

1 March 2006

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**Takeover bid for Buka Minerals Limited by Greenwich Resources plc**

We refer to the off-market bid by Greenwich Resources plc (**Greenwich**) for all of the securities in Buka Minerals Limited ACN 000 741 373 (**Buka**).

We enclose a copy of Buka's Target's Statement dated 1 March 2006 pursuant to item 14 of section 633(1) of the *Corporations Act* 2001 (Cth) (**Corporations Act**). Pursuant to section 633(7) of the *Corporations Act*, also enclosed is a copy of:

- Greenwich's Bidder's Statement; and
- A target's statement by Danae Resources NL ACN 009 173 880 (**Danae**) in relation to the off-market takeover bid by Greenwich for all the securities in Danae (and accompanying report),

(together with Buka's Target's Statement, the **Target's Statement Package**) which will be sent to holders of securities in Buka together with Buka's Target Statement.

Please note that in accordance with item 11 of section 633(1) of the *Corporations Act*, we have sent a copy of this Target's Statement to Greenwich, and in accordance with item 13 of section 633(1) of the *Corporations Act* we have lodged a copy of this Target's Statement Package with the Australian Securities and Investments Commission.

Yours faithfully



Louise Herron  
Company Secretary

THIS IS AN IMPORTANT DOCUMENT. IF YOU DO NOT UNDERSTAND IT OR ARE IN DOUBT AS TO HOW TO ACT YOU SHOULD CONSULT YOUR FINANCIAL ADVISER IMMEDIATELY.

# Target's Statement

in response to the Offer by  
**GREENWICH RESOURCES PLC**

to acquire all the ordinary shares in and options issued by

**BUKA MINERALS LIMITED** (ABN 25 000 741 373)

BUKA'S DIRECTORS RECOMMEND THAT YOU

# ACCEPT

THE OFFERS, IN THE ABSENCE OF A SUPERIOR OFFER.

**Offers close on 7 April 2006 unless extended by Greenwich**

Legal Advisers to Buka Minerals Limited:  
Watsons Lawyers  
60 Wellington Square  
North Adelaide, SA 5006

# IMPORTANT INFORMATION

## TARGET'S STATEMENT

This is the Target's Statement dated 1 March 2006 given under section 638 of the Corporations Act by Buka in response to the Bidder's Statement dated 1 March 2006 and served on Buka by Greenwich on 1 March 2006. A copy of this Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for the content of this Target's Statement.

## DISCLAIMER REGARDING FORWARD LOOKING STATEMENTS

This Target's Statement contains various forward-looking statements. All statements other than statements of historical fact are forward-looking statements, including statements as to the implied value of the Offers. Buka Security Holders should note that those forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in those forward-looking statements. These risks, variables and factors include, but are not limited to:

- gold and other commodity price fluctuations;
- currency and exchange rate movements and inflationary factors;
- mining and production risks;
- legislative, fiscal or regulatory developments;
- economic and financial market conditions and political risks in various countries and regions;

- exploration and project development risks;
- risks associated with the businesses of Buka, Danae and Greenwich;
- uncertainties associated with the ability of Greenwich to achieve benefits from synergies that might be available following a successful Merger;
- Buka's share price performance; and
- Greenwich's share price performance (including that it may be impacted by the actual or perceived dilution of the interests of existing Greenwich shareholders which would arise if the Offers and the inter-conditional offer for Danae securities succeed).

In light of these variables, Buka does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

## NO ACCOUNT OF PERSONAL CIRCUMSTANCES

This Target's Statement does not take into account your individual investment objectives, financial situation and particular needs or those of any other Buka Security Holder and it does not contain personal advice. Buka encourages you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Share Offer or (if applicable to you) the Options Offer.

## GLOSSARY

You will find a glossary in Section 9 of this Target's Statement. Expressions used in this Target's Statement with an upper case initial letter are defined in that glossary.

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## SUMMARY

As a result of discussions initiated by Buka's Board, in late October 2005, agreement was reached for the proposed merger of Buka, Greenwich and Danae. Greenwich has now made a (predominantly) scrip for scrip takeover offer for Buka (and for Danae) to implement that proposed merger.

The Directors of Buka recommend that you **ACCEPT** the Share Offer and (if applicable to you) the Options Offer, in the absence of a superior offer for a number of reasons, including:

1. If the Merger succeeds fully, it will effectively be a reverse takeover by Buka as Buka Security Holders will (before the proposed Capital Raising) collectively hold a majority of the equity in the Enlarged Group, its directors will comprise a majority of the board of the Enlarged Group and Mr Robert Champion de Crespigny AC (Buka's current Chairman) will be the Enlarged Group's Executive Chairman.
2. The Merger will create a new resources and resource investment business based in London – one of the world's premier resource finance centres – the shares in which will be traded on the London Stock Exchange, with a secondary listing on the Australian Stock Exchange. This will, if you accept the Share Offer, give you, as an investor in the Enlarged Group, access to a considerably more diverse flow of potential transactions and to broader and deeper capital markets.
3. If you accept the Offers, through the Merger, you will have the opportunity to participate in the benefits arising from a larger and more diversified pool of natural resources assets and opportunities, while retaining a diluted exposure to Buka's asset base.
4. The Enlarged Group, as a result of its size and diversity, and the experience of its Board has the potential to attract greater interest from analysts and investors.
5. The Share Offer represents a premium to historic market prices.

For further information, please contact:

### **The Buka information line during office hours**

**Telephone: 1800 720 072** (toll free and for callers in Australia) or **+61 2 9264 7196** (for callers outside Australia). As required by the Corporations Act, calls to the Buka information line will be tape recorded, indexed and stored.

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## BUKA'S CHAIRMAN'S LETTER

1 March 2006

Dear Shareholder,

For some time now your Board has been pursuing a range of possible transactions aimed at meeting two of its strategic objectives for Buka. The first of these objectives is to provide Buka with access to the deeper and broader overseas resource finance markets such as those in London and Toronto, enabling us to attract a wider range of potential investors. The second objective is to access a wider range of transactions than is possible from an Australian base.

Following a review process, on 27 October 2005 we announced the proposed merger of Buka with Greenwich Resources plc (**Greenwich**) and its major shareholder, Danae Resources NL (**Danae**). The proposed merger of these three companies meets those two strategic objectives, creating a new resources and resource investment business based in London and traded on the London Stock Exchange (**LSE**), with a secondary listing on the Australian Stock Exchange (**ASX**). I have agreed to be the Executive Chairman of the Enlarged Group and will be moving to live in England in a few months' time. Current Buka Directors will form a majority of the Board of the Enlarged Group.

The process to achieve the proposed Merger and to structure the Enlarged Group appropriately for the future is complex, however the outcome is clear. Essentially, if the proposed Merger succeeds fully, it will be a reverse takeover by Buka of Greenwich and Danae. It will be effected through simultaneous inter-conditional share for share and (predominantly) option for option offers by Greenwich for all of the issued securities of Buka and Danae.

The package, which contains this letter includes:

- 1) a personalised acceptance form(s) for your Buka Shares and any Buka Options you hold;
- 2) the Bidder's Statement, which details Greenwich's takeover offers in respect of both Buka and Danae. It also includes details of a proposed capital raising by Greenwich, a consolidation of Greenwich's shares on a 1 for 30 basis and information on the Enlarged Group's business, including Greenwich's and Danae's assets; and
- 3) Buka's Target's Statement, which responds to the Bidder's Statement, of which this letter is part.

This Target's Statement summarises Greenwich's offers for Buka Shares and Buka Options and discusses the strategy and objectives of the Enlarged Group, including details of the proposed capital raising, a comparison of Greenwich's offer for the Buka Shares with its offer for the Buka Options (some 95.5% of the Buka Options are held by interests associated with Buka Directors including me, in our capacity as investors in Buka), the risks to Buka Security Holders if one or more of Greenwich's offer conditions is not satisfied, and the position for Buka Security Holders if Greenwich's concurrent offer to acquire all of the Danae Securities on issue, which is the other limb of the merger, does not succeed.

As noted above, the offers in respect of Danae and Buka are inter-conditional, that is, the each offer is conditional on the other offer becoming unconditional. Details of the offer for Danae Securities are contained in the Bidder's Statement and summarised in this Target's Statement. Danae has sent its shareholders its own target's statement. A copy of that target's statement is also included in the package which contains this letter, for your

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information. It contains the independent expert's report which is referred to in the Bidder's Statement.

For the reasons given in the Target's Statement, Buka's Directors recommend that you accept Greenwich's offer for your Buka Shares and (if applicable) Buka Options, in the absence of a superior offer.

Greenwich's offers for Buka Shares and Buka Options are conditional, requiring for example Greenwich to obtain its shareholders' approval of the merger. Each Buka Director currently intends to accept the Offers in respect of the Buka Shares and Buka Options, the disposal of which he can control, as discussed in this Target's Statement.

I encourage you to read the Bidder's Statement and this Target's Statement carefully and to call the Buka information line during business hours on 1800 720 072 (toll free and for callers in Australia) or +61 2 9264 7196 (for callers outside Australia).if you have any questions. You are also encouraged to seek independent advice from your financial and taxation advisers prior to making any decision in respect of the Offers.

Yours sincerely,

Robert J Champion de Crespigny AC  
*Chairman*

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## SUMMARY OF THE SHARE OFFER

The following provides an overview of the Share Offer. You should read this Target's Statement and the Bidder's Statement in full before making any decision whether to accept the Share Offer.

Buka Shares	Greenwich is offering to acquire all of your Buka Shares. You may only accept the Share Offer for all the Buka Shares you own and not some of them. <sup>1</sup>
Offer consideration	<p>Greenwich is offering you <b>6.21 Greenwich ordinary shares for each Buka Share you own.</b></p> <p>As part of the Merger, it is intended that Greenwich Shares be consolidated on a 1 for 30 basis. This consolidation will take effect before you are issued with Greenwich Shares (if you accept the Share Offer). As a result, if you accept the Share Offer:</p> <ul style="list-style-type: none"><li>• for each of your Buka Shares you will receive 0.207 of a consolidated Greenwich Share<sup>2</sup>; or</li><li>• putting it another way, 4.83 Buka Shares will convert into one consolidated Greenwich Share, being one share in the Enlarged Group<sup>3</sup>.</li></ul> <p>You will receive a whole number of Greenwich Shares with fractions of a Greenwich Share being disregarded.</p> <p>The pre-announcement implied value of the Share Offer was A\$0.338 per Buka Share<sup>4</sup>. Based on the volume weighted average sale prices for Greenwich Shares over the 30 days ended on 21 October 2005 the implied value of the Share Offer was A\$0.379 per Buka Share<sup>5</sup>.</p>

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1 If you are a trustee or nominee or otherwise, on account of another person holding separate parcels of Buka Shares see section 15.3 (Part 1) of the Bidder's Statement for special rules which apply in respect of those separate parcels.

2 6.21 current Greenwich Shares divided by the consolidation ratio of 1:30 results in 0.207 of a consolidated Greenwich Share. Reference to a consolidated Greenwich Share is a reference to a Greenwich Share which, after the consolidation, will have a par value of 30p and will replace 30 existing Greenwich Shares having a par value of 1p each.

3 One consolidated Greenwich Share (ie one share in the Enlarged Group) divided by 0.207 of a consolidated Greenwich Share results in 4.83 Buka Shares.

4 This implied value is based on the volume weighted average price, on LSE, of Greenwich Shares on 19 and 21 October 2005 (the last two days on which Greenwich Shares traded on LSE prior to the suspension of trading of Greenwich Shares) of 2.30 pence and an exchange rate of £0.4236:A\$1.00 on 21 October 2005.

5 This implied value is based on the volume weighted average price for Greenwich Shares over the 30 days ended on 21 October 2005 of 2.584p and an exchange rate of £0.4236:A\$1.00, being the applicable exchange rate on 21 October 2005.



Greenwich shareholders meeting	<p>Greenwich intends to hold a general meeting of shareholders, on 22 March 2006, to, among other things:</p> <ul style="list-style-type: none"> <li>(a) approve the Share Offer, the Options Offer and the Danae Offer;</li> <li>(b) approve the Capital Raising;</li> <li>(c) consolidate its ordinary shares on a 1 for 30 basis;</li> <li>(d) change its name to Scarborough Minerals plc; and</li> <li>(e) amend its articles of association to give effect to the terms of the Merger and to reflect recent changes in relevant laws.</li> </ul> <p>Danae (which holds 33.15% of Greenwich's voting shares) has given an irrevocable undertaking to vote in favour of these matters.</p>
Greenwich Shares	<p>The terms of Greenwich's Articles of Association (which are summarised in section 7.2 of the Bidder's Statement) specify the terms of the Greenwich Shares. Section 7.2 of the Bidder's Statement also sets out a comparison between holding shares in an Australian company and an English company. Section 7.4(5) of this Target's Statement provides key features in respect of these matters.</p> <p>Greenwich currently has 369,522,060 fully paid ordinary shares on issue which are held by approximately 8,600 shareholders. These will consolidate to 12,317,402 fully paid ordinary shares.</p> <p>Greenwich Shares are listed on the Official List of the UK Listing Authority and normally trade on the LSE. They are governed by the laws of England and Wales and the Articles of Association of Greenwich.</p> <p>LSE trading in Greenwich Shares was suspended on 24 October 2005 and is currently expected to resume on or about 1 March 2006.</p>
Proposed London and Australian Stock Exchange Listings	<p>Greenwich intends to apply for admission of the Enlarged Group to the Official List of the UK Listing Authority and to trading on the LSE and for a secondary listing on the ASX. You should note that trading of shares in the Enlarged Group on the LSE is a condition of the Offer. You should also be aware that although a secondary listing on the ASX cannot be guaranteed, the Merger will not proceed if a secondary listing is not achieved. Information on trading shares on the LSE and through the secondary listing on the ASX is contained in section 7.4 of this Target's Statement.</p>
Buka Options	<p>Greenwich is also offering to acquire all of the Buka Options which are on issue. For a summary of the Options Offer see section 5 of this Target's Statement. For a comparison of the Share Offer with the Options Offer see section 7.2 of this Target's Statement.</p> <p>Buka Options were not transferable (except in limited circumstances). With the aid of a declaration from ASIC under section 196 of the Corporations Act and a waiver by ASX of Listing Rule 6.23, Buka's Directors have amended the terms of the Buka Options so as to allow them to be transferred to Greenwich under the Options Offer.</p> <p>The ASIC declaration and ASX waiver were given on certain conditions. Importantly, Buka Option Holders will not be able to accept the Options Offer until the Share Offer has been accepted in respect of a majority of the Buka Shares held by persons other than Buka Option Holders and their associates and until or at the same time as the Share Offer becomes unconditional. The amendment will not become effective unless Greenwich acquires voting power in respect of Buka of more than 50%.</p>

Conditions of the Offer	<p>The Share Offer is conditional on:</p> <ul style="list-style-type: none"> <li>(i) Greenwich shareholders approving the Merger;</li> <li>(ii) Greenwich having a relevant interest in at least 90% of Buka Shares;</li> <li>(iii) Greenwich having a relevant interest in 100% of the Buka Options;</li> <li>(iv) certain regulatory approvals;</li> <li>(v) admission of the Enlarged Group to the Official List of the UK Listing Authority and to trading on the LSE;</li> <li>(vi) the Danae Offer becoming unconditional (Greenwich will not waive this condition); and</li> <li>(vii) certain other conditions summarised in Section 4.7 of this Target's Statement.</li> </ul> <p>Greenwich may choose to waive some of these Conditions in accordance with the Share Offer.</p>
Danae takeover	<p>Concurrent with the Share Offer and the Options Offer, Greenwich has made an inter-conditional offer to acquire all of the ordinary shares in, and preference shares and options issued by, Danae.</p> <p>In Danae's own target's statement, its board has recommended to Danae security holders that they accept Greenwich's offer for their Danae Securities, in the absence of a superior offer.</p> <p>The Danae Offer is conditional on the Offers becoming unconditional (Greenwich will not waive this condition) and other conditions as outlined in part 5 of section 16 of the Bidder's Statement. Those conditions are substantially the same as the conditions of the Offers.</p>
Capital Raising	<p>Concurrent with the Offers and subject to Greenwich shareholder approval, Greenwich intends to undertake an offer to its existing shareholders and a Placing to raise a minimum of £15 million of additional share capital (before expenses). See section 4.2 of this Target's Statement for a discussion of this Capital Raising and its impact on Buka Security Holders.</p>
Buka Directors' recommendation	<p>The Directors of Buka recommend that you <b>ACCEPT</b> the Share Offer, in the absence of a superior offer (see sections 1 and 2 of this Target's Statement).</p>
Closing Date	<p>The Share Offer is due to close at 7.00pm (Sydney time) on 7 April 2006, unless it is withdrawn or extended by Greenwich.</p>

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## HOW TO ACCEPT THE SHARE OFFER

You should read this Target's Statement and the Bidder's Statement before making a decision on whether to accept the Share Offer.

How to Accept the Share Offer	<p>There are several ways to accept the Share Offer depending on how you hold your Buka Shares. These are detailed in the Bidder's Statement and in the personalised acceptance form included in the package with this Target's Statement. In short:</p> <ul style="list-style-type: none"><li>• if your Buka Shares are in an Issuer-Sponsored Holding, complete the Acceptance Form and mail it in the reply paid envelope included in the package with this Target's Statement (if mailed in Australia)<sup>6</sup> or mail it to:  Registries Limited PO Box R67 Royal Exchange Sydney NSW 1223  or hand deliver or fax it to:  Registries Limited Level 2, 28 Margaret Street Sydney NSW 2000  Fax: +61 2 9279 0664;</li><li>• if your Buka Shares are in a CHESS Holding, either contact your Controlling Participant (typically your stockbroker) and instruct them to initiate acceptance on your behalf or complete the Acceptance form and mail, deliver or fax it in one of the ways set out above. Doing the latter will authorise Greenwich to instruct your Controlling Participant to initiate your acceptance in accordance with the ASTC Settlement Rules.</li><li>• if you are a Participant, initiate acceptance in accordance with the ASTC Settlement Rules.</li></ul> <p>Your acceptance must be completed before the end of the Offer Period (ie before 7.00pm (Sydney time) on 7 April 2006, unless the Offer Period is extended).</p>
Further Information	<p>For questions on the Share Offer, please contact the Buka information line during business hours on 1800 720 072 (free and for callers in Australia) or +61 2 9264 7196 (for callers outside Australia).</p>

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<sup>6</sup> For posting from outside Australia an international air, self addressed, envelope is include in the package with this Target's Statement. Postage will need to be paid in order to use that envelope. Depending on your address in Buka's Share register you will receive either a reply paid envelope or an international air, self addressed envelope.

