

RECOMMENDED TAKEOVER OFFER FOR KALGOORLIE MINING COMPANY BY NORTON GOLD FIELDS

17 April 2013

- Norton to make an offer of 0.054 Norton shares and 0.054 Norton options (exercisable at \$0.27 on or before 30 April 2015) (Norton Options) for each Kalgoorlie Mining Company share and 0.024 Norton Options for each listed Kalgoorlie Mining Company option.
- Based on the 90 day VWAP for Norton shares and an independent valuation of the Norton Options, the Offer values Kalgoorlie Mining Company shares at a premium of 55% to the 90 day VWAP for Kalgoorlie Mining Company shares.
- Kalgoorlie Mining Company Directors unanimously recommend Kalgoorlie Mining Company shareholders ACCEPT THE OFFER, in the absence of a Superior Proposal.
- Compelling strategic and financial rationale for the combination of Norton and Kalgoorlie Mining Company, including complementary assets and an increase in combined resource inventory.
- Norton's experienced management team has the development and mine operation capabilities to maximise the value of Kalgoorlie Mining Company's assets by bringing them into production quickly and cost effectively.
- Offer conditions include minimum relevant interest of 90% and regulatory approvals.

Norton Gold Fields Limited (ASX:NGF) ("Norton") and Kalgoorlie Mining Company ("KMC") (ASX:KMC), neighbouring gold companies in Western Australia's preeminent Kalgoorlie Goldfields region, are pleased to announce they have signed a Bid Implementation Deed (**BID**) pursuant to which Norton will make a friendly off-market takeover offer to acquire all Kalgoorlie Mining Company shares at an offer price of 0.054 Norton shares and 0.054 Norton options (exercisable at 27 cents on or before 30 April 2015) (**Norton Options**) for each Kalgoorlie Mining Company share (**Share Offer**).¹

Norton also proposes a separate offer (**Option Offer**) to acquire all of the listed options to subscribe for Kalgoorlie Mining Company Shares (exercisable at 25 cents on or before 30 May 2014) (**Listed Options**) at an offer price of 0.024 Norton Options for each Listed Option.

A copy of the Bid Implementation Deed in respect of the Share Offer and the Option Offer (collectively the **Offer**) is attached as Annexure A to this announcement.

¹ The entitlement to receive Norton Shares and/or Norton Options is subject to the usual provisions in respect of foreign securities laws. Norton's Bidder's Statement will set out what entitlement Kalgoorlie Mining Company Shareholders resident in certain foreign jurisdictions will have to bid consideration and any nominee sale provisions which may apply.



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Based on the 90 day VWAP of Norton shares (being \$0.18) and an independent valuation of the Norton Options at \$0.0316 per option², the Offer price represents a premium of 55% to \$0.0074, being the VWAP of Kalgoorlie Mining Company shares for the three months to and including 15 April 2013.

The Kalgoorlie Mining Company Directors unanimously recommend that Kalgoorlie Mining Company shareholders accept the Offer, in the absence of a Superior Proposal. The Kalgoorlie Mining Company Directors intend to accept the Offer for the shares and Listed Options held by them in the absence of a Superior Proposal.

OFFER RATIONALE AND BENEFITS FOR SHAREHOLDERS

Dr Dianmin Chen, Chief Executive Officer of Norton, commented: *"This transaction just makes good sense. It brings together complementary assets and will deliver greater production, cost efficiency and exploration upside for both companies, and their respective shareholders."*

"Norton's vision is to be a leading, long-term gold producer in Western Australia and the proposed acquisition of Kalgoorlie Mining Company is consistent with our strategy to reduce operating costs and increase production, both from our existing assets and by exploring opportunities for consolidation."

"We have an important strategic asset in the Paddington Operations which complements Kalgoorlie Mining Company's Bullant Project. Bullant has existing gold resources of 431,200oz and reserves of 40,300oz which can be readily accessed through the resumption of underground mining and processed at Paddington. Bullant is in close proximity to Norton's existing underground operations at Mt Pleasant and Kalgoorlie Mining Company's ground is contiguous with Norton's, providing future exploration and development potential."

"The transaction will have the added benefit of diversifying Norton's shareholder base and improving the liquidity of Norton shares."

Mr James Croser, Managing Director of Kalgoorlie Mining Company commented:

"Norton's offer provides Kalgoorlie Mining Company shareholders with an attractive premium, while giving them the opportunity to participate in the upside that exists in the combined company. Norton's experienced management team has the development and mine operation capabilities to maximise the value of Kalgoorlie Mining Company's assets and bring them quickly and cost effectively into production. The offer will significantly reduce the risks shareholders face through an investment in a single mine company, with limited access to capital. Each Kalgoorlie Mining Company Director considers the Offer to be in the best interests of shareholders and unanimously recommend the Offer in the absence of a Superior Proposal."

² The valuation was commissioned by Norton and valued by Harris Black using standard market accepted valuation methodology



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About Kalgoorlie Mining Company

Kalgoorlie Mining Company's key asset is the Bullant Gold Project, 65 kilometres northwest of Kalgoorlie, Western Australia, and 28 kilometres west of Norton's 3.3Mtpa Paddington Operations (with a haulage distance of approximately 40 kilometres). Bullant contains a Total Mineral Resource of 431,200 ounces (3.57Mt @ 3.76g/t) (please see Appendix A) and Reserve of 40,366 ounces (please see Appendix B). In addition, Kalgoorlie Mining Company has identified a number of areas with potential to grow the existing resource.

In January 2013, Norton and Kalgoorlie Mining Company signed an agreement whereby Norton would process up to 280,000 tonnes of gold ore from Bullant at Norton's Paddington Operations between April 2013 and December 2014. Mining was suspended at Bullant in February 2012 following a detailed operational and financial review of the Project.

Following completion of the transaction, Norton's highly experienced operations team will develop a strategy to quickly and efficiently resume mining at Bullant in order to provide additional higher grade ore to Paddington. The complementary nature of Kalgoorlie Mining Company's mining assets and Norton's processing infrastructure and technical skills is expected to provide a range of cost efficiencies and synergies which at this stage have not been quantified.

The proposed acquisition of Kalgoorlie Mining Company by Norton will provide several benefits for Kalgoorlie Mining Company shareholders. Firstly, Kalgoorlie Mining Company shareholders will immediately gain exposure to Norton's multi-mine portfolio, operational cash flows, technical expertise and stronger balance sheet. The transaction will significantly reduce the risks associated with the resumption of mining at Bullant while still allowing Kalgoorlie Mining Company shareholders to retain exposure to future cash flows and any exploration upside from the new company's combined assets.

The acquisition of Kalgoorlie Mining Company continues Norton's strategy to increase gold production, lower operating costs and look for consolidation opportunities in Western Australia. Norton expects to produce 154,000 – 162,000 ounces at a C1 cash cost of A\$990 – A\$1,090 per ounce in 2013, (before any contribution from the Kalgoorlie Mining Company assets).



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CONDITIONS OF THE OFFER

A Bid Implementation Deed was signed on 17 April 2013 and obliges NGF to make an off-market takeover offer for the entire issued share capital of Kalgoorlie Mining Company, subject to a number of conditions which include (but are not limited to):

- (a) Norton and its subsidiaries obtaining a 'relevant interest' (as defined in the Corporations Act 2001 (Cth)) in at least 90% of all the Shares;
- (b) The Option Offer being declared free from all conditions;
- (c) Each of the Unlisted Options being cancelled;
- (d) Receipt of Foreign Investment Review Board (FIRB) approval and all necessary Chinese regulatory approvals;
- (e) No material adverse change in relation to the Kalgoorlie Mining Company group;

In addition, NGF is obliged to make the Option Offer, which would be subject to the following conditions:

- (f) Norton and its subsidiaries obtaining a 'relevant interest' (as defined in the *Corporations Act 2001* (Cth)) in at least 90% of all the Listed Options; and
- (g) The Offer for Shares becoming unconditional.

A complete list of Bid conditions for the Offers is set out in Schedule 3 to the BID (which is attached to this announcement).

EXCLUSIVITY ARRANGEMENTS

Norton and Kalgoorlie Mining Company have agreed exclusivity arrangements in relation to the Offer, under which the parties have agreed that unless the BID is terminated, Kalgoorlie Mining Company will not solicit any competing proposal or participate in any discussions or negotiations or provide access to due diligence materials in relation to any competing proposal (unless failure to do so would involve a breach of fiduciary duties of its Directors). The BID also confers a matching right to Norton, such that Kalgoorlie Mining Company must provide immediate notification of a competing proposal to Norton, and allow Norton to counter-offer. A break fee of A\$130,000 may also be payable by Kalgoorlie Mining Company to Norton in certain circumstances. See Appendix C for further details of the BID.



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INDICATIVE TIMETABLE

Norton expects that its Bidder's Statement for the Offer will be dispatched to Kalgoorlie Mining Company shareholders within approximately 3 weeks, at which time the Offer will open for acceptance. Kalgoorlie Mining Company's target's Statement in response to the Offer is expected to be dispatched to Kalgoorlie Mining Company shareholders a short time thereafter. The Offer will initially remain open for a minimum of two months.

