

# **BIDDER'S STATEMENT**

## **CASH OFFER**

By

**WARATAH COAL PTY LTD**

(ACN 114 165 669)

To acquire ALL of your shares in

**GLADSTONE PACIFIC NICKEL LIMITED**

(ACN 104 261 887)

For

**A\$0.05 CASH PER SHARE**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

## IMPORTANT INFORMATION

### Key Dates

Bidder's Statement lodged with ASIC	6 June 2011
Offer opens (date of Offer)	23 June 2011
Offer closes (unless extended)	5.00pm (Sydney time) on 1 August 2011

### Bidder's Statement

This document is the Bidder's Statement from Waratah Coal Pty Ltd (ACN 114 165 669) ("**Waratah**") in relation to its off-market bid under Part 6.5 of the Corporations Act for all of the remaining shares in Gladstone Pacific Nickel Limited (ACN 104 261 887) ("**GPN**") not already held by Waratah.

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission ("**ASIC**") on 6 June 2011. ASIC takes no responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. These are defined in section 11.

### Offer Information Line

For information regarding how to accept the Offer please read this Bidder's Statement. If you still need assistance please contact the Offer Information Line on (+44) 87 0707 4015.

### Investment Decision

This Bidder's Statement does not take into account the investment objectives, financial situation or particular needs of any person. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

### Forward Looking Statements

This Bidder's Statement contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While Waratah believes that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Any forward looking statement contained in this document is qualified by this cautionary statement.

### Disclaimer as to GPN Information

The information on GPN contained in this Bidder's Statement has been prepared by Waratah using predominately publicly available information and has not been independently verified by Waratah. Accordingly, Waratah does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to GPN's business may be included in GPN's Statement which GPN must provide to its shareholders in response to this Bidder's Statement.

### **Foreign Jurisdictions**

The distribution of this Bidder's Statement may in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of and observe those restrictions.

### **Privacy**

Personal information relating to your shareholding in GPN will be obtained by Waratah or its agents from GPN in accordance with its rights under the Corporations Act. Waratah will share this information with its related bodies corporate, advisers, agents and regulators such as ASIC where necessary for the purposes of the Offer or as otherwise required or permitted by law. Waratah, its related bodies corporate, advisers and agents will use this information solely for purposes relating to the Offer and to assist in any future relationship with you as a shareholder.

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## Letter to the GPN Shareholders

6 June 2011

Dear GPN Shareholder,

### **Unconditional Cash Offer of A\$0.05 for each of your GPN Shares**

On behalf of the Directors of Waratah Coal Pty Ltd ("**Waratah**"), I am pleased to provide you with this Offer to acquire all of your shares in Gladstone Pacific Nickel Limited ("**GPN**") (the "**Offer**").

The Offer is A\$0.05 for each GPN share you hold. Waratah is presently GPN's largest shareholder, holding approximately 55.54% of the total issued share capital of GPN.

Some of the reasons to accept the Offer include the following:

#### **1. The cash offer provides certainty of value for your GPN Shares**

If you accept this unconditional Offer for all (or some) of your GPN Shares you will be paid A\$0.05 cash for each GPN Share for which you accept the Offer, and in respect of those GPN Shares:

- you will cease to be exposed to the risks associated with an investment in GPN, including potential share price volatility due to current market conditions; and
- you will cease to be exposed to the risks associated with the operations of GPN and its inability to date to secure funding for its projects, or to establish projects which will secure GPN an alternative source of revenue stream, whilst GPN is continuing to incur expenditure to maintain its project development program.

#### **2. Low liquidity following delisting on AIM**

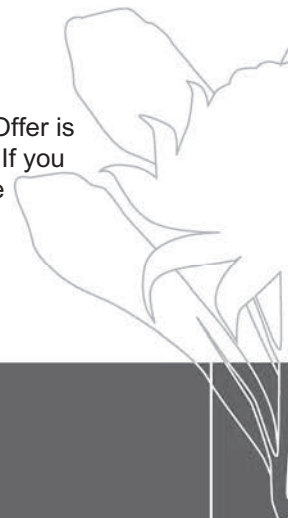
Given that GPN's securities are no longer trading on AIM, and GPN is not listed on any other stock exchange, there is very low liquidity in trade of GPN Shares. If you do not accept the Offer, it will likely remain difficult to trade your GPN Shares.

#### **3. Waratah's Offer is the only offer currently available to you**

As at the date of this Bidder's Statement, no other person has announced an offer, or an intention to make an offer, for GPN. Given Waratah's controlling shareholding of GPN, Waratah believes it is unlikely that an alternative offer will eventuate.

Details of how to accept this Offer are set out in section 10.3 of the Bidder's Statement.

We encourage you to read this Bidder's Statement for further details about the Offer. The Offer is open for your acceptance until 5:00pm (Sydney time) on 1 August 2011 unless extended. If you wish to accept the Offer, please follow the instructions in this Bidder's Statement and in the enclosed Acceptance Form.