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## ESTIMATED DATES FOR KEY EVENTS

The estimated dates for key events in respect of the Offers are shown below. They are estimates only and the actual dates may be significantly different:

Key Events	Estimated Date
LSE trading of Greenwich Shares resumes	1 March 2006
Details of Capital Raising announced	14 March 2006
Greenwich shareholders' meeting	24 March 2006
Scheduled closing date of Offers	7 April 2006
Capital Raising completed	10 April 2006 <sup>7</sup>
Post merger admission of Enlarged Group to trading on LSE	8.00 a.m. on 10 April 2006 <sup>8</sup>
Confirmation of issue of Greenwich Shares and Greenwich Options to accepting Buka Security Holders dispatched	By 27 April 2006
Final date for exercise of Greenwich Class A Options	21 days after date of grant shown on Option Certificates

Pursuant to item 6 of section 633(1) of the Corporations Act, Buka consented to the dispatch of the Bidder's Statement to Buka Security Holders within 14 days of the Bidder's Statement being received by Buka.

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<sup>7</sup> If the price at which the proposed Placing comprised in the Capital Raising is to occur is more than 10% less than the market price for Greenwich Shares on the date on which the details of the Capital Raising are announced by Greenwich, Greenwich will be required to hold a further meeting of its shareholders to approve of that Placing proceeding at that price. This requirement would, if it applies, delay completion of the Capital Raising by approximately one week.

<sup>8</sup> If the circumstances discussed in footnote 7 results in the need for a further meeting of Greenwich shareholders the post merger admission of the Enlarged Group on LSE would also be delayed by a similar period. In addition this date is dependent on the Offers and the Danae Offer having become unconditional.

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## 1. THE BUKA DIRECTORS' RECOMMENDATION

### 1.1 Recommendation

Buka's Directors, subject to their fiduciary duties, recommend that you **ACCEPT the Share Offer and** (if it applies to you) **the Options Offer in respect of all your Buka Shares and Buka Options**, in the absence of a superior offer, for the reasons set out in section 2 of this Target's Statement. The Directors' fiduciary duties in respect of the recommendation require them to consider all relevant circumstances, including any superior offer.

### 1.2 Directors justified in making recommendation

Each of Mr Robert Champion de Crespigny<sup>9</sup>, Mr John Richards<sup>10</sup>, Mr Mark Carnegie<sup>11</sup>, Mr Robert McDonald<sup>12</sup> and Mr Ronald Walker<sup>13</sup> desires to make and considers himself justified in making a recommendation to you in relation to the Offers.

### 1.3 Directors' current intentions

Each of the Buka Directors currently intends to accept or procure acceptance of the Offers in respect of the Buka Securities the disposal of which he can control once Greenwich Shareholders have approved the Merger. However, because of the terms of an ASIC declaration under section 196 of the Corporations Act required to enable the Directors to amend the terms of the Buka Options to allow them to be transferred to Greenwich on acceptance of the Options Offer, the Buka Directors that are also Option Holders are not able to accept the Options Offer the Share Offer has been accepted by holders of at least half the Buka Shares held by persons other than Buka Option Holders and their associates and until or at the same time as the Share Offer has become, or at the same time as the Share Offer becomes, unconditional. Buka Option Holders hold approximately 24% of the Buka Shares.

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9 Although Mr Robert Champion de Crespigny desires to make and considers himself justified in making the above recommendation, it is noted that Greenwich intends to invite Mr Champion de Crespigny to become Chairman of the Enlarged Group. Mr Champion de Crespigny intends to accept that invitation and, as a result may participate in the Long Term Incentive Plan proposed for the Enlarged Group which is discussed in section 8.10 of this Target's Statement. Interests associated with Mr Champion de Crespigny hold both Buka Shares and Buka Options. Interests associated with Mr Champion de Crespigny will participate in the convertible loan arrangements which are mentioned in Section 4.2 of this Target's Statement

10 Although Mr John Richards desires to make and considers himself justified in making the above recommendation, it is noted that Greenwich intends to invite Mr Richards to become an Executive Director of the Enlarged Group. Mr Richards intends to accept that invitation. Mr Richards holds both Buka Shares and Buka Options.

11 Although Mr Mark Carnegie desires to make and considers himself justified in making the above recommendation, it is noted that Greenwich intends to invite Mr Carnegie to become a Non-Executive Director of the Enlarged Group. Mr Carnegie intends to accept that invitation. Interests associated with Mr Carnegie hold both Buka Shares and Buka Options. Interests associated with Mr Carnegie will participate in the convertible loan arrangements which are mentioned in Section 4.2 of this Target's Statement

12 Although Mr Robert McDonald desires to make and considers himself justified in making the above recommendation, it is noted that Greenwich intends to invite Mr McDonald to become a Non-Executive Director of the Enlarged Group. Mr McDonald intends to accept that invitation. It is also noted that when Buka engaged Mr McDonald as a non-executive director the Merger was in the course of negotiation. The remuneration arrangements, agreed by Buka with Mr McDonald, in the event that he became a director of the Enlarged Group, are set out in section 8.10 of this Target's Statement.

13 Although Mr Ronald Walker desires to make and considers himself justified in making the above recommendation, it is noted that Mr Champion de Crespigny intends to seek the appointment of Mr Walker as his alternate director of the Enlarged Group. Mr Walker intends to accept appointment as Mr Champion de Crespigny's alternate. Interests associated with Mr Walker hold both Buka Shares and Buka Options. Interests associated with Mr Walker will participate in the convertible note facility which is mentioned in Section 4.2 of this Target's Statement.

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## **1.4 Your choices**

Choices for you as a Buka Shareholder if you wish or do not wish to accept the Share Offer, and the consequences of those choices, are set out in Section 3 of this Target's Statement. Choices, and the consequences of those choices, for Buka Option Holders are set out in section 5 of this Target's Statement.

## **1.5 Timing of acceptances**

You must be aware that there are many conditions attaching to the Offers (see section 4.7 of this Target's Statement), for example that Greenwich shareholders approve of the Merger. If you accept the Share Offer or the Option Offer while it remains conditional you will not be able to accept a superior offer, if one is made, for, or otherwise deal with, your Buka Shares or Buka Options, except if the Offers are withdrawn or in certain other limited circumstances. If you are a Buka Option Holder, please see section 5.3(1) of this Target's Statement regarding the time at which you may accept the Options Offer.

You must also be aware that trading in Greenwich Shares on LSE is currently suspended and has been since shortly before the proposed Merger was publicly announced. The market has, as a result, not yet had an opportunity to reflect its perspective of the merits or prospects of the proposed Merger in the price of Greenwich Shares.

It would be prudent for you to consider whether to delay your acceptance until the Offers have become less conditional, and particularly until Greenwich shareholders have approved the Merger and trading information regarding Greenwich Shares becomes available, after the current trading suspension has ceased. You will be informed of the progress of the satisfaction, or waiver by Greenwich, of these conditions. You can monitor Greenwich's share price, once the trading suspension ceases, on line free of charge (see section 7.1 of this Target's Statement).

## **1.6 Comparison of the Share Offer with the Options Offer**

In considering their recommendation the Buka Directors have compared the Share Offer with the Options Offer. A discussion of that comparison appears in section 7.2 of this Target's Statement. All but one of Buka's Directors have direct or indirect interests in Buka Shares and together have direct or indirect interests in some 95.5% of both the Buka Tranche 1 and Buka Tranche 2 Options. The exchange ratios on which the Offers are based were negotiated, leading to the Merger Implementation Agreement, so as to yield a 10% premium to the Buka Shareholders (based on 30 day volume weighted average prices to the time of those negotiations) and no premium to the Buka Option Holders. The implied value of the Share Offer and the implied values of the Options Offer have fluctuated and will fluctuate with the Buka and Greenwich share prices, which, while advantageous or detrimental to both Buka Shareholders and Buka Option Holders, may be proportionately more advantageous or more detrimental to Buka Optionholders. For a more detailed discussion of these matters, see section 7.2 of this Target's Statement.

## **1.7 Personal circumstances**

It is not possible for the Buka Directors' recommendation to take into account your personal circumstances and those of each other Buka Security Holder, such as the size or nature of holding, investment strategy or tax position. Accordingly, and particularly if you are a smaller Buka Security Holder, you should seek advice from your financial advisor before making any decision in relation to your holding of Buka Securities.

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## **2. REASONS FOR THE BUKA DIRECTORS' RECOMMENDATION**

### **2.1 Summary of Reasons**

The Buka Directors recommend that you accept the Share Offer and (if it is applicable to you) the Options Offer, in the absence of a superior offer, for the following reasons:

- (1) the Merger is essentially a reverse takeover by Buka of Greenwich and Danae;
- (2) the Merger carries potential for strategic benefits, including diversification of risk, arising from combining the Danae, Greenwich and Buka mineral assets;
- (3) the Merger will result in the creation of a new resources and resource investment business based in London – one of the world's premier resource finance centres – and listed on the Official List of the UK Listing Authority with its shares traded on LSE. This will, if you accept the Share offer, give you, as an investor in the Enlarged Group, access to a considerably more diverse flow of potential transactions and to broader and deeper capital markets;
- (4) by accepting the Offers, through the Merger, you will have the opportunity to participate in the benefits arising from a larger and more diversified pool of natural resources assets and opportunities while retaining a continuing exposure (although diluted) to Buka's asset base;
- (5) the Merger carries potential for a greater interest from analysts and investors as a result of the larger market capitalisation of the Enlarged Group;
- (6) the terms of the Options Offer in respect of the Buka Tranche 1 Options will, in the short term, result in a much reduced option overhang in relation to the Enlarged Group than presently applies to Buka alone;
- (7) the pre announcement implied value of the Share Offer of 33.8 cents per Buka Share based on the volume weighted average price for Greenwich Shares on 19 and 21 October 2005 (being the last two days on which Greenwich Shares traded before the suspension of trading in Greenwich Shares) represents a premium of:
  - 10.39% to the 30 day volume weighted average sale price of Buka Shares up to and including 21 October 2005; and
  - 29.97% to the closing price for Buka Shares on 21 October 2005;<sup>14</sup>

Each of these reasons is discussed in more detail below.

### **2.2 Effective reverse takeover**

If the Merger results in Greenwich acquiring 100% of the Buka Shares and Buka Options, Buka Security Holders will hold a majority of the equity in the Enlarged Group (before taking account of the Capital Raising), four out of the seven directors of the Enlarged Group will be current Buka Directors and Mr Robert Champion de Crespigny AC (Buka's current Chairman) will be the Executive Chairman of the Enlarged Group. For these reasons the Merger can be viewed as a reverse takeover

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<sup>14</sup> Buka Shares traded on 24 October 2005 at prices in the range of 25.5 cents to 26.5 cents compared with the 21 October 2005 closing price of 26 cents.

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of Danae and Greenwich by Buka, furthering the stated objectives of Buka's Board of developing a resource and resource investment business for Buka Shareholders.

Greenwich proposes to effect a capital raising of a minimum of £15 million. This Capital Raising, and the impact of it on the extent of the equity in the Enlarged Group which may be held by Buka Security Holders, is discussed in section 4.2 of this Target's Statement.

### **2.3 Potential for strategic benefits**

Subject to the success of the Merger, if you accept the Share Offer, you will, as investors in the Enlarged Group, have the potential to benefit from the following:

- a larger and more diversified pool of natural resources assets and opportunities than Buka itself has;
- retention of the skills of Buka's Directors and technical intelligence sharing between the companies making up the Enlarged Group;
- greater financial resources and access to capital not currently available to Buka, enabling the Enlarged Group to take advantage of investment opportunities; and
- an enlarged shareholder base that should increase liquidity and, due to the market capitalisation of the Enlarged Group, create greater potential for investor and analyst interest.

Each of these points is further discussed in the following paragraphs of this Target's Statement.

### **2.4 Creation of new resource and resource investment business**

In order to access the deeper and broader resource finance market in London and to gain improved access to the greater resource industry transaction flow present in London, and as it sought to increase Buka's scale and to diversify Buka's asset base beyond Australia, Buka's Board has been considering relocating from Australia to the United Kingdom.

As an LSE traded and London based company, the Enlarged Group should be exposed to a much larger number of suitable targets for investment activities in the resource industry, which the Buka Board anticipates will offer a solid foundation for future growth of a resource and resource investment business and the potential for developing a resource finance business.

At the same time the Enlarged Group will maintain a significant physical presence in Australia through Buka's Australian investments and the pursuit of further investment opportunities in Australia. A secondary ASX listing will be sought for the Enlarged Group and the Merger will not proceed if this secondary listing is not obtained. A secondary listing on the ASX cannot be guaranteed.

### **2.5 An opportunity to participate in the benefits arising from a larger and more diversified pool of natural resources assets and opportunities while retaining exposure to Buka's current asset base**

If you accept the Share Offer and (if it applies to you) the Options Offer and the Offers succeed fully, you will be able to participate in international investment opportunities presented by the existing pool of the Enlarged Group's assets and opportunities as well as enhanced prospects for future developments. At the same



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time, you will maintain continuing exposure to Buka's existing asset base, although diluted.

Please refer to the list of existing assets and opportunities of Greenwich, Buka and Danae that, subject to the Merger succeeding, will become a part of the Enlarged Group's asset and opportunities portfolio, as set out in section 4.5 of this Target's Statement.

If all Buka Security Holders and all Danae Security Holders accept the Offers and all Greenwich Class A Options (issued to Buka Tranche 1 Option Holders) are exercised then Buka Security Holders' retained exposure to Buka's current asset base will dilute to 62.8%. The impact on this percentage of the proposed Capital Raising cannot be accurately predicted at this time. Buka Security Holders' percentage exposure to Buka's current asset base will also be affected by the future exercise of Greenwich Class B Options (issued to Buka Tranche 2 Option Holders) and existing Greenwich options and the conversion of Greenwich Convertible Preference Shares (to be issued under the Danae Offer).

## **2.6 Potential for a greater interest from analysts and investors as a result of a larger market capitalisation of the Enlarged Group**

Based on the volume weighted average price of Greenwich Shares on 19 and 21 October 2005, applying an exchange rate of £0.4236:A\$1.00<sup>15</sup> and disregarding the proposed Capital Raising, the Enlarged Group is anticipated to have a market capitalisation of approximately A\$114 million<sup>16</sup> compared with Buka's market capitalisation of approximately A\$53.5 million on 21 October 2005. Buka's Directors believe that the greater market capitalisation of the Enlarged Group, together with its London base and trading of its shares on LSE are likely to attract a greater level of interest from potential investors, than would be the case for Buka alone, when raising capital for any future opportunities. These factors should also increase the level of interest from industry analysts, helping to give the Enlarged Group a higher profile than Buka currently enjoys.

## **2.7 Reduced investment risk through diversification**

The Enlarged Group will look for new investments in the international resource industry, both related and unrelated to existing activities. The Enlarged Group will seek to make such investments in areas where the expertise and knowledge of its new Board and management, or the ownership of related assets, offers the potential to add value and also diversify the investment portfolio. This, in turn, if you accept the Share Offer, will reduce your investment risk (as a holder of securities in the Enlarged Group) as a more diversified portfolio will reduce the potential impact that any one asset may have on the performance of the portfolio as a whole.

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<sup>15</sup> This was the £/A\$ exchange rate as at 21 October 2005.

<sup>16</sup> Assumes that all Greenwich Class A Options have been exercised, none of the Greenwich Class B Options or other options issued pursuant to Greenwich's Share Option Scheme have been exercised and none of the Greenwich Convertible Redeemable Preference Shares (see footnote 24 of this Target's Statement) are converted and disregards the Greenwich Shares which will be held Danae following Completion of the Offers (see footnote 22 of this Target's Statement), the Capital Raising as the pricing and amount of the Capital Raising will not be known until after the Greenwich shareholders' meeting, the Long Term Incentive Plan proposed for the Enlarged Group and the proposed issue of Greenwich Shares and options to Mr McDonald which are discussed in section 8.10 of this Target's Statement.

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## 2.8 Conversion of Options

The number of Buka Shares which are the subject matter of the Buka Tranche 1 and Tranche 2 Options combined currently represent in the order of 35% of Buka's share capital on a fully diluted basis. As part of the merger, the current Buka Tranche 1 Options will be converted into Greenwich Class A Options, which must be converted into Greenwich Shares within 21 days of being issued or they will lapse. The Buka Tranche 2 Options will be replaced with new Greenwich Class B Options, that will comprise, at the time the Merger is completed and before the Capital Raising, 11.90% of the Enlarged Group's share capital on a fully diluted basis (if the shares which Danae holds and will hold in Greenwich are excluded – see footnotes 22 and 26 of this Target's Statement). The reduction in the option overhang arising from the short term conversion or lapse of Greenwich Class A Options (issued in exchange for the Buka Tranche 1 Options) is anticipated to be beneficial to the Enlarged Group both in attracting new capital and in negotiating future potential merger transactions.

## 2.9 Implied value

In making their recommendation, the Directors of Buka have also considered the implied value of the Share Offer and the Options Offer based on market prices for Greenwich Shares and Buka Shares and, in the case of Buka Options, applying conventional option valuation techniques.