ADVISERS

Norton is being advised by legal adviser HopgoodGanim.

Kalgoorlie Mining Company is being advised by legal adviser Steinepreis Paganin.

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Appendix A – Bullant Gold Project Total Mineral Resource Statement¹

BULLANT PROJECT AREA	Category	Tonnes	Au g/t	Ounces
BULLANT MINE				
Bullant Mine (Main Lode)	Measured	29,200	6.82	6,400
	Indicated	569,300	5.04	92,300
	Inferred	761,600	5.46	133,800
	Sub Total	1,360,100	5.32	232,500
Bullant Mine (East Lode)	Measured	50,000	6.59	10,600
	Indicated	192,800	4.57	28,300
	Inferred	401,700	4.29	55,400
	Sub Total	644,500	4.55	94,300
Bullant Mine (Cross Lode)	Measured	-	-	-
	Indicated	17,200	4.16	2,300
	Inferred	9,500	4.26	1,300
	Sub Total	26,700	4.19	3,600
Bullant Mine Total	Measured	79,200	6.68	17,000
	Indicated	779,300	4.91	122,900
	Inferred	1,172,800	5.05	190,500
	Bullant Mine Sub Total	2,031,300	5.06	330,400
WATTLE BIRD OPEN PIT				
Wattle Bird	Measured	-	-	-
	Indicated	1,283,200	2.04	84,200
	Inferred	255,800	2.02	16,600
	Wattle Bird Open Pit Sub Total	1,539,000	2.04	100,800
BULLANT GOLD PROJECT				
	Measured	79,200	6.68	17,000
	Indicated	2,062,500	3.12	207,100
	Inferred	1,428,600	4.51	207,100
	GRAND TOTAL	3,570,300	3.76	431,200

Table 1. Kalgoorlie Mining Company – Resource Breakdown at Bullant Gold Project

Note: Bullant Mine figures are reported against a 3.0g/t cut off.
Wattle Bird Open Pit figures are reported against a 1.0g/t cut off.
Figures have been rounded; as a result minor errors may occur.

Appendix B – Bullant Gold Mine Reserve Statement²

Location	Reserve Category	Tonnes (kt)	Grade (g/t)	Ounces (koz)
Bullant Underground	Probable	278,932	4.5	40,366

Table 2. Kalgoorlie Mining Company – Underground Mining Reserve at Bullant Gold Mine

Note: Rounding conforming to JORC to appropriate levels of precision may cause minor computational errors.

COMPETENT PERSONS STATEMENT

¹ The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr. Trevor Eddie (BSc Geol) who is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is bound by and follows the Institute's codes and recommended practices. Mr. Eddie is a full-time employee of Kalgoorlie Mining Company Bullant Pty Ltd (Kalgoorlie Mining Ltd). He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Eddie consents to the inclusion on this information in the form and context in which it appears in this report.

²The information in this report to which this statement is attached, that relates to Ore Reserves, is based on information compiled by Mr Denis Grubic, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Grubic is an independent consultant employed by Rock Team Pty Ltd. Mr Grubic has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grubic consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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APPENDIX C – BID IMPLEMENTATION DEED

Bid Implementation Deed

Norton Gold Fields Limited (**Bidder**)

Kalgoorlie Mining Company Limited (**Target**)

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Bid Implementation Deed



Date

Parties

Norton Gold Fields Limited ACN 112 287 797 of Level 36, Exchange Plaza, 2 The Esplanade, Perth Western Australia (**Bidder**)

Kalgoorlie Mining Company Limited ACN 091 009 559 of Ground Floor, 284 Oxford Street, Leederville Western Australia (**Target**)

Background

- A. The Bidder is proposing to make a Takeover Bid for the Target.
- B. The Directors of the Target are proposing to recommend the Takeover Bid, in the absence of a Superior Proposal.
- C. The parties have agreed that the Takeover Bid will be facilitated on the terms set out in this deed.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this deed:

Adviser means, in relation to an entity, a person who in the ordinary course of its business provides services as a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant and who has been engaged in that capacity in connection with the Takeover Bid, or any response to it, by the entity.

Agreed Announcement means the announcement in relation to the Takeover Bid to be made jointly by the Bidder and the Target to the ASX following execution of this deed, in the form set out in Schedule 2.

Agreed Bid Terms means the terms and conditions set out or referred to in Schedule 1.

Announcement Date means:

- (a) the Execution Date; or
- (b) if this deed is executed on a day that is not a Trading Day, the first Trading Day immediately following the Execution Date.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means the ASX Limited.

Authorised Officer of a party which is a corporation means:



- (a) an employee of the party whose title contains either of the words Director or Manager;
- (b) where the party is the Bidder, a solicitor acting on behalf of the party; or
- (c) a person appointed by the party to act as an Authorised Officer for the purposes of this deed and notified to the others.

Bid Conditions means those conditions to which the Offer is subject to, as set out in Schedule 3.

Bidder Group means the Bidder and its Subsidiaries.

Bidder Options means unlisted options exercisable at 27 cents on or before 30 April 2015 to subscribe for shares in the Bidder.

Bidder Shares means fully paid ordinary shares in the capital of the Bidder.

Bidder's Statement has the meaning given to that term in the Corporations Act.

Break Fee has the meaning given in clause 8.2.

Business Day means a day on which banking institutions generally are open in Perth, Western Australia but excluding Saturdays, Sundays and public holidays.

Claim means any claim, demand, legal proceedings or cause of action including any claim demand, legal proceeding or cause of action based in contract, based in tort, under common law or under statute.

Confidentiality Deed means the confidentiality deed dated on or about 27 March 2013 between the Bidder and the Target.

Competing Proposal means any expression of interest, proposal, offer, transaction, arrangement or arrangement:

- (a) which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):
 - (1) holding a Relevant Interest or economic interest in (or the have the right to acquire a Relevant Interest or economic interest in) 50% or more of the Target Shares;
 - (2) directly or indirectly acquiring or obtaining an economic interest in all or substantially all of the business conducted by, or assets or property of, the Target Group;
 - (3) acquiring Control of the Target; or
 - (4) otherwise acquiring, or merging with, the Target,

whether by way of takeover bid, scheme of arrangement, shareholder-approved transaction, capital reduction, share buy-back, sale or purchase of securities, issue of securities, sale of assets, strategic alliance, dual listed company structure (or other synthetic merger), joint venture, partnership, or other transaction or arrangement; or

- (b) which requires or would require the Target or any Director to change, withdraw or modify their recommendation of the Takeover Bid.



Confidential Information means any information provided by one party to another party, or otherwise obtained by a party, whether obtained before or after execution of this deed, in connection with this deed including:

- (a) any confidential business information, documents, records, financial information, reports, technical information and forecasts which relate to a party or the business of a party;
- (b) any information which is by its nature confidential or which the other party knows, or ought to know, is confidential;
- (c) any intellectual property of a party;
- (d) the fact that the Confidential Information may be or has been provided; and
- (e) the terms and conditions of this deed,

but does not include:

- (f) information which is in or becomes part of the public domain, other than through a breach of this deed or an obligation of confidence owed to a party; or
- (g) information which a party can prove was independently acquired or developed without breaching any of its obligations set out in this deed.

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means all of the directors of the Target from time to time.

Due Diligence Material means all documents and information provided by the Target or its Advisers to the Bidder or its Advisers prior to the Execution Date (for the purpose of carrying out a due diligence investigation of the Target, its business, assets, interests and prospects, including all written answers to questions raised by the Bidder or its Advisers in relation to one or more documents provided, or the contents of any one or more of those documents).

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Execution Date means the date of execution of this deed.

Exclusivity Period means the period commencing on the Execution Date and expiring on the earlier of:

- (a) termination of this deed;
- (b) the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed); or
- (c) the date 6 months after the Execution Date.

FATA means the *Foreign Acquisition and Takeovers Act 1975* (Cth).



Government Body means:

- (a) any person, body or other thing exercising an executive, legislative, judicial or other governmental function of any country or political subdivision of any country;
- (b) any public authority constituted by or under a law of any country or political subdivision of any country; and
- (c) any person deriving a power directly or indirectly from any other Government Body.

Listing Rules means the Official Listing Rules of the ASX.

Offer has the meaning given to that term in clause 2.2(b).

Offer Period means the period during which the Offer is open for acceptance as specified in Schedule 1.

Officer means, in relation to an entity, its directors, officers and employees.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Representative means, in relation to a person:

- (a) a Related Body Corporate of the person;
- (b) a Subsidiary of the person;
- (c) an Officer of the person or any of the person's Subsidiaries; or
- (d) an Adviser to the person or any of the person's Subsidiaries.

PRC means the People's Republic of China.

