

# **BIDDER'S STATEMENT**

## **CASH OFFER**

By

**QNI RESOURCES PTY LTD**

(ACN 054 117 921)

To acquire ALL of your shares in

**GLADSTONE PACIFIC NICKEL LIMITED**

(ACN 104 261 887)

For

**£0.14 CASH PER SHARE**

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

The London Stock Exchange has not itself examined or approved the contents of this document. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority.

## IMPORTANT INFORMATION

### Key Dates

Bidder's Statement lodged with ASIC	6 September 2010
Offer opens (date of Offer)	[●] 2010
Offer closes (unless extended)	5.00pm (Sydney time) on [●] 2010

### Bidder's Statement

This document is the Bidder's Statement from QNI Resources Pty Ltd (ACN 054 117 921) ("**QNI Resources**") 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 QNI Resources.

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission ("**ASIC**") on 6 September 2010. 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 QNI Resources 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 QNI Resources using predominately publicly available information and has not been independently verified by QNI Resources. Accordingly, QNI Resources 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 QNI Resources or its agents from GPN in accordance with its rights under the Corporations Act. QNI Resources 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. QNI Resources, 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.

# Contents

1.	SUMMARY OF THE OFFER	7
2.	SUMMARY OF RISKS ARISING FROM THE OFFER	7
3.	FREQUENTLY ASKED QUESTIONS	8
4.	INFORMATION ON QNI RESOURCES	11
5.	INFORMATION ON GPN AND GPN SECURITIES	11
6.	INTENTIONS OF QNI RESOURCES	13
7.	SOURCES OF CASH CONSIDERATION	16
8.	TAXATION CONSIDERATIONS	17
9.	OTHER MATERIAL INFORMATION	17
10.	THE OFFER TERMS	18
11.	DEFINITIONS AND INTERPRETATION	25

# Letter to the GPN Shareholders

6 September 2010

Dear GPN Shareholder,

## **Unconditional Cash Offer of £0.14 for each of your GPN Shares**

On behalf of the Directors of QNI Resources Pty Ltd ("**QNI Resources**"), 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 £0.14 for each GPN share you hold. QNI Resources is presently GPN's largest shareholder, holding 50.04% 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**

QNI Resources is offering £0.14 in cash for each GPN Share. If you accept this unconditional Offer:

- you will be paid £0.14 cash for each GPN Share you own;
- you will cease to be exposed to the risks associated with an investment in GPN, including potential share price volatility due to general stock market risk and current market conditions;
- 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; and
- you will avoid the possibility of remaining in a "locked in" minority where there is materially reduced liquidity in trade in GPN Shares and the possibility that AIM approves the delisting of GPN Shares in the event that QNI Resources' shareholding in GPN reaches more than 75%.

### **2. QNI Resources' 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 QNI Resources' controlling shareholding of GPN, QNI Resources believes it is unlikely that an alternative offer will eventuate.

### **3. The all-cash offer is particularly attractive in the current adverse market**

Global financial events in recent years have led to significant uncertainty on financial markets. It is possible that markets will remain volatile for some time.

The Offer represents an opportunity to dispose of your GPN Shares (at a set price), especially given the historically low liquidity of GPN Shares on AIM.

**4. The price of GPN Shares may fall if QNI Resources' Offer does not proceed and no other proposal is received**

If the Offer does not proceed, and no other proposal is received, GPN Shares may trade at a substantial discount to the Offer price.

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 [●] 2010 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 QNI Resources,

A handwritten signature in black ink, appearing to read 'Clive Palmer', is written over a horizontal line.

**Clive Palmer**  
Chairman  
**QNI Resources Pty Ltd**

## 1. SUMMARY OF THE OFFER

---

<b>The Bidder</b>	QNI Resources Pty Ltd is the company making the Offer.
<b>The Offer</b>	<p>QNI Resources offers to acquire ALL of your GPN Shares</p> <p>You may only accept the Offer in respect of 100% (and not a lesser proportion) of GPN Shares you hold.</p> <p>No offer is being made for any GPN Options on issue. If holders of GPN Options wish to participate in the Offer, they must exercise their GPN Options before the Offer closes.</p>
<b>Offer price</b>	You are offered £0.14 for each of your GPN Shares.
<b>Offer opens</b>	The Offer is open from [●] 2010.
<b>Offer closes</b>	Unless withdrawn or extended in accordance with the Corporations Act, the Offer is open until 5:00pm (Sydney time) on [●] 2010.
<b>Payment date</b>	<p>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:</p> <ul style="list-style-type: none"><li>(a) the day one month after you accept this Offer; and</li><li>(b) the date 21 days after the end of the Offer Period.</li></ul> <p>Should you not accept the Offer and QNI Resources 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.</p>
<b>Conditions</b>	The Offer is not subject to any conditions.
<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

