A\$ cents are references to the lawful currency of Australia.

ACJV means the joint venture formed between Apex Nickel and Carey Minerals Pty Ltd pursuant to a joint venture agreement dated 8 December 2006.

Agency Agreement means any agency and/or registry services agreement entered into in relation to the Notes and/or the GUP Notes (as the context requires).

Ajava Joint Venture means the joint venture referred to in part 10.4 of Section E.

Apex Nickel means Apex Nickel Australia Pty Ltd (ACN 122 353 888).

Aphrodite or Aphrodite Project means the Aphrodite gold project referred to in part 9 of Section E.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

ASTC Settlement Rules means the operating rules of ASTC and, to the extent they are applicable, the operating rules of each of ASX and Australian Clearing House Pty Limited (ABN 48 001 314 503).

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules means the listing rules of the ASX.

Assets means the total value of all assets of the consolidated Issuer Group as reported in the then latest consolidated accounts (whether audited or unaudited) of the Issuer Group (and as adapted to reflect the consolidated Issuer Group) other than reported non-current and current derivative assets.

AusIMM means the Australasian Institute of Mining and Metallurgy.

Board means the Board of Directors of the Issuer.

Company means Apex Minerals NL (ABN 22 098 612 974).

Competent Person has the meaning given by the JORC Code.

Constitution means the constitution of the Issuer.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Issuer.

EBITDA means, in relation to the Issuer Group for any period, the aggregate of:

- (a) the consolidated profit and loss of the Issuer Group on ordinary activities before interest and tax for that period adjusted to remove the impact of exceptional items calculated by reference to GAAP; and
- (b) depreciation and amortisation (as defined for the purposes of GAAP) charged to the consolidated profit and loss of the Issuer Group,

during that period.

Exempt Newco Scheme means a Newco Scheme where, immediately after completion of the relevant scheme of arrangement, the ordinary shares of Newco are:

- (a) admitted to listing on the ASX; or
- (b) admitted to listing on such other regulated, regularly operating, recognised stock exchange of securities as the Issuer or Newco may determine.

Employee Share Option Plan means the Issuer's employee share option plan.

Force Majeure Event means any of the following causes provided that they are outside the reasonable control of the affected party and could not have been prevented or avoided by that party taking all reasonable steps:

- (a) act of God, earthquake, cyclone, fire, explosion, flood, landslide, lightning, storm, tempest, drought or meteor;
- (b) war (declared or undeclared), invasion, act of a foreign enemy, hostilities between nations, civil insurrection or militarily usurped power;
- (c) act of public enemy, sabotage, malicious damage, terrorism or civil unrest;
- (d) ionising radiation or contamination by radioactivity from any nuclear waste or from combustion of nuclear fuel;
- (e) confiscation, nationalisation, requisition, expropriation, prohibition, embargo, restraint or damage to property by or under the order of any government or government authority; or
- (f) strikes, blockades, lock out or other industrial disputes.

GAAP means the Australian equivalent of the International Financial Reporting Standards published by the Australian Accounting Standards Board and (to the extent not inconsistent with those standards) generally accepted accounting principles and practices and laws in Australia from time to time.

Gidgee or Gidgee Project or Gidgee Gold Project means the Gidgee gold project referred to in part 7 of Section E.

Guarantor means a Material Subsidiary as that term is referred in Section C (Summary of the Offering).

Group means the Issuer and its Subsidiaries.

GST means GST as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth), or any like tax.

GUP Noteholder means the holder of a GUP Note from time to time.

GUP Note Trust Deed means the GUP Note Trust Deed dated 25 September 2008 and entered into by the Issuer and BNY Trust Company of Australia Limited.

GUP Notes / GUPs means the GUP Notes under the GUP Note Trust Deed.

Indicated Resources refers to an Indicated Mineral Resource as described in the JORC Code.

Inferred Resources refers to an Inferred Mineral Resource as described in the JORC Code.

Instruments means the Notes, GUP Notes and Warrants.

Issue Date means 29 September 2008.

Issuer means Apex Minerals NL (ABN 22 098 612 974).

Jillawarra Joint Venture means the joint venture referred to in Part 10.2 of Section E.

Jillawarra Project means the project that is the subject of the Jillawarra Joint Venture.

JORC means the Joint Ore Reserves Committee.

JORC and Infrastructure Tenements means:

- (a) M53/6, M53/30, M53/32, M53/40, M53/200, M53/69, M53/96, M53/200, M51/186, M51/410, M51/458, M53/153, M53/988, M57/26, M57/33, M57/72, M57/236, M57/250, M57/19, M57/33, M53/153, M57/51, M57/135, M57/180, E57/627, M57/51, M24/720 together with any extensions, renewals, consolidations, replacements or amendments to or grants of those tenements and all rights associated with each of those tenements including the right to treat mineral bearing material located in the tenements;
- (b) any other tenement (whether as at the date of this deed or in the future) in which any Guarantors has, or acquires, an interest, which has a Reserve or Resource (as defined for the purposes of the JORC Code); and
- (c) any tenement that has on it any infrastructure that is necessary or material to, or that is necessary or material in connection with, either the Gold operations or another JORC and Infrastructure Tenement,

each held under the Mining Act;

JORC Code means the 2004 Edition of the JORC Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves

Listing Rules means the listing rules of ASX.

Mineral Reserves or **Reserve** means an Ore Reserve as described in the JORC Code.

Mineral Resources or **Resource** means a Mineral Resource as described in the JORC Code.

Mining Act means Mining Act 1978 (WA).

New Shares means Ordinary Shares issued upon exercise of the Exercise Right under the Warrants.

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

Note Trust means the trust created by the Note Trust Deed.

Notes means the Notes under the Note Trust Deed.

Noteholder means the holder of a Note from time to time.

Note Trust Deed means the Note Trust Deed dated 25 September 2008 and entered into by the Issuer and BNY Trust Company of Australia Limited.

NSW means the state of New South Wales, Australia.

Offering Circular means this document.

Option means an option to subscribe for an Ordinary Share.

Ordinary Shareholders or **Shareholders** means the holders of Ordinary Shares.

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

Probable Reserve means a Probable Ore Reserve as described in the JORC Code.

Project Implementation Study or the **Study** has the meaning given in part 4.1 of Section E.

RC means reverse circulation.

Register means the Notes register or the GUP Notes register, as the case may be, maintained by the Registrar.

Registrar means BTA Institutional Services Australia Limited (ACN 002 916 396).

Security Document means the charges, mortgages and guarantee described in Section L Security, the Security Trust Deed, consent deeds and deeds of priority between the Security Trustee and third parties in respect of the property secured by the Security Documents, Secured Hedging Agreements, accession deeds entered into by Hedge Counterparties and any other document that the Issuer acknowledged in writing is a Security Document.