If you have any questions about the Offer, please contact your legal, financial or other professional adviser.

For and on behalf of the Board of Waratah,

A handwritten signature in black ink, appearing to read 'Palmer', with a large, stylized initial 'P'.

**Anna Palmer**  
Director  
**Waratah Coal Pty Ltd**



## 1. SUMMARY OF THE OFFER

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<b>The Bidder</b>	Waratah Coal Pty Ltd is the company making the Offer.
<b>The Offer</b>	Waratah offers to acquire ALL of your GPN Shares  You may accept the Offer in respect of all or some of the GPN Shares you hold.
<b>Offer price</b>	You are being offered A\$0.05 for each of your GPN Shares.
<b>Offer opens</b>	The Offer is open from 23 June 2011.
<b>Offer closes</b>	Unless withdrawn or extended in accordance with the Corporations Act, the Offer is open until 5:00pm (Sydney time) on 1 August 2011.
<b>Conditions</b>	The Offer is not subject to any conditions.
<b>Payment date</b>	If you accept this Offer, you will in the usual case be sent the payment for your GPN Shares under the Offer on or before the earlier of:  (a) the day one month after you accept this Offer; and  (b) the date 21 days after the end of the Offer Period.  Should you not accept the Offer and Waratah proceeds to compulsorily acquire outstanding GPN Shares, then you will only receive your consideration in accordance with the timing of the compulsory acquisition provisions of the Corporations Act, which may be more than 2 months after the end of the Offer Period.
<b>Fees</b>	No Australian or UK stamp duty or UK stamp duty reserve tax additional brokerage are payable by GPN Shareholders on accepting the Offer.

## 2. SUMMARY OF RISKS ARISING FROM THE OFFER

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In deciding whether to accept the Offer you should carefully consider the key risks outlined below.

### 2.1 Illiquid market in GPN Shares

As a consequence of GPN's delisting from AIM:

- (a) there is no longer a formal market on which GPN Shareholders may trade their GPN Shares; and
- (b) while GPN Shares remain freely transferable, it is more difficult to sell GPN Shares compared with shares of companies listed on AIM.

This illiquid market in GPN Shares will continue if the Offer proceeds but Waratah does not acquire 100% of the GPN Shares. If you remain a minority shareholder in GPN after the Offer closes, it will likely continue to be difficult to sell your GPN Shares.

## 2.2 Uncertainty of the effects of the Offer

Uncertainty about the effects of the Offer may adversely affect the business and operations of GPN and/or Waratah, which may in turn adversely affect your investment in GPN if you remain a minority shareholder.

## 3. FREQUENTLY ASKED QUESTIONS

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### *How do I accept the Offer?*

You should read section 10.3 for full details on how to accept the Offer.

In the event that you require assistance in relation to accepting the Offer please contact the Offer Information Line on (+44) 87 0707 4015.

(a) Uncertificated holding

If you decide to accept the Offer and your GPN Shares are uncertificated in the form of GPN Depositary Interests, you will need to instruct the depositary's custodian by inputting and settling an appropriate TTE Instruction in CREST, in accordance with the procedure set out in section 10.3. To be effective the TTE Instruction must settle before the Offer closes.

If your GPN Shares are held beneficially with a CDS Participant via CDS & Co. your CDS Participant will be required to withdraw the book balance position from CDS & Co and request the issuance of a physical certificate from Computershare Investor Services Inc., in Toronto, Ontario, Canada. Upon receipt of a GPN share certificate, the CDS Participant may accept the Offer by following the procedures for "Certificated holding" set out above.

(b) Certificated holding (i.e. not in CREST)

If you decide to accept the Offer and your GPN Shares are in certificated form, you will need to complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it and together with your certificate(s) for your GPN Shares. To be effective your acceptance must be received by Computershare Investor Services at the address below before the Offer closes:

**Australia**

Computershare Investor Services Pty Limited  
GPO Box 523  
Brisbane, Queensland 4001  
Australia

**Canada**

Computershare Investor Services Inc.  
100 University Avenue, 9th Floor  
Toronto ON M5J 2Y1  
Attention: Corporate Actions

**United Kingdom**

Computershare Investor Services PLC  
Corporate Actions Projects  
Bristol BS 99 6AH

In the event that you have lost your GPN share certificate(s) please contact the Offer Information Line on (+44) 87 0707 4015.

If your GPN share certificate(s), held on the Canadian register, has been lost or destroyed, the Acceptance Form should be completed as fully as possible and forwarded together with a letter describing the loss, to the Toronto office of Computershare Investor Services Inc. Computershare Investor Services Inc. will respond with the replacement requirements, which must be properly completed and submitted in good order to the Computershare Investor Services Inc., on or prior to the closing of the Offer.

***What is the Bidder's Statement?***

This Bidder's Statement sets out the terms of Waratah's Offer and information relating to the Offer and the consideration you will receive.