The pre-announcement implied value of the Share Offer of 33.8 cents per Buka Share based on the volume weighted average price for Greenwich Shares on 19 and 21 October 2005 (being the last two days on which Greenwich Shares traded before the suspension of trading in Greenwich Shares) represents a premium of:

- 10.39% to the 30 day volume weighted average sale price of Buka Shares up to and including 21 October 2005; and
- 29.97% to the closing price for Buka Shares on 21 October 2005;<sup>17</sup>

Based on the 30 day volume weighted average sale prices for Greenwich Shares and Buka Shares up to and including 21 October 2005,<sup>18</sup> the implied value of the consideration offered by Greenwich for Buka Shares represents a premium of 23.76%. In the context of the Merger effectively being a reverse takeover of Greenwich and Danae by Buka, Buka's Board considers that the above premia are reasonable.

The implied values of Buka Options and the method of calculation of those implied values is dealt with in section 5 of this Target's Statement.

Greenwich Shares were suspended from trading on the LSE prior to the release of the Joint Announcement. There are no post announcement Greenwich market prices which reflect the market's reaction to the Joint Announcement, Greenwich's proposed Capital Raising or the information which has been assembled and is being disseminated by Greenwich through the Bidder's Statement and the prospectus it is required to issue in the United Kingdom.

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17 Buka Shares traded on 24 October 2005 at prices in the range of 25.5 cents to 26.5 cents compared with the 21 October 2005 closing price of 26 cents.

18 An exchange rate of £0.4236:A\$1.00 (being the exchange rate applicable on 21 October 2005) has been used for this calculation.

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Buka understands that the suspension of trading of Greenwich Shares will be lifted, and trading on the LSE will resume, one business day after the UK Listing Authority stamps the prospectus. The stamping is expected to occur on 24 February 2006 and trading to resume on 1 March 2006.

In the absence of trading information in relation to Greenwich Shares since the Joint Announcement, there is no reliable information available on which to test the implied values and premia stated above, having regard to the market's perception of the merits and prospects of the Offers, from the Greenwich perspective, and events which have occurred since the Joint Announcement affecting Buka, Greenwich and Danae respectively and their respective assets.

You should be aware that following the resumption of trading in Greenwich Securities the implied values may change, and this will impact on the premia stated above. This change will be related to the actual Greenwich share price and the A\$/£ exchange rate at the time and, in the case of premia, the Buka share price also.

In addition the price at which the Capital Raising will be made and the amount which will be raised are not yet known. Were these factors known it may have been appropriate to bring them to account in calculating the implied values and premia stated above to either increase or decrease those implied values and premia. Once Greenwich Shares trade after the terms of the Capital Raising become known, the price and amount of the Capital Raising and its relevance to the implied values and premia stated above will be reflected in the actual Greenwich share prices after that time taking into account the related A\$/£ exchange rate and, in the case of premia, the Buka share price as well.

Greenwich also proposes to consolidate Greenwich Shares on a 1 for 30 basis at the same time as the Merger is completed. Consolidations of share capital do not always result in the post consolidation share price reflecting exactly the pre-consolidation share price. The proposed consolidation may, therefore, also impact on the implied values and premia stated above.

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### 3. YOUR CHOICES AS A BUKA SHAREHOLDER

As a Buka Shareholder you have three choices available to you in relation to the Share Offer. These choices are summarised below.

(1) ***Accept the Share Offer***

You may elect to accept the Share Offer and to receive 0.207 post consolidation Greenwich Shares for each Buka Share without incurring any brokerage costs. This equates to one post consolidation share in the Enlarged Group per 4.83 Buka Shares. This is what Buka's Directors recommend that you do, in the absence of a superior offer.

Each of the Buka Directors currently intends to accept or procure acceptance of the Offers in respect of the Buka Securities the disposal of which he can control once Greenwich Shareholders have approved the Merger. However, because of the terms of an ASIC declaration under section 196 of the Corporations Act, required to enable the Directors to amend the terms of the Buka Options to allow them to be transferred to Greenwich on acceptance of the Options Offer, the Buka Directors that are also Option Holders are not able to accept the Options Offer until the Share Offer has been accepted by holders of at least half the Buka Shares held by persons other than Buka Option Holders and their associates and until, or at the same time as the Share Offer becomes, unconditional. Buka Option Holders hold approximately 24% of the Buka Shares.

If you accept the Share Offer before the Conditions are satisfied or waived, you will receive your Greenwich Shares on or before the later of one month after the date on which you accept the Share Offer and the date that the Share Offer becomes or is declared unconditional. In any event, you will receive your Greenwich Shares no later than 21 days after the end of the Offer Period, provided the Share Offer is declared or becomes unconditional. You should note the comments made in section 1.5 of this Target's Statement concerning the timing of your acceptance.

If Greenwich acquires more than 80% of Buka Shares under the Share Offer, scrip for scrip capital gains tax roll-over relief may be available on your new Greenwich Shares (see section 13.2 of the Bidder's Statement and section 7.7 of this Target's Statement). As individual circumstances differ, Buka Shareholders should review their tax position carefully and if in any doubt, obtain their own taxation advice. Section 13.2 of the Bidder's Statement and section 7.7 of this Target's Statement contain general commentary regarding taxation consequences of accepting the Share Offer.

(2) ***Sell your Buka Shares on market***

During the Offer Period, you may elect to sell your Buka Shares on market through the ASX for cash, provided you have not already accepted the Share Offer for those Buka Shares. If you sell your Buka Shares on market, you will receive a cash amount at the prevailing market price of your Buka Shares, less any brokerage payable.

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If you sell your Buka Shares on market you will lose the right to participate in the Share Offer and to receive Greenwich Shares.

If you sell your Buka Shares on market you may be liable for capital gains tax on sale. Before you do so you should contact your broker for information on how to sell your Buka Shares through the ASX and your tax adviser to determine your tax implications from such a sale. Section 7.7 of this Target's Statement contains general commentary regarding taxation consequences of selling your Buka Shares on market.

(3) ***Take no action***

If you do not wish to accept the Share Offer or sell your Buka Shares on market you may do nothing, in which case you will have rejected the Share Offer. If you choose to do nothing and Greenwich acquires a relevant interest in at least 90% of the Buka Shares, Greenwich may become entitled to compulsorily acquire the outstanding Buka Shares, in which case you would receive the same consideration as Buka Shareholders who accepted the Share Offer, but some time later.

If you do nothing and Greenwich acquires relevant interests in less than 90% of the Buka Shares, Greenwich may waive the 90% minimum acceptance condition and proceed with the acquisition of the Buka Shares for which it has acceptances. Depending on the number of remaining Buka Shareholders, Buka may then apply to delist Buka from the ASX. If delisting were to occur (which is a matter in the discretion of the ASX), you would effectively hold shares in a private company and there would be no ready market for your Buka Shares.

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## 4. FURTHER INFORMATION RELEVANT TO BUKA SECURITY HOLDERS

### 4.1 Some key financial and other aspects of the Offers and Danae Offer

- (1) The Directors of Buka outline in this section 4.1 some of the key financial and other aspects of the Enlarged Group which may be created through the Offers and the Danae Offer. Information in this section, except in so far as it relates to Buka and as otherwise expressly stated, is taken from the Bidder's Statement. Buka's Directors have no information which suggests to them that this information may not be accurate or may be misleading.

You should seek your own professional financial advice as to whether the Greenwich Shares and/or Greenwich Class A Options and Greenwich Class B Options are suitable investments for you.

- (2) As previously stated, the Offers are conditional. For details of the conditions see section 4.7 of this Target's Statement. Consequently, you should be aware that there is a risk that the Offers and the Danae Offer may not succeed.
- (3) A brief analysis of key financial data concerning Greenwich, Buka and Danae, and the anticipated key financial data of the Enlarged Group is shown in Table 1. The Bidder's Statement includes, in section 5.3, historical balance sheets for Buka, Danae and Greenwich and a proforma balance sheet for the Enlarged Group:

**Table 1 - Key Financial Data<sup>19</sup>**

	<b>Greenwich</b> A\$'000	<b>Buka</b> A\$'000	<b>Danae</b> A\$'000	<b>Enlarged Group*</b> A\$'000
Cash and cash equivalents	2,004	9,172	3,607	48,663 <sup>20</sup>
Listed securities	3,840	9,479	Nil	13,319
	5,844	18,651	3,607	61,982
Financial indebtedness	(4,042)	Nil	Nil	(4,042)
Net funds	1,802	18,651	3,607	57,940

- (4) Table 2 (which Buka has compiled from publicly available information, including information in the Bidder's Statement) shows the capital structure of the Enlarged Group immediately following the Completion of the Offer, taking the consolidation into account but disregarding the proposed Capital Raising. It assumes that Greenwich acquires 100% of both the Buka and Danae Securities

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19 The financial information relating to Greenwich, Buka and Danae has been extracted from the consolidated audited results for Greenwich as at 30 September 2005 and for Buka and Danae as at 31 December 2005. For the Enlarged Group the figures shown are an aggregation of the figures shown for Greenwich, Buka and Danae plus the net amount of the proposed Capital Raising (as discussed in footnote 20 to this Target's Statement). The only other adjustments made have been to reclassify \$25,845,000 of Danae redeemable preference shares as equity, because the Danae Offer extends to these preference shares and if the Danae Offers succeed fully Danae will be a wholly owned subsidiary of Greenwich. The amount shown as "Financial indebtedness" in respect of Greenwich has been eliminated in the aggregation for the Enlarged Group as it represents the Loan Stock of £1.5 million (plus accrued interest) held by Danae in Greenwich which will be substantially converted to Greenwich Shares immediately prior to Completion of the Offers (see footnote 23 of this Target's Statement). A convenience exchange rate of £1:A\$2.40 has been used. The amount shown as "Listed securities" includes, in respect of Buka, its indirect investment in Iluka held through the Scarlett Unit Trust.

20 Includes the proceeds of the Capital Raising assuming £15 million is raised and deducts assumed expenses of the Merger and the Capital Raising of £2.12 million.

and that all of the Greenwich Class A Options (to be issued in exchange for Buka Tranche 1 Options) have been exercised <sup>21</sup>:

**Table 2 – Capital Structure**

<b>Class of Greenwich Securities</b>	<b>Number of Greenwich Shares</b>
Greenwich Ordinary Shares <sup>22</sup>	(on issue) 69,739,048
Greenwich Class B Options <sup>23</sup>	(convertible to) 9,416,667
Greenwich Convertible Redeemable Preference Shares <sup>24</sup>	(convertible to) 3,601,070
Other Greenwich Options	(convertible to) 136,381

Based on the membership of the three companies as at 21 October 2005 and assuming Greenwich acquires 100% of the Buka Securities and the Danae Securities and that the Greenwich Class A Options are all duly exercised, but disregarding the Capital Raising and the shares in Greenwich held by, and which will be issued to Danae (see footnote 22 of this Target's Statement for an explanation), the largest holders of ordinary shares of the Enlarged Group will be a group of current Buka shareholders with 20.5% (being interests associated with members of Buka's current Board of Directors, Messrs Robert Champion de Crespigny, Ronald Walker, Mark Carnegie and John Richards) and MP Mining Pty Ltd with 20.1%. Danae's own target's statement states that each of Messrs Corcoran, Lewis and Roberts, as Directors of MP Mining, intend to recommend that MP Mining accept the Offer in respect of the Danae Securities in which it has an interest.

The makeup of the share register of the Enlarged Group (assuming Greenwich acquires 100% of the Buka Securities and Danae Securities) is shown in Table 3 on the next page.

21 Table 2 disregards the Long Term Incentive Plan proposed for the Enlarged Group and the proposed issue of Greenwich Shares and options to Mr McDonald which are discussed in section 8.10 of this Target's Statement.

22 This excludes Danae's existing holding of 122,514,446 Greenwich Shares (4,083,814 shares on a post-consolidation basis), together with any shareholding resulting from the conversion of the £1,500,000 of variable rate convertible unsecured Loan Stock (issued by Greenwich) which Danae currently holds. Danae has agreed to convert £1,850,194.81 of the Loan Stock (comprising principal and interest up to 25 January 2006) to Greenwich Shares, at 1.2p per Greenwich Share (being the conversion price specified in the Loan Stock documentation), immediately prior to Completion of the Offers. The number of Greenwich Shares which will be issued on this conversion is 154,182,900 Greenwich Shares (5,139,430 shares on a post consolidation basis). Following this conversion Danae's total holding will be 276,697,346 Greenwich Shares (9,223,245 shares on a post consolidation basis). This consolidation will leave Greenwich liable to pay Danae interest on the Loan Stock for the period 26 January 2006 to the date the Completion of the Offers occurs. Any Greenwich Shares held by Danae after Completion of the Offers will not, in accordance with English law and for so long as Danae remains a subsidiary of the Enlarged Group and holds Greenwich Shares, carry any voting rights. Greenwich Shares held by Danae at Completion of the Offers may subsequently be disposed of and, if they are, their voting rights would be restored.

23 These are to be issued in exchange for Buka Tranche 2 Options (for details see section 5 of this Target's Statement).

24 These are to be issued, together with Greenwich Shares, in exchange for the Danae Class A and Class B Preference Shares under the Danae Offer (for details see section 7.7 of the Bidder's Statement). In particular they are only convertible to Greenwich Shares if the Board of the Enlarged Group, on or before 26 October 2010, resolves to conduct a definitive feasibility study in relation to the Zarmitan Gold Project failing which, or if not converted within 6 months of holders being advised of that resolution, they will be redeemable, at the option of the Enlarged Group for a total payment of £1 if all such shares on issue were to be redeemed rather than converted)

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**Table 3 – Largest Shareholder Groups**<sup>25</sup>

SHAREHOLDER GROUP	APPROXIMATE PERCENTAGE OF EQUITY <sup>26</sup>
Greenwich Shareholders <sup>27</sup>	11.8%●
Buka Shareholders	55.6%●
Buka Tranche 1 Option Holders	7.0%●
Danae Ordinary Shareholders	4.9%●
Danae Preference Shareholders	20.6%●

## 4.2 Proposed Greenwich Capital Raising

Greenwich will ask its shareholders, at the general meeting at which they are asked to approve the Merger, to approve a further issue of Greenwich Shares, by way of both an offer to Greenwich's existing shareholders and a Placing with professional investors to a minimum of £15 million (before expenses). If this shareholder approval is obtained Greenwich intends to make an offer (under English law called an "Open Offer") to its existing shareholders (but not anyone who becomes a Greenwich shareholder as a result of having accepted the Offers or the Danae Offer) when the issue price has been determined following an institutional book building exercise carried out following the general meeting

Greenwich will seek to raise at least £15 million (before expenses) from institutional investors, subject to existing Greenwich shareholders taking up their entitlements under the Open Offer. Existing Greenwich shareholders will be given the pro-rata opportunity to participate in at least £3 million of this Capital Raising under the Open Offer.

The institutional book build process will ensure that a competitive market price is obtained by Greenwich for the Greenwich Shares it will issue under the Capital Raising. If, for any reason, the issue price set by the institutional book build is

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25 Table 3 assumes that all Greenwich Class A Options have been exercised, none of the Greenwich Class B Options or other options issued pursuant to Greenwich's Share Option Scheme have been exercised and none of the Greenwich Convertible Redeemable Preference Shares (see footnote 24 to this Target's Statement) are converted and disregards the Capital Raising (as the pricing and amount of the Capital Raising will not be known until after the Greenwich shareholders' meeting), the Long Term Incentive Plan proposed for the Enlarged group and the proposed issue of Greenwich Shares and options to Mr McDonald which are discussed in section 8.10 of this Target's Statement, and the Deferred Shares. Greenwich currently has 599,883,296 Deferred Shares on issue which are held by approximately 7,200 shareholders. Holders of Deferred Shares have no entitlement to vote at general meetings of Greenwich, no entitlement to dividends and on a winding up will be entitled to receive a sum equal to the nominal capital per share but only after the sum of £100,000 per ordinary share has been distributed to the holders of the Greenwich Shares. In addition Greenwich has irrevocable authority to appoint a person to execute a transfer (in favour of any person Greenwich determines) or cancellation of these shares and/or an agreement to transfer/cancel these shares without making any payment to the holders of them. Further Greenwich may, at its option, purchase all or any of them at a price not exceeding 1p for all of them which are so purchased and may cancel them by way of reduction of capital for that sum. These Deferred Shares (which arose from December 2001 subdivision of Greenwich's share capital from a par value of 5p to 1p followed by a conversion of 4 out of every 5 shares to Deferred Shares) are also excluded in calculating the approximate percentages of equity shown in the table to which this footnote relates.

26 Excludes the Deferred Shares and Danae's existing, and future (arising from conversion of Loan Stock), holding of Greenwich Shares (see footnote 22 of this Target's Statement) The total number of Greenwich Shares stated in that footnote would represent 11.63% of Greenwich's issued shares at Completion of the Offers but the actual percentage will be greater than that due to interest on the Loan Stock also being converted to Greenwich Shares. If these Danae Shares were to be sold and their voting rights restored the figures shown in Table 3 would need to be adjusted accordingly.

27 Excludes Danae's existing, and future, holding of Greenwich Shares discussed in footnote 22 of this Target's Statement.



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determined to be at a discount of more than 10% to the middle market price of the existing Greenwich Shares at the time of announcement of the issue price, a further extraordinary general meeting of Greenwich will be required for Greenwich shareholders to specifically approve the issue price at that discount. There can be no guarantee that Greenwich shareholders will approve an issue price at such a discount, and therefore that the Placing and Open Offer would proceed

As an Australian prospectus will not be issued in respect of the Capital Raising Buka Security Holders will not generally be able to participate in it. However, if you are a sophisticated investor or a professional investor (each as contemplated in section 708(8) of the Corporations Act) and you want to participate in the Placing you may be able to do so. To ascertain whether and, if so, how you could participate in the Placing you would need to make contact with Greenwich's London broker, Collins Stewart Limited. Directors of Buka, or entities associated with them, who are sophisticated or professional investors, may participate in the Capital Raising.

Both the Open Offer and the Placing will be conditional on the success of the Merger.

Your attention is drawn to section 6.7(4) of the Bidder's Statement which includes details of a Placing agreement entered into by Greenwich with Collins Stewart Limited in relation to the proposed Capital Raising.