Security Trust Deed means the Security Trust Deed dated 25 September 2008 and entered into by the Issuer, the Trustee and the Guarantors.

Securities Act means the United States Securities Act of 1933.

Snowpeak Nominees means Snowpeak Nominees Pty Ltd (ACN 091 318 419).

State means a state or territory of Australia.

Transaction Document means the Note Trust Deed, the GUP Note Trust Deed, each Note, each GUP Note, the Warrant Deed Poll, the Security Documents, any Agency Agreement, any Secured Hedging Agreements and any other document that the Issuer acknowledges in writing is a Transaction Document.

Trustee means BNY Trust (Australia) Registry Limited (ACN 000 334 636).

US\$ and **US dollars** are references to the lawful currency of the United States.

WA means the state of Western Australia, Australia.

Warrants means the Warrants under the Warrant Deed Poll.

Warrant Deed Poll means the Warrant Deed Poll dated 25 September 2008 and given by the Issuer.

Warrantholder means a person in whose name a Warrant from time to time.

Wilsons means the Wilsons deposit located at the Gidgee Project.

Wiluna or **Wiluna Project** or **Wiluna Gold Project** means the Wiluna gold project referred to in part 6 of Section E.

Youanmi or **Youanmi Project** means the Youanmi gold project referred to in part 8 of Section E.

Directory

The Issuer

Apex Minerals NL
Ground Floor, 31 Ventnor Avenue
West Perth, WA 6005
Australia

Note Trustee and GUP Note Trustee

BNY Trust Company of Australia Limited
Level 2, 35 Clarence Street
Sydney NSW 2000
Australia

Security Trustee
BNY Trust (Australia) Limited
Level 2, 35 Clarence Street
Sydney NSW 2000
Australia

Calculation Agent, Registrar and Principal Paying Agent

BTA Institutional Services Australia Limited
Level 4, 35 Clarence Street
Sydney NSW 2000
Australia

Legal Adviser to the Issuer

Salter Power
Level 2, 6 Kings Park Road
West Perth, WA 6005
Australia

Auditors of the Issuer

Stantons International
Level 1, 1 Havelock Street
West Perth, WA 6005
Australia

Tax Adviser to the Issuer for the Issue

Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

Annexure A

Note Trust Deed – Further Material Terms

The following are additional material terms of the Note Trust Deed which should be read in conjunction with the description of the Notes set out elsewhere in this Offering Circular.

1. Trust

All of the rights of the Note Holders relating to the Issuer in respect of the Notes are held by BNY Trust Company of Australia Limited as trustee (**Note Trustee**). Accordingly, no Note Holder is entitled to directly enforce any rights, powers or remedies in connection with the Notes directly against the Issuer. Such rights, powers and remedies are only exercisable by the Note Trustee.

All money received by the Note Trustee in respect of amounts payable under the Notes must be held by the Note Trustee on trust to be applied in the following order unless an Event of Default has occurred and is subsisting and the Security Documents apply to the Notes:

- (a) first, in or towards payment of all costs incurred by or other amounts owing to, the Note Trustee under or in connection with this deed (including all remuneration payable to the Note Trustee and any amount payable under the indemnity granted to the Note Trustee;
- (b) secondly, in or towards payment equally and rateably of all arrears of amounts owing in respect of the Notes;
- (c) thirdly, in or towards payment equally and rateably of all arrears of all amounts of principal due in respect of the Notes; and
- (d) lastly, in payment of the balance (if any) to the Issuer.

After an Event of Default under the Notes the Note Trustee must apply such funds in accordance with the terms of the securities and the terms of the Security Trust Deed.

2. Trustee's Indemnity and Limitation of Liability

The Note Trustee is indemnified by the Issuer and out of the assets of the Trust Fund (in respect of the Notes) in respect of all costs, disbursements, expenses, liabilities, taxes, and losses incurred by it in the exercise of any power, or in connection with any obligation relating to the Notes and any other transaction document and against all actions, proceedings, costs, claims, losses, liabilities and demands in respect of any matter or things done or omitted relating to the trust or any transaction document.

The liability of the Note Trustee is also subject to a general limitation which applies except in the case of fraud, wilful misconduct or negligence on the part of the Note Trustee in the performance of its duties as trustee.

3. Fees

The issuer agrees to pay fees to the Note Trustee on terms agreed between the Issuer and the Note Trustee from time to time. The fees payable at the date hereof are on usual commercial terms.

4. Retirement and Removal of Trustee

The Note Trustee may retire by giving not less than 90 days notice. The Note Trustee may also be removed immediately by the Issuer in a number of circumstances including where it is in material breach of its obligations, it has ceased to carry on business, it is in liquidation or where a receiver has been appointed. The Issuer may appoint a replacement Note Trustee subject to the approval of an ordinary resolution of the Note Holders.

5. Issuer Covenants

Under the Note Trust Deed, the Issuer must:

- (a) make all of its financial and other records available for inspection by the Note Trustee or its agents;
- (b) notify the Note Trustee of an Event of Default or a breach by the Issuer of the conditions of the Notes;
- (c) carry on and conduct its business in a proper and efficient manner;
- (d) provide to the Note Trustee:
 - (i) within 120 days after the close of each financial year, a copy of the Group's audited financial reports in respect of that financial year;
 - (ii) within 90 days after the close of each financial half year, a copy of the Group's unaudited financial reports in respect of that half year;
- (f) ensure that:
 - (i) it holds and maintains its interest in the JORC and Infrastructure Tenements free of security interests (other than those permitted under the Notes);
 - (ii) the JORC and Infrastructure Tenements are not cancelled, suspended, reduced, surrendered, in default, allowed to lapse or be transferred except as required by law or with the prior written consent of the Note Trustee acting on the instructions of an Ordinary Resolution of the Holders;
 - (iii) it is in material compliance with all material provisions of its obligations under the JORC and Infrastructure Tenements and does whatever may be reasonably required to keep the JORC and Infrastructure Tenements in full force and effect and in good standing;
- (g) give the Note Trustee notice of the proposed expiry, surrender or consolidation of any JORC and Infrastructure Tenement;
- (h) provide to the Note Trustee a monthly report of the amount of gold production from the operations of the Issuer including that subject to derivative transactions and the compliance of the Issuer with the agreed hedging strategy;

6. Representations and Warranties

The Issuer makes usual representations and warranties in respect of:

- (a) corporate status of the Issuer and its subsidiaries;
- (b) corporate power to enter into the transaction documents;
- (c) the binding nature of the transaction documents;
- (d) that the Notes are validly issued;
- (e) that the transactions the subject of the transaction documents are permitted;
- (f) the ranking of the Notes;
- (g) compliance with the Listing Rules of the ASX;
- (h) its financial statements, accounting controls and systems and auditor's independence;
- (i) carrying on business as a going concern;
- (j) litigation;
- (k) no events of default;
- (l) taxes, insurance, environmental laws and compliance;
- (m) good title and reliance on information supplied;
- (n) other usual representations and warranties.