***What is the Offer?***

Waratah is offering to buy your GPN shares by way of an off-market takeover offer. The Offer price is A\$0.05 cash for each GPN Share.

***Are there any conditions to the Offer?***

No, the Offer is unconditional.

***If I accept the Offer, when will I be paid?***

If you accept the Offer, Waratah will provide you with the consideration to which you are entitled on or before the earlier of:

- (a) one month after you have validly accepted the Offer; or
- (b) 21 days after the end of the Offer Period.

***Can I accept the Offer for part of my holding?***

Yes, you may accept the offer for all or only some of the GPN Shares you hold. If you accept the Offer for only some of your GPN Shares you can still accept the Offer for more or all of your GPN Shares at a later time during the Offer Period.

You will be taken to have accepted the Offer for all of your GPN Shares if you do not specify a lesser number in your Acceptance Form.

***What happens if I do not accept the Offer?***

Subject to what is stated below, you will remain the holder of your GPN Shares if you do not accept the Offer.

If Waratah becomes entitled to do so, Waratah intends to proceed to compulsorily acquire your GPN Shares (see section 6.4). You will receive consideration for your GPN Shares sooner if you accept the Offer.

***When does the Offer close?***

The Offer is currently scheduled to close at 5:00pm (Sydney time) on 1 August 2011, unless extended or withdrawn.

***Can Waratah extend the Offer Period?***

Yes, the Offer can be extended by Waratah or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

***Will I need to pay brokerage or stamp duty if I accept the Offer?***

You will not pay any Australian or UK stamp duty or UK stamp duty reserve tax on accepting the Offer.

If your GPN Shares are in certificated form in your name and you deliver them directly to Computershare in accordance with section 10.3(b), you will not incur any brokerage connected with you accepting the Offer.

If your GPN Shares are held in uncertificated form by way of depository interests through CREST or are held through a bank, custodian or other nominee, you should ask your broker or bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

By making the Offer, Waratah is not making any recommendation or giving any advice as to whether (or how) you should sell your GPN Shares. Before you decide what to do with your GPN Shares you should seek your own professional advice (including taxation advice).

***What are the tax consequences if I accept the Offer?***

Please consult your financial, tax or other professional adviser on the tax implications of accepting the Offer.

***What should I do next?***

- Step 1:** Carefully read the entire Bidder's Statement and consider the information provided.
- Step 2:** Read the Target's Statement to be provided by GPN.
- Step 3:** If you need advice, consult your stock broker or your legal, financial or other professional adviser.
- Step 4:** If you wish to accept the Offer follow the instructions in section 10.3. Should you have any further queries in relation to how to accept the Offer please contact the Offer Information Line on (+44) 87 0707 4015

**4. INFORMATION ON WARATAH**

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Waratah is an Australian private company and a subsidiary of Mineralogy Pty Ltd.

**5. INFORMATION ON GPN AND GPN SECURITIES**

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**5.1 Disclaimer**

The information in this Bidder's Statement in relation to GPN has been prepared by Waratah based on publicly available information. Not all of this information has been

independently verified. Accordingly, Waratah does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information regarding GPN in this Bidder's Statement should not be considered comprehensive and should be read in conjunction with any further information relating to GPN included in GPN's Target Statement which will be sent to you by GPN.

## **5.2 Overview of GPN**

GPN is an Australian mining development company with its principal focus in the nickel and cobalt industries. GPN's securities were previously quoted on AIM, however as a result of GPN being unable to appoint a replacement Nominated Advisor for the purposes of the AIM Rules, GPN's securities were cancelled from quotation on or around 24 November 2010. GPN is not listed on any other stock exchange.

GPN holds a number of nickel/cobalt lateritic deposits located in Central Queensland and is proposing to develop the Gladstone Nickel Project in Central Queensland, which includes the development of a nickel and cobalt refinery in Gladstone. GPN has to date been unable to secure funding to develop the Gladstone Nickel Project.

## **5.3 Directors of GPN**

As at the date of this Bidder's Statement, the directors of GPN are Mr Domenic Martino, Mr Blair Brewster and Mr Clive Palmer.

## **5.4 Previous offer for GPN**

On 21 September 2010, QNI made an off-market bid under Part 6.5 of the Corporations Act for all of the GPN Shares that it did not already hold. Following the closure of this offer, QNI held 39,394,338 GPN Shares (representing approximately 55.54% of all GPN Shares).

Waratah acquired all of those GPN Shares by way of an off-market intercompany transfer. Both QNI and Waratah are controlled by Professor Clive Palmer.

## **5.5 Publicly available information**

While GPN securities were quoted on AIM it was subject to the periodic and continuous disclosure requirements of the Corporations Act and the AIM Rules. Further information on GPN, including information that was previously disclosed in accordance with these obligations, can be obtained via GPN's website at <http://www.gladstonepacific.com.au>.

