



SUN RESOURCES N.L.
(INCORPORATED IN WESTERN AUSTRALIA)
ABN 69 009 196 810

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FACSIMILE TRANSMISSION

TO : Australian Stock Exchange Limited

ATTENTION : Company Announcements

FAX : 1300 135 638

FROM : Peter Woods

DATE : 10 June 2008

NO. PAGES : (including cover sheet) 59

SUBJECT : **RE: APPENDIX 3B LODGEMENT**

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Dear Sir/Madam

Please find attached an Appendix 3B for your information.

Yours sincerely
SUN RESOURCES NL

A P Woods
Director

Attach

Copy: ASX
DD
ASIC
Computershare
Directors
CB/XL
S Watson
Hartleys
Deacons
File

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

SUN RESOURCES NL

ACN, ARBN or ARSN

69 009 196 810

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | CONVERTIBLE UNSECURED NOTES |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 7,272,800 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | ISSUE OF UNSECURED CONVERTIBLE NOTES TO RAISE UP TO A\$4,000,040 (BEFORE EXPENSES OF THE ISSUE). |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | NO

Refer to Annexure A (attached) for full details. |

Appendix 3B
New issue announcement

5	Issue price or consideration	\$0.55 PER CONVERTIBLE NOTE.	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets).	The funds raised will be predominately applied towards the Company's 50% interest in Block L20/50, onshore Phitsanulok Basin, Thailand, where the Company is in Joint Venture with Carnarvon Petroleum Limited.	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	21 JULY 2008	
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	Number	+Class
		225,097,345	ORDINARY SHARES
		7,272,800	UNSECURED CONVERTIBLE NOTES
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	+Class
		4,800,000	25 CENT UNLISTED CONTRIBUTING SHARES PARTLY PAID TO 2.5 CENTS.
		12,500,000	LISTED OPTIONS AT 20 CENTS EACH EXPIRING 30 DECEMBER 2008
		2,000,000	UNLISTED OPTIONS AT 45 CENTS EACH EXPIRING 30 JUNE 2008.
		1,000,000	UNLISTED OPTIONS AT 10 CENTS EACH EXPIRING 2 FEBRUARY 2010

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	4,000,000	UNLISTED OPTIONS AT 10 CENTS EACH EXPIRING 30 JUNE 2010.
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	NO CHANGE	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A
15	⁺ Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

- 35 The names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 A distribution schedule of the additional ⁺securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

(now go to 43)

Entities that have ticked box 34(b)

- 38 Number of securities for which ⁺quotation is sought N/A
- 39 Class of ⁺securities for which quotation is sought N/A
- 40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?
 If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest paymentN/A
- 41 Reason for request for quotation now
 Example: In the case of restricted securities, end of restriction period
 (if issued upon conversion of another security, clearly identify that other security)
N/A

⁺ See chapter 19 for defined terms.

**Appendix 3B
New issue announcement**

42 Number and ⁺class of all ⁺securities quoted on ASX
(including the securities in clause 38)

Number	⁺ Class
N/A	

(now go to 43)

All entities

Fees

43 Payment method (tick one)

Cheque attached

Electronic payment made

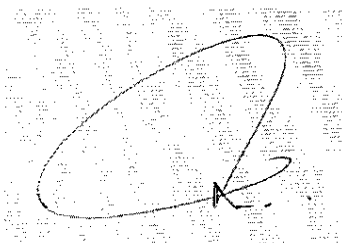
Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant to ASX that the issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose, and that there is no reason why those ⁺securities should not be granted ⁺quotation. We warrant to ASX that an offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Law.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 10 June 2008

(Director/Company secretary)

Print name: **ALAN PETER WOODS**

=====

+ See chapter 19 for defined terms.

Sun Resources NL
ABN 69 009 196 810

ANNEXURE A

TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Each Convertible Note entitles the Convertible Noteholder to acquire fully paid ordinary shares in the capital of the Company on the following terms and conditions.

The following is only a summary of the terms and conditions of the Convertible Notes. The full terms and conditions are contained in the Trust Deed.

- **Face Value:** \$0.55 per Convertible Note.
- **Interest Rate:** 12% per annum fixed payable in cash quarterly in arrears.
- **Conversion:** Each Convertible Note will convert to 5 fully paid ordinary share in the Company (subject to the conversion price re-set). The Convertible Notes can be converted at any time between the date of issue and the maturity date. The applicable Conversion Price will be the Conversion Price as at the most recent Re-set Date.
- **Conversion Price Re-Set** If the volume weighted average share price ("VWAP") for 30 consecutive trading days immediately preceding the end of the relevant Re-Set Date period is lower than the Conversion Price (or Re-Set Conversion Price) on the relevant Re-Set Date the Conversion Price will be adjusted upwards or downwards to be equal to 125% of the VWAP (rounded to the nearest \$0.005) for the period of 30 consecutive trading days immediately preceding each Re-Set Date ("Conversion Price Re-Set").
- **Re-Set adjustment thresholds** Any re-set adjustments of the Conversion Price pursuant to the re-set provision is limited to a maximum conversion price of \$0.11 per share (1 note converts into 5 shares) and a minimum conversion price of \$0.06 per share (1 note converts into 9.16 shares). The maximum number of shares that 1 Note can be converted into is 9.16 shares.
- **Security:** Unsecured.
- **Term** Redemption date 31 March 2011.
- **Guarantee from Subsidiary** A corporate guarantee has been provided by the Company's wholly owned US subsidiary which owns the producing gas fields, East and West Flour Bluff and Pita Island in Texas, USA (**Guarantee**). Under the terms of the Guarantee, the guarantor has agreed to guarantee the Company's obligations in respect of Trust Deed up to a limit of AUD\$4,000,040.
- **Noteholder Redemption** Assuming no conversion, the convertible note holders can elect to redeem the full face value of the convertible note if the Issuer raises any new secured or unsecured debt greater than \$250,000 before redemption date, and in other limited circumstances described in the complete terms & conditions of the Convertible Notes as set out in the Trust Deed.
- **Quotation** The Company has agreed to lodge a disclosure document and apply to the Australian Securities Exchange ("**ASX**") for official quotation of the Convertible Notes. The Company will also apply for official quotation of any shares issued upon conversion of the Convertible Notes in accordance with the terms and conditions.

Shares to rank equally. All shares issued upon conversion of the Convertible Notes will rank pari passu with the existing fully paid ordinary shares of Sun Resources NL.

+ See chapter 19 for defined terms.



Dated **5** June 2008

Unsecured convertible note trust deed

Parties

Sun Resources NL
ACN 009 196 810

Australian Executor Trustees Limited
ACN 007 869 794

Shaun McRobert
Deacons
BankWest Tower, 108 St Georges Terrace
Perth WA 6000
Tel: +61 (0)8 9426 3206
www.deacons.com.au
Our ref: 2645748

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Deed dated **5** June 2008

Parties Sun Resources NL ACN 009 196 810
of Unit 16 Subiaco Village, 531 Hay St, Subiaco, Western Australia
(Company)

Australian Executor Trustees Limited ACN 007 869 794
of Level 22, 207 Kent Street, Sydney, New South Wales
(Trustee)

Introduction

- A. The Company intends to issue Convertible Notes under this Deed.
- B. The Company has agreed to enter into this Deed in order to make provision for the appointment of a trustee for Noteholders.
- C. The Trustee has agreed for the consideration expressed in this Deed to act as trustee of this Deed on the terms contained in this Deed.

It is agreed

1. Definitions and interpretations

1.1 Definitions

In this Deed, unless the contrary intention appears:

- (1) **ASIC** means Australian Securities and Investments Commission;
- (2) **ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532;
- (3) **ASX** means ASX Limited ACN 008 624 691 or, as the case may require, Australian Securities Exchange;
- (4) **Auditor** means the auditor or a firm of auditors appointed from time to time by the Company as required under the Corporations Act;
- (5) **Business Day** has the meaning given by the Listing Rules;
- (6) **Conditions** means the terms and conditions applicable to Convertible Notes, including the terms and conditions set out in this Deed and the terms and conditions set out in the Schedule to this Deed;
- (7) **Constitution** means the constitution of the Company;

- (8) **Controller** means a person whose appointment results in the Company becoming an "externally-administered body corporate" as defined in section 9 of the Corporations Act;
- (9) **Conversion Notice** means the notice in substantially the same form as the form in Annexure A which may be given by a Noteholder to the Company pursuant to Schedule 1 clause 4;
- (10) **Conversion Notice Date** means the date on which the Company receives a Conversion Notice from a Noteholder in accordance with Schedule 1 clause 4;
- (11) **Conversion Number** means the number of Shares to which a Noteholder will be entitled on exercise of the Conversion Option, calculated in accordance with Schedule 1 clause 4.2;
- (12) **Conversion Option** means the option conferred by Schedule 1, clause 4 on a Noteholder to convert part or all of the Convertible Notes held by the Noteholder into Shares and **Convert** and **Conversion** each has a corresponding meaning;
- (13) **Convertible Note** and **Note** means an unsecured convertible note with a face value of \$0.55 issued by the Company under this Deed which is outstanding;
- (14) **Convertible Note Obligations** means all liabilities of the Company to Noteholders, and of the Company to the Trustee on behalf of Noteholders, under the Conditions, including the Moneys Owning, but does not include any liabilities of the Company to the Trustee for the costs, fees and expenses of the Trustee in respect of its duties under this Deed;
- (15) **Corporations Act** means the *Corporations Act 2001* (Cth);
- (16) **Court** means any of the following courts:
- (a) the Federal Court;
 - (b) the Supreme Court of a State or Territory;
 - (c) the Family Court of Australia; or
 - (d) a court to which section 41 of the *Family Law Act 1975* applies because of a proclamation made under section 41(2) of that Act.
- (17) **Date of Conversion** means for all Convertible Notes included in a Conversion Notice, the Conversion Notice Date;
- (18) **Date of Redemption** means for all Convertible Notes included in a Redemption Notice, the Redemption Notice Date;
- (19) **Deed or Trust Deed** means this trust deed between the Company and the Trustee and includes any document or documents supplemental to this Deed or executed pursuant to this Deed (including without limitation any Conditions) and any schedules or appendices to this Deed;
- (20) **Delegate** means a person appointed to act as a delegate of the Trustee for the purposes of this Deed under clause 10.5;
- (21) **Directors** means the directors of the Company from time to time;

- (22) **Directors' Certificate** means a statement signed by 2 Directors on behalf of all of the Directors of the Company which is addressed to the Trustee;
- (23) **Event of Default** means each of the events set out in clause 8.1;
- (24) **Face Value** means \$0.55;
- (25) **Flour Bluff** means the Flour Bluff Gas Development Project near Corpus Christi, Texas, USA, containing three separate producing gas fields, East Flour Bluff, Pita Island and West Flour Bluff. All wells, plant, leases and pipelines are operated by Texas Crude on behalf of the Flour Bluff joint venture participants, including 11 producing wells and 24 inactive wells. As at the date of this Deed, Sun Delta holds an approximately 24.167% working interest in the East Flour Bluff gas field and a 20% working interest in the West Flour Bluff and Pita Island gas fields. The West Flour Bluff and Pita Island fields together comprise 44% of Flour Bluff, with East Flour Bluff comprising the remaining 56%;
- (26) **Guarantee** means the deed of guarantee and indemnity between the Trustee and the Guarantor dated 5 June 2008;
- (27) **Guarantor** means Sun Delta Inc, a corporation duly incorporated and existing under the laws of Colorado, USA of c/o Bradley, Allen & Associates, LLP 225 Union Boulevard, Suite 450, Lakewood, CO 80228;
- (28) **GST** has the meaning ascribed to it in the GST Law;
- (29) **GST Law** has the meaning ascribed to **GST Law** in *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*;
- (30) **Information** means all information and other material of the nature described in clause 17.1;
- (31) **Interest Payment Dates** means the dates interest is payable on the Principal Amount under Convertible Notes, being the last Business Day of each Quarter, and which includes the Maturity Date;
- (32) **Lake Long** means a development project on state lease SL238 in the Lake Long Field area in Lafourche Parish, Louisiana, USA, operated by Kriti Exploration Inc and in which, as at the date of this Deed, Sun Delta holds a 10% working interest;
- (33) **Law** means any requirement of the Corporations Act, ASIC policy statements or ASIC guidance notes that the parties must comply with in order to satisfy their obligations under this Deed as well as common law, principles of equity, and other laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (34) **Liquidation** includes winding up, dissolution, deregistration, administration or receivership;
- (35) **Liquidator** means the liquidator, provisional liquidator, trustee, administrator, manager, receiver, receiver and manager or other officer – who is appointed to administer or implement the Liquidation;
- (36) **Listing Rules** means the official listing rules of ASX from time to time subject to any variation or waivers in their application to the Company which ASX may grant;