Rights means all accretions, rights and benefits of whatever kind attaching to or arising from the Target Shares directly or indirectly at or after the Announcement Date (including all dividends and all rights to receive them and rights to receive or subscribe for shares, notes, bonds, options or other securities or entitlements declared, paid or issued by the Target or any Subsidiary of the Target).

Subsidiary has the meaning given to that term in the Corporations Act.

Superior Proposal means a bona fide Competing Proposal after the Execution Date which the Directors have determined, acting in good faith and in order to satisfy what the Directors consider to be their fiduciary or statutory duties (and after having taken written advice from their external financial and legal advisers):

- (a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal, including the identity of the person making it, and any legal, financial, regulatory and timing considerations and any conditions precedent; and



- (b) would, if completed substantially in accordance with its terms, be more favourable to Target Shareholders (as a whole) than the Takeover Bid (as such Takeover Bid may be amended or varied following application of the matching rights in clause 7.5), taking into account all the terms and conditions of the Competing Proposal and the identity of the person making the Competing Proposal.

Takeover Bid has the meaning given to that term in clause 2.2(a).

Target Board means the board of directors of the Target.

Target Business means the business or businesses carried on by the Target and its Subsidiaries at the Execution Date.

Target Group means the Target and its Subsidiaries.

Target Options means options to subscribe for shares in the Target.

Target Listed Options means the 94,005,477 Target Options exercisable at \$0.25 each on or before 31 May 2014 that are quoted on the ASX.

Target Listed Optionholder means a registered holder of Target Listed Options.

Target Optionholder means a registered holder of one or more Target Options.

Target Shares means fully paid ordinary shares in the capital of the Target.

Target Shareholder means a registered holder of one or more Target Shares.

Target's Statement has the meaning given to that term in the Corporations Act.

Target Unlisted Options means those Target Options specified in Schedule 4

Tax means any present or future tax, levy, deduction, impost, withholding, charge or duty which is levied or imposed by any Government Body together with any interest, penalty or fine on those amounts.

Tenements means P16/2689, M16/44, M16/45, P16/2694, P16/2695, P16/2696, P16/2697, P16/2698, P16/2699, P16/2700, P16/2701, L16/0087, L16/0089, L16/90, P24/4588, P24/4589, P24/4590, P24/4591, P24/4592, P24/4593, P24/4594.

Third Party means a person other than an entity within the Bidder Group.

Trading Day has the meaning given in the Listing Rules.

Unacceptable Circumstances has the meaning given in section 657A of the Corporations Act.

1.2 Interpretation

- (a) Unless the contrary intention appears, a reference in this deed to:
- (1) this deed or another document includes any variation or replacement of it despite any change in the identity of the parties;
 - (2) one gender includes the others;
 - (3) the singular includes the plural and the plural includes the singular;

- (4) a person, partnership, corporation, trust, association, joint venture, unincorporated body, Government Body or other entity includes any other of them;
 - (5) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
 - (6) any statute, ordinance, code or other law includes regulations and other instruments under any of them and consolidations, amendments, re-enactments or replacements of any of them;
 - (7) money is to Australian dollars, unless otherwise stated; and
 - (8) a time is a reference to Perth time unless otherwise specified.
- (b) The words include, including, such as, for example and similar expressions are not to be construed as words of limitation.
 - (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
 - (d) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this deed.
 - (e) A provision of this deed must not be construed to the disadvantage of a party merely because that party or its advisers were responsible for the preparation of the deed or the inclusion of the provision in the deed.
 - (f) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.
 - (g) If an act is required to be done on a particular day it must be done before 5.00pm on that day or it will be considered to have been done on the following day.
 - (h) Where a warranty is given 'so far as the Target is aware' or with a similar qualification as to the Target's awareness or knowledge, the Target will be deemed to know or be aware of a particular fact, matter or circumstance only if a director or employee of the Target is actually aware of that fact, matter or circumstance as at the Execution Date following reasonable inquiry.

1.3 Parties

- (a) If a party consists of more than one person, this deed binds each of them separately and any two or more of them jointly.
- (b) An agreement, covenant, obligation, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them separately.
- (c) An agreement, covenant, obligation, representation or warranty on the part of two or more persons binds them jointly and each of them separately.

2. Implementation of the Takeover Bid

2.1 Agreed Announcement

The Target must release the Agreed Announcement to the ASX, and the Bidder must also release the Agreed Announcement, on the Announcement Date.

2.2 Bidder to make Takeover Bid

- (a) The Bidder acknowledges and agrees that, upon the release of the Agreed Announcement on the ASX company announcements platform, it will be deemed to have publicly proposed to make a takeover bid to acquire all of the Target Shares and Target Listed Options under Chapter 6 of the Corporations Act on the Agreed Bid Terms (**Takeover Bid**).
- (b) The Bidder agrees to make offers for the Target Shares and Target Listed Options under the Takeover Bid on terms no less favourable than that publicly proposed (**Offer**).

2.3 Target's assessment of Takeover Bid

The Target represents and warrants that:

- (a) the Directors have met and considered the possibility of the Bidder agreeing to make the Takeover Bid; and
- (b) all of the Directors have informed the Target that they will unanimously recommend that Shareholders accept the Offer (and it is their intention to accept the Offer in respect of all of the Target Shares that they own or control or otherwise have a Relevant Interest in), in each case subject only to the qualification that there is no Superior Proposal.

2.4 No legal obligation for independent expert's report

The Target agrees that it has no legal obligation to, and it will not, commission an independent expert's report in connection with the Takeover Bid.

3. Target recommendations

3.1 Directors' recommendations

Subject to clause 3.2, the Target undertakes to use its best endeavours to procure that:

- (a) the Directors will unanimously recommend (including in the Target's Statement) that Target Shareholders accept the Offer, in the absence of a Superior Proposal; and
- (b) the Target's Statement and each other public announcement or document publicly released by the Target in relation to the Offer will include a statement by the Directors to that effect and to the effect that it is the intention of each Director to accept the Offer in respect of all of the Shares that they own or control or otherwise have a Relevant Interest in, in the absence of a Superior Proposal.

3.2 Change, withdrawal or modification of recommendations

A Director must not change, withdraw or modify his or her recommendation under clause 3.1(a) or statement under clause 3.1(b) or make a recommendation or statement that is inconsistent with such recommendation or statement, unless:

- (a) if relevant, the Target has complied with its obligations under clause 7; and
- (b) that Director, acting in good faith, determines (after taking written advice from the Target's or his or her own external financial and legal advisers) that he or she, is by virtue of his or her fiduciary or statutory duties, required to change, withdraw or modify such recommendation or statement or make a recommendation or statement that is inconsistent with it.

4. Facilitation of Takeover Bid

4.1 Bidder's Statement

- (a) The Bidder will give the Target a reasonable opportunity to review the draft of the Bidder's Statement in the form in which the Bidder proposes to lodge that document with ASIC, and will consult in good faith with the Target and act reasonably with respect to any comments the Target may have.
- (b) The Target must provide any assistance and information reasonably requested by the Bidder to enable the Bidder to prepare and finalise the Bidder's Statement.

4.2 Target's Statement

- (a) The Target will give the Bidder a reasonable opportunity to review the draft of the Target's Statement in the form in which the Target proposes to lodge that document with ASIC and will consult in good faith with the Bidder and act reasonably with respect to any comments the Bidder may have.
- (b) The Bidder must provide any assistance and information reasonably requested by the Target to enable the Target to prepare and finalise the Target's Statement.

4.3 Early dispatch of Offers

- (a) The Target agrees, and represents and warrants that all of the Directors have agreed, that the Bidder's Statement may be despatched to Target Shareholders and Target Listed Optionholders on a date nominated by the Bidder that is earlier than the date for sending under Item 6 of section 633(1) of the Corporations Act.
- (b) At the request of the Bidder, the Target must use reasonable endeavours to ensure that its Target's Statement is despatched to Target Shareholders and Target Listed Optionholders together with the Bidder's Statement.

4.4 Promote and assist with the Takeover Bid

- (a) From the Announcement Date until the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed), the Target will procure that the chairman of directors, the managing director and such other senior executives as reasonably requested by Bidder will participate in efforts reasonably required by the Bidder to promote the merits of the Takeover Bid, including but not limited to:



- (1) meeting with key Target Shareholders if requested to do so by the Bidder; and
 - (2) communicating with the Target's employees, customers and contractual counter-parties.
- (b) The Target will direct its share registry to provide the Bidder with such assistance as it may reasonably require in implementing and promoting the Takeover Bid.
- (c) The Target will provide the Bidder with such assistance as it may reasonably require in establishing or operating any institutional or shareholder acceptance facility relating to the Offer.