---

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

### 2.1 Illiquid market if QNI Resources does not acquire 100%

There may be an illiquid market for your GPN Shares if the Offer proceeds but QNI Resources does not acquire 100% of the GPN Shares, whether or not GPN remains listed on AIM after the Offer closes. This may make it difficult for you to dispose of your GPN Shares if you remain a minority shareholder in GPN after the Offer closes.

## 2.2 Shares may be delisted

If GPN is delisted from AIM (voluntarily or otherwise), such delisting would have the following principal effects on GPN Shareholders:

- (a) There may no longer be a formal market on which GPN Shareholders may trade their GPN Shares and the existing CREST facility would be cancelled. GPN Shareholders who currently hold GPN Shares in uncertificated form would be sent share certificates in due course following a delisting.
- (b) While the GPN Shares would remain freely transferable, they may be more difficult to sell compared with shares of companies listed on AIM. It may also be more difficult for GPN Shareholders to determine the market value of their stockholdings in GPN at any given time.
- (c) GPN would not be bound to announce material events, nor to announce interim or final results.
- (d) GPN would no longer be subject to the AIM Rules. GPN Shareholders would therefore no longer be afforded the protections given by the AIM Rules. Such protections include the requirement to be notified of certain events, including fundamental changes in GPN's business.

The delisting of GPN might have either positive or negative taxation consequences for GPN Shareholders. If you are in any doubt about your tax position you should consult your own professional independent adviser immediately.

GPN Shareholders should be aware that if the delisting proceeds, they will at that time cease to hold shares in a company whose shares are admitted to trading on AIM and the matters set out above will automatically apply to GPN from the date of delisting.

## 2.3 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 QNI Resources, which may in turn adversely affect your investment in GPN if you remain a minority shareholder.

## 3. FREQUENTLY ASKED QUESTIONS

---

### ***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) 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 52  
Melbourne Victoria 3001  
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.

(b) 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.

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

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

***What is the Offer?***

QNI Resources is offering to buy your GPN shares by way of an off-market takeover offer. The Offer price is £0.14 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, QNI Resources will pay you 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, provided that the Offer has become unconditional.

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

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your GPN Shares plus any additional GPN shares registered as held by you at the date your acceptance is processed.

***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 QNI Resources becomes entitled to do so, QNI Resources 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 [●] 2010, unless extended or withdrawn.

***Can QNI Resources extend the Offer Period?***

Yes, the Offer can be extended by QNI Resources 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 QNI Resources 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 QNI RESOURCES**

---

##### **4.1 Overview of operations**

QNI Resources is an Australian private company indirectly owned by Professor Clive Palmer. QNI Resources is an 80% joint venture owner of Queensland Nickel, the owner and operator of the Yabulu nickel refinery in Queensland, Australia.

##### **4.2 Officers**

The directors of QNI Resources are as follows:

- (a) Mr. Clive Palmer (Chairman);
- (b) Mr. Basil Ahyick; and
- (c) Mr. Trefor Flood.

The company secretaries of QNI Resources are as follows:

- (a) Mr. Daren Wolfe; and
- (b) Mr. Derek Payne.

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

---

##### **5.1 Disclaimer**

The information in this section concerning GPN has been prepared by QNI Resources based on publicly available information. Not all of this information has been independently verified. Accordingly, QNI Resources 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 on GPN should not be considered comprehensive. Further information relating to GPN may be included in GPN's Target Statement which will be sent to you by GPN.

## **5.2 Publicly available information**

GPN is a company listed on AIM and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the AIM Rules. For information concerning the financial position and affairs of GPN, you should refer to the information that has been disclosed by GPN in accordance with these obligations, which can be obtained via GPN's website at <http://www.gladstonepacific.com.au>.

## **5.3 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 is as follows:

- (a) 70,935,699 GPN Shares; and
- (b) 310,000 GPN Options.

## **5.4 GPN Options**

GPN has on issue a total of 310,000 GPN Options.

The GPN Options are convertible into ordinary shares in the capital of GPN and are exercisable at £1.50 per option, which represents a significant premium to the AIM trading price per GPN Share as at the date of this Offer. Given the significant premium, it is anticipated that no additional GPN Shares will be issued pursuant to the exercise of GPN Options in the period from the Register Date to the end of the Offer Period.

