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#### ASX / RNS ANNOUNCEMENT

Not for release, publication or distribution, in whole or in part, into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

## RECOMMENDED PROPOSAL FOR THE MERGER

OF

SCARBOROUGH MINERALS PLC ("Scarborough")

Registered Number: 18622971, ARBN 119 672 561

## MINERAL SECURITIES LIMITED ("Minsec")

ACN 091 158 593

The Boards of Scarborough, Minsec and Minsec (BVI) Limited (ARBN: 124 546 443) ("Minsec (BVI)") are pleased to announce that terms have been agreed for the merger of Scarborough and Minsec.

The Merger Offer will be implemented by way of a scheme of arrangement under section 425 of the Companies Act of England and Wales.

The meanings of certain capitalised terms used in this announcement are set out in Appendix V to this announcement.

## Highlights

- Share for share offer by Minsec (BVI) (a newly incorporated company formed in connection with a restructuring of the Minsec Group) for Scarborough on the basis of 4 Minsec (BVI) Scheme Shares for every 5 Scarborough Scheme Shares (including in the form of Minsec (BVI) Scheme CDIs for existing Scarborough CDIs).
- The combination of diversified asset portfolios and successful and complementary management teams of the two businesses offers the opportunity to create significant value for the shareholders of both companies.
- The combined asset portfolio is of a size which allows hands-on involvement but also benefits from diversification of:
  - Commodity platinum, gold, copper, zinc;
  - Geography and political risk Australia, Europe, Central Asia, Southern Africa and South America; and
  - Stage of development advanced exploration, feasibility, mine development, production.

- The Enlarged Group intends to continue to focus on making new early stage equity investments in resource companies and projects. The management of the Enlarged Group intends to take a hands-on approach and inject its range of technical and commercial skills to maximise the value of these investments.
- The Enlarged Group will be chaired by Robert Champion de Crespigny AC (Chairman of Scarborough) and managed by Keith Liddell (Executive Chairman of Minsec).
- The Enlarged Group will be owned 55.7 per cent. by the existing shareholders of Scarborough and 44.3 per cent. by the existing shareholders of Minsec.<sup>1</sup>
- The Merger is conditional on, amongst other conditions, the restructuring of Minsec to be implemented by inter-conditional schemes of arrangement in Australia and the approval of the Merger by the shareholders of both Scarborough and Minsec.
- The Merger Offer is expected to be completed in June 2007.

Commenting on today's announcement, Robert Champion de Crespigny AC, Chairman of Scarborough said:

"We are very pleased to have concluded merger negotiations with Minsec. We have a shared vision for the future development of the merged business and are focused on the delivery of long term value for all shareholders. The merger provides greater scale and financial muscle and a strong platform for growth."

Keith Liddell, Executive Chairman of Minsec, said:

"The combination of Minsec and Scarborough is a natural step in Minsec's progression to becoming a larger resource investment house. I believe the combination of our skill sets and assets with Scarborough's will enable us to continue to deliver significant value growth for shareholders of the merged company."

These highlights should be read in conjunction with the full terms of the following announcement and its annexures and the more detailed disclosures which will be made in the Scheme Document to be released by Scarborough in relation to the Merger Offer and the Minsec Circular to be released by Minsec in relation to the Restructuring and Merger Offer.

## **Enquiries:**

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<sup>1</sup> These percentages assume that previously announced prospective share issues by Minsec in relation to the acquisition of shares and options in Tianshan and CopperCo (including the contingent acquisition of CopperCo shares from Scarborough) are completed and no other shares are issued by Minsec or Scarborough prior to implementation of the Merger Offer. The percentages are not diluted for options or the Scarborough convertible redeemable preference shares. "Treasury" shares are also excluded.

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Cutfield Freeman & Company Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Scarborough and no one else in connection with the Merger Offer. Cutfield Freeman is not acting for, and will not be responsible to, anyone other than Scarborough for providing the protections afforded to customers of Cutfield Freeman, or for providing advice in relation to the Merger Offer.

Royal Bank of Canada Europe Limited, which trades as RBC Capital Markets and which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Minsec and Minsec (BVI) and no one else in connection with the Merger Offer. RBC Capital Markets is not acting for, and will not be responsible to anyone other than Minsec and Minsec (BVI) for providing the protections afforded to customers of RBC Capital Markets, or for providing advice in relation to the Merger Offer.

The Merger Offer is not being made, directly or indirectly, and this announcement should not be sent, in or into Japan or into any jurisdiction in which to do so would violate the laws of such jurisdiction by use of the mail or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of any of these jurisdictions (including, without limitation, post, facsimile transmission, telex and telephone). Any person (including, without limitation, custodians, nominees and trustees) who may have contractual or legal obligations, or may otherwise intend, to forward this announcement should read the relevant provisions of the Scheme Document before taking any action.

The availability of the Merger Offer to persons outside the United Kingdom, Australia, Canada or United States of America may be affected by the laws of the jurisdictions in which they reside. Such persons should inform themselves about and observe any applicable requirements of those jurisdictions.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This announcement contains statements about Scarborough, Minsec, Minsec (BVI) and the Enlarged Group that are or may be forward-looking statements. All statements other than statements of historical facts included in this document may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "may", "anticipates", "estimates", "synergies", "cost savings", "projects", "strategy" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward-looking statements include statements relating to the following: (i) the expected timetable for completing the Merger Offer, future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects of Scarborough, Minsec, Minsec (BVI) or the Enlarged Group; (ii) business and management strategies and the expansion and growth of Scarborough's, Minsec's, Minsec (BVI)'s or the Enlarged Group's operations and potential synergies resulting from completion of the Merger Offer; and (iii) the effects of government regulation on Scarborough's, Minsec's, Minsec (BVI)'s or the Enlarged Group's business.

These forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Scarborough, Minsec or Minsec (BVI). These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause them to differ from the actual results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All subsequent oral or written forward-looking statements attributable to Scarborough, Minsec, Minsec (BVI) or the Enlarged Group or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forwardlooking statements included in this document are based on information available to Scarborough, Minsec and Minsec (BVI) on the date hereof. Investors should not place undue reliance on such forward-looking statements, and Scarborough, Minsec and Minsec (BVI) undertake no obligation to publicly update or revise any forward-looking statements, save as may be required by law or any regulatory authority.

#### **UK TAKEOVER CODE**

The Panel on Takeovers and Mergers (the "Panel") has confirmed that given Scarborough Shareholders will hold over 50 per cent. of the shares in the Enlarged Group and that existing directors of Scarborough will represent 3 of the 5 members on the board of directors of the Enlarged Group, the Merger Offer is not within the jurisdiction of the City Code on Takeovers and Mergers and the Panel is not, as a result, regulating the transaction.

#### **US SECURITIES ACT**

Any Minsec (BVI) Shares will be issued in reliance upon the exemptions from the registration requirements of the US Securities Act 1933, as amended (the "US Securities Act") provided by Sections 3(a)(10) and, as a consequence, will not be, and are not required to be, registered thereunder or under the securities laws of any state or other jurisdiction of the United States. For the purposes of qualifying for the Section 3(a)(10) exemptions from the registration requirements of the US Securities Act and the securities laws of certain states, Minsec (BVI) and Scarborough will advise the Court that its sanctioning of the Scheme will be relied upon by Minsec (BVI) and Scarborough as an approval of the Scheme following a hearing on its fairness to Scheme Shareholders at which hearing all such Scheme Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Scheme Shareholders. Minsec (BVI) will not register the Minsec (BVI) Shares (including the Minsec (BVI) Scheme Shares) nor will it become a reporting company under the US Securities and Exchange Act of 1934, as amended, and thus will not be required, following the completion of the Scheme, to file any ongoing reports or disclosure with the US Securities and Exchange Commission.





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### RECOMMENDED PROPOSAL FOR THE MERGER

**OF** 

SCARBOROUGH MINERALS PLC ("Scarborough")

Registered Number: 18622971, ARBN 119 672 561

WITH

## MINERAL SECURITIES LIMITED ("Minsec")

ACN 091 158 593

#### 1. Introduction

Further to the announcements made on 1 December 2006, 12 February 2007 and 9 March 2007, the Boards of Scarborough, Minsec and Minsec (BVI) are pleased to announce that terms have been agreed for the merger of Scarborough and Minsec (the "Merger").

#### 2. Outline of the Merger Offer

Scarborough is a resource finance and investment company created through the April 2006 merger of Greenwich Resources plc, Buka Minerals Limited and Danae Resources NL. It is listed on the main market of the London Stock Exchange and on the Australian Securities Exchange. It holds both direct interests in resource development projects and indirect investments through strategic holdings in other listed resource companies.

Minsec, a company incorporated on 16 February 2000 and listed on ASX, is a successful resource investment house that makes investments in resource companies and projects with a focus on identifying undervalued or emerging resource projects that can be developed into successful operations.

The merger of Scarborough and Minsec will be implemented by the following concurrent actions:

- a restructuring of the Minsec Group pursuant to inter-conditional schemes of arrangement (a) under Australian law, as a result of which, together with the conditional private acquisition by Mineral Securities Investments (Australia) Pty Ltd., a wholly owned subsidiary of Minsec (BVI), of certain options over Minsec shares which are not the subject matter of a scheme, Minsec will become a wholly owned subsidiary of Minsec (BVI), a newly incorporated company registered in the British Virgin Islands; and
- (b) an offer by Minsec (BVI) for the entire issued share capital of Scarborough in return for Minsec (BVI) Scheme Shares, which will be implemented by way of a scheme of arrangement under English law, together with conditional private arrangements for the cancellation or acquisition by Minsec (BVI) or a wholly owned subsidiary of Minsec (BVI), currently intended to be Minsec Investments (BVI) Limited, of: (i) certain options and rights to be issued options, to subscribe for Scarborough Shares, (ii) all issued Scarborough Convertible Preference Shares and (iii) all award rights under the Scarborough LTIP. The Scheme will be conditional on, inter alia, the completion of the Restructuring.

The Scheme will involve the cancellation of all of the Scheme Shares and the subsequent issue of the equivalent number of new Scarborough Shares to Minsec (BVI) or, at the direction of Minsec (BVI), a wholly owned subsidiary of Minsec (BVI), currently intended to be Minsec Investments (BVI). By way of consideration for this cancellation, Scheme Shareholders (other than CDN) will be allotted and issued Minsec (BVI) Shares on the following basis:

for every five (5) Scheme Shares four (4) Minsec (BVI) Scheme Shares

and in the same proportions for any larger or smaller holdings. Fractional entitlements to Minsec (BVI) Scheme Shares will be disregarded.