4.5 Bid Conditions

- (a) From the Announcement Date until the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed), the Target will not, and will procure that each of its Subsidiaries does not, without the Bidder's prior consent, take any action or omit to do anything which will, or is likely to, result in any of the Bid Conditions being breached.
- (b) To avoid any doubt in this deed, a reference to a Bid Condition being breached includes a reference to a Bid Condition not being, or not being capable of being, satisfied.
- (c) If any event occurs or becomes apparent which would cause any of the Bid Conditions to be breached or prevent them from being able to be satisfied, the Target or the Bidder must, to the extent such information is within the relevant party's actual knowledge, as soon as reasonably practicable notify the other of the event.
- (d) Nothing in clause 4.5 prevents the Target or the Bidder or the Directors or directors of the Bidder from taking, or failing to take, action where, acting in good faith and reasonably, the Directors consider that to do otherwise would, or would be likely to constitute a breach of their statutory or fiduciary duties.

4.6 Conduct of business

- (a) From the Announcement Date until the earlier of the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed) and termination of this deed, the Target will, and will procure that each of its Subsidiaries will:
- (1) conduct the Target Group's business and operations in the usual and ordinary course consistent with the manner in which each such business and operations were conducted immediately prior to the Execution Date, and must consult with the Bidder on the manner of conduct of the Target Group's business and operations;
 - (2) make all reasonable efforts to:
 - (A) keep available the services of their officers and employees; and
 - (B) preserve their relationships with Public Authorities, customers, suppliers, landlords, trade unions, licensors, licensees and others with whom they have business dealings;



- (3) not enter any lines of business or other activities in which the Target Group is not engaged at the Execution Date;
 - (4) respond to any reasonable request from the Bidder for information concerning the Target Group and its business and operations;
 - (5) ensure that the Bidder is kept up-to-date on any discussions, correspondence and negotiations between any member of the Target Group and any Public Authority on any matter;
 - (6) subject to the Confidentiality Deed, provide the Bidder and its Representatives reasonable access to officers and employees, offices and other facilities, and books and records of members of the Target Group, and otherwise provide reasonable co-operation to the Bidder and its Representatives, for the purpose of:
 - (A) the Bidder and its Representatives understanding the business and operation of the Target Group;
 - (B) the Bidder and its Representatives doing all things necessary or desirable under this deed or in connection with the Offer; or
 - (C) the Bidder and its Representatives planning for the integration of the Target Group into the Bidder Group assuming the Offer becomes unconditional and the Bidder Group holds Relevant Interests in at least 50% of the Target Shares; and
 - (7) ensure that there is no material decrease in the amount of cash in the Target Group other than as used in the ordinary course of business.
- (b) Nothing in clause 4.6(a) restricts the ability of the Target to take any action which:
- (1) is required, permitted or contemplated by this deed (including without limitation clause 7);
 - (2) the Target has fully and fairly disclosed in an announcement made to ASX prior to the Execution Date or to the Bidder in writing prior to execution of this deed;
 - (3) is fairly disclosed in information contained in, the Due Diligence Materials;
 - (4) is required to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property);
 - (5) has been agreed to in writing by the Bidder; or
 - (6) involves the incurring of reasonable costs in relation to the transactions contemplated by the Takeover Bid.

4.7 Target due diligence

Subject to the Confidentiality Deed, the Bidder agrees to provide the Target and its Representatives reasonable access to specified officers and employees of the Bidder Group, and otherwise provide reasonable co-operation to the Target and its Representatives, for the purpose of:

- (a) the Target and its Representatives understanding the business and operation of the Bidder Group; and
- (b) the Target and its Representatives doing all things necessary or desirable under this deed or in connection with the Offer.

4.8 FIRB application

- (a) The Bidder agrees that as soon as practicable after the Announcement Date, it will make an application to the Foreign Investment Review Board for approval of the acquisition of Target Shares pursuant to the Offer under the FATA and the Australian government's foreign investment policy.
- (b) The Target must provide the Bidder with all reasonable assistance and information required by the Bidder to prepare and progress the application made under clause 4.7(a).

4.9 Share register

From the Execution Date until the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed), the Target must (without charge to the Bidder):

- (a) provide the Bidder with a copy of the register of Target Shareholders in an electronic form requested by the Bidder promptly after a request by the Bidder to do so (including any request made by the Bidder under section 641 of the Corporations Act);
- (b) provide the Bidder with a copy of the register of Target Shareholders in electronic form on the day that the Target receives a copy from its registry each time a copy is obtained; and
- (c) comply with any request of the Bidder acting reasonably, to give directions to Target Shareholders pursuant to Part 6C.2 of the Corporations Act (and provide copies of any responses to the Bidder upon request).

4.10 Acquisition or cancellation of Unlisted Target Options

- (a) Pursuant to the Agreed Bid Terms, the Bidder will offer to acquire (or cause the cancellation of) all of the Unlisted Target Options (and may also at its election seek to compulsorily acquire them under Chapter 6A of the Corporations Act).
- (b) If the Bidder informs the Target that it seeks to have all or some of the Unlisted Target Options cancelled:
 - (1) the Target must:
 - (A) apply to ASX for a waiver from Listing Rule 6.23 to allow the Unlisted Target Options to be cancelled;
 - (B) obtain the Bidder's prior consent on the form of such waiver application; and
 - (C) consult with the Bidder on all matters relating to such waiver application; and
 - (2) the Target must take such steps to cause the Unlisted Target Options to be cancelled as the Bidder reasonably requires (including the entry into



cancellation deeds), provided that any consideration to be paid by the Target on cancellation shall be as set out in the Agreed Bid Terms and is to be paid directly by or on behalf of the Bidder (or if the Target so agrees, otherwise funded by or on behalf of the Bidder whether by way of loan or otherwise).

4.11 Appointment of Directors to Board

- (a) The Target represents and warrants to the Bidder that, if and when the Bidder acquires a Relevant Interest in more than 50% of the Target Shares and the Offer has become unconditional, each Director will take all actions necessary to ensure that:
- (1) the nominees of the Bidder are lawfully appointed as Directors; and
 - (2) all Directors, other than the Bidder's nominees and one independent Director agreed to by the Bidder and the Target, resign and each such resigning Director provides a written acknowledgement and confirmation for the benefit of the Target Group that the Director has, other than in respect of director's fees accrued prior to the date of resignation or as disclosed to the Bidder prior to the date of this deed, no claim against any entity within the Target Group for salary, fees, compensation for loss of office or loans which that Director has made to any entity within the Target Group in respect of that Director holding office as or ceasing to be a Director.
- (b) the independent Director agreed to by the Bidder and the Target under clause 4.11(a)(2):
- (1) will not be removed as a Director until such time as the Bidder acquires a Relevant Interest in more than 90% of the Target Shares and the Offer has become unconditional; and
 - (2) upon the threshold in clause 4.11(b)(1) being reached, will resign and provide a written acknowledgement and confirmation for the benefit of the Target Group that they have, other than in respect of director's fees accrued prior to the date of resignation or as disclosed to the Bidder prior to the date of this deed, no claim against any entity within the Target Group for salary, fees, compensation for loss of office or loans which that Director has made to any entity within the Target Group in respect of that Director holding office as or ceasing to be a Director.

5. Takeover Bid – variation and waiver

5.1 Variation

The Bidder may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the Corporations Act.

5.2 Waiver

Subject to the Corporations Act, the Bidder may at any time:

- (a) declare the Takeover Bid to be free from any Bid Condition; and/or
- (b) extend the Offer Period on one or more occasion.

6. Warranties

6.1 Target's warranties

The Target represents and warrants to the Bidder that, at the Execution Date:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary corporate action to authorise its entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed;
- (d) this deed constitutes legal, valid and binding obligations enforceable on the Target in accordance with its terms;
- (e) the execution and performance by it of this deed and each transaction contemplated by this deed does not and will not violate in any respect a provision of:
 - (1) a law, judgement, ruling, order or decree binding on it;
 - (2) its constitution; or
 - (3) any other document or agreement that is binding on its assets.
- (f) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed;
- (g) it is not aware of any act, omission, event or fact that would result in one or more of the Bid Conditions being breached, except as disclosed by the Target to the Bidder in writing prior to the Execution Date;
- (h) so far as the Target is aware, all information which has been disclosed by the Target under its continuous disclosure obligations under the Corporations Act and the Listing Rules was materially true and correct at the time it was disclosed (except as subsequently disclosed), and the Target has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and there is no material information that the Target is withholding pursuant to Listing Rule 3.1A, other than as disclosed to the Bidder by the Target in writing prior to the Execution Date or previously known by the Bidder;
- (i) so far as the Target is aware, the Due Diligence Material:
 - (1) is accurate and complete in all material respects; and
 - (2) contains all material information that
 - was reasonably requested by the Bidder before the Execution Date.
- (j) so far as the Target is aware, the Target and Target Group have complied in all material respects with all regulations applicable to them and orders of Public

Authorities having jurisdiction over them where such non-compliance would, or would reasonably be likely to have a material adverse effect on the Target and have all material licences and permits necessary for them to conduct their respective businesses as presently being conducted and nothing has occurred which is reasonably likely to have the effect of such licences or permits being revoked or altered in any way, or not being renewed or being capable of being renewed on reasonably acceptable terms where such revocation, alteration or non renewal would, or would reasonably be likely to have a material adverse effect on the Target;