If unexercised, 160,000 of the total GPN Options will expire on 31 December 2010 and the remaining 150,000 GPN Options will expire on 27 February 2011.

The Offer does not extend to GPN Options, however the Offer does extend to 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, the GPN Options.

## **5.5 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) QNI Resources – 35,495,233 GPN Shares (50.04%); and
- (b) Credit Suisse Client Nominees (UK) Limited – 16,367,642 GPN Shares (23.07%).

## **5.6 QNI Resources relevant interest in GPN securities**

Immediately before this Bidder's Statement was lodged with ASIC, QNI Resources had a relevant interest in 35,495,233 GPN Shares, representing 50.04% of the total GPN Shares.

### **5.7 QNI Resources voting power in GPN**

Immediately before this Bidder's Statement was lodged with ASIC, QNI Resources had direct voting power of 50.04% in GPN.

### **5.8 Acquisition by QNI Resources 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 that date of lodgment, neither QNI Resources nor any associate of QNI Resources has provided, or agreed to provide, consideration for a GPN Share.

### **5.9 Inducing benefits given by QNI Resources 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 that date of lodgment, neither QNI Resources nor any associate of QNI Resources, 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 QNI RESOURCES**

---

### **6.1 Overview**

This Section sets out the intentions of QNI Resources on the basis of the facts and information concerning GPN, which are known to QNI Resources 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, including any redeployment of the fixed assets of GPN; and
- (c) the future employment of the present employees of GPN.

However, QNI Resources 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**

QNI Resources has made the Offer because it expects the acquisition of GPN will:

- (a) enable the de-listing of GPN from AIM; and
- (b) enable the acquisition of 100% of GPN by QNI Resources.

### **6.3 Review**

This Offer by QNI Resources is based on the information that has been publicly released by GPN in relation to its activities and plans for the future up to the date of this Offer. QNI Resources is aware that GPN is in the process of preparing its audited accounts which will be released to all GPN Shareholders, including QNI Resources, in early September 2010.

Following the close of the Offer and the release by GPN of its audited accounts for the year ended 30 June 2010, QNI Resources will conduct a review of the operations, assets, structure and employees of GPN. 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 QNI Resources 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

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

(b) Directors

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

(c) AIM listing

It is QNI Resources' intention to apply for the delisting of GPN from AIM if it acquires 75% or more of the GPN Shares, subject to approval under the AIM Rules. If delisting does not occur at this point but QNI Resources becomes entitled to 90% or more of the GPN Shares and thereby becomes entitled to proceed to compulsory acquisition, QNI Resources would apply for GPN to be delisted from AIM in the course of the compulsory acquisition process.

(d) Review of operations and assets

As noted above, after the end of the Offer Period, QNI Resources intends to conduct an immediate review of GPN's operations, assets, structure and employees. The key objective of this review will be to ascertain what, and the extent of any, changes required to improve the performance of GPN and to achieve a strategic fit with the business objectives of QNI Resources and its associates.

(e) 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 QNI Resources as at the date of this Offer, its preferred course of action is as follows:

- (i) QNI Resources intends that GPN will continue its current development business operations;
- (ii) GPN's joint ventures in New Caledonia are intended to be terminated; and
- (iii) GPN's current representative office in New Caledonia is intended to be closed with a view to reducing GPN's costs and incorporating GPN's activities into the Queensland Nickel office in New Caledonia, to the extent that this achieves a reduction in costs.

(f) Employees

GPN currently has two employees in its head office in Brisbane and two employees in its office in New Caledonia that QNI Resources 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 QNI Resources or its associates as required with a view to retaining the operational expertise of the GPN employees.

However, if after the review, it is determined that some employees' positions give rise to duplication, QNI Resources will consider whether there are employment opportunities elsewhere in the entities held by Professor Palmer before making any of the GPN employees' positions redundant. The employees (if any) who are made redundant will receive payments and other benefits in accordance with their contractual and other legal entitlements.

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

This section sets out the current intentions of QNI Resources if at the end of the Offer Period it has acquired less than 90% of GPN Shares, and so does not become entitled to compulsorily acquire the outstanding GPN Shares.

These intentions are subject to the requirements of the Corporations Act, the AIM Rules 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:

(a) AIM listing

As noted above, it is QNI Resources intention to apply for the delisting of GPN from AIM if it acquires 75% or more of the GPN Shares, subject to approval under the AIM Rules.