- (37) **Majority Noteholders** means a Noteholder or group of Noteholders holding in aggregate more than 50% of the outstanding Notes;
- (38) **Maturity Date** means the earlier of:
- (a) the date that is 3 months after the issue of the Convertible Notes provided that on such date Quotation has not been obtained; or
 - (b) 31 March 2011;
- (39) **Maximum Conversion Number** means 9.16;
- (40) **Minimum Conversion Number** means 5;
- (41) **Moneys Owing** means the Principal Amount and any interest payable on the Convertible Notes and any other moneys payable to the Trustee or the Noteholders (including damages) under or in respect of this Deed or the Convertible Notes and, in relation to a Noteholder, means that portion of those moneys which is owing to that Noteholder;
- (42) **Noteholder** in relation to a Convertible Note means the person entered in the Register as the holder of the Note;
- (43) **Noteholder Statement** means a document setting out a Noteholders' registry entry in the Register;
- (44) **Principal Amount** means the principal amount outstanding from time to time under the Convertible Notes;
- (45) **Quarter** means each period of 3 calendar months with the first quarter ending on the day specified by the Company under clause 5.1(1) and the last of which ends on or before the Maturity Date;
- (46) **Quotation** means the official quotation of the Convertible Notes on the ASX;
- (47) **Redemption Amount** of a Convertible Note means the Face Value of the Convertible Note plus interest which has accrued but which has not become due (calculated in accordance with Schedule 1, clause 3.2), plus unpaid interest up to the Date of Redemption or Date of Conversion of the Convertible Note;
- (48) **Redemption Notice** means the notice in substantially the same form as the form in Annexure B which may be given by the Trustee to the Company pursuant to an exercise of its rights under clause 8.2 or 8.3 or by the Noteholder to the Company under clause 8.5;
- (49) **Redemption Notice Date** means the date on which the Company receives a Redemption Notice from a Noteholder;
- (50) **Register** means a register of holders of Convertible Notes established and maintained under clause 15.1;
- (51) **Related Body Corporate** has the meaning given to it in the Corporations Act;
- (52) **Reset Date** means the last day of each Quarter;
- (53) **SCH Business Rules** means the operating rules of ASTC or of any relevant organisation which is an alternative to, or successor or replacement of, ASTC;

- (54) **Share** means a fully paid ordinary share in the capital of the Company;
- (55) **Special Resolution** has the same meaning as that term has in clause 18.21;
- (56) **Subsidiary** has the meaning given to it in the Corporations Act;
- (57) **Sun Delta** means Sun Delta Inc, a Subsidiary of the Company and a corporation duly incorporated and existing under the laws of Colorado, USA of c/o Bradley, Allen & Associates, LLP 225 Union Boulevard, Suite 450 Lakewood, CO 80228;
- (58) **Tax Act** means:
- (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be, as amended, and a reference to any section of the Income Tax Assessment 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth); and
 - (b) any other Act setting the rate of income tax payable and any regulation promulgated thereunder.
- (59) **Trust** means the trust established under this Deed;
- (60) **Trust Assets** means all moneys or other property fully and finally received, accrued or recovered by the Trustee on account of the Convertible Note Obligations free and clear of third party rights or interest;
- (61) **Trustee** means Australian Executor Trustees Limited ACN 007 869 794 or any successor trustee appointed in accordance with this Deed;
- (62) **Trustee Company** means a body corporate which would be entitled to act as a trustee for the Convertible Notes under section 283AC of the Corporations Act;
- (63) **Voting Share** has the meaning given to that expression in section 9 of the Corporations Act; and
- (64) **VWAP** means the volume weighted average price of the Shares for the 30 consecutive trading days immediately preceding the most recent Reset Date, rounded to the nearest \$0.005.

1.2 Interpretation

In this Deed, except to the extent that the subject or context otherwise requires:

- (1) reference to any legislation or to any provision of any legislation will include any modification or re-enactment of, or any legislative provision substituted for, and all legislation and statutory instruments issued under, such legislation or such provision and will include the corresponding legislation in such other State or Territory of the Commonwealth of Australia as may be relevant from time to time;
- (2) words (including words defined in this Deed) denoting the singular number will include the plural and vice versa;
- (3) words importing natural persons will (where appropriate) include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law or vice versa;

- (4) words denoting any gender will include all genders;
- (5) words written and in writing include any means of visible reproduction of words in a tangible and permanently viable form;
- (6) an agreement, representation or warranty in-favour of two or more persons is for the benefit of them jointly and severally;
- (7) a reference to an accounting term is to be interpreted in accordance with accounting standards under the Corporations Act, schedule 5 to the Corporations Regulations and, where not inconsistent with those accounting standards and that schedule, generally accepted principles and practices in Australia consistently applied by a body corporate or as between bodies corporate and overtime;
- (8) reference to clauses and Schedules are references to clauses and schedules of this Deed;
- (9) references to a subclause is a reference to the sub-clause of the clause in which it appears, reference to a paragraph is a reference to a paragraph of the subclause in which it appears and reference to a sub-paragraph is a reference to a sub-paragraph of a paragraph in which it appears;
- (10) reference to any document or agreement will be deemed to include references to such document or agreement as novated, supplemented, varied or replaced from time to time;
- (11) the headings in this Deed are for the purpose of more convenient reference only and will not form part of this Deed or affect its construction or interpretation; and
- (12) except where otherwise expressly provided, where under or pursuant to this Deed or anything done hereunder the day on or by which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing will be done on the immediately succeeding Business Day.

1.3 Inconsistency with ASX Listing Rules

- (1) This Deed is to be interpreted subject to the ASX Listing Rules and the ASTC Settlement Rules and accordingly if the Convertible Notes are admitted to the official list of ASX, the following clauses apply:
 - (a) if the ASX Listing Rules prohibit an act being done, the act shall not be done;
 - (b) nothing contained in this Deed prevents an act being done that the ASX Listing Rules require to be done;
 - (c) if the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
 - (d) if the ASX Listing Rules require this Deed to contain a provision and it does not contain such a provision, this Deed is deemed to contain that provision;
 - (e) if the ASX Listing Rules require this Deed not to contain a provision and it contains such a provision, this Deed is deemed not to contain that provision; and

- (f) if any provision of this Deed is or becomes inconsistent with the ASX Listing Rules, this Deed is deemed not to contain that provision to the extent of the inconsistency.

This clause applies notwithstanding any other provision of this Deed.

2. Appointment of Trustee

2.1 Appointment of Trustee

The Trustee is hereby appointed as trustee and agrees for the consideration expressed in this Deed to hold the rights and benefits and perform the obligations imposed on it by this Deed for the benefit of Noteholders.

2.2 Declaration of trust

The Noteholders are to be regarded as the beneficial owners of the Convertible Notes held by them respectively and the Trustee holds the following in trust for the benefit of the Noteholders:

- (1) the right to enforce the Company's duty to repay or Convert the Convertible Notes;
- (2) the benefit of the Guarantee; and
- (3) the right to enforce any other duties that the Company has under the terms of the Convertible Notes, this Deed and the Law.

2.3 Limitation of Liability

- (1) Subject to section 283DB of the Corporations Act, It is irrevocably and unconditionally acknowledged and agreed that:
 - (a) the Trustee has entered into this Deed in its capacity as trustee and in no other capacity;
 - (b) the Trustee is not liable (subject to clause 2.3(3)) to pay or satisfy any of its obligations under this Deed, and has no liability to the Company, the Noteholders or any other person, except to the extent that the Trustee has a right to be indemnified and is actually indemnified out of the Trust Assets; and
 - (c) if the Trust Assets are insufficient, neither the Company, the Noteholders nor any other person (subject to clause 2.3(3)) may seek to recover any shortfall by bringing proceedings against the Trustee personally and may not seek the appointment of a liquidator, administrator, receiver or similar person to the Trustee or prove in any liquidation, administration or arrangement of or affecting the Trustee.
- (2) Subject to section 283DB of the Corporations Act and clause 2.3(3), the personal liability in respect of any loss or damage arising out of this Deed is limited to the extent of the Trust Assets.
- (3) The Trustee is liable personally and is not released to the extent that a liability under this Deed arises out of the Trustee's own fraud, negligence, or wilful default which disentitles it from an indemnity out of the Trust Assets in relation to the relevant liability.

- (4) Notwithstanding any other provision of this Deed, the liability of the Trustee is limited by the provisions of this clause 2.3. In the event of any inconsistency with any other provision of this Deed, these clauses are paramount.

2.4 Termination of Trust

The Trust terminates on the earliest to occur of:

- (1) the Business Day immediately following payment in full of all Moneys Owning;
- (2) the date on which the Noteholders determine by Special Resolution that the Trust is to be wound up; or
- (3) 1 Business Day before the date which is the 80th anniversary of the date of this Deed,

provided always that the Trust will not terminate whilst there are costs, fees and or expenses owing to the Trustee.

2.5 Disposal and distribution on termination

- (1) On termination of the Trust under clauses 2.4(1) and 2.4(3), the Trustee must distribute the balance of the capital and income of the Trust (including, without limitation, cash) at the direction of the Company or, if applicable, a Controller.
- (2) On termination of the Trust under clause 2.4(2), the Trustee must distribute the balance of the capital and income of the Trust (including, without limitation, cash) according to a direction contained in the Special Resolution of the Noteholders. Where no direction is made by Noteholders for the distribution, the Trustee must distribute the balance of the capital and income of the Trust in proportion to the number of Convertible Notes held by each Noteholder.

3. Convertible Notes

3.1 Issue of Convertible Notes

The Company may from time to time issue up to 7,272,800 Convertible Notes with an issue price of \$0.55 each to raise an aggregate principal amount not exceeding \$4,000,040 and the Convertible Notes will:

- (1) rank equally in all respects (including as to payment) as between themselves; and
- (2) be created and issued under and subject to this Deed.

3.2 Conditions of issue

Each Convertible Note will be issued subject to the Conditions.

3.3 Conditions and this Deed binding

This Deed including the Conditions will be binding on the Company, the Trustee, the Noteholders and all persons claiming through or under them and Noteholders will be entitled to the benefit of, will be bound by and will be deemed to have notice of, all the provisions of this Deed, the Conditions and the Constitution.

3.4 Validity of Convertible Notes

- (1) Neither the Trustee nor any Noteholder will be concerned or obliged to enquire whether any Convertible Note has been issued in contravention of this Deed, the Conditions and the Constitution.
- (2) Each Convertible Note issued for valuable consideration will be deemed to have been validly issued and constituted under this Deed and entitled to the benefit of the provisions of this Deed and the Conditions, notwithstanding that it may subsequently be determined that the issue of such Convertible Note was in breach of any provision of this Deed or the Conditions (but without prejudice to the Trustee's rights under or pursuant to this Deed against the Company in relation to such breach).

3.5 Registration of Convertible Notes

- (1) The Company will issue Convertible Notes by resolution of its board of directors and will thereafter register the Noteholder as the holder of the Convertible Notes. The Convertible Notes will be issued when the Company creates or procures that a certificate or holding statement is created in respect of the Note.
- (2) When Convertible Notes are issued to a Noteholder the Company will include in the Register the particulars required by clause 15.1.

3.6 Fees relating to issue of Convertible Notes

The Company may pay to any person commission, brokerage or procuration, or other fees in relation to the issue or purchase of Convertible Notes (including, without limitation, for underwriting the issue or purchase of Convertible Notes).

3.7 Purchase by Company

The Company may from time to time and in accordance with the Conditions and subject to the Law purchase issued Convertible Notes and may cancel any of those Convertible Notes so purchased.

4. Payment of Convertible Notes

4.1 Payment of Principal Amount and interest

The Company must make payment of the Principal Amount and interest in respect of Convertible Notes to the Noteholders as and when due in accordance with the Conditions.