Scarborough CDIs will cease to have force and effect when the Scarborough Shares which underlie them, held by CDN, are cancelled.

Holders of Scarborough CDIs will receive 4 Minsec (BVI) Scheme CDIs (each representing beneficial ownership of 1 Minsec (BVI) Scheme Share) for every 5 Scarborough CDIs held, in the same proportions for any larger or smaller holding. Fractional entitlements to Minsec (BVI) Scheme CDIs will be disregarded.

In consideration for the cancellation of the Scheme Shares held by CDN, CDN will receive a number of Minsec (BVI) Scheme Shares exactly equal to the number of Minsec (BVI) Scheme CDIs to be issued to all holders of Scarborough CDIs.

Application will be made for Minsec (BVI) Shares (including Minsec (BVI) Scheme Shares (in certificated or uncertificated form)) to be admitted to trading on AIM and Minsec (BVI) CDIs (including Minsec (BVI) Scheme CDIs) will trade on ASX.

The share exchange ratio for the Merger Offer is based on a joint assessment by the Boards of Scarborough and Minsec of the net asset backing of the ordinary shares of each of Minsec and Scarborough.

Upon the Merger Offer becoming effective, the holders of Scheme Shares will hold approximately 55.7 per cent. of the Minsec (BVI) Shares in issue.

The Merger Offer will be subject to the terms and conditions set out in Appendix I to this announcement and the further terms and conditions which will be set out in the Scheme Document. These will reflect the terms of the Merger Implementation Agreement entered into by Scarborough, Minsec and Minsec (BVI) immediately prior to the making of this announcement. The Scheme will not become effective and the Merger Offer will not be completed unless the conditions set out in Appendix I to this announcement have been satisfied (or, if capable of waiver, waived) or if there has been a breach of any of the conditions in clauses 7 to 10 of Part A of Appendix I to this announcement such breach is not capable of being invoked because of clause 5 of Part B of Appendix I by or as at 11.59 p.m. (London time) on 31 August 2007, or such later date as Scarborough, Minsec and Minsec (BVI) may agree (if required) and the Court may approve.

The Scarborough Shares to be issued to Minsec (BVI) in connection with the Merger Offer will be allotted and issued credited as fully paid. Minsec (BVI) reserves the right to direct that such Scarborough Shares be issued to a wholly owned subsidiary of Minsec (BVI). It is currently intended that such subsidiary will be Minsec Investments (BVI) Limited. The Minsec (BVI) Scheme Shares to be allotted and issued in connection with the Merger Offer will be allotted and issued credited as fully paid and will rank pari passu in all respects with the existing issued Minsec (BVI) Shares, together with the right to receive and retain in full all dividends and other distributions declared, made or paid after the date of this announcement.

## Outline of the Restructuring

As announced by Minsec on 12 February 2007, Minsec has proposed the Restructuring, the purpose of which is to redomicile Minsec to the British Virgin Islands.

One of the conditions to the implementation of the Scheme and the Merger Offer is that the Restructuring is successfully completed. The conditions of the Restructuring are set out in Appendix II to this announcement. The Restructuring will involve:

- Minsec Shareholders receiving 1 Minsec (BVI) Share (in the form of a CDI representing beneficial ownership of that Minsec (BVI) Share) for each Minsec Share held; and
- Minsec Optionholders receiving 1 Minsec (BVI) Class A Option (in the form of a CDI representing beneficial ownership of that Minsec (BVI) Class A Option being an option on equivalent terms to those applying to the existing Minsec Options) for each such Minsec Option held.

The private acquisition of Minsec options which are not dealt with by one of the schemes involved in the Restructuring are on terms that equivalent Minsec (BVI) Options will be issued by Minsec (BVI) to the existing holders of Minsec Options on a one for one basis when the Restructuring is effective.

The Minsec (BVI) Shares which will be issued to CDN in connection with the Restructuring will be issued and allotted on the basis of one Minsec (BVI) Share for every one Minsec Share. The Minsec (BVI) Class A Options which will be issued to CDN in connection with the Restructuring will be issued and allotted on the basis of one Minsec (BVI) Option for every one listed Minsec Option.

Full details of the Restructuring and the Merger Offer (to the extent that it affects Minsec Shareholders and Minsec Optionholders) will be contained in the Minsec Circular.

# 3. Recommendation and advice to the Scarborough Shareholders and Minsec Security Holders

The Merger Offer and the Restructuring have the unanimous support and recommendation of the Boards of all of Scarborough, Minsec and Minsec (BVI).

## Scarborough Recommendation

The Scarborough Board, which has been so advised by Cutfield Freeman, considers the terms of the Merger Offer to be fair and reasonable and to be in the best interests of Scarborough Shareholders taken as a whole. In providing advice to the Scarborough Board, Cutfield Freeman has taken into account the Scarborough Directors' commercial assessments. The Scarborough Directors unanimously recommend that Scarborough Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the EGM to give effect to the Merger Offer, as they have undertaken to do in respect of their respective beneficial and connected holdings amounting, in aggregate, to 12,958,977 Scheme Shares, representing approximately 12.8 per cent. of Scarborough's existing issued ordinary share capital.