(b) Operations, assets and employees

It is the present intention of QNI Resources 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 GPN Options**

As explained in section 5.4, the Offer does not extend to GPN Options. However, if entitled, QNI Resources intends to compulsorily acquire any GPN Options in accordance with the provisions of the Corporations Act.

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

The ability of QNI Resources 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**

---

### **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 QNI Resources 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 is £4,961,665.24 or AU\$8,461,127.73 (by reference to an exchange rate of AU\$1.7053 for every £1.00).

An additional cash consideration of £43,400.00 or AU\$74,010.02 will be required for the acquisition of a total of 310,000 GPN Shares which may be issued if all of the GPN Options were exercised during the period from the Register Date to the end of the Offer Period and QNI Resources elects to compulsorily acquire all of the shares issued on exercise of those securities. In this event, the maximum aggregate amount of cash payable by QNI Resources under the Offer would be AU\$8,535,137.75.

### **7.2 Source of funds**

QNI Resources 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 QNI Resources 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 QNI Resources and are available to QNI Resources as discussed above.

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

## **8. TAXATION CONSIDERATIONS**

---

### **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**

---

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

QNI Resources 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 QNI Resources.

### **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.

### **9.3 On-market acquisitions**

Subject to the Corporations Act, QNI Resources may acquire GPN Shares on-market at prices up to the Offer price during normal trading on AIM. If QNI Resources acquires GPN Shares on-market at a price higher than the Offer price during normal trading on AIM, the Offer price per GPN Share will be increased to at least match that price and any GPN Shareholders who have accepted the Offer prior to the on-market purchase by QNI Resources, will be entitled to the additional consideration as a result of the increased Offer.

GPN Shareholders who sell their GPN Shares on AIM cannot subsequently accept the Offer in respect of GPN Shares sold on AIM.

### **9.4 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 QNI Resources and has not previously been disclosed to the holders of GPN Shares.

## **10. THE OFFER TERMS**

---

### **10.1 The Offer**

(a) Offer for your GPN Shares

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

(c) Consideration

QNI Resources offers £0.14 cash for each of your GPN Shares.

### **10.2 Offer Period**

Unless withdrawn or extended, this Offer is open during the period that begins on the date of this Offer, being [●] 2010, and ends at 5:00pm (Sydney time) on [●] 2010.

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) QNI Resources 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 QNI Resources 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 your GPN Shares

You can only accept this Offer during the Offer Period and for all your GPN Shares. You will be taken to have accepted the Offer for all your GPN Shares plus any additional GPN Shares held by you at the date your acceptance is processed (despite any difference between that number and the number of GPN Shares specified on your Acceptance Form and accompanying share certificate(s) or TTE Instruction when you accept this Offer).

- (b) 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 52  
Melbourne Victoria 3001  
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 [●] 2010 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.

- (c) 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 on [●] 2010.

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 on [●] 2010;
- (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 on [●] 2010.

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.

- (d) 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.

#### **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 in accordance with section 9.3 you authorise QNI Resources 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 GPN Shares; and
- (b) enable the transfer of your GPN Shares to QNI Resources.

#### **10.6 Your agreement**

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

- (a) you accept this Offer in respect of all your GPN Shares registered as held by you at the date your acceptance is processed despite any difference between that number and the number of GPN Shares specified in the Acceptance Form;
- (b) you represent and warrant to QNI Resources that all your GPN Shares will at the time of your acceptance of this Offer and of transfer to QNI Resources be fully paid up, and that QNI Resources will acquire good title to and beneficial ownership of them free from Encumbrances;
- (c) you transfer, or consent to the transfer of your GPN Shares to QNI Resources subject to the conditions of the constitution of GPN on which they were held immediately before your acceptance of this Offer (and QNI Resources agrees to take those GPN Shares subject to those conditions);
- (d) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though QNI Resources has not yet paid or provided the consideration due to you), you irrevocably appoint QNI Resources and each director of, and any nominee of, QNI Resources as your attorney to:
  - (i) attend and vote in respect of your GPN Shares at all general meetings of GPN; and
  - (ii) execute all forms, notices, documents (including a document appointing a director of QNI Resources as a proxy for any of your GPN Shares) and resolutions relating to your GPN Shares and generally to exercise all

powers and rights which you have as the registered holder of your GPN Shares;