4.2 Untraceable Holders

- (1) Subject to the Law and the Listing Rules, where the Company has made reasonable efforts to locate a Noteholder but is unable to do so, and monies payable to the Noteholder have not been claimed by the Noteholder or any legal personal representative of the Noteholder for a period of 12 months after first becoming payable, those monies must:
 - (a) be paid by the Trustee to the Company, if the Trustee has actual possession and control of such moneys; and
 - (b) held by the Company on trust for the Noteholder.

- (2) The Trustee is not liable to any Noteholder for any moneys paid to the Company in accordance with clause 4.3(1).

5. Obligations of Company

5.1 Section 283BF -- quarterly report

- (1) The Company must, as soon as possible after the first issue of Convertible Notes, specify a day for the end of the first Quarter for the purpose of, and in accordance with, section 283BF(2) of the Corporations Act, and give written notice of such date to the Trustee and the Noteholders.
- (2) The Directors must provide to the Trustee and the Noteholders (and, if required, lodge a copy with ASIC) within one month of the end of each Quarter a report of the Company which must set out in detail any matter relating to that Quarter adversely affecting the interests of Noteholders and otherwise include the matters referred to in section 283BF of the Corporations Act.
- (3) The report prepared under this clause 5.1 must:
- (a) be made in accordance with a resolution of the Directors; and
 - (b) specify the date on which the report is made.

5.2 Notice of default

The Company must notify the Trustee and the Noteholders in writing of the occurrence of any Event of Default as soon as practicable but in any event within 1 Business Day from becoming aware of the Event of Default in each case stating what action it is taking to cure the default and procure the Directors to notify the Trustee immediately if they are aware that any condition of this Deed or the Convertible Notes cannot be fulfilled or has been breached.

5.3 Details of charge

Notwithstanding clause 8.1(3) of this Deed, if the Company creates any charge after the date of this Deed the Company must:

- (1) give to the Trustee written details of the charge within 21 days after the date of creation of the charge; and
- (2) if the total amount to be advanced on the security of the charge is indeterminate and the advances are not merged in a current account with bankers, trade creditors or anyone else, give the Trustee written details of the amount of each advance within 7 days after the advance is made.

5.4 Information at reasonable request of Trustee

- (1) The Company will provide to the Trustee and to the Noteholders such information as the Trustee reasonably requests about the Company and any of its Subsidiaries to enable the Trustee to carry out its duties under this Deed and the Law.
- (2) The Company must give a copy of its annual financial report, directors' report and auditors' report to the Trustee by the deadline for the financial year set by section 315 of the Corporations Act, in accordance with section 318 of the Corporations Act.

5.5 Compliance with Deed

- (1) The Company undertakes to the Trustee to comply with the provisions of this Deed, the Conditions and the Constitution.
- (2) The Trustee declares and acknowledges that the benefit of the undertaking of the Company set out in clause 5.1(1) is held for the Trustee and separately on trust by the Trustee for the benefit of the Noteholders in accordance with clause 2.2.

5.6 Duty to notify ASIC of name of Trustee

The Company must lodge with ASIC a notice (in the prescribed form) of the name of the Trustee or a new trustee appointed under clauses 13.3 and 13.4 within 14 days after they are appointed.

6. Covenants by Company

6.1 Conduct of business

For so long as any Note is outstanding, the Company must:

- (1) carry on and conduct the business of the Company in a proper and efficient manner;
- (2) provide a copy of this Deed to:
 - (a) a Noteholder; or
 - (b) the Trustee;if they request a copy; and
- (3) make all of its financial and other records available for inspection by:
 - (a) the Trustee;
 - (b) an officer or employee of the Trustee authorised by the Trustee to carry out the inspection; or
 - (c) a registered company auditor appointed by the Trustee to carry out the inspection;and give any information, explanations or other assistance that they require about matters relating to those records;
- (4) keep proper books of account;
- (5) take all reasonable steps to replace the Trustee if required by section 283BD of the Corporations Act or the Law to do so;
- (6) within 1 month after the end of each Quarter, give to the Trustee and the Noteholders a Directors' Certificate:
 - (a) showing the total amount of the Notes at the end of the Quarter for the purpose of the reports to be given under section 283BF of the Corporations Act;

- (b) confirming that no event or circumstance has occurred during the previous Quarter which has or is likely to result in a material adverse change in the business or financial condition of the Company, or setting out such information and details required by the Trustee where such event or circumstance has occurred; and
 - (c) where there exists any recurring obligation on the Company or the Trustee or both to furnish certain information on the basis of which stamp duty will be payable in any State or Territory or other place, setting out such information as is required by the Trustee to properly complete any return required to be lodged under the provisions of any stamp duty legislation which are applicable to this document or any of the Notes or otherwise to enable the Trustee to comply with its obligations with respect to any undertaking given pursuant to any such legislation, such information to be furnished to the Trustee not less than 14 days prior to the time when such information is required to be lodged;
- (7) promptly and in any event not later than within 2 Business Days of issue, provide to the Trustee copies of all announcements made by the Company to the ASX;
 - (8) ensure that any accounts provided to the Trustee:
 - (a) comply with current accounting practice except to the extent disclosed in them and with the Law; and
 - (b) give a true and fair view of the matters with which they deal;
 - (9) promptly give the Trustee notice of any appointment, retirement, resignation or removal of an Auditor; and
 - (10) comply with all other obligations imposed on it under the Law including, without limitation, all legal requirements relating to the filing of reports and statements, and the keeping open of registers for inspection.

6.2 Undertakings

Unless the Trustee otherwise agrees in writing, while any Note is outstanding, the Company must, at its own cost:

- (1) promptly furnish to the Trustee or any person authorised by the Trustee to receive it, such documents, reports or other information as the Trustee reasonably considers necessary in relation to all matters necessary for the purposes of the exercise of the rights and the discharge of the duties and trusts vested in the Trustee under this document or imposed upon it by Law;
- (2) give notice to the Trustee as soon as it becomes aware of any Event of Default occurring and a description of the nature of the Event of Default;
- (3) at all times fully comply with, observe and perform all its obligations under this Deed and any document supplemental or collateral to this Deed;
- (4) do everything necessary to preserve the corporate existence of the Company and its subsidiaries, including:
 - (a) not transferring the jurisdiction of registration;
 - (b) not making any application or passing any resolution for winding up; and

- (c) not entering into or effecting any other scheme under which it ceases to exist or under which the assets and liabilities of itself are vested in or assumed by any other person.

6.3 Reference to Notes as debentures

The Company may not describe or refer to the Notes as 'debentures' or 'mortgage debentures' in:

- (1) any disclosure in relation to the offer of the Notes;
- (2) any other document constituting or relating to the offer of the Notes; or
- (3) the Notes themselves;

in accordance with section 283BH of the Corporations Act.

7. Representations and warranties

7.1 Representations and warranties of the Company

The Company makes the following representations and warranties in favour of the Trustee:

- (1) the Company is a company registered and validly existing under the Law;
- (2) the Company:
 - (a) has the power and authority to own its assets and to carry on its business as, and in such places or places as, it is now being conducted; and
 - (b) has the power to enter into, and exercise its rights and perform and comply with its obligations under this Deed, and at the date of issue of the Notes, will have the power to issue the Notes;
 - (c) has taken or will take all necessary action to authorise the entry into this Deed and the performance of all its obligations thereunder;
- (3) this Deed will constitute, and the Notes when issued will constitute, the legal, valid and binding obligations of the Company enforceable in accordance with their respective terms subject to applicable insolvency laws affecting creditors rights generally and to equitable principles of general application;
- (4) the entry into this Deed, the exercise by the Company of any right or the performance or observance of any obligation under this Deed, and the transactions contemplated thereby, the lodgement, distribution and (if applicable) registration of the disclosure document (including any supplementary or replacement documents), and the issue and allotment of the Notes to persons in Australia, will not:
 - (a) violate or contravene any law to which it is subject; or
 - (b) materially conflict with, or result in a material breach of, any agreement, documents, arrangement, obligation or duty to which it is a party, or by which it or any of its assets may be bound; or

- (c) materially violate any of the documents constituting it or cause any material limitation on any of its powers, or on the ability of its Directors to exercise those powers, to be exceeded;
- (5) it has no immunity from the jurisdiction of a court or from legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise);
- (6) it does not enter into this Deed in the capacity of a trustee of any trust or settlement or as agent for any person;
- (7) the entering into and performance by it of its obligations under this Deed is for its commercial benefit and in its commercial interests;
- (8) to its knowledge, no litigation, arbitration or administrative proceedings are taking place, pending or threatened against it which, if adversely determined, would have a material adverse effect on the ability of the Company to meet its payment obligations under this Deed or the Notes; and
- (9) no Event of Default has occurred or, if having occurred, is continuing to subsist or will result from the issue and sale of Notes.

7.2 Representations and warranties repeated

Each of the representations and warranties in clause 7.1 is deemed to be repeated by the Company on the date of issue of each Note and on each Interest Payment Date by reference to the facts and circumstances existing on such date.

8. Events of Default

8.1 Events

Each of the following events is an Event of Default:

- (1) **(unremedied default in payment)** if the Company makes default in the payment of any Moneys Owning in respect of the Convertible Notes and that default continues unremedied by the Company for a period of 10 Business Days after demand for those moneys is made by the Trustee or any Noteholder. The Company will not make a default in payment of any Moneys Owning, merely by its election to defer payment and pay penalty interest provided such election and deferral are within the terms of the Notes;
- (2) **(unremedied breach)** if the Company or a Subsidiary commits a breach of a covenant, condition or obligation imposed on it by this Deed or the Conditions or the Law and that breach is either incapable of remedy, and is reasonably likely to have a material adverse effect on the ability of the Company to observe its obligations to Noteholders, or if the default is capable of remedy, it has not been remedied within 10 Business Days of receiving notice of the breach from the Trustee requiring that breach to be remedied;
- (3) **(new Encumbrances)** if the Company grants any mortgage, charge, lien, pledge or other encumbrance over its assets or the assets of a Subsidiary;
- (4) **(Winding up)** if an order is made or a resolution is effectively passed for the winding up of the Company except for the purposes of a reconstruction or

amalgamation with the prior written consent of the Trustee (such consent not to be unreasonably withheld);

- (5) **(Liquidation)** if the Company enters Liquidation; and
- (6) **(disposal of assets)** if the Company or Sun Delta ceases to hold:
 - (i) a joint venture interest of at least 16.5% in Flour Bluff (which, for the avoidance of any doubt means a joint venture interest of at least 16.5% in West Flour Bluff and a joint venture interest of at least 16.5% in East Flour Bluff); or
 - (ii) a joint venture interest of at least 7.5% in Lake Long.
- (7) **(Arrangement, reconstruction or composition)** if without the prior consent of the Trustee, the Company or a Subsidiary enters into any arrangement, reconstruction or a composition with its creditors,

provided always that the Company must notify the Trustee and the Noteholders in writing of any Event of Default within 1 Business Day of that event occurring.

8.2 Action upon an Event of Default

- (1) Upon the occurrence of an Event of Default, the Trustee on behalf of Noteholders may only take action as set out in this clause 8.2. However, nothing in this clause 8.2 prevents the Trustee from taking any action permitted by clause 8.3 or 8.4 or bringing proceedings or taking any other action from time to time to recover Moneys Owing to it or the Noteholders.
- (2) Where an Event of Default has occurred, the Trustee may:
 - (a) call a meeting of Noteholders;
 - (b) submit proposals for protection of the Noteholders' interests to the meeting; and
 - (c) ask for directions from the Noteholders in relation to the Event of Default.
- (3) The Trustee may appoint a person to chair a meeting of Noteholders called under clause 8.2(2). If the Trustee does not exercise this power, the Noteholders present at the meeting may appoint a person to chair the meeting.
- (4) Where an Event of Default has occurred, the Trustee is entitled:
 - (a) to commence proceedings for the winding up of the Company or take such other action relating to enforcement of payment of Moneys Owing to Noteholders (including without limitation issuing Redemption Notices) but the proceeds of any such enforcement action must be dealt with in accordance with clause 8.4(4)(a) and 8.4(4)(c); and
 - (b) to prove in any Liquidation of the Company (Irrespective of when that Liquidation is commenced) subject to this Deed, and in particular to the provisions set out in clause 8.4.