The representations and warranties are repeated on the issue date of the Notes and each payment date.

7. Consequences of Enforcement on Default

If an Event of Default occurs the Note Trustee may, and if directed to do so by the Holders under an Ordinary Resolution must, give notice to the Issuer declaring that:

- (a) all Notes, at their aggregate Face Value;
- (b) accrued but not yet due and payable interest and any unpaid interest as at that date;

to be immediately due and payable.

8. Alteration of Note Trust Deed

The Note Trust Deed and the rights of the Holders may be altered:

- (a) without the consent of Note Holders if the alteration is of a formal, technical or minor error or to correct an obvious error; and

- (b) in any other case, with the authorisation of an extraordinary resolution (66^{2,3}%) of Note Holders.

9. Transfer

Notes are freely transferable provided that:

- (a) the offer or invitation giving rise to the transfer does not:
- (i) constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act;
 - (ii) an offer or invitation to the public for the purposes of section 82 of the Corporations Act; and
 - (iii) an offer to a retail client for the purposes of Chapter 7 of the Corporations Act; and
- (b) the transfer complies with any applicable law or directive of the jurisdiction where the transfer takes place.

10. Interest

10.1 Interest on Notes

Each Note bears interest on its outstanding principal amount from (and including) its Issue Date to (but excluding) its Maturity Date or Redemption Date at the applicable interest rate.

10.2 Calculation of interest payable

- (a) The amount of interest payable in respect of a Note for each Interest Period must be determined by the Calculation Agent and shall be calculated as follows:

$$\text{interest payable} = \frac{R \times OPA \times N}{365}$$

where:

R = Interest Rate in respect of the Note;

OPA = Outstanding Principal Amount of the Note; and

N = the actual number of days in that Interest Period.

- (b) The Calculation Agent must give notice under this paragraph 10.2 as soon as practicable after it makes its determination.
- (c) The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under this paragraph 6.2 is, in the absence of manifest or proven error, final and binding on the Issuer, the Note Trustee, each Agent and each Holder.

10.3 Rounding

For the purposes of any calculations required under these conditions:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.00005 being rounded up to 0.0001);
- (b) all figures must be rounded to four decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one Australian cent.

10.4 Payment of interest

Interest is payable in arrear on each interest payment date.

10.5 Cumulative interest

Interest ceases to accrue in respect of a Note on its Maturity Date or on its Redemption Date unless the relevant payment is not made on such date or redemption was not effected on the relevant date in accordance with these conditions. Interest will continue to accrue on:

- (a) any outstanding principal amount;
- (b) any amount of interest; or
- (c) any other amount owing under the conditions of the Notes,

which, in each case, is due and payable and which has not been paid (both before and after any demand or judgment), at the interest rate plus an additional 2.00 per cent. per annum until the date on which the relevant payment is made, or redemption is effected or, if earlier, the seventh day after the date on which the Paying Agent or the Note Trustee receives the funds required to make such payment except to the extent that there is failure in the subsequent payment thereof to the relevant Holder.

11. Redemption, Purchase and Mandatory Reduction

11.1 Scheduled redemption

Each Note shall be redeemed by the Issuer on the Maturity Date at its Redemption Amount unless:

- (a) the Note has been previously redeemed; or
- (b) the Note has been purchased and cancelled.

11.2 Early redemption for taxation reasons

The Issuer may redeem all (but not some) of the Notes, in whole and not in part, before their Maturity Date, at their Redemption Amount plus any interest accrued to (but excluding) that Redemption Date which is unpaid, if the Issuer which is required, under the terms of the Note relating to withholding tax, to increase the amount of a payment in respect of a Note.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 30 days' (and no more than 60 days') notice to the Holders with a copy to the Note Trustee and each Agent specifying the Redemption Date on which the Notes are to be redeemed;
- (b) before the Issuer gives the notice under paragraph (a), the Note Trustee has received:
 - (i) a certificate signed by two directors of the Issuer; and
 - (ii) an opinion of independent legal or tax advisers of recognised standing in the jurisdiction of incorporation of the Issuer, that the Issuer would be required the terms relating to withholding tax to increase the amount of the next payment due in respect of the Notes; and
- (c) no notice of redemption is given earlier than 90 days before the earliest date on which the Issuer would be obliged to pay additional amounts.

11.3 Clean-up redemption

The Issuer may redeem all (but not some) of the Notes, in whole and not in part, before their Maturity Date, at their Redemption Amount plus any interest accrued to (but excluding) that Redemption Date which is unpaid, if purchases and cancellations and/or redemptions have been effected in respect of more than 90 per cent. in principal amount of the Notes originally issued.

However, the Issuer may only do so if the Issuer has given at least 30 days' (and no more than 60 days') notice to the Holders with a copy to the Note Trustee and each Agent specifying the Redemption Date on which the Notes are to be redeemed.

11.4 Issuer Call

The Issuer may redeem all (but not some) of the Notes, in whole and not in part at any time from (and including) the Issuer Call Date and prior to their Maturity Date, at their Redemption Amount plus any interest accrued to (but excluding) that Redemption Date which is unpaid.

However, the Issuer may only do so if the Issuer has given at least 30 days' (and no more than 60 days') notice to the Holders with a copy to the Note Trustee and each Agent specifying the Redemption Date on which the Notes are to be redeemed.

11.5 Early redemption on a Change of Control

- (a) If a change of control occurs (greater than 50% of the right to vote changes hands), the Issuer must deliver a notice to Holders with a copy to the Note Trustee and each Agent, offering to redeem all outstanding Notes of each Holder for a cash amount equal to the Redemption Amount of each Note and any interest accrued on it on a Redemption Date (being a Redemption Date specified in the notice as not earlier than 30 days and not later than 45 days from the date of the notice).
- (b) The Issuer will not be required to make an offer to redeem Notes under this paragraph 11.5 if a third party makes an offer to purchase all outstanding Notes within 20 days of the Change of Control and the third party purchases (at not less than the Redemption Amount of the Note plus any interest accrued on it) all Notes validly tendered and not withdrawn under that offer to purchase.