The Placing and Open Offer will have the effect of the Enlarged Group having significant additional capital available to it from the time the Merger is completed. To ensure that the Enlarged Group will have sufficient working capital available to it for at least 12 months after Completion of the Offers, if Greenwich shareholders do not approve the Placing and Open Offer or they do not raise sufficient capital for this purpose, the Company has put in place convertible loan arrangements.

Interests associated with Mr Robert Champion de Crespigny, the proposed Executive Chairman of the Enlarged Group, and Mr Mark Carnegie, a proposed Non-executive Director of the Enlarged Group have each entered into a £1,250,000 convertible loan agreement (total £2,500,000), conditional on completion of the Merger. Subject to usual conditions precedent, the Company may draw down under these agreements the total of the amounts available within three months of Completion of the Offers, if the Placing and Open Offer are not successful. The loans will carry interest at a margin of 5 percentage points above the London inter bank offered rate for pounds sterling deposits and that interest will be accrued and capitalised at three monthly intervals. The outstanding loans and capitalised interest will be convertible to new Greenwich Shares at the option of the Lender at the same price as Greenwich Shares are issued under the Placing and Open Offer or, if they do not occur at a discount of 10% over the average middle market closing price for Greenwich shares on the LSE over the 20 days following the Completion of the Offers.

In the Bidder's Statement Greenwich says that it only intends to draw down the convertible loans in the event that the proceeds of the Placing and Open Offer are not forthcoming and Greenwich is not able to secure alternative funds on preferable terms during the 3 months following completion of the Merger.

In the Bidder's Statement Greenwich also says that the net proceeds of the Placing and Open Offer will be used to assist the Enlarged Group in advancing its existing projects and opportunities, as well as providing funds with which the Enlarged Group can pursue its strategy, as set out in the Bidder's Statement

It is to be noted that the Offers are not conditional on the Capital Raising.

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The Placing and Open Offer will have a dilutionary effect on the extent of the equity in the Enlarged Group capable of being held by Buka Security Holders, subject to the impact of any drawing and conversion of the convertible loans referred to above. If Greenwich acquires 100% of the Buka Shares and Buka Options, the Placing and Open Offer are likely to result in Buka Security Holders, holding less than a majority of the Enlarged Group's issued shares. The extent of that dilution cannot be determined until it is known how much additional capital will be raised by the Placing and Open Offer and at what price per Greenwich Share. This information will be advised to you, when it is available.

The effect of the Capital Raising on the implied values of the Offers cannot currently be determined or reliably estimated. This is dependent on the price at which Greenwich Shares trade once the current suspension of trading in Greenwich Shares ceases and the pricing of, and amount to be raised by, the Capital Raising being determined. You will be advised of the impact, if any, when relevant information becomes available.

### **4.3 Proposed Greenwich Share Consolidation**

Assuming that Greenwich acquires all the Buka Securities and Danae Securities, Greenwich would have on issue an extraordinarily large number of shares, numbering in the billions. To bring the Enlarged Group's share capital more into line with LSE traded companies of a similar size, the Greenwich Board will seek shareholder approval, at the general meeting at which approval for the Merger will be sought, to consolidate the ordinary shares of 1p each on a 1 for 30 basis, to take effect from Completion of the Offers.

As a result of consolidation:

- (a) you will receive 0.207 of a consolidated Greenwich Share for each Buka Share you own; and
- (b) each Greenwich Class A Option and each Greenwich Class B Option will be an option to subscribe for 0.0333 of a consolidated Greenwich Share.

Fractions of a Greenwich Share will be disregarded.

### **4.4 Strategy of the Enlarged Group**

- (1) The information contained in this section 4.4 other than the information relating to Buka and Buka Gold is extracted from the Bidder's Statement. Buka's Directors have no information which suggests to them that this information may be inaccurate or misleading. Statements as to intent regarding the Enlarged Group represent intentions shared by the four Buka Directors who will become Directors of the Enlarged Group. The Bidder's Statement contains more detailed information regarding the matters discussed in this section 4.4 than is contained here.
- (2) The Enlarged Group intends to maximise the value of its undeveloped assets and acquire further resource assets.
- (3) The Enlarged Group will also look for new investments in the international resources industry, both related to and unrelated to existing activities. The Enlarged Group will seek to make such investments in areas where the expertise and knowledge of its Board and management, or the ownership of related assets, offers the potential to add, or create, value.

- (4) The Enlarged Group will own a variety of natural resources projects and assets and Table 4 gives information on these assets (ie as at 30 September 2005 unless otherwise indicated by footnote), including the type of project, percentage of ownership and the market value of the holding on the ASX at 22 February 2006:

**Table 4 – Assets of Enlarged Group**

<b>Asset</b>	<b>Description</b>	<b>Percentage Owned and Market value where applicable</b>	<b>Resources (100% basis)</b>	<b>Reserves (100% basis)</b>
Sappes Gold Project	Undeveloped gold deposit	100.0%	2,631,000 tonnes @ 9.8 g/t gold, 0.29% copper and 5.5 g/t silver	1,065,000 tonnes @ 17.0 g/t gold, 0.27% copper and 8.7 g/t silver.
Buka Gold <sup>28</sup>	Owner of Gympie goldfield	58.4% Market Value \$5.26m	1,604,061 tonnes @ 6.4 g/t gold	131,470 tonnes @ 7.7 g/t gold.
Lady Loretta	Undeveloped zinc, lead and silver deposit	25.0%	13,600,000 tonnes @17.0% zinc, 5.9% lead and 97 g/t silver	
CopperCo Limited <sup>29</sup>	Owner of undeveloped copper projects	15.6% Market Value \$8.98m	15,800,000 tonnes @ 0.9% copper	9,863,000 tonnes @ 1.2% copper
Vostok Copper Project	Undeveloped copper project	100.0%	JORC compliant information is not available	JORC complaint information is not available
Iluka Resources Limited	Producer of zircon and titanium feedstock	0.33% (indirect) Market Value \$5.53m	N/A	N/A
Desire	Oil and gas interests	2.3% (approx) Market Value \$3.05m	N/A	N/A

Danae is also pursuing an opportunity to secure rights in respect of the Zarmitan Gold Project by the formation of a joint venture with State-owned parties in the Republic of Uzbekistan in Central Asia in which Danae aims to have a 50% interest. Further information on this project appears in section 4.5 of this Target's Statement.

28 Reserves and Resources for Buka Gold are as at 31 December 2004. In an announcement to ASX made on 16 January 2005 Buka Gold stated that it anticipates that the combination of depletion through production and drilling to date will have resulted in a significant reduction in both reserves and resources.

29 Reserves and resources for CopperCo are as at 16 November 2005 and are taken from its announcement to ASX of that date.

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## **4.5 Existing Assets and Opportunities.**

This section summarises information contained in the Bidder's Statement or, in the case of Buka Gold, CopperCo, Lady Loretta and Iluka, information available to Buka as a shareholder in those companies or, in the case of Lady Loretta, as a 25% owner, through a wholly owned subsidiary, concerning the material assets and opportunities of the Enlarged Group if Greenwich acquires 100% of the Buka Securities and the Danae Securities. For further details your attention is directed to the Bidder's Statement and particularly sections 5.2(3) to 5.2(9) of it.

### **Sappes Gold Project**

The Enlarged Group intends to continue to pursue all necessary permits and agreements to realise the value of Greenwich's 100% interest in the Sappes Gold Project, located in north-eastern Greece. The project has stalled due to the necessary permits not having been obtained.

The Sappes Gold Project consists of the proposed development of an underground gold mine on the high-grade Viper orebody at depths varying between 200 to 250 metres and a shallow open pit on the near-surface St Demetrios orebody. Ore processing would take place on-site, using gravity and flotation only, to produce a copper concentrate with high grades of contained gold. The concentrate would be exported to a smelter where copper and gold would be recovered for sale. Gravity concentrates would be processed on-site to produce gold dore for sale to a refiner. Previously reported mineral resources for three deposits within the Sappes Gold Project area total 2.631 million tonnes, grading 9.8 grams per tonne gold and containing 830,000 ounces of gold. Ore reserves within the Viper and St Demetrios deposits total 1.065 million tonnes grading 17.0 grams per tonne gold and containing 580,000 ounces of gold.

Planned production from the mine, subject to completion of the permitting process, is at the rate of approximately 100,000 ounces of gold per annum at competitive operating costs for an initial 4 to 5 year life.

### **Buka Gold**

Buka Gold is quoted on the ASX and is currently a subsidiary of Buka. The key assets controlled by Buka Gold consist of an operating gold mine and processing plant, and mining and exploration tenements covering the bulk of the known extent of the Gympie goldfield, from which almost four million ounces of gold has been produced since 1867. The tenements held by Buka Gold have the potential for further discoveries which could increase the extent of the known goldfield.

On 16 December 2005 Buka Gold announced a review of mine operations at the Monkland Mine following the incurring of operating losses of \$0.9 million (based on EBITDA from unaudited management accounts) and on 16 January 2006 announced the likely scaling down of those operations. Exploration continues on a number of prospects within the Gympie goldfield with a focus on the South Inglewood prospect, which represents the fault-displaced continuation of the Monkland Mine sequence, which has contributed approximately half of the goldfield's historic production.

The Enlarged Group will seek to work with Buka Gold's board and management to expand Buka Gold's activities beyond its Gympie base and to participate in the consolidation process it expects in the domestically-owned component of the Australian gold industry.

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### **Lady Loretta**

Through a wholly owned subsidiary, Buka holds a 25% interest in the Lady Loretta zinc/lead/silver deposit where previously reported mineral resources of 13.6 million tonnes grading 17.0% zinc, 5.9% lead and 97 g/t silver were estimated by the joint venture partner, Noranda Pacific, part of the Falconbridge group.

Buka's Directors consider Lady Loretta to be among the most attractive undeveloped zinc assets in the world. Conditions in the world zinc market have improved considerably over the past 18 months and may support development of Lady Loretta in the near future. To this end, Buka announced on 1 February 2006, after a review by Noranda Pacific's holding company, Falconbridge, of the evaluation Noranda Pacific conducted in 2000/01 prior to acquiring its 75% project interest, that the joint venture had agreed that Noranda Pacific would commence the work required to prepare a feasibility study for the project. An indicative project schedule shows that first concentrate production could be achieved in 2009.

The substantial high grade zinc resource at Lady Loretta suggests that the project has the potential to be a significant source of new zinc production to meet the rising world demand for this metal.

Buka's joint venture partner has general control of decision making in respect of the Lady Loretta deposits through its 75% joint venture interest and role as joint venture manager, however certain matters require unanimous decisions of the joint venture management committee. These include decisions on asset disposals, relinquishment of tenements and incurring of indebtedness. Buka's joint venture partner's concurrence will be required for decisions to be taken leading to development of the Lady Loretta deposits.

### **CopperCo**

CopperCo is quoted on the ASX. Buka currently holds 15.6% of the issued capital of CopperCo and is CopperCo's largest shareholder. This shareholding arose from the September 2004 sale by Buka of its interests in the Lady Annie oxide copper project to CopperCo.

CopperCo's major focus is the establishment of a copper mine and process plant based on resources at Lady Annie and in the Mt Kelly project area, 20 kilometres to the south. In November 2005, CopperCo announced the results of a feasibility study into that project, including:

- (i) an initial ore reserve estimate of 9.8 million tonnes grading 1.2% Cu from resources of 15.8 million tonnes grading 0.9% Cu;
- (ii) initial production was estimated at 15,000 tonnes per annum of LME "A" Grade copper cathode, increasing to 18,000 tonnes per annum; and
- (iii) total capital cost was estimated at A\$54 million and operating costs (including royalties and selling costs) of US\$0.71/lb.

With completion of the feasibility study, CopperCo is in negotiation with finance providers with the aim of securing funding for the project in early 2006 and initial metal production by the end of 2006. Resource extension drilling continues at a number of prospects in the Mt Kelly area.

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In a move aimed at reducing the time to project completion and reducing capital costs, CopperCo recently announced the acquisition of process plant from a recently de-commissioned SX-EW treatment plant located at nearby Mt Gordon.

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## **Vostok Copper Project**

The Vostok Copper Project was acquired by Danae in January 2004. Through a wholly owned subsidiary, Multiplex Resources (Kazakhstan) Limited (MRK), negotiations were completed on the contract for exploration and subsequent mining (Contract) with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan. The Contract was signed on 17 September 2003 and is valid for 31 years comprising 6 years for exploration and 25 years for mining. The exploration term may be extended twice by successive periods of 2 years provided all obligations have been performed. The mining term may be extended until full extraction of reserves. If MRK makes a commercial discovery its rights to exploit that discovery are conditional on the execution of a supplemental agreement.

MRK commenced drilling activities at Vostok 1 and Vostok 3 prospects in June 2004.

The Vostok copper deposits were identified by regional exploration at the end of the Soviet era (1989- 1991) and, as a result, there was only limited work conducted to define resources. Prior to Danae's involvement, there had been no significant activity on the project since 1991.

There are no JORC compliant reserve or resource estimates available in respect of the Vostok Copper Project.

MRK has the exclusive right to negotiate a mining agreement on any deposits judged as economic, after compilation of a feasibility study that defines the details of the mining project. If a mining agreement is successfully negotiated it will allow for 25 years of mining, with the right to extend until depletion of the defined reserves.

On 31 January 2006, Danae announced to the ASX that it had been endeavouring to identify a suitable partner for the Vostok Copper Project to allow the project to continue to advance in accordance with the Contract. The announcement stated that such a partner had been identified, terms agreed in principle and detailed due diligence completed in the December quarter. Draft agreements have been circulated for review and Danae is optimistic that formal agreement will be reached in the March quarter such that the project may ultimately realise its potential value.

## **Iluka Resources Limited**

Iluka is quoted on the ASX and as at 22 February 2006, had a market capitalisation of A\$1.7 billion. Through its participation in the Kolsen Consortium, via the Scarlett Unit Trust, Iluka has a beneficial interest in 0.33% of Iluka's issued shares

Iluka is the world's second largest producer of titanium feedstocks (used predominantly as a pigment in paint, paper and plastics) and the largest producer of zircon, the major use of which is in ceramic glazes. Iluka is currently constructing a new production facility in the Murray Basin in Victoria and in late 2004 announced the discovery of a large new zircon-rich resource in the Eucla Basin of South Australia. These projects should increase Iluka's already strong position in the zircon market.

Since the Kolsen Consortium acquired its holding, there has been a significant rise in the Iluka share price, which has stabilised at a level well above the consortium's entry price. The Kolsen Consortium has not agreed any plan regarding its investment in Iluka.

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## **Desire**

Desire Petroleum plc is a UK company listed on AIM, dedicated to exploring for oil and gas in the Falkland Islands. Greenwich currently holds approximately 2.3% of the issued capital of Desire Petroleum.

## **Almagrera Pyrite Project**

In March 2005, Greenwich signed a Collaboration Agreement with Cambridge Mineral Resources plc (CMR) to evaluate the viability of a joint acquisition of certain assets at Almagrera in Spain. Following discouraging results from the Pre-feasibility Study of the CMR-held Lomero-Poyatos mine, which lies close to Almagrera, CMR withdrew from the Collaboration Agreement in July 2005 and ceased its involvement in the potential acquisition.

Despite this setback, Greenwich has maintained its interest in acquiring the facilities. The Group has continued to review other investment opportunities in Chile but none of these is at an operational stage.

## **Zarmitan Gold Project**

The Zarmitan Goldfield is located in the Samarkand Province of south-eastern Uzbekistan, about 70 kilometres north of the regional centre of Samarkand. The Zarmitan area consists of two main mineralised zones, Charmitan (to the east) and Guzhumtsai (to the west), separated by a 2 kilometre interval. In December 2002, the Uzbek parties determined that the Guzhumtsai deposit would not be included in the Zarmitan Gold Project.

Mining commenced at the Charmitan deposit in 1970 as a series of open pits under the control of the State-owned Uzalmazzoloto, continuing until 1997. Underground mining commenced in 1989 at the rate of approximately 100,000 tonnes per annum, with the ore treated at a resin-in-pulp gold plant at Marjanbulak, a separate property located some 85 kilometres to the east.

Several major mining companies have evaluated the Zarmitan Gold Project over recent years including Brenna Resources of Canada and Rio Tinto plc. WMC Limited successfully tendered for the Zarmitan Gold Project in 1996 and conducted extensive due diligence investigations leading up to a joint venture agreement in 1999, but subsequently withdrew in March 2000.

In August 2001, MP Mining Pty Ltd, Danae's largest shareholder, as trustee for Danae's wholly owned subsidiary, Multiplex Developments (Zarmitan) Limited, signed a Protocol of Intention to study the existing facilities and agree the proposed terms of a joint venture with the Uzbek Government.

Decree 687-f was issued by the Cabinet of Ministers in November 2002 which confirmed the parties to represent the Uzbek Government in negotiation of the proposed joint venture. These parties were: the State Committee on Geology and Mineral Resources (**Goscomgeologia**) and Navoi Mining & Metallurgy Combinat (**Navoi**), the largest mining enterprise in Uzbekistan. A further protocol was signed in February 2004 setting out 'in principle' terms for a proposed 50/50 joint venture.

Danae, in conjunction with MP Mining Pty Ltd, continues to be engaged in negotiations to conclude an agreement to secure a 50% interest in the Zarmitan



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Gold Project. The negotiations have proved difficult with no outcome to date. Upon Completion of the Offers, the Enlarged Group will continue Danae's efforts to this end.

On 31 January 2006, Danae announced to the ASX that it continues to await a formal response from the Government of the Republic of Uzbekistan as to the company's future involvement in the project. Danae advised that given the current atmosphere of increasingly strained relations between Uzbekistan and western governments and a generally worsening environment in a number of former Soviet states for proposed mining ventures, it now appears that there will need to be clear Government direction in order to progress the proposed joint venture opportunity as the Uzbek parties are unlikely to be willing to recommence negotiations in the absence of such direction from the Uzbek Government reinforcing Decree 687-f.

Buka Directors, on the basis of publicly available information, consider that the Zarmitan Gold Project has the potential to be a world class gold property which warrants substantial efforts being expended in this process.