8.3 Permitted actions by Trustee

Nothing in this Deed will exclude, limit, defer or otherwise prejudicially affect:

- (1) the right of the Trustee to seek directions from a Court, pursuant to section 283HA or section 283HB of the Corporations Act or to take any other proceedings seeking the directions or guidance of any Court, tribunal or other authority as to the performance of its functions and duties pursuant to this Deed;
- (2) any proceedings taken by the Trustee and/or any Noteholder at any time seeking a judgment or order declaratory of the rights or obligations of the Company, the Trustee, and Noteholder or any of the parties to this Deed;
- (3) the right of the Trustee to take proceedings in respect of any breach or threatened breach of, or to compel or enforce performance of, any of the covenants, undertakings and obligations of the Company hereunder;
- (4) the right of the Trustee to take proceedings under the Constitution; or
- (5) the right of the Trustee to take proceedings for the Liquidation of the Company for failure to redeem a Convertible Note in accordance with this Deed.

8.4 Liquidation

Upon the Company entering Liquidation:

- (1) subject to the succeeding provisions of this clause 8.4, each Convertible Note will be due to be redeemed for an amount equal to the Redemption Amount of the Convertible Note calculated at the date of the Company entering Liquidation;
- (2) no Noteholder nor the Trustee will be entitled to receive payment from the Liquidator or the Company (including by way of set off or counterclaim) of any Moneys Owning, or any liabilities of the Company to the Trustee for the costs, fees and expenses of the Trustee in respect of its duties under the Trust Deed then outstanding until all secured debts of the Company have been paid in full. If any such payment or benefit by way of set off is received by a Noteholder or constitutes a voidable preference the amount or benefit received will be held upon trust by the Noteholder for the Trustee and will, immediately it is received, be paid by the Noteholder to the Trustee upon trust for the purpose of being applied as provided in clause 8.4(4);
- (3) any proof of debt or other claim (including by way of set off) in respect of a Convertible Note Obligation that a Noteholder is entitled to make may only be made on its behalf by the Trustee;
- (4) any amounts received by the Trustee from the Company or the Noteholder under clause 8.4(2) will be received by it on trust to be applied:
 - (a) first, in or towards payment of the claims of those persons who the Liquidator determines, as at the date of the Company entering Liquidation, were secured creditors of the Company to the extent that those claims have been admitted to proof in the Liquidation (and have not been satisfied out of the other resources of the Company) but excluding interest accruing on those claims after the commencement of the Liquidation;

- (b) secondly, in or towards payment or satisfaction of the costs, charges, expenses and Liabilities incurred by the Trustee for its performance under this Deed (including any unpaid remuneration);
 - (c) thirdly, in or towards payment pari passu and rateably the Redemption Amount of all Convertible Notes remaining unpaid and any other obligations of the Company which rank pari passu with the Convertible Note Obligations; and
 - (d) fourthly, the balance, if any in payment to the Liquidator.
- (5) The trust mentioned in clause 8.4(4) may be performed by the Trustee or any Noteholder paying over to the Liquidator for the time being the relevant amounts received by the Trustee or the Noteholder on terms that the Liquidator is to distribute those amounts in accordance with the ranking of priority or payment set out in this Deed. The receipt of the Liquidator will be a good discharge to the Trustee or any Noteholder for the performance of that trust.

8.5 Actions by Noteholders

Only the Trustee may enforce the provisions of this Deed and the Convertible Notes (including without limitation applying for Liquidation, lodging a proof or claim or seeking damages) except that a Noteholder may (in addition to a Noteholder's rights to issue a Redemption Notice pursuant to Schedule 1 clause 3.3) proceed directly against the Company to enforce the performance of any of the provisions of this Deed or the Convertible Notes if the Trustee has failed to do so and at least 10 Business Days have elapsed since that Noteholder has given the Trustee and the Company notice of that Noteholder's intention to do so.

8.6 Judgment to be entered in the name of Trustee

Any judgment or amount obtained by or on behalf of Noteholders as a result of the proceedings referred to in clause 8.5 must be entered or held in the name of the Trustee and will be held by or on behalf of the Trustee under and for application in accordance with the provisions of this Deed.

8.7 Enforcement rights of Noteholders correspond with those of Trustee

No Noteholder may take action or institute any proceedings against the Company for the enforcement of any provision of this Deed (including in particular recovery of Moneys Owning and including without limitation applying for Liquidation or lodging a proof of claim or seeking damages) unless the Trustee would in similar circumstances be entitled to take such action or institute such proceedings under this Deed.

9. Remuneration of Trustee

9.1 Fee

- (1) The Company will pay the Trustee, by way of remuneration for its services as trustee, fees as agreed from time to time between the Company and the Trustee.
- (2) As at the date of this Deed, the Company and the Trustee agree that such fee consists of:
 - (a) an initial establishment fee of \$5,000 (exclusive of GST) payable on the date of execution of this Deed; and

(b) \$15,000 (exclusive of GST) per annum in respect of the period beginning on the date of issue of the Notes, and ending on the Maturity Date, such amount to accrue daily and be payable in arrears in 4 equal instalments of \$3,750 (exclusive of GST) on each Interest Payment Date.

(3) The Company will also pay the Trustee, an additional time and attendance fee in the event that there is any Event of Default on the part of the Company and the Trustee is required to take action on behalf of Noteholders.

9.2 Expenses

Without limiting the generality of the other provisions of this Deed the Company will pay on demand all costs, charges, liabilities and expenses (Expenses) which are properly incurred by the Trustee or its Delegate properly appointed under clause 10.5 in the ordinary course of the Trustee or the Delegate (as the case may be) performing its duties under this Deed (other than Expenses which are of an overhead or administrative nature) including, without limitation, legal costs and any stamp or other duty:

- (1) in or about the preparation, execution and amendment of this Deed;
- (2) in or in connection with the carrying out by the Trustee or a Delegate of any right, power or privilege conferred by this Deed or by law conferred on the Trustee or upon any Noteholder, (including without limitation in respect of any waiver or consent sought by the Company);
- (3) in or in connection with the transfer of Convertible Notes;
- (4) in or in connection with any breach or default in the observance or performance by the Company of the covenants, obligations and conditions of this Deed;
- (5) in or in connection with the convening, holding and carrying out of any directions or resolutions of any meeting of Noteholders;
- (6) in or in connection with any actual or contemplated legal proceedings (including without limitation any application for directions) brought by or against the Trustee, or in which the Trustee is otherwise involved or any advice sought by the Trustee in relation to any such legal proceedings from any legal, accounting or other professional advisers; and
- (7) in or in connection with the Trustee attending any general meetings of the Company necessary for it to fulfil its obligations under this Deed,

except that the Trustee must obtain the written consent of the Company prior to incurring any Expense in excess of \$5,000.

9.3 Priority of Trustee entitlements

All remuneration and payments referred to in this clause 9 will be paid in priority to any claim by any Noteholder as a Noteholder and will continue to be payable until the trusts of this Deed are finally wound up and whether or not the trusts of this Deed are in the course of administration by or under the order of any court and the Trustee may retain and pay to itself in priority to any claim by any Noteholder as a Noteholder all such remuneration and payments out of any moneys for the time being in its hands on the trusts of this Deed.

10. Trustee's powers and duties

10.1 Powers

Subject to this Deed and the Law, the Trustee has all the powers that are legally possible for a natural person or corporation to have in connection with the exercise of its powers under this Deed.

10.2 Determination by Trustee

The Trustee may as between itself and the Noteholders determine all questions and matters of doubt arising in relation to any of the provisions of this Deed and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee will be conclusive unless a court of competent jurisdiction otherwise orders.

10.3 Waiver and application to Court

The Trustee may whenever it thinks fit and so long as it is not materially detrimental to the interests of the Noteholders:

- (1) waive on any terms or conditions any breach by the Company of any of the covenants or obligations binding upon the Company under this Deed or the Conditions, provided that such waiver occurs not less than 10 Business Days after the Noteholders are notified of the Event of Default pursuant to clause 8.1; and
- (2) apply to any court for directions under section 283HA or section 283HB of the Corporations Act or in relation to any question of law or fact and assent to and approve of or oppose any application to any Court made by or at the instance of any Noteholder.

10.4 Trustee may act on advice

The Trustee may in relation to this Deed act or decline to act on the advice or opinion of or any information obtained from any barrister, solicitor, accountant, valuer, surveyor, broker, auctioneer or other expert and the Trustee will not be responsible or liable for any loss occasioned by its acting or declining to act in good faith on any such advice, opinion or information.

10.5 Appointment of Delegates

The Trustee may appoint in writing from time to time a Delegate to undertake, perform or discharge any of the duties, powers, discretions or other functions of the Trustee under this Deed, provided that before making an appointment the Trustee:

- (1) obtains the Company's consent (which will not be unreasonably withheld);
- (2) provides a notice to the Noteholders advising of the appointment and requesting the Noteholders to approve or consent to the appointment; and
- (3) receives the consent of the Majority Noteholders.

Where more than one corporation is appointed as the delegate of the Trustee to undertake, perform or discharge the same duty, power, discretion or other function of the Trustee under this Deed, the corporations so appointed will act severally.

10.6 Dealing with Delegates

The Trustee will not be held liable for any act or omission of any Delegate (other than a Related Body Corporate of the Trustee) unless the Trustee fails to use reasonable care in selecting and monitoring them.

10.7 Trustee may take action

Subject to the provisions of this Deed, the Trustee may at any time on behalf of Noteholders take any action or proceedings against the Company in the event of a breach by the Company of this Deed and the Conditions in relation to a Noteholder's Convertible Notes.

10.8 Trustee may hold Convertible Notes and be a Shareholder in the Company

- (1) Subject to section 283AC of the Corporations Act, nothing in this Deed will be deemed to prohibit any Trustee or any Related Body Corporate or director of the Trustee (all hereinafter in this clause where the context permits being included in the expression Trustee) from being a Noteholder in the Company or in any of its Subsidiaries or from acting in any representative capacity for a Noteholder or being a Shareholder in the Company and in particular and without prejudice to the generality of the foregoing it is expressly declared that:
 - (a) the Trustee may so act on its own account or as executor, administrator, trustee, receiver, committee, guardian, attorney or agent or in any other fiduciary, vicarious or professional capacity and nor will the acting in any such capacity as aforesaid be deemed a breach of the obligations arising out of the fiduciary relationship between the Trustee on the one hand and the Company or any Related Body Corporate of the Company on the other or the Trustee and the Noteholders hereby established or otherwise imposed or implied by law; and
 - (b) the Trustee will not by reason of its fiduciary capacity be precluded from making any contracts or entering into any transactions with the Company, or any Related Body Corporate of the Company, or with itself in any other capacity (including without limitation its personal capacity).
- (2) Subject to section 283AC(2) of the Corporations Act but without prejudice to the generality of this clause 10.8, it is expressly declared that the contracts and transactions referred to in clause 10.8(1)(b) include any contract or transaction in relation to the subscription or placing of or any dealing with any stocks, shares, debenture stock, debenture, notes or other security of the Company or Related Body Corporate or of any other company in which the Company or any Related Body Corporate is interested and the acceptance of any office or profit from the Company or any Related Body Corporate, or any contract loan or deposit or other contract or transaction which any person or company not being a Trustee of this Deed could or might have entered into with the Company or any Related Body Corporate or with itself as Trustee including the customary share brokerage and usual bank's profit.
- (3) The Trustee will not be accountable either to the Company or any of the Company's Related Bodies Corporate or the Noteholders for any profits arising from any of the contracts transactions or offices referred to in clause 10.8(1) or 10.8(2).