- (k) in respect of the Tenements:
- (1) the Target (or an entity within the Target Group, as the case may be) holds the entire legal and beneficial interest in the Tenements;
 - (2) the Tenements are free from all Encumbrances;
 - (3) there are no actions, suits, disputes or other proceedings (including arbitration or mediation) concerning any of the Tenements and there are no circumstances which might give rise to such actions, suits, disputes or other proceedings ;
 - (4) other than any contracts to which the Bidder Group is a party to, there are no off-take, marketing, agency or similar contracts, commitments or arrangements in place in relation to any of the Tenements;
 - (5) there are no unremedied breaches of the terms any of the Tenements or the environmental authorities relating to any of the Tenements;
 - (6) no entity within the Target Group is under any contractual, statutory or other obligation of any kind to sell or dispose of any interest or create any Encumbrance over the Tenements;
 - (7) the Tenements are not subject to cancellation or forfeiture in whole or in part for any reason; and
 - (8) no entity within the Target Group is a party to any agreement under which it is bound to share the profits or pay any royalties relating to the Tenements or to waive or abandon any rights to which it is entitled relating to the Tenements; and
- (l) the Target's issued securities as at the Execution Date consist of:
- (1) 1,301,312,253 Target Shares;
 - (2) 94,005,477 Target Listed Options; and
 - (3) 5,650,000 Target Unlisted Options,

and those securities comprise the whole of the issued and outstanding share capital of the Target and it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into or be exchangeable for or entitle the holder to any Target Shares.

6.2 Qualifications to Target warranties

The Bidder acknowledges and agrees that the Target has disclosed or is deemed to have disclosed against the Target's representations and warranties set out in this deed, and the

Bidder is aware of, and will be treated as having actual knowledge of, all facts, matters and circumstances that:

- (a) are provided for or described in this deed;
- (b) are fairly disclosed in, or otherwise evident from the information contained in, the Due Diligence Materials; or
- (c) are within the actual knowledge of the Bidder Group.

6.3 Bidder warranties

The Bidder represents and warrants to the Target that, at the Execution Date:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary corporate action to authorise its entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed;
- (d) this deed constitutes legal, valid and binding obligations enforceable on the Bidder in accordance with its terms;
- (e) the execution and performance by it of this deed and each transaction contemplated by this deed does not and will not violate in any respect a provision of:
 - (1) a law, judgement, ruling, order or decree binding on it;
 - (2) its constitution; or
 - (3) any other document or agreement that is binding on its assets;
- (f) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed; and
- (g) it is not aware of any act, omission, event or fact that would result in one or more of the Bid Conditions being breached, except as disclosed by the Bidder to the Target in writing prior to the Execution Date.

6.4 Reliance by parties

Each party (**Warrantor**) acknowledges that:

- (a) in entering into this deed, the other parties have relied on the warranties provided by the Warrantor under this clause 6; and
- (b) it has not entered into this deed in reliance on any warranty made by or on behalf of the other parties or any of their officers, employees or advisers except those warranties of the parties set out in this deed.



6.5 Notifications

Each party will promptly advise the other parties in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the warranties given by it under this clause 6.

6.6 Status of warranties

Each warranty in this clause 6:

- (a) is severable;
- (b) will survive the termination of this deed; and
- (c) is given with the intent that liability under it will not be confined to breaches that are discovered prior to the Execution Date.

6.7 Release

- (a) Bidder agrees to release all rights against, and agrees that it will not make any Claim against, any officer, employee or adviser of the Target or any of its Subsidiaries in connection with:
 - (1) the Target's execution or delivery of this deed;
 - (2) any breach of any representation, covenant or warranty given by the Target in this deed; or
 - (3) any disclosure, communication or other step made or taken by any officer, employee or adviser of the Target or any of its Subsidiaries in connection with this deed (including without limitation any statement which is false or misleading whether in content or by omission),

except to the extent that the relevant person has not acted in good faith, has acted fraudulently, negligently or recklessly or has engaged in wilful misconduct.

- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly.

7. Exclusivity

7.1 Cease existing discussions

The Target represents and warrants that, as at the Execution Date, it is not in any discussions or negotiations, and has ceased any discussions or negotiations, in respect of any Competing Proposal with any Third Party.

7.2 No shop restriction

During the Exclusivity Period, the Target must not, and must ensure that none of its Representatives directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal, or communicate any intention to do any of those things.

7.3 No talk restriction

During the Exclusivity Period, the Target must not, and must ensure that none of its Representatives, enters into, continues or participates in, negotiations or discussions with any Third Party regarding a Competing Proposal, or if to do so may be reasonably be likely to lead to a Competing Proposal, even if:

- (a) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by the Target or any of its Representatives; or
- (b) the Competing Proposal has been publicly announced,

unless the Directors, acting in good faith and in order to satisfy what the Directors reasonably consider to be their fiduciary or statutory duties, determine that:

- (a) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; or
- (b) where there is not yet a Competing Proposal, the steps that the Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal.

7.4 No due diligence

Without limiting the general nature of clause 7.3, during the Exclusivity Period, the Target must not, and must ensure that its Representatives do not, make available to any Third Party, or permit any Third Party to receive any non-public information relating to any entity within the Target Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal, unless all of the following requirements are satisfied:

- (a) the Directors, acting in good faith and in order to satisfy what the Directors reasonably consider to be their fiduciary or statutory duties, determine that:
 - (1) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; or
 - (2) where there is not yet a Competing Proposal, the steps that the Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal; and
- (b) if the Target proposes to provide any confidential information to a Third Party, before the Target provides such information to the Third Party, the Third Party has entered into a written agreement in favour of the Target regarding the use and disclosure of the confidential information by the Third Party and that restricts the Third Party's ability to solicit the employees of the Target Group;
- (c) to the extent that such information has not been previously provided to the Bidder, the Target provides that information to the Bidder at the same time as, or as soon as reasonably practicable after, it is provided to the Third Party.

7.5 Notification and matching right

- (a) During the Exclusivity Period, the Target must immediately notify the Bidder if:

(1) it or, so far as it is aware, any of its Representatives, is approached (directly or indirectly) by any Third Party to engage in any activity or take any other action of a kind referred to in clause 7.3; or

(2) it proposes to take any action of a kind referred to in clause 7.4,

unless (and only to the extent that) the Directors, acting reasonably and in good faith, determine that it would be a breach of their fiduciary or statutory duties to notify the Bidder.

(b) If the Target receives a Competing Proposal, the Target:

(1) must not enter into any agreement, arrangement or understanding (whether or not in writing) to undertake or give effect to a Competing Proposal; and

(2) must ensure that none of the Directors changes, withdraws or modifies their recommendation of the Takeover Bid in favour of the Competing Proposal or recommends the Competing Proposal,

unless:

(3) the Directors have acting reasonably and in good faith determined that the Competing Proposal is a Superior Proposal;

(4) the Target has complied with its notification obligations under clause 7.5(a), and is not in breach of its obligations in clauses 7.1, 7.2, 7.3 and 7.4;

(5) the Target has first given the Bidder at least 3 clear Business Days notice in writing of the proposed action described in 7.5(b)(1) or 7.5(b)(2);

(6) the Target has provided to the Bidder with that notice:

(A) all material terms of the Competing Proposal, including details of the proposed price or implied value, payment terms, form of consideration, conditions, timing and break fee (if any) provided that the Target shall be under no obligation to disclose the status of negotiations in respect of a Competing Proposal; and

(B) the identity of the person who has made the Competing Proposal (**Competing Party**). If the identity of the Competing Party cannot be disclosed to the Bidder without the consent of the Competing Party then the Target must seek that consent. If consent is refused, the Target may only withhold the identity of the Competing Party from the Bidder if the Directors, acting in good faith and after having received written advice from their external legal advisers, determine that disclosing the identity of the Competing Party would constitute a breach of the Directors' fiduciary or statutory duties; and

(7) in relation to clause 7.5(b)(2), clause 3.2(b) is satisfied.

(c) During the 3 clear Business Day period referred to in clause 7.5(b)(5), the Bidder will have the right to offer a counter proposal (**Bidder Counter Proposal**) that will provide a superior outcome for Target Shareholders than the applicable Competing Proposal, and if it does so offer:



- (1) the Target and the Bidder must use their best endeavours to agree any amendments to this deed that are reasonably necessary to reflect the Bidder Counter Proposal; and
- (2) the Directors must recommend the Bidder Counter Proposal to Target Shareholders and not the applicable Competing Proposal.
- (d) Any material modification to any Competing Proposal (which will include any modification relating to the price or value of any Competing Proposal) will be taken to make that proposal a new Competing Proposal in respect of which the Target must comply with its obligations under this clause 7.

7.6 Normal provision of information

Nothing in this clause 7 prevents a party from:

- (a) providing information to its Representatives;
- (b) providing information to any Public Authority;
- (c) providing information to its auditors, Advisers, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law, including to satisfy its obligations of disclosure under any stock exchange listing rules or to any Public Authority; or
- (e) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business.