In the Bidder's Statement Greenwich has stated (see section 10.2(5) of the Bidder's Statement) that, on 31 January 2006 Danae announced that it had decided to adopt a more conservative accounting approach for the project consistent with that proposed to be adopted by the Enlarged Group and fully provide against the carrying value of its Uzbekistan mineral activities.

#### **4.6 Timing of the Offers**

- (1) The proposed Merger is to be effected through simultaneous inter-conditional share for share and (predominantly) option for option offers by Greenwich for all of the Buka Securities and all of the shares in, and options issued by, Danae.
- (2) If you accept the Share Offer and/or the Options Offer you will receive your Greenwich Shares and/or Greenwich Class B Options 1 month after the later of the date you accept and the date the Offers become, or are declared, unconditional and, in any event, no later than 21 days after the closing date of the Offers. Because of the short time allowed for their acceptance Greenwich Class A Options will be issued on the day of receipt by Greenwich of acceptance or, if the Offers are then still conditional, on the day they become unconditional.
- (3) The Offers and Danae Offer are currently scheduled to close on 7 April 2006.
- (4) Shareholders of Greenwich are expected to meet on or about 24 March 2006 to consider approval of the Offers and Danae Offer and other matters, including the Capital Raising, the consolidation of Greenwich Shares on a 1 for 30 basis and changing Greenwich's name to Scarborough Minerals plc.
- (5) Greenwich can extend the closing date of the Offers at any time (but Greenwich cannot extend it after the commencement of the last week of the Offer Period if the Offers remain conditional at that time). The offer period for the Offers will be automatically extended (by 14 days from the date of the events referred to below) if within the last 7 days of the Offer Period:
  - (a) Greenwich's voting power in respect of Buka increases to more than 50%; or
  - (b) Greenwich increases the consideration offered under the Offers.

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## Conditions of Offers

- (6) The Offers are subject to certain conditions, including, by way of summary only:
- (a) the approval of the merger by Greenwich shareholders by resolution at a general meeting;
  - (b) Greenwich having a relevant interest in at least 90% of the Buka Shares and 100% of the Buka Options;
  - (c) Each of the conditions to the Danae Offer are satisfied or waived by Greenwich;
  - (d) admission of the Enlarged Group to the official List of the UK Listing Authority and to trading on the LSE;
  - (e) all regulatory approvals and consents required by law being obtained;
  - (f) regulatory action, which is detrimental to the rights or interests of Greenwich, is not taken or threatened (excluding a determination by ASIC or the Takeovers Panel in exercise of powers and discretions conferred by the Corporations Act);
  - (g) Buka and its subsidiaries not agreeing to pay break fees to persons other than Greenwich in certain circumstances;
  - (h) no person (other than Greenwich or its associates) acquiring a relevant interest in Buka Shares which results in the voting power of a person (other than Greenwich or an associate of Greenwich) in Buka increasing to 10% or more;
  - (i) Greenwich being given equal access with certain third parties to information concerning Buka and its subsidiaries which is not generally available, in certain circumstances;
  - (j) subject to certain exceptions, an event, change or condition that has, or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities of Buka or any of its subsidiaries taken as a whole not having occurred since 30 June 2005;
  - (k) none of the occurrences listed in section 652C(1) or (2) of the Corporations Act (generally known as 'prescribed occurrences') happen in respect of Buka or (where applicable) a subsidiary of Buka;
  - (l) none of Buka and its subsidiaries doing any of a number of things in respect of itself or its business;
  - (m) Buka not entering into, or becoming a party to, any transaction with a related party or related entity (each as defined in the Corporations Act);
  - (n) Greenwich not becoming aware that any document filed by, or on behalf of, Buka with the ASX or ASIC contains a material incorrect or misleading statement or from which there is a material omission; and

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- (o) all material mineral tenements of Buka and its subsidiaries which are due to expire during the Offer Period are renewed without material adverse conditions.

Full details of the conditions of the Offers, including the full terms of the conditions summarised above are set out in part 4 of section 15 of the Bidder's Statement.

- (7) The Corporations Act section 625(3) imposes a condition in respect of the Offers, that Greenwich must make an application for quotation of the Greenwich shares to be issued as consideration for the Offers to LSE within 7 days after the start of the Offer Period in respect of the Offers and permission for the admission to quotation must be granted not later than 7 days after the end of the Offer Period.
- (8) As at the date of this Target's Statement, the Directors of Buka are not aware of any matter which would cause a breach, or lead to non-satisfaction, of any of the Conditions.
- (9) If you accept the Share Offer or Options Offer while it is still conditional you will give up your rights to sell you Buka Shares on the stock market or otherwise deal with your Buka Shares or Buka Options while the Offers remain open, subject to having the right to withdraw your acceptance if Greenwich extends the Offers (while they are still conditional) for more than one month or Greenwich withdraws its Offers.
- (10) If Greenwich obtains control of Buka but is not entitled to compulsorily acquire the outstanding Buka Shares and/or Buka Options its intentions for Buka (as stated in the Bidder's Statement) are as follows<sup>30</sup>:
- (a) Subject to the Corporations Act and the constitution of Buka, Greenwich will replace some or all of the directors of Buka to reflect Greenwich's ownership interest in Buka. Replacement Directors have not yet been determined by Greenwich and their number and identity will depend upon the circumstances at the relevant time.
- (b) Subject to the Listing Rules, Greenwich will ask the directors of Buka to review whether Buka should remain listed on the ASX or be removed from the Official List of the ASX.
- (c) Greenwich will propose to the board of directors of Buka that they conduct a review of all of Buka's operations and, subject to the approval of Buka's Board, allow Greenwich to participate in that review.
- (d) Greenwich will implement intentions consistent with Greenwich obtaining control of Buka.
- (11) The Danae Offer is also subject to a number of conditions. See section 6 of this Target's Statement for a discussion of the conditionality of the Danae Offer and its relevance to the Offers.
- (12) Greenwich can waive a number but not all of the conditions of the Offers. Material conditions which it cannot waive are:

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<sup>30</sup> These intentions are subject to Greenwich receiving appropriate legal, financial and taxation advice, and may be influenced by the material circumstances at the relevant time.

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- admission of the Enlarged Group to the Official List of the UK Listing Authority and to trading on LSE;
  - regulatory approvals and consents required by law;
  - so far as Buka is aware, Greenwich shareholder approval; and
  - the condition that the conditions to the Danae Offer are satisfied or waived by Greenwich.

While Greenwich can waive minimum acceptance conditions it will not do so (if at all) unless Greenwich receives acceptances in respect of more than 50% of each of the Buka Shares, the Buka Options, the Danae Shares and the Danae Options and 100% of the Danae Preference Shares.

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## 5. OPTIONS

### 5.1 Overview

The following provides an overview of the Options Offer. You should read this Target's Statement and the Bidder's Statement in full before making any decision whether to accept the Options Offer.

Buka Options	Greenwich is offering to acquire all, but not some only, of your Buka Tranche 1 Options and, separately, your Buka Tranche 2 Options.
Offer Consideration	<p>Greenwich is offering you:</p> <ul style="list-style-type: none"><li>2.94 Greenwich Class A Options and £0.0294 cash (payable only on exercise of those Greenwich Class A Options and to be applied in payment of the exercise price applicable to them) for each Buka Tranche 1 Option you own; and/or</li><li>5.65 Greenwich Class B Options for each Buka Tranche 2 Option you own.</li></ul> <p>You will receive a whole number of Greenwich Class A and Class B Options, with fractions of a Greenwich Class A Option and of a Greenwich Class B Option being disregarded.</p> <p>The implied value of the Options Offer for Buka Tranche 1 Options is 16.0 cents per Buka Tranche 1 Option.<sup>31</sup></p> <p>The implied value of the Options Offer for Buka Tranche 2 Options is 12.6 cents per Buka Tranche 2 Option.<sup>32</sup></p>
Conditions of the Offer	The Options Offer is subject to the same conditions as apply in respect of Buka Shares, as outlined in section 4.7 of this Target's Statement and set out in full in part 4 of section 15 of the Bidder's Statement.
Other matters	The information contained in this Target's Statement under the heading "Summary of the Share Offer" concerning Greenwich shareholders meeting, Greenwich Shares, Danae takeover, Stock Exchange Listing, Capital Raising and closing date apply equally to the Options Offer and is relevant to Buka Option Holders.

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31 Based on the volume weighted average price for Greenwich Shares on 19 and 21 October 2005 (being the last two days on which those shares traded (2.30p) before the suspension of trading in Greenwich Shares) and the exchange rate on 21 October 2005 (£0.4236:A\$1.00), and assuming the resulting Greenwich Class A Options are exercised in the 21 days, from the date they are issued, allowed for exercise before they lapse. For a discussion concerning the basis on which the exchange ratio for the Buka Tranche 1 Options was negotiated see section 7.2 of this Target's Statement.

32 The implied value of the Buka Tranche 2 Options is derived from a Black and Scholes calculation of the value of the 5.65 Greenwich Class B Options to be exchanged for each Buka Tranche 2 Option. The Greenwich Class B Option value is based on the volume weighted average price for Greenwich Shares (2.30p) on 19 and 21 October 2005, an exercise price of 1.68p per Greenwich Class B Option, a 7 year term to maturity, 33% volatility (90 day historic) and a 50% discount on the time and volatility value of each option. The accuracy of this implied value is dependent on future volatility of Greenwich Shares which cannot be predicted. For a discussion concerning the basis on which the exchange ratio for the Buka Tranche 2 Options was negotiated see section 7.2 of this Target's Statement.

Key terms of Greenwich Options	<p>The terms of the Greenwich Options are set out in Section 7.8 of the Bidder's Statement.</p> <p>The key features of the terms of Greenwich Class A Options are:</p> <ul style="list-style-type: none"> <li>▪ convertible to one Greenwich Share (pre consolidation) or 0.0333 of a consolidated Greenwich Share;</li> <li>▪ exercise price of 1p each (pre consolidation) or 30p for a consolidated Greenwich share (this exercise price is exactly equal to the 2.94p per Buka Tranche 1 Option included in the Options Offer for those options and which will be applied to pay that exercise price);</li> <li>• exercisable on a once only basis at any time within 21 days of the date on which they are granted;</li> <li>• not transferable, except in the same limited circumstances that Buka Tranche 1 Options are transferable.</li> </ul> <p>The key features of the terms of the Greenwich Class B Options are:</p> <ul style="list-style-type: none"> <li>• convertible to one Greenwich Share (pre consolidation) or 0.0333 of a consolidated Greenwich Share</li> <li>• exercise price of 1.68p each (pre consolidation) or 50.4p for a consolidated Greenwich share;</li> <li>• exercisable between 1 October 2006 and 30 September 2012;</li> <li>• not transferable except in the same limited circumstances that Buka Tranche 2 Options are transferable.</li> </ul>
Transferability of Buka Options	<p>Buka Options were not transferable (except in limited circumstances). With the aid of a declaration from ASIC under section 196 of the Corporations Act and a waiver by ASX of Listing Rule 6.23, Buka's Directors have amended the terms of the Buka Options so as to allow them to be transferred to Greenwich under the Options Offer.</p> <p>The ASIC declaration and ASX waiver were given on certain conditions. Importantly, Buka Option Holders will not be able to accept the Options Offer for their Buka Shares until the Share Offer has been accepted in respect of at least half of the Buka Shares held by persons other than Buka Option Holders and their associates and until, or at the same time as, the Share Offer becomes unconditional. The amendment will not become effective unless Greenwich acquires voting power in respect of Buka of more than 50%.</p>
Buka Directors' recommendation	<p>The Directors of Buka recommend that you <b>ACCEPT</b> the Options Offer in respect of all of your Buka Options, in the absence of a superior offer. For further information relating to this recommendation and the reasons for the recommendation see sections 1 and 2 of this Target's Statement.</p>

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## 5.2 How to Accept the Options Offer

You should read this Target's Statement and the Bidder's Statement before making a decision on whether to accept the Options Offer.

How to Accept the Options Offer	<p>Complete the Acceptance Form and mail it, together with any certificates for the Buka Tranche 1 Options and/or Buka Tranche 2 Options issued in your name, in the reply paid envelope Greenwich sent to you (if mailed in Australia)<sup>33</sup> or to:</p> <p style="text-align: center;">Registries Limited PO Box R67 Royal Exchange Sydney NSW 1223</p> <p style="text-align: center;">or hand deliver or fax it to:</p> <p style="text-align: center;">Registries Limited Level 2, 28 Margaret Street Sydney NSW 2000</p> <p style="text-align: center;">Fax: +61 2 9279 0664.</p> <p>Your acceptance must be completed before the end of the Offer Period (ie before 7.00pm (Sydney time) on 7 April 2006, unless the Offer Period is extended).</p>
Further Information	<p>For questions on the Options Offer, please contact the Buka information line during office hours on 1800 720 072 (toll free and for callers in Australia) or +61 2 9264 7196 (for callers outside Australia).</p>

## 5.3 Your Choices as a Buka Option Holder

If you are a Buka Option Holder you have three choices available to you in relation to the Options Offer. These choices are summarised below.

### (1) ***Accept the Offer***

Buka Option Holders may elect to accept the Options Offer and receive:

- (a) 2.94 Greenwich Class A Options and 2.94 pence cash per Buka Tranche 1 Option; and
- (b) 5.65 Greenwich Class B Options per Buka Tranche 2 Option,

without incurring any brokerage costs and even though the Buka Options are not otherwise transferable to unrelated persons. This is what Buka's Directors recommend that you do, in the absence of a superior offer.

If you are a Buka Option Holder you will not be able to accept the Options Offer under the Share Offer has been accepted by holders of at least half of the Buka Shares held by persons other than Buka Option Holders and their associates and until, or at the same time as, the Share Offer becomes unconditional. This is due to the conditions imposed by ASIC by a declaration made by it under section 196 of the Corporations Act which allowed Directors

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<sup>33</sup> For posting from outside Australia an international air, self addressed, envelope is included in the package with this Target's Statement. Postage will need to be paid in order to use that envelope. Depending on your address in Buka's Share register you will receive either a reply paid envelope or an international air, self addressed envelope.

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of Buka, who are also Buka Option Holders, to vote on the resolution to amend the terms of the Buka Options to allow them to be transferred to Greenwich pursuant to the Options Offer. Buka will inform you when you can accept the Options Offer.

Each of the Buka Directors currently intends to accept or procure acceptance of the Offers in respect of the Buka Securities the disposal of which he can control once Greenwich Shareholders have approved the Merger and, in respect of the Buka Options, the conditions imposed by the section 196 ASIC declaration have been satisfied.

The cash component of the consideration for the Buka Tranche 1 Options exactly matches the exercise price of the Greenwich Class A Options. This cash amount is only payable upon exercise of those Greenwich Class A Options and will be applied by Greenwich in payment of the exercise price for Greenwich Class A Options.

If you accept the Options Offer, you will receive your Greenwich Class A Options on the date of your acceptance or, if the Offers then remain conditional on the date that the Options Offer becomes or is declared unconditional. This arrangement with respect to Greenwich Class A Options is to ensure Option Holders have sufficient time within to exercise them, as discussed below, and, at the same time ensure Greenwich can comply with the Corporations Act requirements regarding the time for payment of consideration.

In the case of your Greenwich Class B Options, if you accept the Options Offer before the Conditions are satisfied or waived, you will receive your Greenwich Class B Options on or before the later of one month after the date on which you accept the Options Offer and the date that the Options Offer becomes or is declared unconditional. In any event, you will receive your Greenwich Class B Options no later than 21 days after the end of the Offer Period, provided the Options Offer is declared or becomes unconditional.

You should note the comments made in section 1.5 of this Target's Statement concerning the timing of your acceptance.

If you accept the Options Offer in respect of Buka Tranche 1 Options, the terms of the Greenwich A Class Options which will be issued to you will require that you exercise those Greenwich Class A Options on a once only basis within 21 days of the date on which they are granted, failing which the Greenwich Class A Options will lapse. You will be able to send your notice exercising the Greenwich Class A Options by facsimile to Greenwich to the number which Greenwich will advise to you. Your obligation to pay the exercise price of 1 penny per Greenwich Class A Option exercised will be satisfied by Greenwich applying the 2.94 pence cash component of the consideration for your Buka Tranche 1 Options to pay this exercise price on your behalf. If you do not exercise any of your Greenwich Class A Options you will not receive the related cash component of the consideration.

As the six holders of the Buka Tranche 1 Options and the Buka Tranche 2 Options were (at the time of issue of the Buka Options) professional investors (within the meaning of the Corporations Act) Buka has not provided tax advice in respect the consequences of acceptance of the Options Offer, believing that they will seek their own independent tax advice.



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(2) ***Exercise your Buka Options and Accept the Offer in respect of the resultant Buka Shares or sell those Buka Shares on Market***

You may choose to exercise your Buka Options in accordance with their terms (involving payment of A\$0.20, in the case of Buka Tranche 1 Options, or A\$0.225, in the case of Buka Tranche 2 Options per Buka Share to Buka) and either accept the Offer in respect of the resultant Buka Shares or sell those Buka Shares on market.

Buka Tranche 1 Options became exercisable as of 1 October 2005. Ordinarily Buka Tranche 2 Options would not have become exercisable until 1 October 2006, but the making of the Share offer makes them exercisable now.

For the reasons stated in Section 5.3(1) of this Target's Statement Buka has not provided tax advice in respect the consequences of exercising Buka Options and either accepting the Options Offer in respect of the resultant Buka Shares or selling them on market.

Generally (except in respect of tax) sections 3(1) or 3(2) of this Target's Statement will apply to Buka Option Holders who make this choice.

(3) ***Take no action***

If you do not wish to accept the Options Offer and do not wish to exercise your Buka Options and either accept the Share Offer in respect of the resultant Buka Shares or sell those Buka Shares on market you may do nothing, in which case you will have rejected the Options Offer and the Share Offer in respect of those Buka Shares.