- (c) An offer to purchase under paragraph (a) or (b) may be made in advance of, and conditional upon, a Change in Control actually occurring.
- (d) Holders may elect to accept an offer under paragraph (a) by notice to the Issuer with a copy to the Note Trustee and each Agent no later than 5 days prior to the proposed Redemption Date specifying the Notes to be redeemed.
- (e) If the Issuer fails to give notice under paragraph (a) within 5 days of a Change of Control, a Holder may require the Issuer to redeem some or all of their Notes by giving at least 5 days' notice, to the Issuer with a copy to the Note Trustee and each Agent specifying a Redemption Date.
- (f) If a Holder elects to accept an offer under paragraph (d) or gives a notice under paragraph (e), the Issuer must redeem the specified Notes of that Holder on the relevant Redemption Date at their Redemption Amount plus any interest accrued.
- (g) Once a Holder has given a notice electing to accept an offer under paragraph (d) or gives a notice under paragraph (e), the Holder must not transfer, dispose of, encumber or otherwise deal with their Notes. A notice given by a Holder under paragraph (d) or paragraph (e) is irrevocable.
- (h) No offer will be made under this Condition 7.5 if the Issuer has already given notice that it will redeem the Notes under paragraph 11.2 ("Early redemption for taxation reasons") or the Holder has already requested an early redemption under paragraph 11.6 ("Early redemption on a Delisting Event").

11.6 Early redemption on a Delisting Event

- (a) If a delisting event occurs, the Issuer must deliver a notice to Holders with a copy to the Note Trustee and each Agent, offering to redeem all outstanding Notes of each Holder for a cash amount equal to the Redemption Amount of each Note and any interest accrued on it on a Redemption Date (being a Redemption Date specified in the notice as not earlier than 30 days and not later than 45 days from the date of the notice).
- (b) Holders may elect to accept an offer under paragraph (a) by notice to the Issuer no later than 5 days prior to the proposed Redemption Date specifying the Notes to be redeemed.
- (c) If the Issuer fails to give notice under paragraph (a) within 5 days of a Delisting Event, a Holder may require the Issuer to redeem some or all of their Notes by giving at least 5 days' notice, to the Issuer with a copy to the Note Trustee and each Agent specifying a Redemption Date.
- (d) If a Holder elects to accept an offer under paragraph (b) or gives a notice under paragraph (c), the Issuer must redeem the specified Notes of that Holder on the relevant Redemption Date at their Redemption Amount plus any interest accrued.
- (e) Once a Holder has given a notice electing to accept an offer under paragraph (b) or gives a notice under paragraph (c), the Holder must not transfer, dispose of, encumber or otherwise deal with their Notes. A notice given by a Holder under paragraph (b) or paragraph (c) is irrevocable.

- (f) A Holder may not require the Issuer to redeem any Note under this Condition 7.6 if the Issuer has given notice that it will redeem the Note under Condition 7.2 (“Early redemption for taxation reasons”) or 7.3 (“Early redemption on a Change of Control”).

11.7 Purchase

The Issuer, and any of its Related Entities, may, at any time, purchase Notes in the open market or otherwise and at any price. If purchases are made by tender, tenders must be available to all Holders alike. Notes purchased under this paragraph 11.7 may be held, resold or cancelled at the discretion of the purchaser and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law, regulatory requirement or requirement of any stock exchange or other relevant authority.

11.8 Mandatory reduction of Outstanding Principal Amount

If the net proceeds received by the Issuer from the closing out or termination of any Permitted Derivative Transaction exceeds A\$1,000,000 in aggregate in any period of 90 consecutive days, the Issuer must immediately deposit all amounts received in excess of A\$1,000,000 for such period into the Ramp-Up Reserve Account and must pay that amount, and any interest earned on that amount, to Holders on the next Payment Date in reduction of all or part of the Outstanding Principal Amount of the Notes. Payments made under this Condition 7.8 will be applied rateably in respect of all Notes then outstanding and the Outstanding Principal Amount in respect of each such Note will be adjusted for those payments.

12 Withholding Tax

If a law requires the Issuer to withhold or deduct an amount in respect of taxes from a payment in respect of the Notes such that the Holder would not actually receive on the due date the full amount provided for under the Notes, then the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this paragraph, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

No additional amounts are payable under the paragraph above in respect of any Note by reason of the person having some connection with Australia or some other relevant jurisdiction in which the Issuer is incorporated other than the mere holding of such Note or receipt of payment in respect of the Note provided that a Holder shall not be regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Australian Tax Act (being the Income Tax Assessment Act 1936 of Australia and, where applicable, the Income Tax Assessment Act 1997 of Australia) where, and to the extent that, such taxes are payable by reason of section 128B(2A) of the Australian Tax Act.

13. Governing Law

The Notes are governed by the law of New South Wales.

Annexure B

Warrant Deed Poll – Further Material Terms

The following is a summary of additional material terms of the Warrant Deed Poll which should be read in conjunction with the description of the Warrants set out elsewhere in this Offering Circular.

1. Representations and Warranties

The Issuer makes the same representations and warranties in respect of the Warrants as made in respect of the Notes under the Note Trust Deed and made in respect of the Warrants under the Warrant Trust Deed except in respect of accounting controls, insurance, taxes and JORC and Infrastructure tenements. In addition, the Issuer makes representation and warranties in respect of the issue of New Shares, allotment of New Shares, no pre-emptive rights and options, no restrictions applicable to the Ordinary Shares, capitalisation (relating to issues of shares in the Apex Minerals NL group of companies) and no restrictions on transfers of Warrants other than at law or under the terms of the Warrants.

The representations and warranties given under Warrant Deed Poll are given on the issue date of the Warrants and, other than warranties given in respect of financial statements, going concern, no litigation and Environmental laws.

2. Alteration of Note Trust Deed

The Warrant Deed Poll and the rights of the holders may be altered:

- (a) without the consent of holders if the alteration is of a formal, technical or minor error or to correct an obvious error; and
- (b) in any other case, with the authorisation of an extraordinary resolution (66 2\3%) of holders.

3. Exercise of Warrants

Each holder may, at any time from the date of issue for the relevant Warrants up to 5.00 pm on the expiry date of the Warrants (both inclusive) and subject to the conditions of the Warrants, exercise the Warrants it holds, subject to a minimum number of Warrants to be exercised at that time of:

- (a) if the Holder holds four or more Warrants, four Warrants; or
- (b) if the Holder holds less than four Warrants, all of that Holder's Warrants,

into such number of New Shares as is equal to the number of underlying shares for those Warrants so exercised.