7.7 Time of the essence

Time is of the essence in this clause 7.

8. Break Fee

8.1 Acknowledgements

- (a) This clause 8 has been agreed in circumstances where:
 - (1) the Bidder and the Target believe the implementation of the Takeover Bid will provide significant benefits to their respective shareholders, and the Bidder and the Target acknowledge that, if they enter into this deed and the Takeover Bid is subsequently not implemented, the Bidder will have incurred significant costs;
 - (2) both parties have received legal advice on this deed and the operation of this clause 8;
 - (3) the Bidder requested provision to be made for the payments outlined in this clause 8, and would not have entered into this deed without the benefit of this clause and would not have entered into and continued the negotiations leading up to this deed unless the Target had agreed to enter into a clause of this kind; and

- (4) both the Target Board and the board of the Bidder consider this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 8 in order to secure the Bidder's entry into this deed.

8.2 Undertaking to pay Break Fee

The Target undertakes to pay a compensating amount of A\$130,000 (plus any GST) (**Break Fee**), to the Bidder if any of the following events occurs:

- (a) any of the Directors does not recommend the Takeover Bid as described in clause 3.1 or recommend against, qualifies their support of or withdraw their recommendation or approval of the Takeover Bid;
- (b) a Competing Proposal is announced or made during the Exclusivity Period and any of the Directors recommends that Competing Proposal;
- (c) a general meeting of the Target approves the implementation or taking of any step that would, or would be likely to, prevent a Bid Condition being satisfied or result in a Bid Condition not being satisfied;
- (d) the Target or the Target Board does (or omits to do) anything (whether or not it may be permitted by the terms of this deed) which results in any of the Bid Conditions in clauses 6 or 7 of Schedule 3 being breached, unless the Bidder declares the Takeover Bid free of the breached Bid Condition (which it may do so in its absolute discretion);
- (e) there is a breach of clause 7 of this deed by the Target; or
- (f) the Target is in material breach of this deed (other than clause 7), and that material breach is not remedied within 5 Business Days of the Target receiving notice to remedy from the Bidder,

provided in each case that a Break Fee will only be payable after the Offer has closed and provided that at that time the Bidder has not acquired (or gained enforceable rights to acquire) more than 90% of the Target Shares and no Break Fee will be payable where the Target terminates this deed in accordance with clause 10.1(a) or 10.1(d).

8.3 Demand for payment

- (a) Any demand by the Bidder for payment of the Break Fee must be in writing.
- (b) The Target must pay that amount to the Bidder, by bank cheque or electronic funds transfer to an Australian bank account nominated by the Bidder, within 30 Business Days of receipt of the demand. The demand may only be made after the occurrence of an event referred to in clause 8.2 and after the Offer has closed.
- (c) The Target will not be required to pay the Break Fee more than once.

8.4 Nature of payment

- (a) The Break Fee payable by the Target to the Bidder under clause 8.2 is an amount to compensate the Bidder for:
 - (1) advisory costs;
 - (2) costs of management and directors' time;
 - (3) out-of-pocket expenses; and

- (4) opportunity costs incurred in pursuing the Takeover Bid or in not pursuing other alternative acquisitions or strategic initiatives which could have been developed to further business and objectives,

incurred by the entities within the Bidder Group in circumstances where the Takeover Bid is not ultimately successful.

- (b) The parties acknowledge and agree that the costs actually incurred by the Bidder as described in clause 8.4(a) will be of such nature that they cannot be accurately ascertained, but that the Break Fee is a genuine and reasonable pre-estimate of the cost and loss that would actually be suffered by the Bidder Group.

8.5 Compliance with law

If:

- (a) it is found by the Takeovers Panel or a court that all or any part of the payment of the Break Fee required to be made under clause 8.2 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances and the period for lodging an application for review or a notice of appeal (as applicable) has expired without such an application or notice having been lodged; or
- (b) an application for review or a notice of appeal having been lodged with the Takeovers Panel or a court within the prescribed period, it is found by the relevant review panel or appeal Court that all or any part of the payment of the Break Fee required to be made under clause 8.2 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances,

then:

- (c) the undertaking under clause 8.2 (as the case may be) does not apply in respect of that part of the payment which is found to be unlawful, involving a breach of director's duties or constituting Unacceptable Circumstances; and
- (d) the Bidder must refund that part of the payment paid to the Bidder under this deed within 10 Business Days of receipt of the demand for refund.

9. Public announcements and disclosure of information

9.1 Requirement for consultation

- (a) Subject to clause 9.1(b), each of the Bidder and the Target party must use its best endeavours to consult with the other prior to making any public announcements in connection with this deed or the Offer (other than the Agreed Announcement which has already been agreed).
- (b) Where a party is required by applicable law or stock exchange rules to make any announcement or make any disclosure relating to matters the subject of the Offer (including any supplementary Bidder's Statement or Target's Statement), it may do so only after it has, to the maximum extent possible in the circumstances:
 - (1) given the other parties as much notice as is reasonably practicable in the context of any deadlines imposed by law or a Public Authority; and
 - (2) consulted with the other parties and acted reasonably as to the content of that announcement or disclosure.

9.2 Disclosure of information

- (a) The parties acknowledge and agree that, notwithstanding anything in the Confidentiality Deed:
 - (1) the Bidder and its Subsidiaries will be able to disclose information as required by or under Australian law such that the Bidder and its Subsidiaries are free to acquire Target Shares under the Offer or (during the Offer Period) on-market subject to the restrictions in the Corporations Act; and
 - (2) the Target will be able to disclose information as required by or under Australian law such that the Directors are free to consider and recommend the Offer.
- (b) Each party shall provide the other parties with reasonable advance notice of any disclosure contemplated by clause 9.2(a), and consider in good faith and act reasonably in relation to the comments made by the other parties in relation to the form of the disclosure.

10. Termination

10.1 Termination by either the Bidder or the Target

This deed may be terminated by either the Bidder or the Target by written notice to the other if:

- (a) the other is in material breach of this deed and that breach is not remedied by that other within 5 Business Days of it receiving notice from the non-defaulting party of the details of the breach and the non-defaulting party's intention to terminate this deed;
- (b) the Bidder withdraws the Takeover Bid for any reason permitted by law including non-satisfaction of a Bid Condition;
- (c) by the date 6 months following the Execution Date all of the Bid Conditions have not been fulfilled or waived; or
- (d) the Bidder fails to lodge the Bidder's Statement with ASIC or dispatch offers under the Takeover Bid to Target Shareholders or Target Optionholders in accordance with the Corporations Act.

10.2 Termination by Target

The Target may terminate this deed by written notice to the Bidder if all of the Directors recommend a Superior Proposal, provided always that clause 3.2 has been complied with.

10.3 Termination by Bidder

The Bidder may terminate this deed if:

- (a) a Superior Proposal is publicly announced by a Third Party in respect of the Target; or
- (b) a Director of the Target does not recommend the Offer to holders of Target Shares and Target Listed Options as described in clause 3 or recommends against, qualifies their support of or withdraws their recommendation or approval of the Offer; or
- (c) a Competing Proposal is announced or made during the Exclusivity Period and any of the Directors recommends that Competing Proposal.



10.4 Effect of termination

If this deed is terminated by a party under this clause 10, from the date of termination this deed will have no further force or effect and no party will have any further obligations under this deed, other than in respect of any accrued rights or remedies including in respect of any liability for an antecedent breach of this deed and provided that this clause 10 and clauses 1, 8, 9, 11, 12, 13 and 14 (with the exception of clause 14.8) survive termination.

11. Confidentiality

11.1 Disclosure of Confidential Information

A party (**Receiving Party**) must not disclose any Confidential Information of another party (**Supplying Party**) except:

- (a) to representatives of the Receiving Party or its Related Bodies Corporate requiring the information for the purposes of this deed;
- (b) with the written consent of the Supplying Party;
- (c) if required to do so by law or by the Listing Rules; or
- (d) if the Receiving Party is required to do so in connection with legal proceedings.

11.2 Bidder's Statement and Target's Statement

- (a) The Bidder may use Confidential Information relating to the Target for the purpose of preparing the Bidder's Statement, but must consult with the Target and act reasonably in relation to any disclosure of Confidential Information in the Bidder's Statement.
- (b) The Target may use Confidential Information relating to the Bidder for the purpose of preparing the Target's Statement, but must consult with the Bidder and act reasonably in relation to any disclosure of Confidential Information in the Target's Statement.

11.3 Disclosure by recipient of Confidential Information

- (a) A party disclosing information under clause 11.1 or 11.2 must use all reasonable endeavors to ensure that any person receiving Confidential Information from it does not disclose the information except in the circumstances permitted by this clause 11.
- (b) A party who has received Confidential Information from another under this deed must, on the request of the other party after the termination of this Deed, immediately deliver to that party all documents or other materials containing or referring to that information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clause 11.1.