10.9 Trustee's duties

- (1) The Trustee must:
- (a) exercise reasonable diligence to ascertain whether the Company has committed any breach of:
 - (i) the terms of the Convertible Notes; or
 - (ii) the provisions of this Deed or Chapter 2L of the Corporations Act;and the Trustee must notify the Noteholders within 3 Business Days of ascertaining that a material breach has occurred which is (in the reasonable opinion of the Trustee) capable of resulting in an Event of Default;
 - (b) do everything in its power to ensure that the Company remedies any breach known to the Trustee of:
 - (i) the terms of the Convertible Notes; or
 - (ii) the provisions of this Deed or Chapter 2L of the Corporations Act,unless the Trustee is satisfied that the breach will not materially prejudice the Noteholders' interests, and in such circumstances the Trustee may exercise its powers under clause 10.3(1);
 - (c) ensure that the Company complies with Part 2K of the Corporations Act to the extent that it applies to the Convertible Notes;
 - (d) notify ASIC as soon as practicable if the Company has not complied with section 283BE, 283BF or subsection 318(1) or (4) of the Corporations Act;
 - (e) notify ASIC and the Company as soon as practicable if the Trustee discovers that it cannot be a trustee under section 283AC of the Corporations Act;
 - (f) give Noteholders a statement explaining the effect of any proposal that the Company submits to the Noteholders before any meeting that:
 - (i) the Court calls in relation to a scheme under subsection 411(1) or (1A) of the Corporations Act; or
 - (ii) the Trustee calls under subsection 283EB(1) of the Corporations Act.
 - (g) comply with any directions given to it at a Convertible Noteholders' meeting called under sections 283EA, 283EB or 283EC of the Corporations Act unless:
 - (i) the Trustee is of the opinion that the direction is inconsistent with the terms of the Convertible Notes, the provisions of this Deed or the Law or is otherwise objectionable; and
 - (ii) the Trustee has either obtained, or is in the process of obtaining, an order from the Court under section 283HA of the Corporations Act setting aside or varying the direction.

(h) apply to the Court for an order under section 283HB of the Corporations Act if the Company requests it to do so. Nothing in this clause will be construed as restricting the right of the Trustee to apply to the Court for an order under section 283HB of the Corporations Act where no request is made by the Company.

(2) No liability

The Trustee is not liable for anything done or omitted to be done in accordance with a direction given by the Noteholders at any meeting called under sections 283EA, 283EB or 283EC of the Corporations Act.

10.10 Knowledge of the Trustee

- (1) The Trustee is not bound to take any steps to ascertain whether any event has happened upon the happening of which the Convertible Notes hereby constituted become immediately payable.
- (2) Subject to clause 21, the Trustee will only be considered to have knowledge or awareness of, or notice of, any thing, or grounds to believe, any thing, by virtue of the officers of the Trustee having day to day responsibility for the administration or management of the Trustee's obligations under this Deed having actual knowledge, actual awareness or actual notice of that thing, or grounds or reason to believe that thing (and similar references will be interpreted in this way). In addition, notice, knowledge or awareness of a default (howsoever described) means notice, knowledge or awareness of the occurrence of the events or circumstances constituting that default (as the case may be).

10.11 Permitted reliance on the Company

- (1) The Trustee is at liberty to accept a certificate or report signed by any two Directors on behalf of the Company's board of directors to the effect that any particular dealing or transaction or step or thing is in the opinion of the Directors commercially desirable and not detrimental to the Noteholders as sufficient evidence that it is so and the Trustee is in no way bound to call for further evidence or to enquire as to the accuracy thereof or be responsible for any loss that may be occasioned by its relying thereupon.
- (2) The Trustee is entitled to accept as conclusive and act upon any information, report, balance sheet, account certificate, and statement supplied by the Company or any duly authorised officer.
- (3) The Trustee is entitled to accept and act upon the statements contained in any document, certificate, report, balance sheet, or account given by the Company or any duly authorised officer pursuant to this Deed as conclusive evidence of the facts therein stated.

11. Discretion of Trustee

The Trustee has, subject to clause 10.5, as regards all the powers and authorities and discretions vested in it by this Deed, an absolute and uncontrolled discretion as to the exercise of that discretion in all respects and, in the absence of its fraud, negligence or wilful default (or the fraud or negligence of any its attorneys, employees or Delegates appointed by it under this Deed), the Trustee will not be in any way responsible for any loss, damage, cost or expense that may result from the exercise or non-exercise of that discretion.

12. Indemnity of Trustee

12.1 Indemnity

- (1) The Trustee is entitled to be indemnified by the Company in respect of all costs, charges (including all duties, taxes and any fines or penalties in respect of a charge), liabilities and expenses (including legal expenses on a full indemnity basis) and fees outstanding to the Trustee incurred by it in performing or exercising its powers or duties under this Deed. This indemnity is in addition to any indemnity allowed by Law, but does not extend to costs, charges (including all duties, taxes and any fines or penalties in respect of a charge), liabilities or expenses arising from the Trustee's own fraud, negligence or wilful default or the fraud or negligence of any Delegate that is a Related Body Corporate of the Trustee appointed under this Deed. The Trustee's right of indemnity under this clause 12.1(1) is subject to the Corporations Act.
- (2) The Trustee may retain and pay out of any moneys in its hands arising in connection with this Deed (including monies from the Trust Assets and in priority to any claim by a Noteholder) all sums necessary to give effect to or satisfy such indemnity.

12.2 Indemnity to survive termination of Deed

The indemnity under clause 12.1 survives the termination of this Deed, the winding up of the Company and the retirement or removal of the Trustee.

13. Retirement and removal of Trustee

13.1 Retirement

The Trustee may retire at any time (with or without giving any reason for its retirement) after the expiration of not less than 60 days' notice in writing to the Company of its intention to do so or such shorter period as is agreed to by the Company. The retirement will not take effect until a new trustee has been appointed in accordance with the provisions of this clause 13 and has taken office.

13.2 Release

On and from the effective date of the Trustee's retirement;

- (1) the Company and each of the Noteholders jointly and severally release and otherwise discharge the retiring Trustee to the fullest extent from the further performance of its obligations and duties as the Trustee;
- (2) the new trustee and the Company will indemnify the retiring Trustee against all liabilities and debts which the retiring Trustee may have incurred in its capacity as Trustee, and which remain unpaid at the retirement date; and
- (3) the Company and each of the Noteholders will provide the retiring Trustee with a release from all further obligations and liabilities arising after the retirement date in relation to its performance of obligations under this Deed.

13.3 No removal without new appointment

For the avoidance of doubt it is acknowledged that the Company may not remove the Trustee pursuant to clause 13.8 until the Company has appointed a new trustee of this Deed which is a Trustee Company.

13.4 Trustee covenant

Notwithstanding anything contained in this clause 13 the Trustee covenants, with the intent that the benefit of the covenant will ensure for the benefit of the Noteholders, that it will not cease to be the Trustee until a corporation qualified to act pursuant to section 283AC of the Corporations Act has been appointed as trustee in its stead.

13.5 Removal

The Company may remove the Trustee from office by notice in writing addressed to the Trustee if:

- (1) the Trustee ceases to be a Trustee Company;
- (2) a Special Resolution of Noteholders determines that the Trustee should be removed;
- (3) the Trustee ceases to carry on business (other than in its capacity as trustee of another trust), enters into a scheme of arrangement (other than for the purpose of or in connection with a solvent reconstruction or amalgamation) or goes into Liquidation, or has a receiver or receiver and manager appointed over any part of the assets or undertakings of the Trustee (not being assets or undertakings of the Trustee held in its capacity as trustee or another trust) which is not removed or withdrawn within 20 Business Days after the date of the appointment; or
- (4) the Trustee defaults in performing or observing any of its obligations under this Deed and:
 - (a) if that default is incapable of remedy, that default has had or is reasonably likely to have a material adverse effect on the ability of the Company to perform or observe its obligations to Noteholders; or
 - (b) if that default is a material default and is capable of remedy, that default has not been remedied within 10 Business Days of receiving written notice of the default from the Company requiring that default to be remedied.

13.6 Appointment of new trustee by Company

Subject to clause 13.7, the power to appoint a new trustee of this Deed is vested in the Company but a trustee of this Deed must not be appointed unless the new trustee:

- (1) is a Trustee Company;
- (2) has undertaken to the Company or any other party in whose favour the undertaking is to be made or acknowledgment is to be given to comply with any undertakings or confirm any acknowledgements previously given by a Trustee under this Deed; and
- (3) has given the indemnity referred to in clause 13.2(2) in a form that is to the reasonable satisfaction of the Trustee.

13.7 Retiring Trustee may appoint

If when the period of notice referred to in clause 13.1 expires a new trustee has not been appointed, the Trustee may at any time thereafter and so long as an appointment has not been made by the Company under clause 13.3 appoint by deed a Trustee Company willing to act as the new trustee of this Deed and that appointment will be effective without the need for approval of the Noteholders.

13.8 Appointment by Court

(1) The Court may:

- (a) appoint a person who may be a trustee under section 283AC of the Corporations Act as trustee on the application of the Company, a Noteholder or ASIC if:
 - (i) a trustee has not been validly appointed; or
 - (ii) the trustee has ceased to exist; or
- (b) terminate the Trustee's appointment and appoint a person who may be a trustee under section 283AC of the Corporations Act as trustee in the existing trustee's place on the application of the Company, the Trustee or a Noteholder if:
 - (i) the Trustee cannot be a trustee under section 283AC of the Corporations Act; or
 - (ii) the Trustee fails, or refuses, to act.

14. Power of amendment

14.1 Amendment without Noteholder consent

The Company and the Trustee are entitled without any authority or assent on the part of the Noteholders to amend or add to this Deed if in the opinion of the Trustee such amendment or addition:

- (1) is of a formal, minor or technical nature;
- (2) is made to correct a manifest error;
- (3) is expedient or requisite to enable the Convertible Notes to be listed or remain listed for quotation on the ASX or to be offered for subscription or sale under the laws for the time being in force in any place;
- (4) is not reasonably likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously therewith) to be materially prejudicial to the interests of the Noteholders and two directors of the Company on behalf of the board of directors of the Company have so certified to the Trustee. The Trustee in determining whether or not such amendment or addition is materially prejudicial to the interests of the Noteholders may act upon the advice or the opinion of or any information obtained from an expert (at the expense of the Company) and will not be responsible for any loss occasioned by its acting or declining to act on such advice, opinion or information; or

- (5) is necessary and expedient to enable the Company to claim any deduction or rebate for income tax purposes in respect of interest payable on any Convertible Notes provided that the amendment is not materially prejudicial to the interests of Noteholders as a whole. The Trustee in determining whether or not such amendment or addition is materially prejudicial to the interests of the Noteholders may act upon the advice or the opinion of or any information obtained from an expert (at the expense of the Company) and will not be responsible for any loss occasioned by its acting or declining to act on such advice, opinion or information.

14.2 Amendment with Special Resolution

The Company and the Trustee may with the authority of a Special Resolution make any amendment or addition to this Deed.

15. Register of Noteholders

15.1 Maintenance of Register

The Company must establish and maintain or cause to be established and maintained a Register in accordance with section 168 of the Corporations Act and there must be entered into the Register:

- (1) all information required by section 171 of the Corporations Act;
- (2) the number of Convertible Notes held by each Noteholder and the Principal Amount of those Convertible Notes;
- (3) the date of issue or transfer of those Convertible Notes; and
- (4) any other particulars which the Company thinks fit or which the Trustee requires.

15.2 Alteration of Register

The Register will be altered accordingly on receipt of details of any change of name or address of a Noteholder notified in writing to the Company and accompanied in the case of change of name by any evidence which the Company may reasonably require.

15.3 Register to be kept open

The Register will remain open at all reasonable times during normal business hours for inspection by the Trustee and each Noteholder or any person authorised in writing by either of them. The Trustee will be kept informed at all times by the Company as to the identity and address of the party responsible for maintaining the Register. Upon requisition from a Noteholder, the Company must provide that Noteholder within 10 Business Days with a Noteholder Statement. This Deed constitutes an acknowledgement of indebtedness in respect of all the Convertible Notes on issue at any time. A Noteholder Statement does not constitute a certificate of title or an acknowledgement of debt.

15.4 Copy of Register

The Company must provide the Trustee with a copy of the Register within two Business Days of a request by the Trustee (or such lesser time as is necessary to enable the Trustee to comply with its obligations under this Deed).

15.5 No trust

No notice of any trusts express, implied or constructive will be entered in any Register.

15.6 Delegation

The Company may delegate all or any of its powers and obligations in respect of the Register.

16. General trust provisions**16.1 Interference by Trustee in conduct of Company's business**

- (1) Subject to this Deed, the Law, and what the Trustee considers to be reasonable to comply with its obligations under the Law, the Trustee must not interfere with the conduct of the business of the Company.
- (2) For the avoidance of doubt, clause 16.1(1) does not in any way disentitle the Trustee from claiming its rights to remuneration or rights of indemnity under this Deed of the Law.