In addition, Stephen Phipps has given an irrevocable undertaking to use all reasonable endeavours to procure that certain registered holders of Scheme Shares to whom he is connected, vote in favour of the resolutions to be proposed at the Court meeting and the EGM. The undertaking is given in respect of 743,896 Scheme Shares representing approximately 0.7 per cent of Scarborough's existing issued ordinary share capital.

Accordingly, Minsec (BVI) has received irrevocable undertakings either to vote in favour of the Scarborough Resolutions or to use all reasonable endeavours to procure that certain registered holders vote in favour of the Scarborough Resolutions in respect of, in aggregate, 13,702,873 Scheme Shares representing approximately 13.5 per cent of Scarborough's issued share capital.

The Scarborough Directors may amend their recommendation if they determine, in good faith based on the written opinion of external legal counsel (acting reasonably) that a Material Adverse Change (as that term is defined in Appendix III to this announcement) has occurred in relation to Minsec or Minsec (BVI). If the Scarborough Directors amend their recommendation, Scarborough will notify Scarborough Shareholders and Scarborough Optionholders accordingly.

## Minsec Board Recommendation

The Minsec Board unanimously supports both the Merger Offer and the Restructuring and recommends that Minsec Security Holders vote in favour of the resolutions required to implement both transactions. In the event of a Material Adverse Change (as that term is defined in Appendix III to this announcement) occurring in relation to Scarborough, the Minsec Directors may amend their recommendation. The Minsec Directors may also amend their recommendation in the event that a Material Adverse Change has occurred in relation to Minsec or Minsec (BVI) which:

- (a) is not due to a change, effect, event, condition or development, the occurrence of which was reasonably within the ability of the Directors of Minsec and/or Minsec (BVI) to prevent through the exercise of reasonable diligence and without breaching their directors' duties; and
- (b) adversely affects the achievement of any of the benefits to Minsec, Minsec (BVI) or Minsec Security Holders, of the Restructuring or the Merger or both, that Minsec reasonably anticipates may be achieved).

A determination that a Material Adverse Change has occurred must be made in good faith based on the written opinion of external legal counsel (acting reasonably). If the Minsec Directors amend their recommendation they will notify Minsec Security Holders accordingly.

## 4. Background to and reasons for the Merger Offer

## Background

During 2004, both Scarborough (indirectly through Buka Minerals Pty Ltd, then called Buka Minerals Limited, which became a wholly owned subsidiary of Scarborough after the three-way merger which formed Scarborough in April 2006) and Minsec were involved in the establishment of CopperCo, a new Australian copper project development company, and contributed assets and became substantial shareholders in that company. Part of the establishment of CopperCo involved the purchase of assets from Buka Minerals Pty Ltd. As announced on 31 July 2006, Scarborough and Minsec subsequently consolidated their CopperCo shareholdings under Minsec. As at the date of this announcement, Scarborough holds 17.42 per cent. of Minsec's issued ordinary share capital and is Minsec's largest shareholder. This shareholding is expected to be diluted to 16.07 per cent. upon completion of certain previously announced transactions.

Since that time, discussions between Minsec and Scarborough have continued, culminating in the making of the earlier "possible merger" announcements and this announcement.

#### Reasons for the Merger Offer

The Boards of Scarborough, Minsec and Minsec (BVI) believe that there are considerable benefits to the Merger Offer. The Merger Offer formalises and consolidates the close and beneficial relationship which has developed between the Scarborough Group and the Minsec Group. If the Scheme is successfully implemented, the Enlarged Group will be an internationally focused resource investment company with a larger and more diversified base of both direct and indirect investments in resource assets spread across the globe. The Enlarged Group will have increased financial resources and a wider range of technical, project development, corporate and financial market expertise by bringing together two management teams with different and complementary skills sets.

From Scarborough's perspective, the Minsec Group adds:

- the financial, technical, project evaluation and project development skills of the Minsec team;
- a larger team of mining professionals led by Keith Liddell, Minsec's Executive Chairman; and
- a portfolio of quality investments, principally those in Platmin, Tianshan and CopperCo.

From Minsec's perspective, the Scarborough Group adds:

- larger diversification by investment type, country and commodity;
- increased financial assets (including cash reserves); and
- experienced resource finance and merger and acquisition professionals.

Benefits arising from the Merger Offer

## (A) The Merger Offer based on relative asset backing:

The terms of the Merger Offer have been negotiated based on the two Boards' joint assessments of the relative asset backing of Scarborough Shares and Minsec Shares. This approach was considered by both companies to be appropriate given their respective Boards' views that the share prices of the two companies have typically traded at discounts to underlying net asset backing.

While the direct synergies of the Merger Offer are not projected to be significant it is anticipated that the combined financial and administrative costs of the Enlarged Group will provide opportunities for cost savings. For example, rather than having to incur the cost and time of establishing its own corporate office in London, the Enlarged Group will be able to utilise Scarborough's existing London presence and infrastructure for that purpose.

The Boards of Directors of Scarborough and Minsec each believe that the opportunities available to the Enlarged Group outweigh those available to either group independently.