If you hold Buka Tranche 1 Options or Buka Tranche 2 Options and choose to do nothing and Greenwich acquires at least 90% of the Buka Tranche 1 Options or 90% of the Buka Tranche 2 Options, and waives the requirement for 100% acceptance in respect of the Buka Tranche 1 and Buka Tranche 2 Options, Greenwich may become entitled to compulsorily acquire the balance of the Buka Tranche 1 Options and/or the Buka Tranche 2 Options or to have them cancelled in which case you would receive the same consideration as Buka Option Holders who accepted the Options Offer for their Buka Tranche 1 Options and/or Buka Tranche 2 Options, (as the case requires) but some time later.

If you hold Buka Options and choose to do nothing, depending on the circumstances, you may end up holding options to subscribe for shares in a company which is not listed, so that, if you were to exercise your Buka Options you would receive shares for which there may be no ready market.

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## 6. GREENWICH'S OFFER FOR DANAЕ

- (1) The terms of the Danae Offer are set out in section 16 of the Bidder's Statement. Buka participated in the negotiation of those terms and agreed to them in the Merger Implementation Agreement. Buka Directors consider that the terms of the Danae Offer are appropriate having regard to the interests of the Buka Security Holders.
- (2) The Offers are conditional on the Danae Offer, which itself is subject to a number of conditions including Greenwich having a relevant interest in at least 90% of the Danae Shares and 100% of both the Danae Preference Shares and Danae Options.

The other conditions to which the Danae Offer is subject are substantially the same as the conditions of the Offers. The conditions of the Offers are summarised in section 4.7 of this Target's Statement and set out in part 4 of section 15 of the Bidder's Statement and the conditions of the Danae Offer are set out in full in part 5 of section 16 of the Bidder's Statement.

- (3) Buka Security Holders should be aware that there is a risk that Greenwich's acquisition of Danae will not be completed if one or more of these Conditions is not satisfied or waived.
- (4) Although the failure of Greenwich to acquire 100% of the Danae Shares would prevent the combined company from realising all of the benefits that would arise from the combination of the three companies, Greenwich has stated that it would still expect to implement intentions consistent with it obtaining control of Danae should it do so and waive the minimum acceptance conditions in respect of Danae Securities to the extent that it is able to do so.<sup>34</sup>
- (5) As with the Offers, Greenwich can waive some but not all of the conditions of the Danae Offer. Those which it cannot waive are substantially the same as for the Offers (as to the material conditions of the Offers which cannot be waived see section 4. 7(7) of this Target's Statement).
- (6) It is to be noted that the Danae Class A and Class B Preference Shares are redeemable and carry a majority of the economic value of Danae. Importantly, from the viewpoint of the Enlarged Group the indebtedness of Danae under these shares will be effectively extinguished if Greenwich acquires 100% of the Danae Securities. The Offers and the Danae Offer are conditional on Greenwich acquiring 100% of the Danae Preference Shares and this condition cannot be waived by Greenwich. Greenwich has entered into an agreement with the holder of all of the Danae Class B Preference Shares for Greenwich to acquire all of the Danae Class B Preference Shares.

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<sup>34</sup> See section 9.5(3) of the Bidder's Statement. While Greenwich may waive minimum acceptance conditions in respect of Danae Securities it will not do so (if at all) unless Greenwich receives acceptances in respect of more than 50% of both the Danae Shares and Danae Options and 100% of both classes of the Danae Preference Shares.

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## 7. OTHER IMPORTANT CONSIDERATIONS FOR BUKA SECURITY HOLDERS

### 7.1 The value of the Offers is not fixed

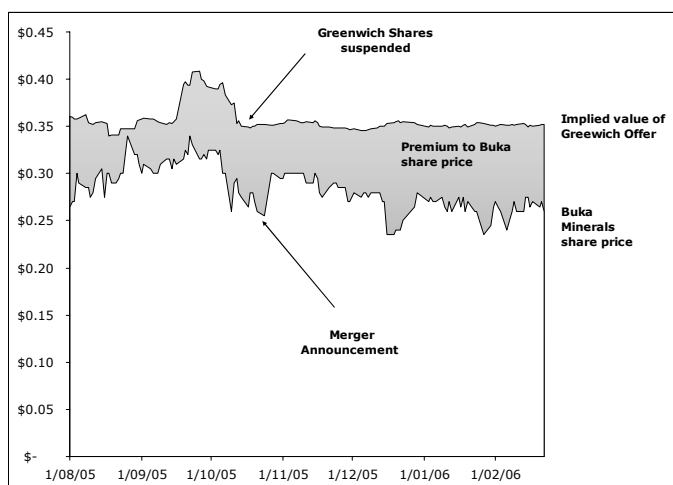
- (1) The market value of Greenwich Shares will change over time. The implied values of the Offers will fluctuate with movements in the market value of Greenwich Shares and the relevant exchange rates. Buka Security Holders are urged to obtain updated quotes on the price of Buka Shares and Greenwich Shares. It is noted, however, that trading in Greenwich Shares has been suspended since 21 October 2005. Buka's Board understands that such trading will recommence on or about 1 March 2006. You can access share prices online and free of charge as follows:

Buka: • ASX code BKA  
[www.asx.com.au](http://www.asx.com.au)

Greenwich: • LSE code GRWA  
[www.londonstockexchange.com](http://www.londonstockexchange.com)

Fluctuations in exchange rates may also affect the value in Australian Dollars of Greenwich Shares. The cash component of the Options Offer for the Buka Tranche 1 Options will not be affected by such fluctuations as that cash component will not be paid to holders of Buka Tranche 1 Options but will be applied to pay the exercise price of Greenwich Class A Options (issued in exchange for Buka Tranche 1 Options) which is denominated in pence sterling.

- (2) The following chart tracks the implied value of the Share Offer (based on Greenwich closing share prices and the exchange rate applicable on each relevant day) and the closing Buka share prices for the period 1 August 2005 to 22 February 2006 and highlights the premium implied by the Share Offer over that time. The chart has been compiled by Buka from publicly available information. For the period since 21 October 2005 (when Greenwich Shares have not traded) fluctuations in the implied value of the Share Offer have been due solely to exchange rate fluctuations.



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- (3) Over time, following the lifting of the suspension, the Greenwich share price may fluctuate for a variety of reasons, including movements in the price of gold and other commodities; exchange rate movements; changes in the operating performance of Greenwich's assets; changes in the political risk profile of Greenwich's assets; or other factors which impact the operating or financial performance of Greenwich. In particular, Buka Security Holders should note that the Greenwich share price may, following the lifting of the suspension, be influenced by investors' perceptions of the merits and outcome of the Offers and Danae Offer and the value of synergies achievable if the Offers and Danae Offer are successful.
  - (4) Greenwich shares have traded in the range of 1.75p to 3.38p over the last two years up to the date trading was suspended. The future trading range of Greenwich is uncertain. The last Greenwich share price before the date of this Target's Statement was 2.350p (on 21 October 2005).

## **7.2 Comparison of the Share Offer with the Options Offer**

- (1) The exchange ratios agreed in the negotiations leading to the Merger Implementation Agreement for converting Buka Shares and Buka Options to Greenwich Shares and Greenwich Options were based on volume weighted average prices for Buka and Greenwich Shares over the month ended 13 September 2005, being 31.2 cents for Buka Shares and 2.327 pence for Greenwich Shares. A premium of 10% to those volume weighted average prices was agreed to in respect of the Share Offer. After taking account of relevant exchange rates, this led to an agreed exchange ratio of 6.21 Greenwich Shares for each Buka Share.
- (2) A feature of the negotiations leading to the Merger Implementation Agreement was a desire on the parts of Buka, Greenwich and Danae to reduce the total number of Greenwich Options which might be on issue in the longer term and thus their potential dilution effects. For this reason, part of the negotiations dealt with offering the Buka Tranche 1 Option Holders a package of very short term Greenwich Options plus cash (to be applied in exercising those options) which collectively had a value equal to the value of the Buka Tranche 1 Options determined on a reasonable but conservative basis. This will result in there being significantly fewer Greenwich securities on issue than if a similar offer to that used for the Buka Tranche 2 Options had been used (see paragraph (4) below). A widely employed option valuation technique, known as Black & Scholes, recognises that the longer the exercise period and the more volatile (or the greater the historic fluctuation in) the underlying share price, the more valuable the option. Using this technique, and halving the time and volatility components of the calculation (a conservative but not unusual practice), as a result of the Merger Implementation Agreement each Buka Tranche 1 Option was allocated a value of 16.2 cents.
- (3) The exchange ratio of 2.94 Greenwich Class A Options for each Buka Tranche 1 Option was agreed in order to deliver 16.2 cents of value (that is no premium was included) per Buka Tranche 1 Option, in the form of Greenwich Shares. The Greenwich Class A Options must be exercised and converted into Greenwich Shares within 21 days of the date on which they are granted or they will lapse. Under UK law Greenwich Options must have an exercise price of at least 1p. Consequently the Greenwich Class A Options carry an exercise price of 1p per Greenwich Share payable on exercise of each Greenwich Class A Option (that is, 2.94p is payable in respect of the 2.94 Greenwich Class A Options offered for each Buka Tranche 1 Option). The obligation to pay this exercise price would reduce the value of the exchange ratio agreed in respect

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of Buka Tranche 1 Options to below the allocated 16.2 cents. To restore that value Buka Tranche 1 Option Holders are also being offered 2.94p cash for each Buka Tranche 1 Option they hold. This cash is only available to the Buka Tranche 1 Option Holders who accept the Options Offer and elect to convert their Greenwich Class A Options into Greenwich Shares. It will be applied by Greenwich to pay the exercise price for the Greenwich Class A Options.

- (4) In relation to the Buka Tranche 2 Options the negotiations focused on providing a substantially similar option structure to the Buka Tranche 2 Options. Each Buka Tranche 2 Option is convertible to one Buka Share. Equally each Greenwich Class B Option (which will be issued in exchange for Buka Tranche 2 Options) is convertible into one Greenwich Share, and all other terms of the Greenwich Class B Options and the Buka Tranche 2 Options are substantially the same, for example they are not listed or transferable except in very limited circumstances. Therefore, it is reasonable to expect that the exchange ratio of Buka Tranche 2 Options into Greenwich Class B Options would be the same as the exchange ratio of Buka shares into Greenwich shares, namely 6.21 Greenwich Class B Options. However, as part of the negotiations, it was agreed that the 10% premium would not apply in calculating the Buka Tranche 2 Option to Greenwich Class B Option exchange ratio, resulting in an exchange ratio of 5.65 Greenwich Class B Options for each Buka Tranche 2 Option. Partly in recognition of the absence of any premium in determining the exchange ratio for these options and partly because of the lower historic volatility of Greenwich Shares compared to Buka Shares, and the anticipated lower volatility of shares in the Enlarged Group, the expiry date of the Greenwich Class B Options is two years later than the expiry date of Buka Tranche 2 Options. The Buka Tranche 2 Options represent 17.7% of Buka's share capital on a fully diluted basis. The Greenwich Class B Options (replacing the Buka Tranche 2 Options) will represent only 11.9% of Greenwich's share capital on a fully diluted basis (before the proposed Capital Raising), assuming the Offers succeed fully.
- (5) Buka's Directors believe that the package offered to Buka Tranche I Option Holders reasonably reflects the value of their Buka Tranche 1 Options calculated in connection with the negotiation of the Merger Implementation Agreement, albeit that the basis of that valuation is conservative from their viewpoint. Buka Directors also believe that the exchange ratios for Buka Tranche 1 Options and Buka Tranche 2 Options relative to the exchange ratio for Buka Shares is appropriate. It is noted that all holders of each class of Buka Options hold the same number of Buka Options of the other class.
- (6) The relative values of the Share Offer and the Options Offer have fluctuated between the date when the exchange ratios were negotiated, and the date when trading in Greenwich Shares was suspended and will fluctuate once that suspension ceases, with movements in Buka and Greenwich share prices. Movements in those share prices (expressed in Australian dollars) which result in an increase in the implied value of the Share Offer and the premium it represents will have resulted, and will result, in a proportionately higher implied value for the Options Offer and in the emergence of premia in respect of the Options Offer which may be greater than the premium then applicable to the Share Offer. Conversely such movements which result in a reduction in the implied value of the Share Offer and the premium (or possibly discount) it represents will result in a proportionately lower implied value for the Options Offer and the possible emergence of a discount in respect of the Options Offer which would be greater than any discount which may emerge in respect of the Share Offer.

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- (7) The comments made in this section 7.2 do not take into account the proposed consolidation of Greenwich's capital on a 1 for 30 basis but the consolidation does not impact on the efficacy of those comments.

### **7.3 Admission of Greenwich to the Official List of the UK Listing Authority and to trading on LSE**

- (1) English law and regulation obliges Greenwich to apply for readmission of its existing shares and admission of shares issued under the Share Offer and the Danae Offer to listing on the Official List of the UK Listing Authority and to trading on the LSE's main market for listed securities once the Offers and the Danae Offer have become unconditional in all respects.
- (2) If the Admission takes place and if you accept the Offers and are allotted shares in Greenwich you will be able to trade those shares on the LSE.
- (3) The Admission is an express condition of the Offers and Danae Offer. The Admission is also an implied statutory condition by reason of Section 625(3) of the Corporation Act which cannot be waived by Greenwich. If the Admission condition is not satisfied the Merger will not proceed and if you have accepted the Offers you will retain your Buka Securities.
- (4) Greenwich also intends to seek a secondary listing of the Enlarged Group on the ASX. By reason of section 625(3) of the Corporations Act, the secondary listing on the ASX is a condition of the Offers and cannot be waived. The Merger will not proceed if this secondary listing does not occur and if you have accepted the Offers you will retain your Buka Securities.
- (5) You should note that the rights and liabilities attaching to Greenwich Shares under the laws of England and Wales are different to those attaching to the Buka Shares, which are currently governed by the laws of Australia, and the key differences are summarised in the table below<sup>35</sup>:

<b>ENGLISH COMPANY SHARES</b>	<b>AUSTRALIAN COMPANY SHARES</b>
<p><b>Pre-emption rights</b></p> <p>When making an offer of unissued shares, for cash consideration English law, the Listing Rules of the London Stock Exchange and institutional guidelines require the offer of such shares be made first to existing shareholders in proportion to their holdings, unless shareholders resolve to dis-apply those rights (which can only be within certain limits under institutional guidelines – 5% of issued share capital in any one year or 7.5% over a three year period). Pre-emption rights do not apply if shares are allotted for non-cash consideration</p>	<p>The Listing Rules of the Australian Stock Exchange permit directors to allot unissued shares without shareholder approval (and without first offering them to existing shareholders) up to a maximum number equivalent to 15% of the issued capital of the company prior to the allotment in any 12-month period.</p>

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<sup>35</sup> The summary is a general description of the principal differences between the laws and regulations concerning shares in a company incorporated in England as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of such shares or interests in such shares. You should seek your own advice regarding issues associated with holding Greenwich Shares.

<p><b>Auditors</b></p> <p>English law requires shareholders to approve the appointment of a company's auditors each year.</p>	<p>There is no such requirement in Australia, although shareholders are required to approve the appointment of a company's auditors at the first annual general meeting after their appointment by the board.</p>
<p><b>Purchase of own securities</b></p> <p>If a company wants to buy back its own shares, under English law the proposal must be approved by a resolution of the shareholders. Such resolution must set out the amount of shares that the company can purchase and set guidelines for price.</p>	<p>In Australia, a company has the right to buy back its shares under the Corporations Act. A company may conduct a number of different types of share buy-backs. Depending on the type of share buy-back conducted and the number of shares the company proposes to buy back, the proposal may need to be approved by a resolution of the shareholders.</p>
<p><b>Takeovers</b></p> <p>In the UK the City Code on Takeovers and Mergers (Code) sets out the provisions if a person (on his own or together with his concert parties) makes an offer to acquire all the issued securities of a public limited Company. Its purpose is to ensure commercial fairness for all shareholders of the target company.</p> <p>If an acquisition results in a person holding shares over 30% of the voting rights of the company, under the Code the shareholder will, subject to limited exceptions, be required to make a mandatory offer for the company.</p> <p>In addition, the rules governing Substantial Acquisitions of Shares (SARS) regulate stake building and set out the rules applicable when a person acquires shares in a public limited company carrying voting rights, or rights over such shares, representing 10% or more of the voting rights and such acquisition, when aggregated with any shares or rights over shares which they already hold, would carry 15% or more, but less than 30% of the voting rights of the company.</p> <p>A person who holds 90% of shares in a company may conduct a compulsory acquisition of all remaining shares under the UK Companies Act.</p>	<p>In Australia, the Corporations Act governs a takeover. The Corporations Act contains a general rule that a person must not acquire a 'relevant interest' in issued voting shares of a company if, because of the transaction, a person's voting power in the company:</p> <ul style="list-style-type: none"> <li>• increases from 20% or below to more than 20%; or</li> <li>• increases from a starting point, which is above 20% but less than 90%.</li> </ul> <p>Certain exceptions apply, such as acquisitions of relevant interests in voting shares made under takeover bids or made with shareholder approval or creeping acquisitions of 3% per 6 months.</p> <p>Australian law similarly permits compulsory acquisition by 90% holders.</p> <p>Greenwich is not subject to the provisions of the Corporations Act relating to changes in control and takeovers of public companies.</p>

<p><b>Substantial Shareholdings</b></p> <p>Under English law a shareholder in a listed company has a substantial and disclosable interest in shares when he increases his shareholding to over 3% of the nominal value of the share capital of the company; when he increases his shareholding to over 10% of the nominal value of share capital of the company; or when there is a movement by at least 1% in his holding over 3% of the nominal value of share capital in the company.</p> <p>These interests must be disclosed to the relevant company, the UKLA and the London Stock Exchange.</p>	<p>Under the Corporations Act in Australia, a shareholder who begins to or ceases to have a substantial holding in a listed public company or has a substantial holding in a listed public company and there is movement by at least 1% in their holding must give notice to the company and to the Australian Stock Exchange. In Australia, a person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of voting shares in the company.</p>
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## 7.4 Dealing in Greenwich Shares

- (1) If you customarily deal in shares through a stockbroker, dealing in Greenwich Shares on the LSE will not be substantially different to dealing in shares in Buka on the ASX. On request, your stockbroker will send you the appropriate forms to fill in and thereafter will arrange the particular dealing in Greenwich Shares you wish to undertake, on your behalf. Settlement will take a little longer than for dealings in shares on the ASX and you will have an exchange risk should the A\$/£ exchange rate move adversely before settlement.
- (2) You will be able to hold your Greenwich Shares in uncertificated form, through the English system called CREST, which is similar to the Australian CHESS System. Alternatively you can get share certificates for your Greenwich Shares. Section 7.5 of the Bidder's Statement contains more detail in relation to these matters.
- (3) If you customarily deal in shares online you will need to ascertain whether the service you currently use allows dealing online in shares which are traded on LSE, and if so how you can go about using your online account to deal in Greenwich Shares. You may find it is necessary to use another online service to deal in shares traded on LSE.
- (4) As a result of the secondary listing on the ASX, Greenwich's shares will not trade but CHESS Depositary Interests (CDIs) (representing Greenwich Shares) will trade. You will be able to convert your Greenwich Shares into CDIs and vice versa. CDIs are units of beneficial ownership in the underlying Greenwich Shares which would be held by ASX Settlement and Transfer Corporation Pty Ltd (a subsidiary of the ASX) and it in turn will issue holding statements in respect of CDIs representing those shares. Effectively the only difference between holding Greenwich Shares and CDIs in respect of Greenwich Shares is that you will have beneficial ownership of the Greenwich Shares but not legal title. CDIs can be dealt with in the same manner as shares. Many foreign corporations trade on the ASX in the form of CDIs.