Subject to the restriction above, holder may exercise all, or any number, of its Warrants by lodging in respect of the Warrants being exercised:

- (a) payment of the aggregate of the exercise price for all Warrants to be exercised by way of either, at the Holder's election:
 - (i) a draft or cheque drawn by a bank as defined in the Banking Act 1959 of Australia; or
 - (ii) a direct transfer of immediately available funds to the bank account previously nominated by the Issuer; or
 - (iii) Note repurchase as set out below,

or by any combination of the above; together with

- (b) a duly completed and signed Notice of Exercise; and
- (c) if the Holder has been issued a certificate in respect of the Warrants to be exercised, that certificate,

at the registered office of the Issuer on any business day.

In satisfaction of all, or a part only, of its obligation to pay the exercise price, a holder may, by electing to do so in the notice of exercise, require the Issuer to purchase Notes. On such an election being validly made by a holder:

- (d) the Issuer must:
 - (i) purchase the Notes the subject of the election for an amount equal to 100 per cent. of the outstanding principal amount of those Notes; and
 - (ii) apply such amount in respect of the purchased Notes on behalf of the holder in partial or full satisfaction of the holders obligation to make the payment of the relevant exercise price; and
- (e) the Holder must, within 3 business days of lodging its notice of exercise, transfer the Notes the subject of the election to the Issuer (or at its direction) and any failure to do so will render void the notice of exercise containing that election.

A Holder may only make an election to require the Issuer to purchase such Notes as have an outstanding principal amount equal to or less than the aggregate of the exercise price for all Warrants being exercised by the holder under the notice of exercise containing such election. If the outstanding principal amount of the Notes the subject of the election by the holder is less than the aggregate of the exercise price for all Warrants being exercised by the holder as set out in the notice of exercise containing such election, the holder must arrange for payment to the Issuer of the relevant shortfall between the two amounts.

Once lodged, a notice of exercise shall be irrevocable.

4. Adjustment Mechanism

In the event that a pro-rata issue (except a bonus issue) is made to the holders of the Ordinary Shares, the Exercise Price of the Warrants will be reduced according to the following formula:

$$NEP = OEP - \frac{E[P - (S+D)]}{N + 1}$$

where:

NEP = the new exercise price of the Warrant;

OEP = the old exercise price of the Warrant;

E = the number of Ordinary Shares into which a Warrant is exercisable;

P = the average market price per Ordinary Share (weighted by reference to volume) of the underlying shares in the Issuer during the five trading days ending on the day before the ex-rights date or ex-entitlements date;

S = the subscription price for an Ordinary Share under the pro-rata issue;

D = the dividend due but not yet paid on the existing underlying Ordinary Shares (except those to be issued under the pro-rata issue); and

N = the number of Ordinary Shares with rights or entitlements that must be held to receive a right to one new Ordinary Share in the Issuer.

The number of Ordinary Shares to be issued pursuant to the exercise of Warrants will be adjusted for bonus issues made prior to exercise of Warrants. The number of Ordinary Shares will be increased so that upon exercise of the Warrants the number of Ordinary Shares received by the Holder will include the number of bonus Ordinary Shares that would have been issued if the Warrants had been exercised and Ordinary Shares allotted prior to the record date for bonus issues. The Exercise Price of the Warrants shall not change as a result of any such bonus issue.

The Issuer represents and warrants that the Issuer will not be issuing the New Shares for the purpose of the person to whom the New Shares are issued, selling or transferring the New Shares, issuing or transferring an interest in, or options over, them.

The Issuer shall notify each Holder and the Relevant Exchange within one month after the record date for a pro-rata issue or bonus issue of the adjustment to the number of Ordinary Shares over which the Warrant exists and/or the adjustment to the Exercise Price.

5. Issue of New Shares

The Issuer irrevocably undertakes to ensure that, subject to compliance with any applicable legal and regulatory requirements, any New Shares required to be issued upon the exercise of any Warrants in shall be allotted and issued to the relevant Holder within 10 Business Days of receipt of the notice of exercise price and notice exercise, including to ensure that to ensure that the New Shares are able to be sold or transferred, or that interests in or options over the New Shares are able to be granted, issued or transferred, without disclosure under the Corporations Act or any other applicable laws, directives, rules and regulations in the 12 month period after the date of issue of the New Shares.

New Shares shall be credited as fully paid and shall rank equally in all respects with Ordinary Shares on issue on the date the relevant New Shares are allotted and issued (save that they shall not rank for or be entitled to the benefit of any dividend or other distribution or right declared, paid, made or granted prior to (or by reference to a record date falling before) the date on which the relevant New Shares are allotted and issued and, so far as regards any dividend or distribution declared, paid or made by reference to a record date falling on or after the date of registration of the holders of the New Shares in the register of members of the Issuer, they shall rank as if they had been issued (fully paid) on and from the commencement of the period in respect of which such dividend or distribution is declared, paid or made).

The Issuer shall, in accordance with the rules and regulations of the ASX, make application to have New Shares which are allotted pursuant to an exercise of Warrants listed for quotation on the ASX prior to delivery of the New Shares.

If:

- (a) a takeover bid within the meaning of the Corporations Act is made for the Ordinary Shares and the bidder becomes entitled to compulsorily acquire all of the Ordinary Shares; or
- (b) a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Issuer the effect of which may be that a person will have a relevant interest in at least 90% of the Ordinary Shares,

and that person acquires a relevant interest of 90% of the Ordinary Shares, the Issuer must notify each Holder of the occurrence. Upon the Issuer giving notice, a Holder may within 20 Business Days after the date of receipt of such notice:

- (a) elect to sell each unexercised Warrant to the acquiring entity for a cash price equal to the bid price or scheme price (as applicable) for the Ordinary Shares underlying the relevant Warrant minus the Exercise Price;
- (b) elect to have each unexercised Warrant cancelled for a cash price equal to the market price of the Ordinary Shares underlying the relevant Warrant on the last trading day of Ordinary Shares prior to a person being entitled to compulsorily acquire all of the Ordinary Shares minus the Exercise Price; or
- (c) elect to have each unexercised Warrant cancelled for a cash price agreed in writing between that Holder and the Issuer prior to that election being made,

by giving written notice to the Issuer of such election. If the Holder does not make such an election or, in the case of paragraph (c) above, the acquiring entity does not acquire the Warrants as contemplated by that paragraph, any Warrants which remain unexercised at the end of this period will be treated in accordance with paragraph (d) above.

6. Transfer of Warrants

Each Warrant may be transferred in whole but not in part.

Warrants may only be transferred if the offer or invitation giving rise to the transfer does not constitute: an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act; an offer or invitation to the public for the purposes of section 82 of the Corporations Act; an offer to a retail client for the purposes of Chapter 7 of the Corporations Act; and

the transfer complies with any applicable law or directive of the jurisdiction where the transfer takes place.

7. Miscellaneous

The Warrants will not be listed or quoted on any stock exchange.