## (B) Creation of a larger resources investment company:

The Boards of Directors of Scarborough and Minsec each believe the merger of the two companies will boost the profile of the Enlarged Group. There are also likely to be benefits which result from enhanced economies of scale from the bringing together of Scarborough and Minsec. The greater scale of the Enlarged Group is expected to have benefits of:

- improved access to capital markets and greater depth of potential investors due to the increased scale of the Enlarged Group and potentially increased stock liquidity; and
- access to a broader range of investment opportunities than may have been available to Minsec or Scarborough on a standalone basis.
- (C) A more balanced portfolio of assets and investments with enhanced diversification:

The combined portfolio of investments and projects of Scarborough and Minsec provides greater diversification than either company's assets on a stand alone basis, including:

- A spread of direct and indirect investments: a combination of direct ownership of
  projects and indirect investments through listed and unlisted entities providing a range of
  liquid and long term investments.
- Greater diversification by commodity: following the Merger Offer becoming effective, the Enlarged Group will hold key investments in platinum, copper, gold, industrial minerals and zinc.
- Projects in various development stages: the Enlarged Group will provide a "project pipeline" pursuant to which projects at different stages of advancement, with different capital and management needs, are advanced, providing a more balanced asset portfolio.

• Greater country diversification: the Enlarged Group will have investments and projects in a greater spread of countries. The Scarborough Directors and Minsec Directors believe geographic diversification reduces the impact of country specific political, social and economic risks on the Enlarged Group as a whole. Resources projects by their nature have risks and Scarborough has historically been prepared to invest in a range of locations when an appropriate risk/return profile is perceived. Following the Merger Offer becoming effective, the Enlarged Group will hold direct and indirect investments in Australia, Chile, China, Greece, Kazakhstan, Kyrgyzstan, Mozambique, South Africa and Zambia.

## (D) Increased financial assets and funding capability

If the Merger Offer is successful, the financial resources (comprising a combination of cash and liquid investments) of the Enlarged Group (as compared to those of Scarborough and Minsec on a stand-alone basis) will be significantly increased. Accordingly, the Merger Offer provides the Enlarged Group with the opportunity to apply those increased financial resources towards making larger investments in the future and/or gaining meaningful stakes in larger and potentially higher quality assets.

## (E) Combined expertise

The management teams of Minsec and Scarborough are complementary. The Enlarged Group's combined corporate, capital market, project evaluation and development skills are expected to provide considerable strategic, commercial and financial benefits to the Enlarged Group. The benefits are expected to arise from the following:

- the application of the Enlarged Group's combined skills set to the combined asset portfolio.
   For instance, with its existing skill base and resources, Minsec has the technical expertise which is likely to add value to the resource assets directly held by Scarborough;
- the significant experience and diverse skills and contacts of the combined management team is likely to assist the Enlarged Group in identifying future investment opportunities considered to be likely to be profitable; and
- the combination of two proven company builders, Robert Champion de Crespigny AC as Chairman and Keith Liddell as Chief Executive Officer and Managing Director, provides the Enlarged Group with effective and competent leadership.

## 5. Irrevocable undertakings

Minsec (BVI) has received irrevocable undertakings to vote in favour of the Scarborough Resolutions in respect of, in aggregate, 12,958,977 Scheme Shares, representing approximately 12.8 per cent. of the existing issued share capital of Scarborough, from the following members of the Scarborough Board and their connected holdings:

Name of Director	Number of Scheme Shares
Robert J. Champion de Crespigny AC	5,789,651
Mark Carnegie	5,920,032
John Richards	481,729
Sir Bruce MacPhail	455,950
Stephen Phipps	311,615

In addition, Stephen Phipps has given an irrevocable undertaking to use all reasonable endeavours to procure that certain registered holders of Scheme Shares to whom he is connected, vote in favour of the Scarborough Resolutions. The undertaking is given in respect of 743,896 Scheme

Shares representing approximately 0.7 per cent of Scarborough's existing issued ordinary share capital.

Accordingly, Minsec (BVI) has received irrevocable undertakings either to vote in favour of the Scarborough Resolutions or to use all reasonable endeavours to procure that certain registered holders vote in favour of the Scarborough Resolutions in respect of, in aggregate, 13,702,873 Scheme Shares representing approximately 13.5 per cent of Scarborough's issued share capital.

The irrevocable undertakings referred to above shall lapse and cease to be of any effect in the event that, in good faith based on the written opinion of external legal counsel, the Scarborough Directors determine that a Material Adverse Change, as defined in Appendix III to this announcement, has occurred in relation to Minsec or Minsec (BVI) and Scarborough Directors have changed their recommendation in respect of the Scarborough Resolutions.

## 6. Information on Scarborough

Scarborough is a resource finance and investment company which invests in and provides finance for companies and projects in the resources industry.

Scarborough emerged in its current form in April 2006 through the merger of Greenwich Resources plc, Buka Minerals Limited and Danae Resources NL. Completion of this three way merger was supported by a US\$39 million capital-raising providing the merged group with funds to continue to expand Scarborough's business.

Scarborough is incorporated in England and Wales and Scarborough Shares are listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities (LSE Code - SCRB). Scarborough also has a listing on ASX (ASX Code - SRB) where its shares are traded in the form of Scarborough CDIs.

Scarborough's strategy is to build a dynamic, transaction-oriented, resource finance and investment company.

As a resource finance and investment company, Scarborough holds both direct interests in resource projects and indirect interests via investments in resource companies. Other than for a significant investment in Minsec, Scarborough's key interests are mostly in projects at the feasibility and development stages and the company seeks to participate in and assist with the considerable value which is added at these stages of the mine development process.