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## **7.5 Greenwich may not achieve 100% ownership of Buka.**

- (1) The Offers are subject to a minimum acceptance condition of 90% of Buka Shares and 100% of Buka Options. It is possible that Greenwich may ultimately acquire between 90% and 100% of Buka Shares. Greenwich has stated that if it becomes entitled to compulsorily acquire the remaining Buka Shares following Completion of the Offers it will do so in accordance with the Corporations Act.
- (2) If the acceptances by Buka Shareholders are above 50% but below 90%, Greenwich may waive the minimum acceptance condition so that the Merger can proceed. However, in that case, the non-accepting Buka Shareholders will retain their Buka Shares so that unless and until they accept, or sell their Buka Shares to a person that accepts the Share Offer, or the 90% threshold is reached, Buka will not be able to become a wholly-owned subsidiary of Greenwich. If this occurs, the Enlarged Group's ability to deal with the assets of Buka will be constrained and there will be further associated costs of having minority shareholders in Buka.
- (3) Likewise, if the acceptances by Danae Shareholders of the Danae Offer in respect of Danae Shares are above 50% but below 90% Greenwich may waive the minimum acceptance condition in respect of Danae Shares so that the Merger can proceed. In that case Danae would not become a wholly owned subsidiary of Greenwich. If this occurs the Enlarged Group's ability to deal with the assets of Danae will be constrained and there will be further associated costs of having minority shareholders in Danae.
- (4) If the acceptances by Buka Option Holders are above 50% but less than 90% Greenwich may waive the minimum acceptance conditions in respect of Buka Options so that the Merger can proceed. In that case Greenwich may need to exercise Buka Options in order to maintain control of Buka. This would involve a cash outflow from the Enlarged Group to a non-wholly owned subsidiary. Greenwich's ability to exercise Buka Options will be constrained by Chapter 6 of the Corporations Act so that it does not, without Buka Shareholder approval, in any period of 6 months, commencing six months after the close of the Offers, increase its voting power in respect of Buka by more than 3%. Similar issues would arise if Greenwich did not obtain 100% of the Danae Options under the Danae Offer and waived the minimum acceptance condition applicable to them under the Danae Offer and the Offers.
- (5) While Greenwich may waive its minimum acceptance condition in respect of the Offers and the Danae Offer it will not do so (if at all) unless Greenwich receives acceptances in respect of more than 50% of each of the Buka Shares, the Buka Options the Danae Shares and the Danae Options and 100% of the Danae Preference Shares.
- (6) In addition, if Greenwich fails to acquire more than 80% of Buka Shares under the Share Offer, scrip for scrip capital gains tax roll-over relief may not be available in respect of the disposal of your Buka Shares or Buka Options. Of course the cash component of the Options Offer in respect of the Buka Tranche 1 Options will attract capital gains tax regardless of the level of acceptances Greenwich achieves.
- (7) As previously indicated the minimum outcome for the Merger, if it succeeds, is that the Enlarged Group will be comprised of Greenwich with both Buka and Danae as subsidiaries albeit that they may not be wholly owned subsidiaries and with a maximum of less than 50% of the Buka Tranche 1, Buka Tranche 2,

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and Danae Options outstanding but none of the Danae Preference Shares outstanding. Whether the Merger proceeds with Buka and Danae as other than wholly owned subsidiaries of Greenwich is a matter entirely within the discretion of Greenwich, as a decision to waive minimum acceptance conditions (if at all) is Greenwich's decision alone.

- (8) In the Bidder's Statement Greenwich has stated that it expects to achieve synergy benefits as a result of a combination with Buka and Danae (see section 4 of the Bidder's Statement). However, maximum benefits can only be achieved if Greenwich acquires 100% of both the Buka Securities and Danae Securities.

## **7.6 Other risks of the Offers**

- (1) In the Bidder's Statement, Greenwich has identified a number of risk factors in relation to the Offers, the Danae Offer, the Merger and the Enlarged Group. These risk factors have been separated into three groups:
- general risks;
  - risks associated with the Enlarged Group;
  - risks associated with the Merger.
- (2) Please refer to section 10 of the Bidder's Statement for further details in relation to these risk factors. If any one of these risks or any of the other risks discussed in this Target's Statement materialises, the Enlarged Group's business, financial condition, prospects and share price could be materially and adversely affected to the detriment of the Enlarged Group and the holders of its securities.

## **7.7 Shareholder tax issues**

- (1) Section 13 of the Bidder's Statement contains general information on taxation considerations. The information contained there is not intended to be authoritative or complete advice on the tax consequences applicable to any particular holder of Buka Securities.
- (2) The following further information concerning tax consequences of disposing of Buka Shares otherwise than by accepting the Share Offer, is provided to further assist you as a Buka Shareholder. It is not intended to be authoritative or complete advice on the tax consequences applicable to any particular holder of Buka Shares.
- (a) A Buka Shareholder who is a tax resident of Australia, who holds their Buka Shares as capital assets, who acquired (or is taken to have acquired) the Buka Shares before 20 September 1985 and who disposes of those Buka Shares (but not under the Share Offer) will generally not realise a capital gain or capital loss on the disposal of the Buka Shares.
- (b) A Buka Shareholder who is a tax resident of Australia, who holds those Buka Shares as capital assets, who acquired (or is taken to have acquired) their Buka Shares on or after 20 September 1985 and who disposes of their Buka Shares (but not under the Share Offer) will generally realise, at the time they enter into the contract for the disposal of the Buka Share, a capital gain to the extent that the consideration for a particular Buka Share is more than the cost base (or, in certain circumstances, indexed cost base) of that Buka Share and a capital loss to the extent that the consideration for a particular Buka Share is less than the reduced cost base of that Buka Share.

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- (c) A Buka Shareholder who is an individual, complying superannuation entity or a trustee and who acquired their Buka Shares at least 12 months before entering the contract for the disposal of particular Buka Shares should be entitled to discount capital gains treatment for the Buka Shares disposed of, provided that they have not elected to use the indexation method to calculate the cost base of the particular Buka Shares. The discount capital gains treatment generally entitles Buka Shareholders to reduce their capital gain on those Buka Shares (after deducting available capital losses of the Buka Shareholder) by half, in the case of individuals and trustees, or by one-third, in the case of complying superannuation entities.
  - (d) Generally, Buka Shareholders who are not tax residents of Australia and who (together with their associates) do not hold, and have not held, more than 10% of the Buka Shares on issue at any time in the 5 years before the disposal will not be subject to tax in Australia in respect of any capital gain realised on the sale of their Buka Shares.
  - (e) For the avoidance of doubt, Buka Shareholders who do not dispose of their Buka Shares under the Offer should not be entitled to choose scrip-for-scrip rollover relief.
- (3) You should obtain independent professional advice in relation to the tax consequences applicable to your own particular circumstances.

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## **8. ADDITIONAL STATUTORY INFORMATION**

### **8.1 Recommendation of the Directors**

The Directors of Buka at the date of this Target's Statement are:

Mr Robert Champion de Crespigny AC (Chairman), Mr John Richards (Managing Director), Mr Mark Carnegie (Non-executive Director), Mr Robert McDonald (Non-executive Director) and Mr Ronald Walker (Non-executive Director).

See sections 1 and 2 of this Target's Statement for information concerning the desire of each Buka Director to make, and that Director's view as to being justified in making (having regard to matters disclosed in the footnotes to section 1 of this Target's Statement), a recommendation and the recommendation of the Buka Directors.

### **8.2 When Offers close**

The Offers will close on 7 April 2006 unless withdrawn or extended.

### **8.3 Relevant interests in marketable securities of Buka held by the Directors of Buka**

The only marketable securities that Buka has on issue are Buka Shares and Buka Options.

The number, description and amount of marketable securities of Buka in which each Director has a relevant interest are shown in Tables 5 and 6.

**Table 5 - Buka Shares**

<b>Name of Director</b>	<b>Number of Buka Shares</b>	<b>Name of registered holder</b>
Robert Champion de Crespigny	15,302,963	Albany Bay Minerals Pty Ltd (as trustee for Bayeux Investments Pty Ltd)
John Richards	1,617,050	Mr John Richards
Mark Carnegie	16,748,950	Carnegie, Wylie & Company Pty Ltd
Robert McDonald	Nil	N/A
Mr Ronald Walker	9,820,463	Albany Bay Minerals Pty Ltd (as trustee for Takeda Pty Ltd)

**Table 6 - Buka Options**

<b>Name of Director</b>	<b>Number of Buka Options</b>	<b>Name of registered holder</b>
Robert Champion de Crespigny	16,958,550 Tranche 1 16,958,550 Tranche 2	Albany Bay Minerals Pty Ltd (as trustee for Bayeux Investments Pty Ltd)
John Richards	1,500,000 Tranche 1 1,500,000 Tranche 2	John Richards
Mark Carnegie	18,500,000 Tranche 1 18,500,000 Tranche 2	Carnegie, Wylie & Company Pty Ltd
Robert McDonald	Nil	N/A
Ronald Walker	10,791,450 Tranche 1 10,791,450 Tranche 2	Albany Bay Minerals Pty Ltd (as trustee for Takeda Pty Ltd)

It is expected that the direct and indirect interests of the Buka Directors in the Enlarged Group will be as shown in Table 7<sup>36</sup>:

**Table 7 – Buka Directors’ Interests in Enlarged Group**

<b>Name</b>	<b>Number of Greenwich Shares</b>	<b>Percentage of Greenwich Shares</b>	<b>Number of Class B Options<sup>37</sup></b>
Robert Champion de Crespigny	4,829,651	6.93%	95,815,807
John Richards	481,729	0.69%	8,475,000
Mark Carnegie	5,280,033	7.57%	104,525,000
Robert McDonald <sup>38</sup>	Nil	nil	nil
Ronald Walker	3,090,398	4.43%	60,971,692

Directors of Buka, or interests associated with them, may participate in the Capital Raising which will be conditional on the outcome of the Offers. Note particularly that interests associated with Mr Champion de Crespigny and Mr Carnegie have entered into the convertible loan agreements discussed in section 4.2 of this Target’s Statement which may have the result of increasing the indirect interests of Directors in the Enlarged Group.

36 The table assumes the consolidation of Greenwich’s share capital on a 1 for 30 basis and that all Greenwich Class A Options have been exercised, none of the Greenwich Class B Options or other options issued pursuant to Greenwich’s Share Option Scheme have been exercised and none of the Convertible Redeemable Preference Shares (to be issued to Danae Preference Shareholders) are converted and disregards the Capital Raising as the pricing and amount of the Capital Raising will not be known until after the Greenwich shareholders’ meeting, the Long Term Incentive Plan proposed for the Enlarged Group and the proposed issue of Greenwich Shares and options to Mr McDonald which are discussed in section 8.10 of this Target’s Statement and Danae’s existing and future holding of Greenwich Shares discussed in footnotes 22 of this Target’s Statement.

37 Each of these options will, because of the proposed 1 for 30 consolidation of Greenwich’s share capital, be an option to subscribe for 0.0333 of a consolidated Greenwich Share. The total number of Greenwich Shares the subject matter of these options will be 8,992,917.

38 Excludes any Greenwich Shares and options which will be issued to Mr McDonald pursuant to the arrangements discussed in section 8.10 of this Target’s Statement (as the numbers of the Greenwich Shares cannot presently be calculated due to the terms of those arrangements).

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#### **8.4 Intentions of Buka Directors**

Each of the Buka Directors currently intends to accept or procure acceptance of the Offers in respect of the Buka Securities the disposal of which he can control once Greenwich Shareholders have approved the Merger. However, because of the terms of an ASIC declaration under section 196 of the Corporations Act, required to enable the Directors to amend the terms of the Buka Options to allow them to be transferred to Greenwich on acceptance of the Options Offer, the Buka Directors that are also Option Holders are not able to accept the Options Offer until the Share Offer has been accepted by holders of at least half the Buka Shares held by persons other than Buka Option Holders and their associates and until, or at the same time as the Share Offer becomes, unconditional. Buka Option Holders hold approximately 24% of the Buka Shares.

#### **8.5 Authorisation of Target's Statement**

No Buka Director voted against the resolution authorising this Target's Statement.

#### **8.6 Relevant interests in marketable securities of Greenwich held by the Directors of Buka**

No Buka Director is entitled to any marketable securities of Greenwich other than as a result of the convertible loan agreements referred to in section 4.2 of this Target's Statement. They confer on the entities associated with Mr de Crespigny and Mr Carnegie, which are parties to those agreements, the option to convert either, the £25,000 non-utilisation fee payable under those agreements, in certain circumstances, or the convertible loans themselves (if they are drawn) and interest accrued on them, to Greenwich Shares at the issue price of shares under the Placing (if it succeeds) or at a 10% discount to the market price of Greenwich Shares over the 20 days commencing on the Completion of the Merger. In addition Mr de Crespigny's employment contract with Greenwich as Executive Chairman (which will take effect upon Completion of the Merger), entitles him to participation in the LTIP which is discussed in section 8.10 of this Target's Statement.

#### **8.7 Dealings in Greenwich marketable securities by the Directors of Buka**

There have been no acquisitions or disposals of marketable securities in Greenwich by Buka or, to the knowledge of Buka or any Buka Director, by any Buka Director, in the period of 4 months immediately preceding this Target's Statement.

#### **8.8 Dealings in Buka Shares and Buka Options by the Directors of Buka**

To the knowledge of Buka or any Buka Director, no Buka Shares or Buka Options were acquired or disposed of by the Directors of Buka, within the period of 4 months immediately preceding this Target's Statement other than that, in or about October 2005. Bayeux Investments Pty Ltd (a company controlled by Mr Champion de Crespigny) and Takeda Pty Ltd (a company jointly controlled by Mr Walker and his spouse Barbara Francis Walker) agreed to adjust, as between them (with effect from the date of original subscription for Buka Shares pursuant to the Subscription Agreement), the numbers of Buka Shares and Buka Options held by Albany Bay Minerals Pty Ltd for Bayeux Investments Pty Ltd and Takeda Pty Ltd respectively. This resulted in Albany Bay Minerals Pty Ltd holding, as trustee for Bayeux Investments Pty Ltd an additional 2,741,250 Buka Shares, 3,083,550 Buka Tranche 1 Options and 3,083,550 Buka Tranche 2 Options with a corresponding reduction in the numbers of Buka Shares, Buka Tranche 1 Options and Buka Tranche 2 Options held by Albany Bay Minerals Pty Ltd as trustee for Takeda Pty Ltd. Bayeux Investments Pty Ltd paid Takeda Pty Ltd \$422,152.50 (being the same price as

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Takeda Pty Ltd had paid on subscription for the Buka Shares concerned (ie 15.4 cents per Buka Share)) as consideration for this adjustment.

## **8.9 Payments and Benefits**

As a result of the Offers, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act) has been or will be given to a person:

- (a) in connection with the retirement of a person from a board or managerial office in Buka or a related body corporate of Buka; or
- (b) who holds, or has held a board or managerial office in Buka or a related body corporate, or a spouse, relative or associate of such a person, in connection with the transfer of the whole or any part of the undertaking or property of Buka.

## **8.10 No Agreement with any Buka Director**

There is no agreement made between any Director and any other person in connection with or conditional on the outcome of the Offers other than:

- (a) agreements (the terms of which are summarised in section 6.5(3) of the Bidder's Statement) concerning the appointment of Mr Champion de Crespigny as Executive Chairman, Mr Richards as an Executive Director, Mr Carnegie and Mr McDonald as Non-executive Directors of the Enlarged Group and Mr Walker as Mr Champion de Crespigny's alternate as a director of the Enlarged Group;
- (b) pursuant to the terms of appointment of Mr Robert McDonald as a director of Buka, dated 18 October 2005 and at a time when the Merger was in the course of negotiation (as those terms have been amended by subsequent agreement between Mr McDonald), Buka has agreed that Mr McDonald would, if the Merger succeeded, receive, as part of his remuneration package:
  - an issue of shares in the Enlarged Group, to a value equivalent to A\$100,000, at an issue price being a 10% discount to the volume weighted average price of Greenwich Shares leading up to their issue; and
  - an initial issue of unlisted options to subscribe for Greenwich Shares having a term of 5 years and an exercise price equal to the volume weighted average Greenwich share price in the period leading up Mr McDonald becoming a director of the Enlarged Group and a total exercise cost of the equivalent of \$600,000; and
  - in subsequent years an issue of further unlisted options to subscribe for Greenwich options on a similar basis, but with half of the total exercise cost indexed appropriately (or cash remuneration in the alternative, at Mr McDonald's option).