## **5.6 Capital structure of GPN**

According to publicly available documents as at the date of this Bidder's Statement, the total number of securities in GPN consists of 70,935,699 GPN Shares.

## **5.7 Substantial holders of GPN**

The following is a list of the shareholders in GPN holding over a 5% interest in GPN Shares, based on publicly available information:

- (a) Waratah – 39,394,338 GPN Shares (approximately 55.54%); and

- (b) Credit Suisse Client Nominees (UK) Limited – 16,367,642 GPN Shares (approximately 23.07%).

#### **5.8 Waratah relevant interest in GPN securities**

Both immediately before this Bidder's Statement was lodged with ASIC and immediately before the date of the Offer, Waratah had a relevant interest in 39,394,338 GPN Shares, representing approximately 55.54% of the total GPN Shares.

#### **5.9 Waratah voting power in GPN**

Both immediately before this Bidder's Statement was lodged with ASIC, and immediately before the date of the Offer, Waratah had direct voting power of approximately 55.54% in GPN.

#### **5.10 Acquisition by Waratah of GPN Shares during previous 4 months**

During the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of the Offer, neither Waratah nor any associate of Waratah has provided, or agreed to provide, consideration for a GPN Share.

#### **5.11 Inducing benefits given by Waratah during previous 4 months**

During the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of the Offer, neither Waratah nor any associate of Waratah, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offers and was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of GPN Shares.

### **6. INTENTIONS OF WARATAH**

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#### **6.1 Overview**

This Section sets out the intentions of Waratah on the basis of the facts and information concerning GPN, which are known to Waratah and the existing circumstances affecting the business of GPN, in relation to the following:

- (a) the continuation of the business of GPN;
- (b) any major changes to be made to the business of GPN; and
- (c) the future employment of the present employees of GPN.

However, Waratah will only reach final decisions in light of material facts and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intentions only which may vary as new information becomes available or circumstances change.

## **6.2 Rationale for the Offer**

Waratah has made the Offer as it is seeking to acquire 100% of GPN and to provide an opportunity for GPN Shareholders to divest their GPN Shares.

## **6.3 Review**

Waratah has reviewed information that has been publicly released and is otherwise available to it in relation to GPN, its current activities and its plans for the future. However, Waratah does not have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions have not been made.

Following the close of the Offer, Waratah will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of GPN in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section should be read in this context.

## **6.4 Intentions upon acquisition of 90% or more of GPN Shares**

This section sets out the current intentions of Waratah if it acquires 90% or more of the GPN Shares and is entitled to proceed to compulsory acquisition of the outstanding GPN Shares.

### **(a) Compulsory acquisition**

Waratah intends to proceed with the compulsory acquisition of any GPN Shares not acquired under the Offer which it is entitled to compulsory acquire under the Corporations Act.

### **(b) Directors**

Subject to the Corporations Act and GPN's constitution, Waratah may replace some or all of the independent members of the GPN Board with nominees of Waratah. Waratah has not made any decision about who would be nominated for appointment to the GPN Board in this case.

### **(c) Operations and assets**

After the end of the Offer Period, Waratah intends to conduct an immediate review of GPN's operations, assets, structure and employees on both a strategic and financial level to evaluate:

- (i)** GPN's performance, profitability and prospects (on an asset-by-asset basis), including the feasibility of the Gladstone Nickel Project;
- (ii)** whether particular activities and assets of GPN demonstrate a strategic fit with those of Waratah and/or its associates; and
- (iii)** GPN's projected ongoing capital requirements to continue as a going concern and whether a further capital raising is required.

The key objective of this review will be to ascertain which assets are to be retained and which (if any) are to be disposed of, and to ascertain whether improvements can be made to GPN's business plan.

(d) Options under consideration

Various alternative courses of action have been considered in relation to the operations of GPN as at the date of this Offer. A definite decision will only be made after the close of this Offer and the finalisation of the review of GPN's operations, assets and structure. Based on the information available to Waratah as at the date of this Offer, its preferred course of action is as follows:

- (i) to conduct a review of GPN's current development business operations and consider whether such operations will be continued; and
- (ii) GPN's joint ventures in New Caledonia will be reviewed and may be terminated.

(e) Employees

GPN currently has two employees in its head office in Brisbane and one employee in Marlborough that Waratah is aware of.

Subject to the outcome of the above review, it is intended that GPN will either retain its present employees or have them transferred to Waratah or its associates as required with a view to retaining the operational expertise of the GPN employees.

## **6.5 Intentions upon acquisition of less than 90% of GPN Shares**

If Waratah has acquired less than 90% of GPN Shares, at the end of the Offer Period it will not become entitled to compulsorily acquire the outstanding GPN Shares.