As part of the ongoing efforts to maximise shareholder value, Scarborough is in discussions regarding possible involvement in a larger, south-east Europe focused mining company. Were this initiative to occur, Scarborough or the Enlarged Group may exchange its direct interest in the Sappes Project for a shareholding in a publicly listed company with a larger spread of mining assets in the region and with an appropriately experienced management team and board devoted to development of such a business. Such an initiative would be expected to bring economies of scale and other benefits, yielding enhanced value to shareholders. It is important to note that discussions in relation to this potential transaction are incomplete. There is no guarantee that any agreement will be reached or that any agreement, if reached, will be on terms consistent with the description above. Scarborough is also to examine other options for realising the value of the Sappes Project, including putting together its own in-country team, and continues to advance the permitting process for the project.

As at 30 September 2006, the Scarborough Group had net assets of US\$92.108 million.

To the extent required under applicable law, further information on the Scarborough Group will be included for Scarborough Shareholders, participants in Scarborough Share Schemes and holders of Scarborough Convertible Preference Shares in the Scheme Document and for Minsec Shareholders and Minsec Optionholders in the Minsec Circular.

#### 7. Information on Minsec

Minsec is a successful ASX listed resource investment house that makes early stage investments in resource companies and projects with a focus on identifying undervalued or emerging resource projects that can be developed into successful and viable operations.

Minsec currently has investments in Australia, Chile, China, South Africa, Zambia and Mozambique.

As at 31 December 2006, Minsec had net assets of US\$104 million.

To the extent required under applicable law, further information on the Minsec Group will be included for Scarborough Shareholders, participants in Scarborough Share Schemes and holders of Scarborough Convertible Preference Shares in the Scheme Document and for Minsec Shareholders and Minsec Optionholders in the Minsec Circular.

## 8. Information on Minsec (BVI)

Minsec (BVI) was incorporated under the BVI Business Companies Act 2004 on 2 March 2007.

Minsec (BVI)'s registered office is located at the offices of its registered agent in the British Virgin Islands, Codan Trust Company (B.V.I.) Ltd, Romasco Place, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

As at 12 April 2007 (being the latest date prior to the release of this announcement) Minsec (BVI) has in issue one ordinary share which is held by a master purpose trust that has been specifically created to, amongst other things, hold this one share for the duration of the implementation of the Restructuring. The trustee of the trust is Codan Trustees (B.V.I.) Ltd. This Minsec (BVI) Share will cease to have any rights once the Restructuring has taken effect.

Minsec (BVI) was incorporated specifically for the purpose of the Restructuring and the Merger Offer and it has not previously traded nor carried on any business of any kind other than in connection with its structuring so as to be suitable to list on ASX, the Restructuring and the Merger Offer.

The principal activities of Minsec (BVI) will be to act as the holding company of Minsec and, following the Scheme becoming effective, the Enlarged Group.

Minsec (BVI) has adopted new share schemes with terms and rights similar to the Scarborough Long Term Incentive Plan and the Scarborough 2007 Non Executive Directors' Share Option Scheme and a further share option scheme for the grant of options to employees on a discretionary basis. Keith Liddell will receive an award under the new Long Term Incentive Plan conditional on completion of the Restructuring.

To the extent required under applicable law, further information on Minsec (BVI) will be included for Scarborough Shareholders, participants of the Scarborough Share Schemes and holders of Scarborough Convertible Preference Shares in the Scheme Document and for Minsec Shareholders and Minsec Optionholders in the Minsec Circular.

## 9. Information on the Enlarged Group

### **Board of Directors and Employees**

If the Merger Offer becomes effective, Minsec (BVI) intends to utilise Scarborough's existing corporate office in London and to retain Minsec's office in Perth. Minsec (BVI) will also maintain its existing registered office in the British Virgin Islands.

#### Board of Directors

Following the Merger Offer becoming effective, Minsec (BVI) will re-constitute its board of Directors and executive management team to combine the strengths and skills of Scarborough and Minsec. The proposed composition of the Minsec (BVI) Board is set out below.

<u>Name</u>	<u>Position</u>	<u>Drawn from</u>
Robert Champion de Crespigny AC	Chairman	Scarborough
Keith Liddell	Chief Executive Officer	Minsec
Sir Bruce MacPhail	Senior Independent Non-Executive Director	Scarborough
Hon. John Moore AO	Non-Executive Director	Minsec
Stephen Phipps	Non-Executive Director	Scarborough

### **Employees**

Minsec (BVI) has confirmed its intention that the existing employment rights, including superannuation and pension rights, of the employees of Scarborough and Minsec will be fully safeguarded.

Within twelve months of the successful implementation of the Merger Offer, Minsec (BVI) will review the existing employment arrangements to determine what, if any, changes are required to these arrangements having regard to the then needs of the Enlarged Group and its key offices. To the extent that, as a result of the Scheme becoming effective, the responsibilities of employees are duplicated, Minsec (BVI) will seek to allocate alternative responsibilities to minimise any redundancies. If Minsec (BVI) considers that it is not feasible to redeploy or allocate alternative responsibilities to any such employee, it is expected that the employee would be made redundant in accordance with applicable regulations and accepted labour practice.