16.2 Appointment of attorneys by Company

The Company irrevocably appoints the Trustee and its managing director or any authorised officer for the time being severally to be its attorney and in its name and on its behalf upon the Trustee determining that the Convertible Notes will have become immediately repayable under this Deed to sign and do all assurances, deeds, instruments, acts and things which the Company ought to execute, sign and do under the covenants contained in this Deed and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Trustee.

16.3 Liability of Noteholders to taxes

Whenever in consequence of the death of a Noteholder any law of the Commonwealth or any State or any other country or place imposes an immediate, future or possible liability on the Company to make any payments to any Government or taxation authority, with respect to any Convertible Notes held by the Noteholder, the Company is in respect of such liability indemnified by such Noteholder, its executors and administrators. Any moneys paid by the Company in respect of any such liability may be recovered by action from such Noteholder, its executors and administrators as a debt due to the Company and the Company has a lien in respect of such moneys upon the Principal Amount represented by the Convertible Notes held by such Noteholder, its executors and administrators and upon the interest on such sum.

16.4 Taxation

To the maximum extent permitted by law the provisions of this Deed in relation to any Convertible Note must be construed and have effect so as to choose that construction permitting compliance with any requirement under or pursuant to the Income Tax Assessment Act, as amended, which must be satisfied in order to enable the Company to claim a deduction from its assessable income in respect of the interest paid on that Convertible Note, in the manner most conducive to the preservation of the availability of such a deduction.

17. Confidentiality**17.1 Non disclosure**

All Information and other material provided to or obtained by the Trustee, a Delegate or any officer, employee, professional adviser or other consultant of the Trustee on a confidential basis:

- (1) under, in connection with or related to this Deed; or
- (2) in the performance of any obligation, duty or power of the Trustee under this Deed,

is confidential to the Company and may not be disclosed to any person other than as set out in clause 17.2.

17.2 Permitted disclosure

Information which is in the public domain is not required to be kept confidential. Information may be disclosed:

- (1) as (but only to the extent) required by this Deed or in connection with any obligation, duty or power of the Trustee under this Deed, a law or any judicial or regulatory body or authority;
- (2) to those officers, employees, Delegates and professional advisers of the Trustee to whom it is absolutely necessary to reveal the Information or any part of it;
- (3) to a person approved of in writing by the Company; or
- (4) if the Company is listed on the ASX, to the ASX to enable the Company or the Trustee to comply with the Listing Rules.

17.3 Confidentiality

The Trustee is required to use reasonable endeavours to ensure that every person to whom Information is given under clause 17.2 keeps that Information confidential.

18. Meetings of Noteholders

The Trustee or the Company may call a meeting of Noteholders in the manner provided in this clause 18 and those meetings will be conducted and have the powers as are set out in this clause 18.

18.1 Convening meetings

- (1) The Trustee or the Company may at any time summon a meeting of Noteholders.
- (2) The Company or the Trustee must call a meeting of Noteholders if:
 - (a) Noteholders who together hold 10% or more of the Principal Amount direct the Company or the Trustee to do so;
 - (b) the direction is given to the Company or the Trustee in writing at its registered office; and

- (c) the purpose of the meeting is to:
 - (i) consider the financial statements that were laid before the last AGM of the Company; or
 - (ii) give the Trustee directions in relation to the exercise of any of its powers.
- (3) Meetings are to be held in Perth or at such other place as the Trustee and the Company may agree.

18.2 Notice

- (1) Noteholders and the Auditor must be given at least 21 days notice of a meeting.
- (2) The period of notice is to be determined exclusive of the day on which the Notice is served or deemed to be served and of the day for which it is given.
- (3) If the Company is required to call a meeting, it must give notice of the time and place of the meeting to:
 - (a) the Trustee;
 - (b) the Auditor; and
 - (c) each of the Noteholders whose names are entered on the Register.
- (4) Notice to joint holders of Note must be given to the joint holder named first in the Register of Noteholders.

18.3 Provision of notices

- (1) The Company may give notice to Noteholders:
 - (a) personally;
 - (b) by sending it by post to the address for the Noteholder in the Register;
 - (c) by sending it to the fax number or electronic address (if any) nominated by the Noteholder;
 - (d) by the Company posting, at the request of the Trustee, the Notice on its internet website or by the Trustee posting such Notice on its internet website provided that the Company has previously advised Noteholders by one of the other means set out in this document that it may give notice on its internet website; or
 - (e) by any other means that the Company and the Trustee agree in writing and notify to the Noteholder.
- (2) A notice sent to a Noteholder is taken to be given:
 - (a) 3 days after it is posted, if posted within Australia (or 7 days after it is posted if posted to or from a place outside Australia); or
 - (b) on the Business Day after it is sent, if sent by fax or other electronic means.

- (3) A notice of meeting must specify the place, day and hour of the meeting and the general nature of the business to be transacted but it is not necessary to specify in the notice the precise terms of the resolutions to be proposed.

18.4 Failure to give notice does not invalidate

The accidental omission to give notice to or the non-receipt of notice by any of the Noteholders does not invalidate the proceedings at any meeting but where notice of a meeting convened by the Company or Trustee is not received by the other of them all business transacted and all resolutions passed at the meeting will be void and of no effect unless such notice is waived by such other of them.

18.5 Quorum

At any meeting a quorum for the transaction of business will be formed by at least two Noteholders present in person or by proxy or being a corporation by proxy or duly authorised representative holding Convertible Notes in aggregate representing at least 10% in value (not including Notes that may be held by the Trustee pursuant to clause 10.8) of the Principal Amount.

18.6 Adjournment in the absence of quorum

- (1) If within 30 minutes from the time appointed for the meeting a quorum is not present the meeting convened upon the requisition of Noteholders will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter or in the case of an adjourned meeting of Noteholders at which a Special Resolution is to be submitted 21 days thereafter and to such place as may be appointed by the relevant chairman.
- (2) At an adjourned meeting in accordance with clause 18.6(1), the Noteholders present and entitled to vote whatever the value of the Convertible Notes held by them will be a quorum for the transaction of business including the passing of Special Resolutions.
- (3) Notice of any adjourned meeting of Noteholders at which a Special Resolution is to be submitted must be given in the same manner as of an original meeting and such notice must state that the Noteholders present at the adjourned meeting whatever their number and the amount of Convertible Notes held by them will form a quorum.

18.7 Chairman

- (1) The Trustee or some other person nominated in writing by the Trustee is entitled to be the chairman at every meeting but if no such person is nominated or if at any meeting the person nominated will not be present within 15 minutes after the time appointed for the holding the meeting the Noteholders present may choose one of their number to be chairman.
- (2) The chairman at any meeting must be an independent chairman. A person will be considered independent if the person is not an employee, director or Related Body Corporate of the Company.
- (3) The Trustee and the solicitors to the Trustee and any director or officer of a corporation being the Trustee and any director and the secretary and solicitors of the Company and any other person authorised by the Company, may attend any meeting and be heard.

18.8 Adjournment by chairman

The chairman of any meeting may with the consent of any meeting at which a quorum is present (such consent being obtained if the Trustee so requires on a poll) and must if directed by the meeting so resolving on a poll, adjourn the meeting from time to time and from place to place but no business may be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

18.9 Voting

- (1) At any meeting a resolution put to the vote of the meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the meeting's chairman, the Trustee or the Company or in writing by one or more Noteholders present in person or by proxy and holding or representing 5% in value of the Principal Amount.
- (2) Unless a poll is so demanded in accordance with clause 18.9(1), a declaration by the meeting's chairman that a resolution has been carried or carried unanimously or by a particular majority or lost is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (3) A determination of the number of proxies received in order to determine the number of valid proxies received in respect of any meeting or resolution to be put to a vote will be made by the Auditor or an independent third party agreed to by the Company and the Trustee.

18.10 Casting vote

In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded has no casting vote in addition to the votes (if any) to which he may be entitled as a Noteholder.

18.11 Poll demands

- (1) A poll demanded on the election of a chairman or on a question of adjournment is to be taken at the meeting without adjournment.
- (2) A poll demanded on any question other than as set out in clause 18.11(1) is to be taken either immediately or, with consent of the Trustee, at such other time (not being more than thirty days from the date of the meeting) and place as the meeting's chairman may direct. No notice need be given of a poll not taken immediately.
- (3) The demand for a poll will not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- (4) The result of a poll will be deemed to be the resolution of the meeting at which the poll was demanded.

18.12 Voting entitlements

On a show of hands every Noteholder who being an individual is present in person or by attorney or being a corporation is present by proxy or attorney or by its authorised representative has one vote and on a poll every Noteholder who is present in person or by

proxy has one vote for every Convertible Note with respect to which he is the registered holder.

18.13 Joint holders

In the case of joint registered holders of Convertible Notes the vote of the senior who tenders a vote whether in person or by proxy is to be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names appear in the Register in respect of the joint holding.

18.14 Noteholder entitled to more than one vote

On a poll votes may be given either personally or by proxy and a Noteholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

18.15 Noteholder which is a corporation

A Noteholder which is a corporation may be represented at a meeting of Noteholders or may vote at the meeting or on a poll or in relation to any resolution of Noteholders by proxy or by attorney or by representative appointed in accordance with the provision of section 250D of the Corporations Act as if references to member or members in that section were references to Noteholder or Noteholders.

18.16 Proxy

- (1) The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or as otherwise authorised by the Law or under the hand of an officer or attorney so authorised and need not be witnessed.
- (2) A person appointed to act as proxy need not be a Noteholder.
- (3) The proxy will be deemed to include the right to demand or join in demanding a poll.
- (4) Unless the contrary is stated on the instrument of proxy, a proxy is valid for any adjournment of the meeting to which it relates.

18.17 Deposit of proxies

- (1) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power or authority, must be deposited at such place as the Trustee or the Company may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for taking of the poll) at which the person named in the instrument proposes to vote and in default the instrument of proxy will not be treated as valid.
- (2) No instrument appointing a proxy is valid after the expiration of 12 months from the date named in it as the date of its execution.

18.18 Proxy voting

A vote given in accordance with the terms of an instrument of proxy is valid notwithstanding the previous death or insanity of the principal, revocation of the proxy or of the authority

under which the proxy was executed, or the transfer of the Convertible Notes in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation, or transfer has been received by the Company at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

18.19 Powers of meeting of Noteholders

Without limiting the rights of Noteholders, the Company and the Trustee pursuant to this Deed, a meeting of Noteholders has in addition to all other powers, the following powers exercisable by Special Resolution only:

- (1) power to sanction any modification or compromise or any arrangement in respect of the rights of the Noteholders against the Company whether such rights will arise under this Deed, the Conditions or otherwise;
- (2) power to assent to any modification of the provisions contained in this Deed or the Conditions and to authorise the Trustee to concur in and execute any supplemental deed embodying any such modification;
- (3) power to give any sanction, direction or request which under any of the provision of this Deed is required to be given with the consent of the Noteholders;
- (4) power to give and release in respect of anything done or omitted to be done by the Trustee, whether before or after the release is given under this clause 18.19(4);
and
- (5) power to remove a Trustee.

18.20 Special Resolution binding

A Special Resolution passed at a meeting of the Noteholders duly convened and held in accordance with this Deed is binding upon all the Noteholders whether or not present at the meeting and each Noteholder is bound to give effect to it accordingly.

18.21 Special Resolution – definition

The expression **Special Resolution** when used in this Deed means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with this Deed and carried by a majority consisting of not less than 75% of the persons voting at the meeting upon a show of hands or if a poll is duly demanded then by a majority consisting of the holders of Convertible Notes representing not less than 75% in value of the Principal Amount held by the holders of Convertible Notes who are present at the meeting in person or by a proxy representing the Noteholder at the meeting.

18.22 Minutes

Minutes of all resolutions and proceedings at every meeting must be made and duly entered in the books to be from time to time provided for that purpose by the Company and any minute if purporting to be signed by the chairman of the meeting at which a resolution was passed or proceedings were held or by the chairman of the next succeeding meeting of Noteholders is prima facie evidence of the matters stated in it.