Subject to the requirements of the Corporations Act and any other applicable laws or regulations and the legal obligations of the directors of GPN to act in the best interests of GPN Shareholders as a whole, it is the present intention of Waratah to attempt to procure that the GPN Board implements the objectives and goals outlined in section 6.2 and 6.4 to the extent possible and appropriate, recognising the legal duties of the board of directors of GPN to the GPN Shareholders.

## **6.6 Limitations in giving effect to intentions**

The ability of Waratah to implement the intentions set out in this section will be subject to:

- (a) the law, in particular in relation to related party transactions and conflicts of interests;
- (b) the legal obligation of the directors of GPN to act for proper purposes and in the best interests of GPN Shareholders as a whole; and
- (c) the outcome of the proposed review of GPN referred to above.

## **7. SOURCES OF CASH CONSIDERATION**

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### **7.1 Amount payable**

The consideration for the acquisition of the GPN Shares to which the Offer relates will be satisfied wholly in cash and if Waratah acquires all of the issued GPN Shares as at the date of this Offer in which it (or its associates) do not already have a relevant interest, the total consideration will be A\$1,577,068.05.

### **7.2 Source of funds**

Waratah will source the funds for the acquisition of the GPN Shares pursuant to the Offer from its current cash reserves.

As at the date of this Bidder's Statement Waratah holds sufficient cash reserves to pay the total consideration pursuant to this Offer for the acquisition of all issued GPN Shares and any GPN Shares which may be issued if the GPN Options are exercised.

These cash funds are not required for other operations or commitments of Waratah and are available to Waratah as discussed above.

These cash reserves may be drawn down by Waratah without pre-condition and at any time during the period in which Waratah is required to make payments under the Offer.

## **8. TAXATION CONSIDERATIONS**

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### **8.1 Tax consequences generally**

The tax consequences associated with the Offer for each GPN Shareholder will depend upon numerous factors. Accordingly, GPN Shareholders should consult their own independent tax advisers regarding the taxation consequences (including income tax and capital gains tax) of disposing of their GPN Shares, having regard to their particular circumstances.

### **8.2 Australian GST/UK VAT**

No Australian GST should generally be payable on the transfer of GPN Shares, with the exception of any GST payable on any brokerage charged by your Australian broker for carrying out your instructions.

No UK Value Added Tax (VAT) should be payable in relation to the transfer of GPN Shares. You should not be liable to pay stamp duty or stamp duty reserve tax in relation to the transfer of GPN Shares.

### **8.3 Australian and UK stamp duty**

You should not be liable to pay Australian or UK stamp duty or UK stamp duty reserve tax in relation to the transfer of GPN Shares pursuant to the Offer.

## **9. OTHER MATERIAL INFORMATION**

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### **9.1 Modifications to and exemptions from the Corporations Act**

Waratah has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Waratah.

### **9.2 Consents**

Each of the following persons has consented in writing to being named in this Bidder's Statement in the form and context in which they are named, and has not withdrawn that consent as at the date of this Bidder's Statement:

- (a) Blake Dawson;
- (b) Computershare Investor Services Pty Limited;
- (c) Computershare Investor Services Inc.; and
- (d) Computershare Investor Services PLC.

This Bidder's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement.

Computershare Investor Services has had no involvement in the preparation of any part of the Bidder's Statement other than being named as Share Registrar to the Company. Computershare Investor Services has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Bidder's Statement.

Computershare Investor Services has not in any way been involved in the making of the offer under the Bidder's Statement.

### **9.3 No other material information**

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by an offeree whether or not to accept the Offer, being information that is known to Waratah and has not previously been disclosed to the holders of GPN Shares.

## **10. THE OFFER TERMS**

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### **10.1 The Offer**

- (a) Offer for your GPN Shares

Waratah offers to acquire all of your GPN Shares on the terms set out in this Offer.

This Offer extends to all GPN Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to any GPN Options.

- (b) Offer includes Rights

If Waratah acquires your GPN Shares under this Offer, Waratah is also entitled to any Rights attached to those GPN Shares.

- (c) Consideration

The consideration being offered by Waratah for the acquisition of all of your GPN Shares is A\$0.05 per GPN Share.

## **10.2 Offer Period**

Unless withdrawn or extended, this Offer is open during the period that begins on the date of this Offer, being 23 June 2011, and ends at 5:00pm (Sydney time) on 1 August 2011.

If, within the last 7 days of the Offer Period, any of the following occurs, section 624(2) of the Corporations Act will apply to extend the Offer Period so that it ends 14 days after that event:

- (a) Waratah varies the Offers to improve the consideration offered; or
- (b) the consideration is taken to be increased under section 651A(2) of the Corporations Act because Waratah purchases GPN Shares outside the Takeover Bid for a cash price higher than the consideration offered.

## **10.3 How to accept this Offer**

- (a) Accept for all or some of your GPN Shares

You can accept this Offer for some or all of your GPN Shares. If you accept the Offer for only some of your GPN Shares you can still accept the Offer for more or all of your GPN Shares at a later time during the Offer Period.