The following directors of Scarborough will not continue as directors of companies in the Enlarged Group: Mark Carnegie, Robert McDonald, Andrew Roberts and Ronald Walker. John Richards will not be a director of Minsec (BVI), but may continue as a director of some of its subsidiaries. Ms Claire Boyd, a current director of Minsec, will not continue as a director within the Enlarged Group.

### **Asset Portfolio**

The asset portfolio of the Enlarged Group will consist of a number of investments in listed companies, together with direct interests in resource assets. The portfolio is summarised in the table and figures below. For the avoidance of doubt, the portfolio set out below is not an exhaustive list of the Enlarged Group's investments and interests.

Asset	Percentage Owned	Overview	Place of operations	Currently owned by	
STRATEGIC INVESTMENTS IN MINING COMPANIES					
Platmin Ltd	16.24%	Evaluating and developing platinum group metal projects (listed on AIM and TSX)	South Africa	Minsec	
CopperCo Ltd	18.59%	Developing the Lady Annie copper project (listed on ASX <sup>(1)</sup> )	Australia	Minsec	
Tianshan Goldfields Ltd	19.99% undiluted <sup>(2)</sup> /29.92% fully diluted position <sup>(3)</sup>	Exploring and evaluating the Gold Mountain Project (listed on ASX and AIM)	China	Minsec	
Buka Gold Ltd	58.43%	Operating and exploring the Gympie goldfield (listed on ASX)	Australia	Scarborough	
Mineral Sands Ltd	60.57%	Exploring for heavy mineral sands (unlisted but proposing to list in 2007)	Australia	Minsec	
Chaarat Gold Ltd	12.18% <sup>(4)</sup>	Gold exploration project at resource definition stage	Kyrgyzstan	Scarborough	
DIRECT INTERESTS IN MINING PROJECTS AND ASSETS					
Sappes Project	100% ownership	High grade gold deposit at permitting stage	Greece	Scarborough	
Lady Loretta Project	25% interest in joint venture	High grade zinc project at feasibility stage	Australia	Scarborough	
Vostok Project	100% ownership <sup>(5)</sup>	Oxide copper project at evaluation stage	Kazakhstan	Scarborough	
Qixia Joint Venture	Earning 75% in joint venture	Exploring for gold in Qixia Country, China	China	Minsec	
Speewah Project	100% ownership	Fluorspar resource at pre- feasibility stage	Australia	Minsec	

- (1) This figure assumes completion of the conditional right to acquire up to 7,032,143 shares in CopperCo but does not include shares and convertible notes to be issued under the capital raising announced by CopperCo on 27 February 2007 and which remain subject to CopperCo shareholder approval or the conditional and contingent right to acquire a further 2,500,000 CopperCo shares from Scarborough.
- (2) Assumes conditional agreements entered into by Minsec to acquire 24,107,000 shares in Tianshan are successfully completed.
- (3) Assumes all options and the preference shares (including those held by Minsec) currently in issue are converted.
- (4) Chaarat Gold Ltd has also granted Scarborough short-dated options over additional Chaarat Gold Ltd shares which, if exercised, could increase Scarborough's holding to approximately 18 per cent..
- (5) Interest will reduce to 15 per cent. if a conditional subscription and shareholder agreement with a major mining company is completed as currently proposed.

Under the Merger Implementation Agreement (further details of which are set out in paragraph 13 and Appendix III to this announcement), both Scarborough and Minsec are obliged to continue their respective businesses in the ordinary course. While neither company has a present intention to dispose of any of its assets (other than as disclosed in this announcement), there are certain circumstances specified in the Merger Implementation Agreement where asset disposals are permitted.

## Strategy of the Enlarged Group

The strategy to be followed by the Enlarged Group remains under discussion, though it is not expected that there will be major changes to the high level investment strategies of Minsec and Scarborough, which are currently largely consistent with one another. It is likely that the following features will be part of that strategy:

- to continue to focus on early stage equity investments in resource companies and projects with an emphasis on identifying undervalued or emerging resource projects that can be developed into successful and viable operations.
- in view of the larger capital base, it is anticipated that the Enlarged Group will seek larger investment opportunities;
- to take a hands-on approach to management and inject the management team's diverse knowledge base and a range of technical and commercial skills into both existing and new investee companies to advance the success of those projects. These existing investments will be monitored to ensure the Enlarged Group's portfolio of investments remains balanced between shorter and longer term growth projects;
- actively to pursue and negotiate new acquisitions of, and/or the application for, additional
  mineral rights around the world. It is expected that the target size of these acquisitions and
  investments will exceed those that have historically been the focus of Scarborough and
  Minsec individually;
- while the Enlarged Group will continue to invest in emerging resource projects, its intention going forward is for there to be a strong focus on investments that are in or near production;
- in relation to the directly held assets and, in particular, Lady Loretta and Sappes, the Enlarged Group's management will continue Scarborough's ongoing efforts to maximise the value of these investments. This may include leveraging those assets into positions in larger businesses which have the potential to derive greater value than can be derived directly by the Enlarged Group or through continued direct participation in the development of those assets. In this regard, as mentioned in clause 6 above, Scarborough is in discussions in relation to Sappes regarding possible involvement in a larger, south-east Europe focused mining company; and
- to improve efficiencies in the existing businesses of Minsec and Scarborough in the short to medium term by reducing overheads, outsourcing non-core functions where appropriate and improving deal procurement practices.