- (e) you agree that in exercising the powers conferred by the power of attorney in section 10.6(d), QNI Resources and each of its directors and its nominee is entitled to act in the interest of QNI Resources;
- (f) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though QNI Resources has not 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 QNI Resources by section 10.6(d);
- (g) agree to indemnify QNI Resources 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 GPN Shares being registered by GPN without production of your holder identification number or securityholder reference number; and
- (h) irrevocably authorise and direct GPN (on receipt of a written request from QNI Resources) to pay to QNI Resources or to account to QNI Resources for all Rights. This is subject to any such Rights received by QNI Resources being accounted for by QNI Resources 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**

QNI Resources 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 QNI Resources does treat such an Acceptance Form as valid, subject to section 10.10, QNI Resources will not be obliged to give the consideration to you until QNI Resources 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 QNI Resources pay you?

Subject to this section 10.10 and the Corporations Act, if you accept this Offer QNI Resources will pay you the consideration for your GPN Shares to which QNI Resources 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 QNI Resources with your acceptance to enable QNI Resources to become the holder of your GPN Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, QNI Resources 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, QNI Resources will pay you the consideration by the end of whichever of the following periods ends first:
  - (A) 1 month after QNI Resources 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, QNI Resources will pay you the consideration within 21 days after the documents are given.

- (c) Delivery of consideration

- (i) Shares in uncertificated form (CREST)

Where a purchase relates to GPN Shares held in uncertificated form, settlement of the cash consideration to which the accepting GPN Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting GPN Shareholder's payment bank, in accordance with CREST payment arrangements. The creation of such assured payment arrangements will, to the extent of the obligations so created, discharge fully any obligation of QNI Resources to pay the relevant shareholder the consideration to which they are entitled under the Offer.

- (ii) Shares in certificated form

Subject to the Corporations Act, QNI Resources will send cheques for the cash payment due 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.

## 10.11 Rights

If QNI Resources becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to QNI Resources all documents necessary to vest title to

those Rights in QNI Resources. If you do not give those documents to QNI Resources, or if you have received or are entitled to receive (or any previous holder of your GPN Shares has received or is entitled to receive) the benefit of those Rights, QNI Resources may deduct the amount (or value as reasonably assessed by QNI Resources) of such Rights (including the value of any franking credit) from any consideration otherwise payable to you. If QNI Resources does not, or cannot, make such a deduction, you must pay that amount to QNI Resources.

#### **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); or
  - (v) any other law of Australia or elsewhere that would make it unlawful for QNI Resources 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**

QNI Resources 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 QNI Resources pursuant to the Offer.

#### **10.14 Offerees**

- (a) Registered holders

QNI Resources is making an offer in the form of this Offer to:

- (i) each holder of GPN Shares registered in the register of members of GPN at the Register Date; and
- (ii) each holder of GPN Options registered in the register of Optionholders of GPN at the Register Date, on the basis that GPN Options may be converted into GPN Shares during the Offer Period.

(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) QNI Resources 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 QNI Resources 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

QNI Resources may vary this Offer in accordance with the Corporations Act.

(b) Withdrawal

In accordance with section 652B of the Corporations Act, QNI Resources 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**

---

**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 QNI Resources.

**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 QNI Resources 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 Depositary Interests** means depositary interests representing the beneficial interest in GPN Shares issued through Computershare Investor Services PLC as the depositary.

**GPN Options** means the unlisted options and warrants over GPN Shares on issue at the Register Date.

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

**Optionholders** means a holder of GPN Options.

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

**QNI Resources Group** means QNI Resources and its related bodies corporate.

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

**Register Date** means 5:00pm (Sydney time) on [●] 2010, being the date set by QNI Resources 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).

**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 \$ is to the lawful currency in Australia unless otherwise stated;
- (vii) a reference to £ is to the lawful currency in Great Britain unless otherwise stated.

**Dated: 6 September 2010**

**Signed** on behalf of QNI Resources Pty Ltd by Professor Clive F Palmer, being a director of QNI Resources Pty Ltd who is authorised to sign by a resolution unanimously passed at a meeting of the directors of QNI Resources Pty Ltd.



---

Signature

---

### **Corporate Directory**

#### ***Directors***

Mr. Clive Palmer (Chairman)  
Mr. Basil Ahyick  
Mr. Trefor Flood

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

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

#### ***Company Secretaries***

Mr. Daren Wolfe  
Mr. Derek Payne

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

Blake Dawson  
Level 36, 123 Eagle Street  
BRISBANE QLD 4000  
Telephone: +61 7 3259 7000  
Facsimile: +61 7 3259 7111