Buka's Directors understand that the Enlarged Group will honour these arrangements as nearly as is possible having regard to applicable English law;

- (c) In addition Greenwich intends, following the Completion of the Offers but subject to Greenwich shareholder approval being obtained at the general meeting at which they will be asked to approve the Merger, to establish a Long Term Incentive Plan ("**Plan**") in which it is proposed that Mr Champion de Crespigny would be invited to participate, along with other senior executives

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chosen by the board of the Enlarged Group,. This Plan (a detailed description of which is contained in section 7.4 of the Bidder's Statement) would involve the participant committing to acquire and hold shares in the Enlarged Group ("**investment shares**") for a period (probably three years) in order to have the opportunity to earn a maximum of five additional shares in the Enlarged Group ("**additional shares**") for each investment share held (with the number of investment shares adjusted to include other shares which originate from the investment shares and are held at the end of the period (for example, bonus shares) and shares notionally derived from a notional reinvestment of dividends paid on the investment shares over the period). The number of additional shares to be issued would be determined on the basis of the Enlarged Group's performance, over the three year period, compared with a group of its peers. To achieve the maximum number of additional shares, the Enlarged Group would have to rank first among that group of peers. The minimum number of additional shares which could be earned (in recognition of the retention of investment shares through the period) would be one additional share for every investment share retained through the period. The plan will involve an overall limit on the number of additional shares which may be issued to meet entitlements to additional shares under the Plan, and these are discussed in section 7.4 of the Bidder's Statement. In the case of Mr Champion de Crespigny his participation is proposed to be limited to a number of investment shares which represent 1.6% of the number of Greenwich Shares on issue at completion of the Merger; and

- (d) The convertible note issue agreements discussed in section 4.2 of this Target's Statement are also conditional on the outcome of the Offers.

### **8.11 Changes in financial position**

So far as known to any Director, the financial position of Buka has not materially changed since 30 June 2005 (the date of the company's last audited financial report) and the date of this Target's Statement, except as disclosed in:

- (a) the Bidder's Statement;
- (b) this Target's Statement;
- (c) Buka's 2005 Annual Report;
- (d) Buka's half yearly audited accounts for the period ended 31 December 2005 released to the ASX on 21 February 2006; and
- (e) Buka's releases to the ASX since 30 June 2005, specifically:

#### **1 September 2005**

Lodgement of Prospectus and Initial Public Offering for Buka Gold Limited

#### **21 October 2005 – Becoming a Substantial Holder**

Buka became a substantial share holder in Buka Gold Limited

#### **21 February 2006 – Interim Financial Report**

Buka reported its half-yearly results

and except for:



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- (a) any change in the financial position of Buka solely as a result of fluctuations in gold and commodity prices, exchange rates, interest rates and inflation rates since 30 June 2005; and
  - (b) any change in the financial position of Buka solely as a result of fluctuations in the market price of shares in Buka Gold, CopperCo or Iluka since 30 June 2005.

### 8.12 Change of control

Sections 8.5 and 8.6 of the Bidder's Statement discuss Greenwich's intentions for Buka Minerals upon a successful takeover by Greenwich.

### 8.13 Merger Implementation Agreement

Buka has entered into a Merger Implementation Agreement (**Agreement**) with Greenwich and Danae dated 26 October 2005. The Agreement (along with the Joint Announcement) has been released to the ASX. Under the Agreement, each of the parties has agreed to pay a fee of A\$500,000 (the **Break Fee**) to each of the other parties if:

- (a) in the case of each of the Offers and Danae Offer, either the Offers or Danae Offer do not become unconditional and a competing takeover proposal is made or announced for it, and in the case of Greenwich a competing takeover proposal for it is successful;
- (b) any director of that party recommends a competing takeover offer or any of the directors of Buka or Danae (other than those not entitled to because of a conflict of interest) fail to recommend the Offers or the Danae Offer, or withdraw, or adversely modify or fail to reconfirm an earlier recommendation in respect of the Offers or the Danae Offer (as applicable);
- (c) Greenwich fails to convene the Greenwich shareholder meeting within 3 months (or up to 6 months where regulatory approvals are still required); or
- (d) the Greenwich directors fail to unanimously recommend the Offers and the Danae Offer (subject to certain exemptions).

If no Break Fee is payable but the Offers and the Danae Offer do not otherwise become unconditional in all respects (other than prescribed occurrences, each party will bear one third of all parties' transactional costs in relation to the proposed merger, up to a maximum of £400,000 each. Further information concerning the Merger Implementation Agreement is contained in section 14.2 of the Bidder's Statement.

### 8.14 Effect of acceptance

The effect of acceptance of the Offers is set out in section 15 (part 1 section 15.7 in respect of Buka Shareholders and part 2 section 15.6 or part 3 section 15.6 in respect of Buka Option Holders) of the Bidder's Statement. You should read these provisions in full to understand the effect which acceptance will have on your ability to exercise the rights attaching to your Buka Shares and/or Buka Options and the representations and warranties which you give Greenwich by accepting the Offers.

In particular you should note that once you accept the Share Offer or the Options Offer, you will only be able to withdraw that acceptance in very limited circumstances, including, if Greenwich varies the Offers in such a way that

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postpones the time when Greenwich needs to satisfy its obligations by more than one month (this would occur if Greenwich extends the Offer Period by more than one month while the Offers are subject to a defeating condition).

#### **8.15 Other information reasonably required by you and your professional adviser to make an informed assessment**

This Target's Statement is required to include all the information that Buka Security Holders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offers, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any of the directors of Buka.

The Directors are of the opinion that the information that you and your professional adviser would reasonably require to make an informed assessment of whether to accept the Offers is:

- (a) the information contained in the Bidder's Statement;
- (b) the information contained in this Target's Statement;
- (c) the information contained in Buka's 2005 Annual Report (which was sent to shareholders on 31 September 2005 and is available on Buka's website at [www.buka.com.au](http://www.buka.com.au)); and
- (d) the information contained in Buka's releases to the ASX on and since 30 June 2005, in the ASX and news releases and announcements made by Danae on and since 30 June 2005 and in the ASX and news releases and announcements made by Buka Gold, CopperCo and Iluka on and since 30 June 2005. Copies of documents containing this information are available at the websites of the relevant company.

#### **8.16 ASIC modifications**

Buka has obtained from ASIC declarations under section 196 of the Corporations Act to allow Messrs de Crespigny, Richards, Carnegie and Walker to participate in discussions concerning, and vote on, the resolutions of the Board to amend the terms of the Buka Options and approve this Target's Statement, notwithstanding their respective material personal interests in Buka Options. In the absence of those declarations, Buka would not have had a quorum for a Board meeting to deal with those matters. The declaration relating to the amendment of the terms of the Buka Options is conditional on Buka Option Holders not accepting the Options Offer for their Buka Options until the Share Offer has been accepted in respect of a majority of the Buka Shares held by persons other than Buka Option Holders and their associates and until, or at the same time as, the Share Offer becomes unconditional.

Buka has also sought and obtained from the ASX a waiver of Listing Rule 6.23.5 to enable Buka to amend the terms applicable to the Buka Options to enable them to be transferred to Greenwich under the Options Offer without Buka shareholder approval, subject to Greenwich acquiring voting power in respect of Buka of not less than 50% and the Share Offer becoming unconditional. As indicated above it may prove necessary for Buka to ask Buka Shareholders to amend the terms of the Buka Options even though this waiver has been obtained.

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Consistent with the requirements of ASIC and the ASX, Buka's Directors have amended the terms of the Buka Options so that they may be transferred to Greenwich under the Options Offer, subject to the conditions imposed by ASIC and the ASX.

### **8.17 Consents**

Watsons Lawyers has given its consent, and has not, before the date of this Target's Statement, withdrawn its consent, to being named in this Target's Statement as legal adviser to Buka. Watsons Lawyers does not make or purport to make any statement that is included in this Target's Statement and there is no statement in this Target's Statement which is based on any statement of Watsons Lawyers. Watsons Lawyers specifically disclaims responsibility for any statement included in this Target's Statement.

This Target's Statement contains statements which are made by, or statements said to be based on statements made by, Buka's Directors. Each of the Buka Directors has consented (and not withdrawn that consent) to the inclusion of each statement they have made and each statement said to be based on statements they have made in the form and context in which the statement appears and have not withdrawn that consent as at the date of this Target's Statement.

### **8.18 Publicly Available Information**

This Target's Statement contains statements which are made in or based on statements made in documents lodged by various parties, including Greenwich in the case of the Bidder's Statement, with ASIC or given to the ASX.

As required by ASIC Class Order CO 01/1543 Buka will make available a copy of these documents (or relevant extracts from these documents, other than the Bidder's Statement which accompanies this Target's Statement), free of charge, to Buka Security Holders who request it during the Offer Period.

To obtain a copy of these documents (or the relevant extracts), you may telephone the Buka Information Line during business hours on 1800 720 072 (toll free and for callers in Australia) or +61 2 9264 7196 (for callers outside Australia).

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## 9. GLOSSARY

In this Target's Statement, the following words have these meanings unless the contrary intention appears:

**Acceptance Form** means the form entitled "Acceptance Form" which you will have received in the package which contains this Target's Statement and the Bidder's Statement.

**Admission** means the readmission of existing Greenwich Shares and admission of new Greenwich Shares issued under the Offers, the Danae Offer and the Placing and Open Offer to the Official List of the UK Listing Authority and to trading on the LSE.

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

**ASTC Settlement Rules** means the settlement rules of ASX Settlement and Transfer Corporation Pty Ltd as amended from time to time.

**ASX** means Australian Stock Exchange Limited (ACN 008 624 691) or the stock market conducted by it (as the context requires).

**Announcement Date** means the date the Joint Announcement was lodged with the ASX (namely 27 October 2005).

**Bidder's Statement** means Bidder's Statement issued by Greenwich dated 1 March 2006.

**Board** means Buka's Board of Directors from time to time.

**Buka** means Buka Minerals Limited (ACN 000 741 373) of Level 45, 2 Park Street, Sydney, NSW, 2000 Australia.

**Buka Gold** means Buka Gold Limited (ACN 112 731 638) of Level 45, 2 Park Street, Sydney, NSW, 2000 Australia.

**Buka Group** means Buka and its subsidiaries.

**Buka Option** means either a Buka Tranche 1 Option or a Buka Tranche 2 Option and **Buka Options** means all the Buka Tranche 1 Options and all the Buka Tranche 2 Options which are either on issue or held by you (as the context requires).

**Buka Option Holder** means the holder of one or more Buka Options.

**Buka Security Holder** means a Buka Shareholder or a Buka Option Holder.

**Buka Securities** means all of the Buka Shares and Buka Options.

**Buka Share** means one fully paid ordinary share in the issued capital of Buka and **Buka Shares** means all the Buka Shares which are either on issue or are held by you (as the context requires).

**Buka Shareholder** means the holder of one or more Buka Shares.

**Buka Tranche 1 Options** means the 50,000,000 unquoted options issued by Buka on 26 February 2004 which became exercisable on 1 October 2005 at an exercise price of A\$0.20 each.

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**Buka Tranche 2 Options** means the 50,000,000 unquoted options issued by Buka on 26 February 2004 which become exercisable on 1 October 2006 at an exercise price of A\$0.225 each.

**Capital Raising** means the proposed capital raising by Greenwich which is discussed in section 5.6 of the Bidder's Statement and section 4.2 of this Target's Statement and includes the convertible loans also discussed in those sections.

**CHESS Holding** means a number of Buka Shares which are registered on that part of Buka's share register, administered by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of the ASX.

**Completion of the Offers** means the Offers and the Danae Offer have become unconditional and the Admission has occurred.

**Conditions** means the conditions to which the Offers are subject.

**Controlling Participant** means, in relation to Buka Shares in a CHESS Holding, the broker or non-broker (each as defined in the ASTC Settlement Rules) Participant with whom the holder has a sponsorship agreement (also as defined in the ASTC Settlement Rules).

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

**Danae** means Danae Resources NL (ACN 009 173 880) of Level 1, The Old Swan Brewery, 173 Mounts Bay Road, Perth, WA, 6000 Australia.

**Danae Class A Preference Shares** means the 22,345,000 fully paid unquoted class A redeemable preference shares issued by Danae.

**Danae Class B Preference Shares** means the 3,500,000 fully paid unquoted class B redeemable preference shares issued by Danae.

**Danae Group** means Danae and its subsidiaries.

**Danae Options** means Danae 2009 Options exercisable at \$0.25 each.

**Danae Offer** means the offer made by Greenwich to acquire all the securities on issue in Danae, pursuant to the Bidder's Statement dated 1 March 2006.

**Danae Preference Shares** means Danae Class A Preference Shares and Danae Class B Preference Shares.

**Danae Securities** means all of the Danae Shares, Danae Preference Shares and Danae Options.

**Danae Shares** means all of the ordinary shares in the capital of Danae which are on issue.

**Danae Target's Statement** means the target's statement given by Danae in response to the Bidder's Statement, a copy of which is included in the package with this Target's Statement.

**Deferred Share** means deferred shares of 1penny each in the capital of Greenwich which are described in footnote 26 of this Target's Statement.

**Desire** means Desire Petroleum plc.

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**Director** means a Director of Buka.

**Enlarged Group** means Greenwich after the Completion of the Offers.

**Greenwich** means Greenwich Resources plc, a company incorporated and registered in England and Wales of 1 Mathon Place, Mathon, Malvern, Worcestershire WR13 5NZ, England.

**Greenwich Group** means Greenwich and its subsidiaries.

**Greenwich Shares** means fully paid ordinary shares in the capital of Greenwich of 1p each, before the proposed consolidation of Greenwich's share capital, or 30p each, after that consolidation.

**Iluka** means Iluka Resources Limited ACN 008 675 018.

**Issuer Sponsored Holding** means a number of Buka Shares which are registered on that part of Buka's share register that records uncertificated holdings of Buka Shares under Listing Rule 8.2.

**Joint Announcement** means the Joint Announcement issued by Greenwich, Danae and Buka entitled 'Creating a New London-Based Resource and Resource Finance Business' dated 26/27 October 2005.

**Kolsen Consortium** means a consortium of investors (including the Scarlett Unit Trust) of which Kolsen Pty Ltd (ACN 111 384 144) is manager.

**Listing Rules** means the Listing Rules of Australian Stock Exchange Limited, unless otherwise specified.

**Loan Stock** means £1,500,000 of variable rate convertible unsecured loan stock maturing in 2006 issued by Greenwich to Danae, the terms of which are summarised in section 7.9 of the Bidder's Statement;

**Long Term Incentive Plan** means the plan described in section 8.10 of this Target's Statement.

**LSE** means the London Stock Exchange plc's main market for listed securities.

**Merger** means the proposed merger of Greenwich, Buka and Danae detailed in section 4 of the Bidder's Statement.

**Merger Implementation Agreement** means the agreement entitled "Merger Implementation Agreement" dated 26 October 2005 executed by Greenwich, Buka and Danae.

**Offers** means the Share Offer and the Options Offer.

**Offer Period** means the period during which the Offers will remain open for acceptance in accordance with the terms of the Offers.

**Official List** means the list maintained by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000 (UK).

**Open Offer** means the offer of Greenwich Shares to existing Greenwich shareholders as part of the Capital Raising.

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**Options Offer** means the offers made by Greenwich to acquire all the Buka Tranche 1 Options and all of the Buka Tranche 2 Options on issue in Buka, pursuant to the Bidder's Statement.

**Participant** means an entity admitted to participate in the Clearing House Electronic Sub-register System under rules 4.3.1 and 4.4.1 of the ASTC Settlement Rules.

**Placing** means the placement of Greenwich Shares with professional investors as part of the Capital Raising.

**relevant interest** means the interest Greenwich has in Buka Securities by way of acceptance of the Share Offer and the Options Offer.

**Scarlett Unit Trust** means a unit trust of which Kolsen Pty Ltd is trustee and in which Buka is a unit holder.

**Share Offer** means the offer made by Greenwich to acquire all the Buka Shares on issue in Buka, pursuant to the Bidder's Statement.

**Subscription Agreement** means an agreement so entitled dated 18 December 2003 between Buka and a number of subscribers for Buka Shares including Mr Richards and interests associated with Mr Champion de Crespigny, Mr Carnegie and Mr Walker.

**Takeovers Panel** means the Takeovers panel established by Section 171 of the Australian Securities and Investment Commission Act 1989 (Cth) as continued in existence by Section 261 of that Act.

**Target's Statement** means this Target's Statement dated 1 March 2006 given by Buka in response to the Bidder's Statement.

**UK Listing Authority** means the Financial Services Authority acting as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (UK).

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## 10. INTERPRETATION

The following rules of interpretation apply unless the context requires otherwise:

- (a) unless specified otherwise, all words and phrases in this Target's Statement shall have the meanings given to them (if any) in the Corporations Act;
- (b) a gender includes all genders;
- (c) wording denoting the singular includes the plural and vice versa;
- (d) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (e) the table of contents and headings are used for convenience only and do not affect interpretation;
- (f) a reference to any instrument (such as an agreement, announcement or statement) is to that instrument (or, if required by the context, to a part of it) as amended, novated, substituted or supplemented from time to time;
- (g) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or substitution for, and any subordinate legislation under, that legislation or legislative provision;
- (h) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (i) including and similar expressions are not and must not be treated as words of limitation;
- (j) **\$** or **A\$** is a reference to the lawful currency of Australia; and
- (k) **£**, pence or a number followed by the letter p is a reference to the lawful currency of the United Kingdom.



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## **11. APPROVAL**

This Target's Statement has been approved by resolution passed by all the Buka Directors. Four of the five Buka Directors (Messrs Champion de Crespigny, Carnegie, Richards and Walker) voted on this resolution pursuant to a declaration made by ASIC under section 196 of the Corporations Act permitting them to vote, notwithstanding material personal interests in the outcome of the Offers. These material personal interests arise from the interests these Directors have in Buka Options (not being interests that they hold in common with Buka Shareholders generally). Those interests are disclosed in section 8.3 of this Target's Statement.

DATED: 1 March 2006

Signed for and on behalf of Buka Minerals Limited:



**Robert McDonald**  
**Director**