19. Stamp duty

- 19.1 The Company must pay any stamp duty (including all fines, penalties and interest) and other government imposts payable on or in connection with this Deed and any transaction

contemplated by this Deed, and all instruments of transfer and other documents or instruments executed under or in connection with this Deed or any transaction contemplated by this Deed, when due.

20. Applicable law

- 20.1 This Deed will be construed to take effect in accordance with the law for the time being of Western Australia.

21. Notices

21.1 Form of notices

A notice, approval, consent or other communication in connection with this Deed or the Convertible Notes:

- (1) must be in writing; and
- (2) must:
 - (a) In the case of the Trustee and the Company, be left at the address of the addressee or sent by prepaid ordinary post (airmail if posted to or from a place outside Australia) to the address of the addressee or sent by facsimile with the details specified in this clause or if the address notifies another address or facsimile number then to that address or facsimile number:
 - (i) if to the Company:

Address: Unit 16, Subiaco Village, 531 Hay St
Subiaco, Western Australia 6008

Fax: (08) 9388 7991

Attention: Company Secretary
 - (ii) if to the Trustee:

Address: Level 22
207 Kent Street
SYDNEY NSW 2000

Fax: (02) 9028 5942

Attention: CEO, Corporate Trusts
 - (b) in the case of a Noteholder (other than a joint Noteholder) be sent through the post in a prepaid letter addressed to that Noteholder at his registered address (but if that registered address is outside Australia the notice, approval, consent or other must be sent by airmail); or
 - (c) in the case of a joint Noteholders, be sent through the post in a prepaid letter addressed to the Noteholder whose names stands first in the register in respect of those joint Noteholders at his registered address (but if that

registered address is outside Australia the notice, approval, consent or other must be sent by airmail).

21.2 Effective upon receipt

Subject to clause 18.3 and 21.3, unless a later time is specified in it, a notice, approval, consent or other communication takes effect from the time it is received.

21.3 Timing of receipt

A letter or facsimile (or other electronic means) is taken to be received:

- (1) In the case of a posted letter, on the third (seventh, if posted to or from a place outside Australia) day after posting; and
- (2) in the case of a facsimile (or other electronic means), the next Business Day.

22. GST

- 22.1 Any fees paid by the Company to the Trustee pursuant to this Deed are exclusive of any GST the Trustee pays or is liable to pay as a result of it providing the services pursuant to this Deed.
- 22.2 If any GST is payable on any taxable supply made under this Deed to the recipient (Recipient) by the supplier (Supplier), the Recipient must pay to the Supplier the amount of the GST, subject to receipt of a valid tax invoice (or other things required for the Recipient or representative member if this is not the Recipient) to obtain an input tax credit or other like offset for the supply.
- 22.3 A certificate given by the Trustee to the Company of the amount of GST payable by the Trustee will be conclusive as between the Parties except in the case of manifest error.
- 22.4 The Parties acknowledge and undertake to comply with the provisions of the GST Act.

23. Severability

- 23.1 Subject to clause 1.3, if anything in this Deed is unenforceable, illegal or void or contravenes the Law then it is severed only to the extent that it is unenforceable, illegal or void and the rest of this Deed remains in force.
- 23.2 The rights and obligations of each party are not affected by any Law that, but for this provision, would affect those rights and obligations.

24. Counterparts

- 24.1 This Deed may be executed in any number of counterparts, including counterparts delivered by facsimile. All counterparts together (including a counterpart delivered by facsimile) will be taken to constitute one instrument.

Schedule 1
Conditions of Convertible Notes**1. The Note Issue****1.1 Terms**

The Convertible Notes will:

- (1) have a face value representing a Principal Amount of \$0.55;
- (2) be issued by the Company at an issue price of \$0.55 which must be paid in full on application;
- (3) bear interest as set out in Schedule 1, clause 2;
- (4) be convertible, as provided in Schedule 1, clause 4, into Shares; and
- (5) to the extent that they have not been converted, be redeemed in accordance with Schedule 1, clause 3.

1.2 Unsecured liability

The Convertible Notes will be an unsecured liability of the Company in accordance with the terms of the Trust Deed and will rank equally with other unsecured liabilities of the Company.

1.3 Withholding tax

- (1) All payments or credits to, or to the account of Noteholders (including payment of, and credits in respect of interest) will be made net of any tax in respect thereof required by law to be withheld, deducted or paid by the Company except to the extent that the Company is satisfied that the Noteholder is exempt from any such tax or is a person in respect of whom any such withholding, deduction or payment is not required to be made. Any Noteholder claiming any such exemption or to be such a person will provide the Company with such evidence as the Company may from time to time require to satisfy itself as to the validity of such claim.
- (2) The Company may make any deduction or withholding from any amount payable to a Noteholder in respect of Convertible Notes for or on account of withholding or other tax required by law to be deducted or withheld, and, where any such deduction or withholding has been made and the amount thereof accounted for by the Company to the Commissioner of Taxation or other appropriate taxing authority and the balance of the amount payable has been paid to the Noteholder concerned, the full amount payable to such Noteholder will be deemed to have been duly paid and satisfied by the Company.

1.4 Entry in Register

The Company (or any person to whom the Company's powers and obligations in respect of the Register are delegated in accordance with clause 14.6 of the Trust Deed) must ensure that each Noteholder's details are entered in the Register.

1.5 ASX Listing

The Company must apply to ASX for official quotation of the Notes no later than 10 Business Days after the date of allotment of the Notes. Upon permission for official quotation of the Notes being granted the terms of the Notes will be subject to the provisions of the Listing Rules and will be deemed varied from time to time to the extent necessary to ensure compliance with any applicable Listing Rules.

2. Interest

2.1 Interest rate

- (1) Interest will be payable on each Convertible Note at the rate of 12% per annum fixed calculated on the Face Value.
- (2) Interest will accrue daily from the date of issue of the Note until the earlier of:
 - (a) the Maturity Date;
 - (b) the Date of Conversion; or
 - (c) the Date of Redemption
 and subject to Schedule 1, clause 2.2, will be payable in arrears on the Interest Payment Dates.

2.2 Payment of interest upon Conversion or Redemption

If a Conversion Option is exercised in respect of a Note, or a Note is redeemed the Noteholder will be entitled to earn interest on that Note until the Date of Conversion or Date of Redemption, as applicable.

3. Redemption

3.1 Redemption

A Convertible Note will be redeemed on the first to occur of the following:

- (1) the receipt by the Company of a Redemption Notice in respect of the Convertible Note as a result of the exercise by the Trustee of its rights under clause 8.2 or 8.3 of the Trust Deed or by the Noteholder under clause 8.5 of the Trust Deed; or
- (2) if the Noteholder has not exercised the Conversion Option prior to the Maturity Date, the Maturity Date.

3.2 Timing of redemption

A Convertible Note will be redeemed within 10 Business Days after the receipt by the Company of a Redemption Notice as contemplated by Schedule 1, clause 3.1, and the Company will deliver to the Noteholder a cheque or draft for the Redemption Amount, with the amount of any Interest payment calculated in accordance with the following formula:

$$R = \frac{I}{91.25} \times MP$$

Where:

- R = the accrued amount of interest for the Quarter in which the Date of Redemption falls, to be included in the Redemption Amount.
- I = the total amount of interest which would have been payable in respect of the Convertible Notes the subject of the relevant Redemption Notice in arrears on the Interest Payment Date immediately following the Date of Redemption (had the Redemption Notice not been given) or the final Interest Payment Date being the Maturity Date, as the case may be; and
- MP = the number of days commencing on the Interest Payment Date which immediately preceded the Date of Redemption and ending on the Date of Redemption.

3.3 Redemption of the Note

The Trustee or a Noteholder will only be entitled to issue a Redemption Notice:

- (1) pursuant to an exercise of their respective rights under clause 8.2, 8.3 or 8.5 of the Trust Deed, and only in respect of all of the Notes:
 - (a) then on issue – in the case of the issue of a Redemption Notice by the Trustee under clause 8.2 or 8.3 of the Trust Deed; or
 - (b) held by that Noteholder – in the case of the issue of a Redemption Notice by a Noteholder under clause 8.5 of the Trust Deed,

and only in respect of the whole of the Face Value of those Notes. For the avoidance of doubt, the Redemption Amount includes interest.
- (2) if the Company raises any new secured or unsecured debt greater than \$250,000 in aggregate, and then only in respect of all of the Notes held by that Noteholder; or
- (3) if the Company or Sun Delta ceases to hold a joint venture interest of at least 16.5% in Flour Bluff (which, for the avoidance of any doubt means a joint venture interest of at least 16.5% in West Flour Bluff and a joint venture interest of at least 16.5% in East Flour Bluff); or
- (4) if the Company or Sun Delta ceases to hold a joint venture interest of at least 7.5% in Lake Long.

3.4 Exclusion

The Noteholder will not be entitled to require redemption of any Convertible Notes, otherwise than pursuant to this Schedule 1, clause 3.

4. Conversion

4.1 Conversion

- (1) A Noteholder will be entitled to convert all or part of the Notes held by that Noteholder in accordance with this Schedule 1 clause 4 by delivering a Conversion Notice to the Company.

- (2) A Noteholder may deliver a Conversion Notice to the Company:
 - (a) in respect of the whole or part of the total number of Notes held by that Noteholder; and
 - (b) in respect of the whole of the Principal Amount of a Note held by that Noteholder and not in respect of a proportion only of the Principal Amount of a Note held by that Noteholder.
- (3) A Noteholder will only be entitled to deliver a Conversion Notice to the Company and exercise a Conversion Option between the date of issue of the Convertible Notes and the Maturity Date. A Conversion Notice purportedly given outside of this time is of no effect and the Company will notify the Noteholder as soon as practicable that the purported Conversion Notice has been rejected and inform the Noteholder as to the time when they may next validly deliver a Conversion Notice.
- (4) A Conversion Notice once given cannot be withdrawn without the consent in writing of the Company.
- (5) A Conversion Notice must be accompanied by evidence of title reasonably acceptable to the Company for the Convertible Notes to be converted and is not taken to be a valid notice unless and until such evidence is received by the Company.
- (6) A Noteholder must not deal with, transfer, dispose of or encumber any Convertible Notes the subject of a Conversion Notice once that notice has been given.
- (7) On the Date of Conversion, the Company will proceed to issue and allot to the Noteholder who delivers that Conversion Notice that number of Shares as calculated in accordance with Schedule 1, clause 4.2, and will notify the Noteholder accordingly.
- (8) The issue and allotment of Shares on the Date of Conversion pursuant to this Schedule 1 clause 4 will be and be deemed for all purposes to be in full satisfaction and discharge of the Principal Amount owing to the Noteholder pursuant to the relevant Convertible Notes held by that Noteholder but the Conversion pursuant to this Schedule 1 clause 4 will in no way affect any liability of the Company for unpaid interest accrued up to the Date of Conversion.
- (9) The Shares issued and allotted upon the Date of Conversion pursuant to this clause will rank equally in all respects with all issued Shares at the Date of Conversion.
- (10) The Company will make application for official quotation by the ASX of all Shares issued and allotted on the Date of Conversion pursuant to this Schedule 1 clause 4. Such application will be made as soon as reasonably practicable after Shares are so issued and allotted and in any event within any period prescribed by the Listing Rules.
- (11) Within 10 Business Days of the issue and allotment of Shares to a Noteholder on the Date of Conversion pursuant to this clause, the Company will deliver to the Noteholder a holding statement in respect of the Shares so issued and allotted.

4.2 Conversion Number

- (1) Subject to Schedule 1, clause 4.8, the number of Shares to which a Noteholder will be entitled on exercise of the Conversion Option for each Note held will be:

- (a) until the first Reset Date, five Shares for each Note held (5:1);
- (b) thereafter, the number of Shares (being the Conversion Number) calculated in accordance with the following formula:

$$\text{Conversion Number} = \frac{\text{Face Value}}{\text{VWAP} \times 125\%}$$

provided that:

- (i) where the Conversion Number calculated according to this clause 4.2 exceeds the Maximum Conversion Number, the Conversion Number shall be the Maximum Conversion Number; and
 - (ii) where the Conversion Number calculated according to this clause 4.2 is less than the Minimum Conversion Number, the Conversion Number shall be the Minimum Conversion Number; and
 - (c) where the total number of Shares to be issued to a Noteholder calculated pursuant to Schedule 1 clause 4.2(1)(b) includes a fraction, that fraction will be disregarded.
- (5) The Company must give Notice (or make an announcement through ASX) of the Conversion Number to Noteholders on each Reset Date.