All Warrants will rank *pari passu* in all respects with one another.

An exercise of only some Warrants shall not affect the rights of the Holder to the balance of the Warrants held.

If the Warrants are exercised and New Shares are allotted before the record date of an entitlement, the holder can participate in a new issue to the holders of the underlying securities in the Issuer. The Issuer must notify the holder of any proposed new issue (including pro rata issues of shares or securities in a corporation other than the Issuer) six business days before the record date or, if earlier, at the same time as it gives notice to the holders of Ordinary Shares.

In the event of any reorganisation of capital of the Issuer, all rights of the holder will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation in accordance with the Listing Rules.

The Warrants will not give any right to participate in distributions or dividends paid in respect of any Ordinary Shares until New Shares are allotted pursuant to the exercise of the relevant Warrants.

Warrants are governed by the law in force in New South Wales.

Annexure C

GUP Note Trust Deed – Further Material Terms

The following are additional material terms of the GUP Note Trust Deed which should be read in conjunction with the description of the GUP Notes set out elsewhere in this Offering Circular.

1. Trust

All of the rights of the GUP Note Holders relating to the Issuer in respect of the GUP Notes are held by BNY Trust Company of Australia Limited as trustee (**GUP Note Trustee**). Accordingly, no GUP Note Holder is entitled to directly enforce any rights, powers or remedies in connection with the GUP Notes directly against the Issuer. Such rights, powers and remedies are only exercisable by the GUP Note Trustee.

All money received by the GUP Note Trustee in respect of amounts payable under the GUP Notes must be held by the GUP Note Trustee on trust to be applied in the following order unless an Event of Default has occurred and is subsisting and the Security Documents apply to the GUP Notes:

- (a) first, in or towards payment of all costs incurred by or other amounts owing to, the GUP Note Trustee under or in connection with this deed (including all remuneration payable to the GUP Note Trustee and any amount payable under the indemnity granted to the GUP Note Trustee;
- (b) secondly, in or towards payment equally and rateably of all arrears of amounts owing in respect of the GUP Notes;
- (c) thirdly, in or towards payment equally and rateably of all arrears of all amounts of principal due in respect of the GUP Notes; and
- (d) lastly, in payment of the balance (if any) to the Issuer.

After an Event of Default under the GUP Notes the GUP Note Trustee must apply such funds in accordance with the terms of the securities and the terms of the Security Trust Deed.

2. Trustee's Indemnity and Limitation of Liability

The GUP Note Trustee is indemnified by the Issuer and out of the assets of the Trust Fund (in respect of the GUP Notes) in respect of all costs, disbursements, expenses, liabilities, taxes, and losses incurred by it in the exercise of any power, or in connection with any obligation relating to the GUP Notes and any other transaction document and against all actions, proceedings, costs, claims, losses, liabilities and demands in respect of any matter or things done or omitted relating to the trust or any transaction document.

The liability of the GUP Note Trustee is also subject to a general limitation which applies except in the case of fraud, wilful misconduct or negligence on the part of the GUP Note Trustee in the performance of its duties as trustee.

3. Fees

The issuer agrees to pay fees to the GUP Note Trustee on terms agreed between the Issuer and the GUP Note Trustee from time to time. The fees payable at the date hereof are on usual commercial terms.

4. Retirement and Removal of Trustee

The GUP Note Trustee may retire by giving not less than 90 days notice. The GUP Note Trustee may also be removed immediately by the Issuer in a number of circumstances including where it is in material breach of its obligations, it has ceased to carry on business, it is in liquidation or where a receiver has been appointed. The Issuer may appoint a replacement GUP Note Trustee subject to the approval of an ordinary resolution of the GUP Note Holders.

5. Issuer Covenants

Under the GUP Note Trust Deed, the Issuer must:

- (a) make all of its financial and other records available for inspection by the GUP Note Trustee or its agents;
- (b) notify the GUP Note Trustee of an Event of Default or a breach by the Issuer of the conditions of the GUP Notes;
- (c) carry on and conduct its business in a proper and efficient manner;
- (d) provide to the GUP Note Trustee:
 - (i) within 120 days after the close of each financial year, a copy of the Group's audited financial reports in respect of that financial year;
 - (ii) within 90 days after the close of each financial half year, a copy of the Group's unaudited financial reports in respect of that half year;
- (f) ensure that:
 - (i) it holds and maintains its interest in the JORC and Infrastructure Tenements free of security interests (other than those permitted under the GUP Note);
 - (ii) the JORC and Infrastructure Tenements are not cancelled, suspended, reduced, surrendered, in default, allowed to lapse or be transferred except as required by law or with the prior written consent of the GUP Note Trustee acting on the instructions of an Ordinary Resolution of the Holders;
 - (iii) it is in material compliance with all material provisions of its obligations under the JORC and Infrastructure Tenements and does whatever may be reasonably required to keep the JORC and Infrastructure Tenements in full force and effect and in good standing;
- (g) give the GUP Note Trustee notice of the proposed expiry, surrender or consolidation of any JORC and Infrastructure Tenement;
- (h) provide to the GUP Note Trustee a monthly report of the amount of gold production from the operations of the Issuer including that subject to derivative transactions and the compliance of the Issuer with the agreed hedging strategy;

6. Representations and Warranties

The Issuer makes usual representations and warranties in respect of:

- (a) corporate status of the Issuer and its subsidiaries;
- (b) corporate power to enter into the transaction documents;

- (c) the binding nature of the transaction documents;
- (d) that the GUP Notes are validly issued;
- (e) that the transactions the subject of the transaction documents are permitted;
- (f) the ranking of the GUP Notes;
- (g) compliance with the Listing Rules of the ASX;
- (h) its financial statements, accounting controls and systems and auditor's independence;
- (i) carrying on business as a going concern;
- (j) litigation;
- (k) no events of default;
- (l) taxes, insurance, environmental laws and compliance;
- (m) good title and reliance on information supplied;
- (n) other usual representations and warranties.

The representations and warranties are repeated on the issue date of the GUP Notes and each GUP payment date.

7. Consequences of Enforcement on Default

If an Event of Default occurs the GUP Note Trustee may, and if directed to do so by the Holders under an Ordinary Resolution must, give notice to the Issuer declaring that:

- (a) all GUP Notes, at their aggregate Face Value;
- (b) accrued but not yet due and payable interest and any unpaid interest as at that date; and
- (c) the GUP Early Redemption Amount;

to be immediately due and payable.

8. Alteration of GUP Note Trust Deed

The GUP Note Trust Deed and the rights of the Holders may be altered:

- (a) without the consent of GUP Note Holders if the alteration is of a formal, technical or minor error or to correct an obvious error;
- (b) in any other case, with the authorisation of an extraordinary resolution (66^{2/3}%) of GUP Note Holders.