You will be taken to have accepted the Offer for all of your GPN Shares if you do not specify a lesser number in your Acceptance Form.

- (b) Uncertificated GPN Depository Interest holders, whose holding is held via CREST

To accept this Offer, you need to transfer (by means of a TTE Instruction) your interest in the GPN Shares, specifying Computershare Investor Services PLC as the escrow agent as soon as possible and in any event so that the transfer to escrow settles not later than 3:00pm (London time) on 29 July 2011.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your GPN Shares are held. In addition, only your CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to your GPN Shares. The Corporate Action Number is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST. You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other

information that is required for the TTE Instruction to settle in CREST, the following details:

- (i) the number of your GPN Shares to be transferred to an escrow balance;
- (ii) the ISIN of the shares. This is AU0000XINAC5;
- (iii) your participant ID;
- (iv) your member account ID;
- (v) the participant ID of the escrow agent, in its capacity as a CREST receiving agent. This is 3RA40;
- (vi) the member account ID of the escrow agent. This is GLAQNI01;
- (vii) the corporate action number for the offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- (viii) the intended settlement date. This should be as soon as possible, in any event no later than 3:00pm (London time) on 29 July 2011;
- (ix) contact name and telephone number inserted at the beginning of the shared notes field; and
- (x) a standard priority of 80.

After settlement of the TTE Instruction, you will not be able to access your GPN Shares concerned for any transaction or charging purpose. Upon completion of the Offer, Computershare Investor Services PLC will transfer the relevant GPN Shares to itself as escrow agent for the Bidder.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your GPN Shares to settle prior to 3:00pm (London time) on 29 July 2011.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

The Bidder will make an appropriate announcement if any of the details set out above are changed for any reason.

You should NOT send an Acceptance Form to Computershare Investor Services.

- (c) Uncertificated CDS Participant Book Balance holders, whose holding is held via CDS & Co.

If your GPN Shares are held beneficially with a CDS Participant via CDS & Co. your CDS Participant will be required to withdraw the book balance position from CDS & Co and request the issuance of a physical certificate from Computershare Investor Services Inc., in Toronto, Ontario, Canada. Upon receipt of a GPN

share certificate, the CDS Participant may accept the Offer by following the procedures for “Certificated holding” set out above.

(d) **Certificated holders**

To accept this Offer, you need to complete and sign your Acceptance Form in accordance with the instructions thereon and return it to Computershare as set out below. Completed and signed Acceptance Forms and share certificates and/or other documents of title must be returned to:

- (i) **Australia**  
Computershare Investor Services Pty Limited  
GPO Box 523  
Brisbane, Queensland 4001  
Australia
- (ii) **Canada**  
Computershare Investor Services Inc.  
100 University Avenue, 9th Floor  
Toronto ON M5J 2Y1  
Attention: Corporate Actions
- (iii) **United Kingdom**  
Computershare Investor Services PLC  
Corporate Actions Project  
Bristol BS 99 6AH

as soon as possible, and in any event, so as to be received no later than 5:00pm (Sydney time) on 1 August 2011 unless the Bidder announces a later closing date.

GPN Shareholders should allow sufficient time for their Acceptance Forms to be received during the local business hours of the recipient before the Offer closes.

#### **10.4 Foreign laws**

This Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

#### **10.5 Effect of Acceptance Form**

By completing, signing and returning the Acceptance Form and share certificate(s) where applicable in accordance with section 10.3 you authorise Waratah and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:

- (a) make it an effective acceptance of this Offer for your Acceptance Shares; and
- (b) enable the transfer of your Acceptance Shares to Waratah.

#### **10.6 Your agreement**

By carrying out the instructions in section 10.3 on how to accept this Offer:

- (a) you accept this Offer for your Acceptance Shares;
- (b) you represent and warrant to Waratah that your Acceptance Shares will at the time of your acceptance of this Offer and of transfer to Waratah be fully paid up, and that Waratah will acquire good title to and beneficial ownership of them free from Encumbrances;
- (c) you transfer, or consent to the transfer of your Acceptance Shares to Waratah subject to the conditions of the constitution of GPN on which they were held immediately before your acceptance of this Offer (and Waratah agrees to take those Acceptance Shares subject to those conditions);
- (d) authorise Waratah to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
  - (i) to make the Acceptance Form an effective acceptance of the Offer; and/or
  - (ii) to enable the registration of the transfer to Waratah of your Acceptance Shares;
- (e) even though Waratah may not have yet paid or provided the consideration due to you, you irrevocably appoint Waratah and each director of, and any nominee of, Waratah as your attorney to:
  - (i) attend and vote in respect of your Acceptance Shares at all general meetings of GPN;
  - (ii) complete and execute any documents necessary to enable the registration of the transfer to Waratah of your Acceptance Shares; and
  - (iii) execute all forms, notices, documents (including a document appointing a director of Waratah as a proxy for any of your Acceptance Shares) and resolutions relating to your Acceptance Shares and generally to exercise all powers and rights which you have as the registered holder of your Acceptance Shares;
- (f) you agree that in exercising the powers conferred by the power of attorney in section 10.6(e), Waratah and each of its directors and its nominee is entitled to act in the interest of Waratah;
- (g) even though Waratah may not have yet paid or provided the consideration due to you, you agree not to attend or vote in person at any general meeting of GPN or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on the directors of Waratah by section 10.6(e);
- (h) agree to indemnify Waratah and each of its agents in respect of any claim or action against it or any loss, damage or liability incurred by it as a result of you not producing your holder identification number or securityholder reference number or in consequence of the transfer of your Acceptance Shares being registered by GPN without production of your holder identification number or securityholder reference number; and
- (i) irrevocably authorise and direct GPN (on receipt of a written request from Waratah) to pay to Waratah or to account to Waratah for all Rights. This is