11.4 Exceptions

- (a) The obligations of confidentiality under this clause 11 do not extend to Confidential Information that (whether before or after this deed is executed):
 - (1) is rightfully known or in the possession or control of the Receiving Party and is not subject to an obligation of confidence (including an obligation under this deed);

- (2) is lawfully generally available to the public, other than as a result of a breach of this deed; or
 - (3) the Receiving Party is required by law or by the Listing Rules or by order of a court of competent jurisdiction to disclose.
- (b) The Receiving Party must, whenever practicable and permitted by law, prior to making any disclosure permitted by paragraph 11.4(a)(3), advise the Supplying Party of the form and content of the proposed disclosure and will provide the Supplying Party with a reasonable opportunity to comment on the proposed disclosure.

11.5 Termination

This clause 11 will survive termination of this deed.

12. Notices

12.1 Form

Any notice or other communication to or by any party must be:

- (a) in writing and in the English language;
- (b) addressed to the address of the recipient in clause 12.4 of this deed or to any other address as the recipient may have notified the sender; and
- (c) be signed by the party or by an Authorised Officer of the sender.

12.2 Manner

In addition to any other method of service authorised by law, notice to a party may be:

- (a) personally served on the party;
- (b) left at the party's current address for service;
- (c) sent to the party's current address for service by prepaid ordinary mail or if the address is outside Australia by prepaid airmail;
- (d) sent by facsimile to the party's current numbers for service; or
- (e) sent by electronic mail to the party's electronic mail address.

12.3 Time

If a notice is sent or delivered in the manner provided in clause 12.2 it must be treated as given to or received by the addressee in the case of:

- (a) delivery in person, when delivered;
- (b) delivery by post:
 - (1) in Australia to an Australian address the second Business Day after posting; or
 - (2) in any other case on the 5th Business Day after posting;



- (c) facsimile, when a transmission report being printed by the sender's facsimile machine stating that the document has been sent to the recipient's facsimile number; or
- (d) electronic mail, when the sender's computer reports that the message has been delivered to the electronic mail address of the addressee,

but if delivery is made after 5.00pm on a Business Day it must be treated as received on the next Business Day in that place.

12.4 Initial details

The addresses and numbers for service are initially:

Bidder

Address: Level 36, Exchange Plaza, 2 The Esplanade, Perth Western Australia

Facsimile: +61 8 9263 9777

Electronic Mail: dchen@nortogoldfields.com.au

Attention: Dr Dianmin Chen

Target

Address: Ground Floor, 284 Oxford Street, Leederville, Western Australia

Facsimile: +61 8 9443 2859

Electronic Mail: james.croser@kalmining.com.au

Attention: Mr James Croser

12.5 Changes

A party may from time to time change its address or numbers for service by notice to each other party.

13. Governing law and jurisdiction

13.1 Governing law

This deed is governed by and construed in accordance with the laws of Western Australia.

13.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within paragraph (a).

14. Miscellaneous

14.1 Exercise rights

A single or partial exercise or waiver by a party of any right under or relating to this deed will not prevent any other exercise of that right or the exercise of any other right.

14.2 Legal effect

Each party acknowledges and agrees for the benefit of each other party that this document is intended to take effect as a deed. Each party executes this document with the intention that it will be immediately legally bound by this document.

14.3 Merger

If the liability of a party to pay money under this deed becomes merged in any deed, judgment, order or other thing, the party liable must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate payable under this deed and that fixed by or payable under that deed, judgment, order or other thing.

14.4 Moratorium legislation

Any law which varies, prevents or prejudicially affects the exercise by a party of any right, power or remedy conferred on it under this deed is excluded to the extent permitted by law.

14.5 No assignment

A party must not assign, transfer or novate all or any part of its rights or obligations under or relating to this deed or grant, declare, create or dispose of any right or interest in it, without the prior written consent of each other party.

14.6 Remedies cumulative

The rights and remedies under this deed are cumulative and not exclusive of any rights or remedies provided by law.

14.7 Severability

If anything in this deed is or is determined to be unenforceable, illegal, voidable or void in a jurisdiction then it is severed for that jurisdiction and the rest of this deed remains in full force and effect in all other jurisdictions.

14.8 Further assurance

Each party must promptly at its own cost do all things (including executing and delivering all documents) necessary and reasonable to give full effect to this deed and the transactions contemplated by it.

14.9 Costs

Subject to clause 8, each party is responsible for all its own costs (including legal costs) incurred in the negotiation of, and the performance of, this deed and the implementation or attempted implementation of the Bid.



14.10 Taxes

The Bidder must:

- (a) pay all Taxes which may be payable or determinable in connection with the execution, delivery, performance or enforcement of this deed or any payment or receipt or of any transaction contemplated by this deed; and
- (b) indemnify the Target against any liabilities resulting from any delay or omission by the Bidder to pay any Taxes.

14.11 Time

- (a) Time is of the essence of this deed.
- (b) If the parties agree to vary a time requirement, the time requirement so varied is of the essence of this deed.
- (c) An agreement to vary a time requirement must be in writing.

14.12 Variation

An amendment or variation to this deed is not effective unless it is in writing and signed by the parties.

14.13 Waiver

- (a) A party's waiver of a right under or relating to this deed, whether prospectively or retrospectively is not effective unless it is in writing and signed by that party.
- (b) No other act, omission or delay by a party will constitute a waiver of a right.

14.14 Counterparts

This deed may be executed in any number of counterparts each of which will be considered an original but all of which will constitute one and the same instrument. A party who has executed a counterpart of this deed may deliver it to, or exchange it with, another party by:

- (a) faxing; or
 - (b) emailing a pdf (portable document format) copy of,
- the executed counterpart to that other party.

14.15 Whole agreement

This deed:

- (a) is the entire agreement and understanding between the parties relating to the subject matter of this deed; and
- (b) supersedes any prior agreement, representation (written or oral) or understanding on anything connected with that subject matter.



Schedule 1 - Agreed Bid Terms

(a) **Offer for Target Shares**

The Bidder will make an offer to acquire 100% of the Target Shares and Target Listed Options. However, each Target Shareholder and Target Optionholder can choose to accept the Offer for all of their Target Shares or Target Listed Options.

(b) **Offer price**

0.054 Bidder Shares and 0.054 Bidder Options for each Target Share and 0.024 Bidder Options for each Target Listed Option. The Offer price may be reduced by the amount of any Rights which are paid, made or otherwise arise or accrue to a Target Shareholder.

(c) **Offer Period**

The Offer will remain open for an initial period of two months, and may be extended on one or more occasion by the Bidder in accordance with the Corporations Act.

(d) **Target Shares issued upon exercise of Target Options**

The Offer will extend to Target Shares that are issued prior to the end of the Offer Period upon the exercise of Target Options.

(e) **Offer for Target Unlisted Options**

The Bidder will make offers to acquire (or cause the cancellation of) all of the Target Unlisted Options for the prices per set out in the table below. However, each Target Optionholder can choose to accept such offer for all of their Target Options.

<u>Exercise Price</u>	<u>Expiry</u>	<u>Consideration</u>
\$0.25 each	28 March 2016	0.024 Bidder Options
\$0.25 each	26 May 2016	0.024 Bidder Options



(f) **Conditions to Offer**

As set out in Schedule 3.



Schedule 2 – Agreed Announcement

Schedule 3 - Bid Conditions

Part A – Target Shares

The Offer for Target Shares and any contract that results from acceptance of the Offer for Target Shares are subject to the fulfillment of the following conditions. (Note: Terms used in this Schedule 3 have the meanings given at the end of this Schedule 3)

1. **Minimum relevant interest**

At or before the end of the Offer Period, the Bidder and its Related Bodies Corporate together have Relevant Interests in at least 90% of all the Target Shares.

2. **Offer for Target Listed Options**

The Offer for Target Listed Options is or becomes unconditional in all respects.

3. **FIRB approval**

The Treasurer of the Commonwealth of Australia or his agent notifies the Bidder to the effect that there are no objections to the proposed acquisition by the Bidder of interests in up to all of the Target Shares on issue pursuant to or as a result of the Offer (or by any other means permitted under the Corporations Act) under the Commonwealth Government's foreign investment policy, and such notice is unconditional or subject to conditions which are not materially detrimental to the Bidder.

4. **No regulatory action**

Between the Announcement Date and the end of the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is commenced by any Public Authority ; and
- (c) no application is made to any Public Authority (other than by the Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of Target Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of the Bidder in respect of the Target, or requires the divestiture by any entity within the Bidder Group of any Target Shares, or requires the divestiture of any assets of the Bidder Group or Target Group.

5. **PRC Government approvals**

Before the end of the Offer Period, the Bidder obtains all legal and regulatory approvals, authorisations and consents required under any PRC laws, regulations or policies relevant to the Bidder and necessary to enable the Bidder to acquire Target Shares and Target Listed Options under the Offer and the transactions contemplated by the Bidder's Statement to be completed, in each case on an unconditional basis and, at the end of the Offer Period, all of those approvals, authorisations and consents remain in full force and effect in all respects and

are not subject to any notice or indication of intention to revoke, suspend, restrict, modify or not renew.