9. Transfer

GUP Notes are freely transferable provided that:

- (a) the offer or invitation giving rise to the transfer does not:
 - (i) constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act;
 - (ii) an offer or invitation to the public for the purposes of section 82 of the Corporations Act; and
 - (iii) an offer to a retail client for the purposes of Chapter 7 of the Corporations Act; and
- (b) the transfer complies with any applicable law or directive of the jurisdiction where the transfer takes place.

10. GUP Payments

10.1 GUP Amounts

Each Holder will be entitled to receive on each GUP Payment Date, and the Issuer will pay, an amount equal to the aggregate of the GUP Amount for each of the three Valuation Periods applicable to that GUP Payment Date, multiplied by the GUP Noteholder Proportion as at the Record Date.

10.2 Calculation of GUP Amount payable

Subject to paragraph 10.3 (“GUP Deferral”) and 10.7 (“GUP Amount Adjustments”):

- (a) the GUP Amount for a Valuation Period must be determined by the Calculation Agent and shall be the amount (expressed in A\$) which is the greater of:
 - (i) calculated as follows:

$(\text{AUD Spot Gold minus Floor}) \times (\text{P} \times \text{Notional Principal})$
where:

AUD Spot Gold = for a given Valuation Period, the arithmetic average of the daily USD gold price per troy ounce (using the Second Fixing) for each London Business Day during the Valuation Period, divided by the AUD/USD spot rate (using the Second GOFO Fixing for the corresponding Business Day);

Floor = the lesser of the USD gold price per troy ounce (using the Second Fixing), divided by the AUD/USD spot rate (using the Second GOFO Fixing for the corresponding Business Day) on either of (A) the Issue Date, or (B) 1 January 2009, but subject always to a minimum of A\$900 per troy ounce;

P = 30%;

Notional Principal is the next Notional Principal figure sequentially listed in the Notional Principal Annex which has not been previously applied in the determination of a GUP Amount for a Valuation Period;

Second Fixing = in respect of any London Business Day, the London Gold Fixing P.M. price (to 4 decimal places) for gold per troy ounce in USD as published by the London Bullion Market Association in respect of that London Business Day; and

Second GOFO Fixing = in respect of any London Business Day, the bid side of the P.M. rate (to 4 decimal places) for AUD/USD as displayed on the GOFO page of the Reuters screen in respect of that London Business Day; and

(ii) zero,

provided that, if the Second Fixing or the Second GOFO Fixing is, for any reason, not available, the Calculation Agent must use all reasonable endeavours to obtain quotations from three Reference Market-Makers of an alternative reference as the Calculation Agent determines is then being used by the relevant market as an appropriate replacement reference to determine such matters and apply the arithmetic mean of those quotations;

- (b) the Calculation Agent must notify the Issuer, each Agent, the GUP Note Trustee, the Holders and any other Agent of the GUP Amount determined by it under this paragraph 10.2;
- (c) the Calculation Agent must give notice under this paragraph 10.2 as soon as practicable after it makes its determination; and
- (d) the determination by the Calculation Agent of all amounts and dates falling to be determined by it under this paragraph 10.2 is, in the absence of manifest or proven error, final and binding on the Issuer, the GUP Note Trustee, each Agent and each Holder.

For the purposes of this Condition 6.2, "Reference Market-Makers" means any of the following Deutsche Bank AG, UBS AG, Barclays Capital, ABN AMRO Bank N.V., Morgan Stanley, Credit Suisse, BNP Paribas, Citibank, N.A., The Hongkong and Shanghai Banking Corporation Limited, The Royal Bank of Scotland plc, Lloyds TSB Bank plc, Investec Bank or such other comparable financial institutions.

10.3 GUP deferral

In respect of any Non-Conforming Valuation Period, the Issuer may elect that the GUP Amount for that period is to be zero. The Issuer must notify the Calculation Agent of this election as soon as is reasonably practicable after the GUP Calculation Date but if not practicable then within 2 Business Days of such GUP Calculation Date, for that Non-Conforming Valuation Period.

For the avoidance of any doubt, where the Issuer makes an election that the GUP Amount for a Non-Conforming Valuation Period is to be zero, the Notional Principal Annex is not referenced and no Notional Principal figure listed in the Notional Principal Annex is to be taken to have been applied in the determination of a GUP Amount.

10.4 Rounding

For the purposes of any calculations required under these Conditions:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.00005 being rounded up to 0.0001);
- (b) all figures must be rounded to four decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one Australian cent.

10.5 Payment

GUP Amounts are payable in arrear on each GUP Payment Date.

10.6 Default interest

If payment of a GUP Amount is not made on any GUP Payment Date, or redemption was not effected on the relevant date in accordance with these Conditions, interest will accrue on any such outstanding amount (both before and after any demand or judgment), at the rate of 13.25 per cent. per annum until the date on which the relevant payment is made, or redemption is effected or, if earlier, the seventh day after the date on which the Paying Agent or the GUP Note Trustee receives the funds required to make such payment (provided that notice of such circumstance is given to the Holders except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

10.7 GUP Amount adjustments

If any GUP Amount has been incorrectly deferred under paragraph 10.3 (“GUP deferral”), the Calculation Agent will make such adjustments as are required so that the amount of the next payment of GUP Amounts to be paid on the next GUP Payment Date shall be increased by the GUP Amount that should have been paid but was incorrectly deferred or, if there is no payment of any GUP Amount due on such date, that GUP Amount which should have been paid but was incorrectly deferred shall be due and payable, and if an adjustment is required to be made in respect of the payment to be made on the final GUP Payment Date the relevantly adjusted amount shall be an amount due and payable to the Holder from the Issuer.

For the avoidance of any doubt, where the Calculation Agent makes an adjustment to the payment of GUP Amounts to be paid on the next GUP Payment Date under this paragraph 10.7, the Notional Principal Annex is referenced and the Notional Principal figure listed in the Notional Principal Annex that would have been used but for the incorrect deferral is to be taken to have been applied in the determination of a GUP Amount.

10.8 GUP Note Early Redemption Amount

The GUP Note Early Redemption Amount for each GUP Note shall be determined by the Calculation Agent as follows:

- (a) as soon as is reasonably practicable prior to an Early Redemption Date, the Calculation Agent must use all reasonable endeavours to obtain quotations for the Value of a GUP Note in Australian Dollars from five Reference Market-Makers; and
- (b) the “GUP Note Early Redemption Amount” for that GUP Note is determined:
 - (i) in the case where five quotations are obtained, as the arithmetic mean of those quotations calculated without regard to the quotations having the highest and lowest values; or
 - (ii) in the case where the Reference Market-Makers in aggregate will not, or do not within a reasonable time, provide five such quotations:
 - (A) first, subject to a minimum of two quotations being obtained, as the arithmetic mean of all quotations obtained; or
 - (B) second, where only one quotation is obtained, as that quotation; or

- (C) if neither (A) or (B) above applies, by agreement of the Issuer and the GUP Note Trustee (acting on the instructions of the Holders) in consultation with the Calculation Agent.