subject to any such Rights received by Waratah being accounted for by Waratah to you, in the event that this Offer is withdrawn or avoided.

#### **10.7 Powers of attorney**

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under sections 10.5 and 10.6.

#### **10.8 Validation of otherwise ineffective acceptances**

Waratah may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If Waratah does treat such an Acceptance Form as valid, subject to section 10.10, Waratah will not be obliged to give the consideration to you until Waratah receives all those documents and all of the requirements for acceptance referred to in section 10.3 and in the Acceptance Form have been met.

#### **10.9 Defeating conditions to the Offer**

The Offer is not subject to any defeating conditions.

#### **10.10 Payment of consideration**

(a) When will Waratah pay you?

Subject to this section 10.10 and the Corporations Act, if you accept this Offer Waratah will pay you the consideration for your Acceptance Shares to which Waratah acquires good title on or before the earlier of:

- (i) the day 1 month after you accept this Offer; and
- (ii) the day 21 days after the end of the Offer Period.

(b) Acceptance Form requires additional documents

Where documents are required to be given to Waratah with your acceptance to enable Waratah to become the holder of your Acceptance Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, Waratah will pay you in accordance with section 10.10(a);
- (ii) if the documents are given after your acceptance and before the end of the Offer Period, Waratah will pay you the consideration by the end of whichever of the following periods ends first:
  - (A) 1 month after Waratah is given the documents; and
  - (B) 21 days after the end of the Offer Period; or
- (iii) if the documents are given after the end of the Offer Period, Waratah will pay you the consideration within 21 days after the documents are given.

- (c) Delivery of consideration

Subject to the Corporations Act, Waratah will arrange for cheques for the cash payment due to be sent to you at your risk by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the register supplied from time to time by GPN.

Waratah reserves the right to send cheques to an address outside of Australia in any other preferred manner, including through Computershare Investor Services PLC.

#### **10.11 Rights**

If Waratah becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Waratah all documents necessary to vest title to those Rights in Waratah. If you do not give those documents to Waratah, or if you have received or are entitled to receive (or any previous holder of your Acceptance Shares has received or is entitled to receive) the benefit of those Rights, Waratah may deduct the amount (or value as reasonably assessed by Waratah) of such Rights (including the value of any franking credit) from any consideration otherwise payable to you. If Waratah does not, or cannot, make such a deduction, you must pay that amount to Waratah.

#### **10.12 Clearances for non-Australian residents and others**

If at the time you accept this Offer or at the time the consideration is provided under it:

- (a) any authority or clearance of the Reserve Bank of Australia or the Australian Tax Office is required for you to receive any consideration under this Offer; or
- (b) you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
- (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
  - (ii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
  - (iii) the *Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001* (Cth);
  - (iv) the *Charter of the United Nations (Sanctions – Iraq) Regulations 2006* (Cth);
  - (v) the *Charter of the United Nations (Sanctions – Libyan Arab Jamahiriya) Regulations 2011* (Cth); or
  - (vi) any other law of Australia or elsewhere that would make it unlawful for Waratah to provide consideration for your GPN Shares,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

### **10.13 Costs and stamp duty**

Waratah will pay all costs and expenses of the preparation and circulation of the Offers and any Australian or UK stamp duty or UK stamp duty reserve tax payable on the transfer of any GPN Shares to Waratah pursuant to the Offer.

### **10.14 Offerees**

(a) Registered holders

Waratah is making an offer in the form of this Offer to each holder of GPN Shares registered in the register of members of GPN at the Register Date.

(b) Transferees

This Offer extends to any person who is able during the Offer Period to give good title to a parcel of your GPN Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those GPN Shares.

(c) Trustees and nominees

If during the Offer Period and before you accept this Offer your GPN Shares consist of two or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- (i) Waratah is taken to have made a separate Offer to you for each separate parcel of GPN Shares; and
- (ii) acceptance by you of the Offer for any distinct parcel of GPN Shares is ineffective unless:
  - (A) you give Waratah notice in accordance with Part 6.8 of the Corporations Act, stating that your GPN Shares consist of separate parcels; and
  - (B) your acceptance specifies the number of GPN Shares in each separate parcel to which the acceptance relates.