6. **No material adverse change**

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to the Bidder (whether or not it becomes public) where that event, change or condition has or has resulted in, or could reasonably be expected to have or result in:

- (a) without limiting the generality of sub-paragraph (b) below, liabilities, or an adverse effect on the financial or trading position, or profitability of the Target Group, taken as a whole, of an amount which (when aggregated with any other event, change or condition) would or could reasonably be expected to result in a diminution of the Target Group's Net Assets by more than A\$500,000;
- (b) a material adverse effect on:
 - (1) the prospects of the Target Group, taken as a whole; or
 - (2) the status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the Target Group,

other than changes, events or conditions:

- (3) required or permitted by the Bid Implementation Deed;
- (4) fully and fairly disclosed by the Target in an ASX announcement or otherwise to the Bidder in writing prior to execution of the Bid Implementation Deed;
- (5) which do not relate specifically to the Target Group and which are beyond the control of Target and which arise from:
 - (A) changes in coal or other commodity prices, exchange rates or interest rates; or
 - (B) general economic or business conditions.

7. **No material acquisitions, disposals or new commitments**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither the Target nor any Subsidiary of the Target, other than with the prior written consent of the Bidder:

- (a) acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than the Specified Amount;
- (b) disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than the Specified Amount;
- (c) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement, joint venture or partnership that:



- (1) requires payments, expenditure or the foregoing of revenue by the Target and/or any of its Subsidiaries of an amount in excess of A\$50,000 on any individual basis or which is, in aggregate, greater than the Specified Amount; or
- (2) is material in the context of the Target Group and is not in the ordinary course of business;
- (d) enters into or agrees to enter into, terminates or agrees to terminate a contract, commitment or arrangement for the provision of services or a licence to a third party that is a new or existing customer that results in the Target and/or any of its Subsidiaries incurring costs greater than \$A25,000 on an individual basis or is, in aggregate, greater than the Specified Amount for the entire term of such contract, commitment or arrangement;
- (e) provides or agrees to provide financial accommodation or a guarantee, other than to entities within the Target Group for any amount, or receives financial accommodation other than from entities within the Target Group for any amount;
- (f) enters into, amends, or agrees to enter into or amend any material contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of the Target;
- (g) incurs, agrees to incur or bring forward the time for incurring, or granting to a third party a right the exercise of which would involve the Target or a Subsidiary incurring or agreeing to incur an amount of capital expenditure in excess of the Specified Amount, other than capital expenditure that has been announced by the Target to ASX prior to the Announcement Date;
- (h) gives or agrees to give any Encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (i) does any of the following in respect of the Tenements:
 - (1) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including without limitation any ore sale, ore processing, joint venture, partnership, farm-in, royalty, marketing, or off-take agreement) in relation to any of the Tenements;
 - (2) relinquishes, sells or disposes of any interest or creates any Encumbrance over any of the Tenements;
 - (3) takes any action or omits to take any action that results in or may reasonably be expected to result in a breach of the terms any of the Tenements or any environmental authority relating to any of the Tenements; or
 - (4) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Tenements or any environmental authority relating to any of the Tenements; or
- (j) without limiting sub-paragraphs (a) to (i) above:
 - (1) enters into, offers to enter into, agrees to enter into or announces any agreement for any transaction; or
 - (2) is otherwise affected by any transaction or proposal,

under which any third party would acquire any legal or economic interest in, or there would be any material diminution in, the rights granted under any mineral tenement held by any entity within the Target Group,

- (k) announces an intention to do any of the matters referred to in sub-paragraphs (a) to (i) above,

other than:

- (l) where required or permitted by the Bid Implementation Deed; or
- (m) as fully and fairly disclosed by the Target in an ASX announcement or to the Bidder in writing prior to execution of the Bid Implementation Deed.

8. **No change of control rights**

Between the Announcement Date and the end of the Offer Period (each inclusive), no person has or will have any right as a result of the Bidder making the Offer or announcing its intention to make the Offer, or acquiring Target Shares under the Offer, to:

- (a) acquire, or require the disposal of, or require any entity within the Target Group to offer to dispose of, any material asset of any entity within the Target Group;
- (b) terminate, or vary the terms or performance of, any material agreement with any entity within the Target Group;
- (c) terminate, or vary the terms of any material approvals, licenses or permits issued by any Public Authority to any entity within the Target Group; or
- (d) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Target Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the Target Group to borrow moneys or incur indebtedness,

other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and disclosed to the ASX or as fully and fairly disclosed by the Target in an ASX announcement or otherwise to the Bidder prior to execution of the Bid Implementation Agreement.

9. **No dividends**

Between the Announcement Date and the end of the Offer Period (each inclusive), the Target does not make, determine as payable, announce or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

10. **No prescribed occurrences**

During the period from the date on which the Bidder's Statement is given to the Target and the end of the Offer Period (each inclusive), none of the following events occur:

- (a) the Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) the Target or a Subsidiary of the Target resolves to reduce its share capital in any way;



- (c) the Target or a Subsidiary of the Target enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) the Target or a Subsidiary of the Target issues shares (other than as a result of the exercise of Target Options) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) the Target or a Subsidiary of the Target issues, or agrees to issue, convertible notes;
- (f) the Target or a Subsidiary of the Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Target or a Subsidiary of the Target charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) the Target or a Subsidiary of the Target resolves to be wound up;
- (i) a liquidator or provisional liquidator of the Target or of a Subsidiary of the Target is appointed;
- (j) a court makes an order for the winding up of the Target or of a Subsidiary of the Target;
- (k) an administrator of the Target or of a Subsidiary of the Target is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Target or a Subsidiary of the Target executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the Target or a Subsidiary of the Target.

11. **No prescribed occurrences between the Announcement Date and date of the Bidder's Statement**

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (m) of paragraph 9 happen.

Part B – Target Listed Options

The Offer for Target Listed Options and any contract that results from acceptance of the Offer for Target Listed Options are subject to the fulfillment of the following conditions. (Note: Terms used in this Schedule 3 have the meanings given at the end of this Schedule 3)

1. Minimum relevant interest

At or before the end of the Offer Period, the Bidder and its Related Bodies Corporate together have Relevant Interests in at least 90% of all the Target Listed Options.

2. Offer for Target Shares

The Offer for Target Shares is or becomes unconditional in all respects.

Definitions

Bid Implementation Deed



Announcement Date means the date of announcement of the Bidder's intention to make the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Bid Implementation Deed means the deed of that name between the Bidder and the Target dated the Announcement Date.

Bidder means Norton Gold Fields Limited ACN 112 287 797.

Bidder Group means the Bidder and its Subsidiaries.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

Corporations Act means the *Corporations Act 2001* (Cth).

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Net Assets means an amount equal to the net assets (being total assets less total liabilities) of the Target Group (on a consolidated basis), determined in accordance with Australian Accounting Standards as applied in the most recent financial statements of the Target prior to the Execution Date.

Offer means an off-market offer to be made by the Bidder under Chapter 6 of the Corporations Act to acquire all of the Target Shares and Target Listed Options on the terms envisaged in the Bid Implementation Deed.

Offer Period means the period during which the Offer remains open for acceptance by Target Shareholders.

PRC means the People's Republic of China.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Specified Amount means A\$100,000.

Subsidiary has the meaning given to that term in the Corporations Act.

Target means Kalgoorlie Mining Company Limited ACN 091 009 559.

Target Group means the Target and its Subsidiaries.

Target Listed Options means the 94,005,477 Target Options exercisable at \$0.25 each on or before 31 May 2014 that are quoted on the ASX.

Target Option means an option, issued by the Target prior to the Announcement Date, to subscribe for one Target Share.

Bid Implementation Deed



Target Share means an ordinary share issued in the capital of the Target.

Target Shareholder means a person who is the registered holder of one or more Target Shares.

Tenements means P16/2689, M16/44, M16/45, P16/2694, P16/2695, P16/2696, P16/2697, P16/2698, P16/2699, P16/2700, P16/2701, L16/0087, L16/0089, L16/90, P24/4588, P24/4589, P24/4590, P24/4591, P24/4592, P24/4593, P24/4594



Schedule 4 – Target Unlisted Options

2,600,000 Target Options exercisable at \$0.25 each on or before 28 March 2016

3,050,000 Target Options exercisable at \$0.25 each on or before 26 May 2016

Bid Implementation Deed



Signing page

Executed as a deed by Norton Gold Fields Limited ACN 112 287 797

Director

Director/Secretary (if applicable)

Print full name of Director

Print full name of Director/Secretary

Executed as a deed by Kalgoorlie Mining Company Limited ACN 091 009 559

Director

Director/Secretary (if applicable)

Print full name of Director

Print full name of Director/Secretary