The Calculation Agent shall request each Reference Market-Maker to provide its quotation, and the basis and assumptions used to derive it, to the extent reasonably practicable as of the same day and time (without regard to different time zones) as is selected in good faith by the Calculation Agent.

For the purposes of this paragraph 10.8:

“Reference Market-Makers” means any of the following Deutsche Bank AG, UBS AG, Barclays Capital, ABN AMRO Bank N.V., Morgan Stanley, Credit Suisse, BNP Paribas, Citibank, N.A., The Hongkong and Shanghai Banking Corporation Limited, The Royal Bank of Scotland plc, Lloyds TSB Bank plc, Investec Bank or such other comparable financial institutions; and

“Value” means the amount determined by the relevant Reference Market Maker to be the fair market value of the GUP Note on the Early Redemption Date, using prevailing prices or indices chosen by it in good faith, provided that such determination shall be made disregarding the following factors: (i) the occurrence of the relevant event giving rise to the early redemption, (ii) any discount for illiquidity, and (iii) the credit quality of the Issuer.

11. Redemption and Purchase

11.1 Scheduled redemption

Each GUP Note shall be redeemed by the Issuer on the Maturity Date at its Face Value unless:

- (a) the GUP Note has been previously redeemed; or
- (b) the GUP Note has been purchased and cancelled.

11.2 Early redemption for taxation reasons

The Issuer may redeem all (but not some) of the GUP Notes, in whole and not in part, before their Maturity Date, at their GUP Note Early Redemption Amount accrued to (but excluding) that Redemption Date which is unpaid, if the Issuer is required, under the terms of the GUP Note relating to withholding tax, to increase the amount of a payment in respect of a GUP Note.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 30 days’ (and no more than 60 days’) notice to the Holders with a copy to the GUP Note Trustee and each Agent specifying the redemption date (“Early Redemption Date”) on which the GUP Notes are to be redeemed;
- (b) before the Issuer gives the notice under paragraph (a), the GUP Note Trustee has received:
 - (i) a certificate signed by two directors of the Issuer; and
 - (ii) an opinion of independent legal or tax advisers of recognised standing in the jurisdiction of incorporation of the Issuer,

that the Issuer would be required under Condition 9.2 (“Withholding tax”) to increase the amount of the next payment due in respect of the GUP Notes; and

- (c) no notice of redemption is given earlier than 90 days before the earliest date on which the Issuer would be obliged to pay Additional Amounts.

11.3 Purchase

The Issuer, and any of its Related Entities, may, at any time, purchase GUP Notes in the open market or otherwise and at any price. If purchases are made by tender, tenders must be available to all Holders alike. GUP Notes purchased under this paragraph may be held, resold or cancelled at the discretion of the purchaser and (if the GUP Notes are to be cancelled, the Issuer), subject to compliance with any applicable law, regulatory requirement or requirement of any stock exchange or other relevant authority.

12 Withholding Tax

If a law requires the Issuer to withhold or deduct an amount in respect of taxes from a payment in respect of the GUP Notes such that the Holder would not actually receive on the due date the full amount provided for under the GUP Notes, then the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this paragraph, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

No additional amounts are payable under the paragraph above in respect of any GUP Note by reason of the person having some connection with Australia or some other relevant jurisdiction in which the Issuer is incorporated other than the mere holding of such GUP Note or receipt of payment in respect of the GUP Note provided that a Holder shall not be regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Australian Tax Act (being the Income Tax Assessment Act 1936 of Australia and, where applicable, the Income Tax Assessment Act 1997 of Australia) where, and to the extent that, such taxes are payable by reason of section 128B(2A) of the Australian Tax Act.

13. Governing Law

The GUP Notes are governed by the law of New South Wales.

Worked examples of Exercise Price of Warrants

Exercise of Warrants Prior to 180 Days After Issue Date

The initial exercise price (per share) of the warrants is A\$0.335. If the warrants are exercised before 180 days after the date of issue of the warrants (“**Issue Date**”), the exercise price will be A\$0.335.

Exercise of Warrants Between 180 and 270 Days After Issue Date

If the warrants are exercised on or after 180 days after the Issue Date but before 270 days after the Issue Date, the exercise price (per share) will be the lesser of:

- (a) A\$0.335; and
- (b) 115% of the 5 day VWAP of the Company’s shares for the 5 business days immediately preceding the date 180 days after the Issue Date, subject to a floor price of A\$0.2345 (being 70% of the initial exercise price).

Example:

If the warrants are exercised on or after 180 days after the Issue Date but before 270 days after the Issue Date and the relevant 5 Day VWAP of the Company’s shares for the 5 business days immediately preceding the date 180 days after the Issue Date is (by way of example only):

- (a) A\$0.75, the exercise price (per share) will be A\$0.335 (ie. the initial exercise price);
- (b) A\$0.30, the exercise price (per share) will be A\$0.30;
- (c) A\$0.20, the exercise price (per share) will be A\$0.2345 (ie the floor price, being 70% of the initial exercise price).

Exercise of Warrants After 270 Days After Issue

If the warrants are exercised on or after 270 days after the Issue Date, the exercise price (per share) will be the lesser of:

- (a) A\$0.335;
- (b) 115% of the 5 day VWAP of the Company’s shares for the 5 business days immediately preceding 180 days after the Issue Date, subject to a floor price of A\$0.2345 (being 70% of the initial exercise price); and
- (c) 115% of the 5 day VWAP of the Company’s shares for the 5 business days immediately preceding 270 days after the Issue Date, subject to a floor price of A\$0.2345 (being 70% of the initial exercise price).

Example

If the warrants are exercised on or after 270 days after the Issue Date and the 5 Day VWAP of the Company’s shares for the 5 business days immediately preceding the date 180 days after the Issue Date is (by way of example only) A\$0.75, and the 5 day VWAP of the Company’s shares for the 5 business days immediately preceding 270 days after the Issue Date is (by way of example only):

- (a) A\$0.75, the exercise price (per share) will be A\$0.335 (ie. the initial exercise price);

- (b) A\$0.30, the exercise price (per share) will be A\$0.30;
- (c) A\$0.20, the exercise price (per share) will be A\$0.2345 (ie. the floor price, being 70% of the initial exercise price).