### **10.15 Variation and withdrawal of Offer**

(a) Variation

Waratah may vary this Offer in accordance with the Corporations Act.

(b) Withdrawal

In accordance with section 652B of the Corporations Act, Waratah may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

### **10.16 Governing law**

This Offer and any contract resulting from acceptance of it are governed by the law in force in the State of Queensland, Australia.

## 11. DEFINITIONS AND INTERPRETATION

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### 11.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

**Acceptance Form** means the form of acceptance that accompanies this Bidder's Statement or any replacement or substitute acceptance form provided by or on behalf of Waratah.

**Acceptance Shares** means those of your GPN Shares for which you accept the Offer.

**AIM** means the AIM market operated by the London Stock Exchange.

**AIM Rules** means the AIM Rules for Companies published from time to time by the London Stock Exchange.

**ASIC** means the Australian Securities and Investments Commission.

**Bidder's Statement** means this document, being the statement made by Waratah under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Bid.

**Corporations Act** means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC.

**CREST** means the computer based system for the transfer of uncertificated securities (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations).

**CREST Regulations** means the UK Uncertificated Securities Regulations 2001.

**Encumbrance** means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;
- (b) a notice under section 255 of the *Income Tax Assessment Act 1936* (Cth), subdivision 260-A in schedule 1 to the *Taxation Administration Act 1953* (Cth) or any similar legislation;
- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.

**Euroclear** means Euroclear UK & Ireland Limited.

**Foreign Law** means a law of a jurisdiction other than an Australian jurisdiction.

**GPN** means Gladstone Pacific Nickel Limited ACN 104 261 887.

**GPN Depository Interests** means depository interests representing the beneficial interest in GPN Shares issued through Computershare Investor Services PLC as the depository.

**GPN Shareholders** means the holders of GPN Shares.

**GPN Shares** means the fully paid ordinary shares in GPN, including GPN Depository Interests.

**GST** has the same meaning as in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Offer** means the offer as set out in section 10 of this Bidder's Statement and includes a reference to that offer as varied in accordance with the Corporations Act.

**Offer Period** means the period referred to in section 10.2 of this Bidder's Statement.

**Offers** means the Offer and each of the other offers made on the same terms for GPN Shares and includes a reference to those offers as varied in accordance with the Corporations Act.

**QNI** means QNI Resources Pty Ltd ACN 054 117 921.

**Queensland Nickel** means Queensland Nickel Pty Ltd ACN 009 842 068.

**Register Date** means 5:00pm (Sydney time) on 7 June 2011, being the date set by Waratah under section 633(2) of the Corporations Act.

**Rights** means all accretions and rights attaching to GPN Shares (including all rights to receive dividends and other distributions declared or paid and to receive or subscribe for shares, notes or options issued by GPN).

**Takeover Bid** means the takeover bid constituted by the Offers.

**TTE Instruction** means a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear).

**Waratah** means Waratah Coal Pty Ltd ACN 114 165 669.

**your GPN Shares** means, subject to section 10.14, the GPN Shares:

- (a) of which you are registered or entitled to be registered as the holder in the register of members of GPN at the Register Date and any new GPN Shares of which you are named as the registered holder on the register of members of GPN from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, GPN Options; and
- (b) any other GPN Shares, to which you are able to give good title at the time you accept this Offer during the Offer Period.

## 11.2 Interpretation

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.

- (b) Headings are for convenience only and do not affect interpretation.
- (c) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
  - (i) a singular word includes the plural, and vice versa;
  - (ii) a word which suggests one gender includes the other genders;
  - (iii) if a word is defined, another part of speech has a corresponding meaning;
  - (iv) unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this Bidder's Statement;
  - (v) a reference to a person includes a body corporate; and
  - (vi) a reference to A\$ is to the lawful currency in Australia unless otherwise stated.

**Dated: 6 June 2011**

**Signed** on behalf of Waratah Coal Pty Ltd by Mrs Anna Palmer, being a director of Waratah Coal Pty Ltd who is authorised to sign by a resolution unanimously passed at a meeting of the directors of Waratah Coal Pty Ltd.



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Signature

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#### **Corporate Directory**

##### ***Directors***

Mr Michael George Palmer  
Mrs Anna Alexandrova Palmer

##### ***Registered Office***

Level 8, 380 Queen Street  
BRISBANE QLD 4000  
Telephone: +61 7 3832 2044  
Facsimile: +61 7 3832 2021

##### ***Company Secretary***

Mr Derek Andrew Payne

##### ***Legal Advisors in Australia***

Blake Dawson  
Level 38, 123 Eagle Street  
BRISBANE QLD 4000  
Telephone: +61 7 3259 7000  
Facsimile: +61 7 3259 7111

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