4.3 Adjustments to VWAP

For the purposes of calculating VWAP:

- (1) where Shares have been quoted on ASX during the relevant Quarter as cum dividend or cum any other distribution or entitlement and the Convertible Notes will convert into Shares after the date those Shares no longer carry that dividend, distribution or entitlement, then the VWAP on the Business Days on which those Shares have been quoted cum dividend, cum distribution or cum entitlement shall be reduced by an amount equal to:
 - (a) for a dividend or other distribution, the amount of that dividend or distribution including if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person under the Tax Act;
 - (b) for a entitlement that is not a dividend or other distribution under clause 4.2(1)(a) and which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant Quarter on the Business Days on which those entitlements were traded; or
 - (c) for an entitlement that is not a dividend or other distribution under clause 4.2(1)(a) and which is not traded on ASX during the relevant Quarter, the value of the entitlement as reasonably determined by the Directors,

(each the Cum Value).
- (2) where Shares have been quoted on ASX during the relevant Quarter as ex dividend or ex any other distribution or entitlement and the Convertible Notes will convert into Shares which would carry that dividend, distribution or entitlement,

then the VWAP on the Business Days on which those Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the Cum Value;

- (3) where Shares are consolidated, divided, reconstructed or reclassified into a lesser or greater number of securities during the relevant Quarter, the VWAP shall be adjusted by the Directors as they reasonably consider appropriate, consistent with the Listing Rules. Any such adjustment will be binding on all Noteholders and the Company will promptly notify the Noteholders of the adjustment.

4.4 Adjustments to Maximum Conversion Number and Minimum Conversion Number

In the event of a rights issue, bonus issue, off market buy-back or the Shares are reconstructed, consolidated, divided or reclassified, both the Maximum Conversion Number and Minimum Conversion Number shall be adjusted by the Directors, being consistent with the way in which the number of Shares would have been adjusted in accordance with the ASX Listing Rules.

4.5 Other potential Conversion events

The Company must notify the Trustee and Noteholders as soon as practicable but in any event within 1 Business Day after it becomes aware of any of the following events that occur at any time prior to the Maturity Date:

- (1) an announcement that it is proposed to delist the Company from the official list of the ASX; or
- (2) an Event of Default occurs.

4.6 No other rights of conversion

A Convertible Note will only be converted to Shares as set out in this Schedule 1, clause 4.

4.7 Shares allotted on Conversion

The Shares to be allotted on conversion under this Schedule 1 will be Shares with respect to which no provision is made (whether by the Constitution of the Company or other instrument constituting or defining the constitution of the Company or otherwise) for changing or converting them into shares of another class, except for the purpose of enabling, in accordance with any law relating to companies, the consolidation and division of all or any of the share capital of the Company or of another company or the subdivision of all or any of the shares in the capital of the Company or of another company.

4.8 Reconstruction

If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) and in a manner consistent with the Listing Rules but in all other respects the terms for conversion of the Notes will remain unchanged.

5. Bonus issues**5.1 Bonus Share allotment/Capital Return**

If a bonus share allotment or capital return is made by the Company to its Shareholders, at any time during the period subsequent to the Issue of a Convertible Note to a Noteholder and prior to a Date of Conversion, and if subsequent to the bonus allotment or capital return being made the Noteholder exercises its Conversion Option, then on the Date of Conversion, the Company will issue and allot or distribute to that Noteholder:

- (1) shares in the capital of the Company of the same class as the shares the subject of the bonus share allotment or a capital return as the case may be; and
- (2) the number of shares so issued or the amount of capital return as the case may be will be equal to the number of shares in the capital of the Company or the amount of capital return to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder in respect of which Conversion has occurred, had been converted immediately prior to the making of the bonus share allotment or capital return as the case may be,

on terms and conditions that are the same as or correspond with or are no more favourable to the Noteholder than the terms and conditions on which such shares are allotted or capital return is made to any ordinary shareholder of the Company.

6. Foreign holders

Where Convertible Notes are held by or on behalf of a person resident outside Australia then, notwithstanding any other terms or conditions applicable to such Convertible Notes, it will be a condition precedent to the right of the Noteholder to receive payment of any amount payable under this Schedule 1 or to obtain Shares on Conversion, that the requirements of all applicable laws of the Commonwealth of Australia or any of its States or Territories and of the country of residence of the Noteholder in respect of such payment or Conversion are satisfied so that such payment or conversion will not result in a breach of any such applicable law by the Company.

7. Conversion of Voting Shares Precluded**7.1 Breaches of law**

Notwithstanding any other term of the Trust Deed or these Conditions, a Noteholder is not entitled to Convert (and the Company is entitled to refuse to Convert) such number of Convertible Notes that would result in:

- (1) a person acquiring Voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision); or
- (2) a person acquiring Shares where a notification being required to be sent under, or consent is required under, any legislation by which the Company or its Related Bodies Corporate are bound.

7.2 Statutory declaration

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in Schedule 1, clause 7.1 do not exist in respect of any Conversion by that Noteholder.

8. Registration of transfers

8.1 Transfer

Subject to the terms of the Trust Deed, the Noteholder may transfer all or any of the Convertible Notes that it holds by:

- (1) any computerised or electronic securities transfer system acceptable to ASX for the purpose of facilitating dealings in securities, including a proper SCH transfer (as that term is defined in the SCH Business Rules); and
- (2) an instrument in writing in any usual form or in any other form that the directors of the Company approve ("Non-SCH transfer").

8.2 Transfer form

In relation to all transfers of Convertible Notes which are Non-SCH transfers, the transfer form must be:

- (1) lodged with the Register; and
- (2) accompanied by such evidence as the Company may require to prove the title and identity of the transferor and the transferee, the right of entitlement of the transferee to receive a transfer of the relevant Convertible Note, the due execution of the transfer form and the due compliance and observance with all applicable laws and regulations of the Commonwealth of Australia and each State and Territory thereof, including but in no way limited to the ASX Listing Rules.

8.3 Recording Non-SCH transfers

The Company will promptly upon being satisfied with the transfer form, any accompanying information, the identity of the transferor and the transferee and the due compliance with such reasonable regulations as the Company may determine from time to time, accept the application contained in the transfer form by making an inscription in the Register recording the transfer of the relevant Convertible Note.

8.4 Registration

On the entry being made in the Register, the Company and the Trustee will recognise the transferee as the registered owner of the relevant Convertible Note and as being entitled to the repayment of the Principal Amount and the payment of all interest in respect thereof and to all other rights vested in Noteholders under the Trust Deed. The transferor will for all purposes be and be deemed to be the registered owner of the relevant Convertible Note until an inscription is made in the Register recording the transfer, the name and address of the transferee and the other matters required to be entered into the Register by the Company from time to time.

8.5 Administration

- (1) Subject to clause 15.6 of the Trust Deed, the Company will register the Non-SCH transfer of a Convertible Note notwithstanding that the transfer form to which the transfer relates has not been marked by the Company.
- (2) Subject to clause 15.6 of the Trust Deed, the Company will procure that (in relation to Non-SCH transfers) all transfer forms which are registered will be retained by the Company for a period of 7 years after receipt but any transfer form which the

Company declines to register will (except in the case of fraud or suspected fraud) be returned on demand to the person depositing the same.

- (3) Subject to clause 15.6 of the Trust Deed, the Company will not register the transfer of a Convertible Note on or after its Maturity Date.
- (4) To the extent that any of the conditions of the Convertible Notes are inconsistent with the Listing Rules, the provisions of the Listing Rules will apply.

8.6 Directions

- (1) Subject to the Trust Deed and these Conditions, and any conditions proposed by the Company at the time the Convertible Notes are issued and any entries made on the Register, the Company will comply with any payment or distribution direction made by a transferee:
 - (a) in an application for transfer of Convertible Notes on and from the time of registration of that transfer; and
 - (b) at any subsequent time in such form as the Company will from time to time determine.
- (2) A direction from any one or more joint holders of a Convertible Note will bind all the joint holders. If more than one direction is received from joint holders of a Convertible Note the direction of the senior is to be accepted to the exclusion of the other directions and for this purpose seniority is determined by the order in which the names appear in the Register of Noteholders in respect of the joint holding.

8.7 Transmission

Subject to Schedule 1, clause 7.1, a person becoming entitled to Convertible Notes as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Company considers sufficient, transfer the Convertible Notes of that Noteholder or, if so entitled, become registered as the holder of the Convertible Notes.

8.8 No registration fee

Transfers will be inscribed in the Register without charge provided taxes or other governmental charges (if any) imposed in relation to the transfer have been paid.

8.9 Non-registration of third party interests

Convertible Notes will be registered by name only without reference to any trusteeships. Any entry in the Register of the name and address of a Noteholder and the amount owed to that Noteholder is conclusive evidence of title subject to rectification for fraud or error.

8.10 Person registered

The person registered as a Noteholder of an amount of Convertible Notes will be treated by the Company as the absolute owner of that amount of Convertible Notes. Neither the Company, nor the Trustee will, except as ordered by a Court or as required by statute, be obliged to take notice of any claim to a Convertible Note. Entry in the Register of the name and address of a Noteholder and the number of Notes held by that Noteholder is conclusive evidence of title subject to rectification for fraud or error.

8.11 Maintenance of Register

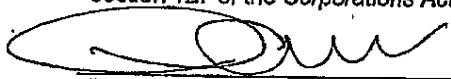
The Company may delegate all or any of its powers and obligations with respect to transfers of Convertible Notes to a delegate appointed in accordance with clause 15.6 of the Trust Deed.

9. Non voting

The Convertible Notes do not confer on the holders any rights to attend or vote at general meetings of Shareholders but the Company will send to Noteholders copies of all material that the Company sends to Shareholders.


Executed as a deed and delivered on the date shown on the first page.

Executed by Sun Resources NL ACN
009 198 810 in accordance with
section 127 of the Corporations Act 2001:



Director/company secretary

BRADFORD ARDEN
Name of director/company secretary
(BLOCK LETTERS)



Director

MATTHEW A. BATTRICK
Name of director
(BLOCK LETTERS)

The common seal of Australian Executor Trustees Limited ACN 007 869 794 was hereunto
affixed with the authority of:

..... (signed)

..... (print name)

Authorised Officer

..... (signed)

..... (print name)

Authorised Officer

Executed as a deed and delivered on the date shown on the first page.

Executed by Sun Resources NL ACN 009 196 810 in accordance with section 127 of the Corporations Act 2001:

Director/company secretary

Director

Name of director/company secretary (BLOCK LETTERS)

Name of director (BLOCK LETTERS)-

The common seal of Australian Executor Trustees Limited ACN 007 869 794 was hereunto affixed with the authority of:

(signed) Philip John Walter Joseph (print name)

Authorised Officer

(signed) Stuart Alexander Howard (print name)

Authorised Officer



**Annexure A
Conversion Notice**

To: Sun Resources NL
Unit 16, Subiaco Village
531 Hay St
SUBIACO WA 6008

NOTICE OF CONVERSION OF CONVERTIBLE NOTES

I/We _____
Name of Holder

of _____
Address of Holder

holdings SRN/HIN number _____ hereby request conversion of
SRN/HIN

_____ Convertible Notes into fully paid ordinary shares in the
capital of Sun Resources NL in accordance with the terms and conditions of the Trust Deed dated
5 June 2008

I/We agree to be bound by the constitution of Sun Resources NL.

Signature: _____
Noteholder/Director/Sole Director

Name (please print): _____

Signature: _____

Name (please print): _____

Dated: _____

**Annexure B
Redemption Notice**

To: Sun Resources NL
Unit 16, Subiaco Village
531 Hay St
SUBIACO WA 6008

NOTICE OF REDEMPTION OF CONVERTIBLE NOTES

I/We _____
Name of Trustee or Holder
of _____
Address of Trustee or Holder

hereby request redemption of **SRN/HIN**

_____ Convertible Notes in accordance with the terms and conditions of the Trust Deed dated 5 June 2008

I/We agree to be bound by the constitution of Sun Resources NL.

Signature: _____
Noteholder/Trustee

Name (please print): _____

Signature: _____

Name (please print): _____

Dated: _____