## 10. Scarborough Share Schemes and Scarborough Convertible Preference Shares

Holders of options under the Scarborough 2006 Unapproved Class B Share Option Scheme have agreed to cancel their options in exchange for options over Minsec (BVI) Shares conditional on the Scheme becoming effective. The terms and rights attaching to the options over Minsec (BVI) Shares shall be equivalent in all material respects to the options over Scarborough Shares.

Holders of options under the Scarborough 1995 Approved Executive Share Option Scheme will be sent details of the actions they may take in respect of their outstanding options. They will be able to exercise their options up to the Scheme Effective Date, but such options will lapse if not exercised before the Scheme becomes effective.

There are two holders of awards under the Scarborough Long Term Incentive Plan. Robert Champion de Crespigny AC, who will continue to be involved with the Enlarged Group as Chairman,

has agreed to exchange his award entitlements for an award over an equivalent number of Minsec (BVI) Shares. Mark Carnegie, who will not continue as a director, has agreed to waive all his rights to Scarborough Shares under his award entitlements in respect of the Scarborough Long Term Incentive Plan (and all other rights he has or may have against the Scarborough Group in connection with his employment), in exchange for the issue of 512,000 Minsec (BVI) Shares. Both of these arrangements are conditional on the Scheme becoming effective.

Robert McDonald, who will not continue as a non-executive director, has agreed to waive all his rights to options over Scarborough Shares approved at the Scarborough Annual General Meeting held on 7 March 2007 in exchange for options over 280,000 Minsec (BVI) Shares exercisable at 90.75 pence, those options otherwise being on terms equivalent to the terms of the options over Scarborough Shares he has waived his right to take. These arrangements are conditional on the Scheme becoming effective.

The holders of the Scarborough Convertible Preference Shares have agreed to transfer all of their Scarborough Convertible Preference Shares to Minsec (BVI) in exchange for conditional rights to receive 2,880,855 ordinary shares in Minsec (BVI) (the "Minsec (BVI) Convertible Preference Shares") if the same conditions for conversion as are specified in the Scarborough Convertible Preference Shares are satisfied. These arrangements are conditional on the Scheme becoming effective.

The Scarborough Board, which has been so advised by Cutfield Freeman, considers each of the proposals described above in relation to the Scarborough Share Schemes and the Convertible Preference Shares to be fair and reasonable. In providing advice to the Scarborough Board, Cutfield Freeman has taken into account the Scarborough Directors' commercial assessments.

#### 11. Overseas Shareholders

The availability of the Merger Offer and the release, publication or distribution of this announcement to Overseas Shareholders may be affected by the laws of the relevant jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable requirements. Any failure to comply with such applicable requirements may constitute a violation of the securities laws of any such jurisdictions.

The Merger Offer is not being made directly or indirectly in or into Japan or in certain other jurisdictions.

The Minsec (BVI) Scheme Shares or Minsec (BVI) Scheme CDIs to which all Overseas Shareholders would otherwise be entitled under the Merger Offer will be issued to a nominee and sold and the net proceeds will be distributed pro-rata among the Overseas Shareholders. Full particulars will be set out in the Scheme Document. The attention of Overseas Shareholders or other Scarborough Shareholders (including, without limitation, nominees, trustees or custodians) who would, or otherwise intend to, forward this announcement to any jurisdiction outside the UK, Australia, Canada or the United States of America is drawn to the further information in this regard which will be included in the Scheme Document.

#### 12. The Scheme

It is intended that the Merger Offer will be effected by means of a Court sanctioned scheme of arrangement between Scarborough and the Scheme Shareholders under section 425 of the Act.

The purpose of the Scheme is to provide for Minsec (BVI), or, at its direction, a wholly owned subsidiary of Minsec (BVI), currently expected to be Minsec Investments (BVI) Limited, to become the sole owner of the entire issued share capital of Scarborough. Under the Scheme, the Scheme Shares will be cancelled, an equivalent number of new Scarborough Shares will be issued to Minsec (BVI) or, as mentioned above, a wholly owned subsidiary of Minsec (BVI), and the Scheme Shareholders will receive Minsec (BVI) Scheme Shares on the basis set out in paragraph 2 above.

The procedure involves an application by Scarborough to the Court to sanction the Scheme. To become effective, the Scheme requires, amongst other things, approval by Scheme Shareholders at

the Court Meeting and the approval by Scheme Shareholders of certain related resolutions to be proposed at the EGM. The Scheme will be approved at the Court Meeting if a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, and representing not less than three-fourths in value of the Scheme Shares held by such Scheme Shareholders vote in favour of the Scheme. The special resolutions to be considered at the EGM will require votes in favour of not less than 75 per cent. of the votes cast at the EGM in order to be passed. Once the required approvals have been obtained, subject to the satisfaction of other terms and conditions referred to in Appendix I to this announcement and further terms and conditions to be set out in the Scheme Document, the Scheme will become effective upon sanction by the Court and registration of the final Court order by the Registrar of Companies in England and Wales. The final Court order will not be submitted by Scarborough for registration until after the satisfaction of the conditions set out in clause 2 of Part A of Appendix I to this announcement relating to AIM Admission.

Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM. It will also be binding on all holders of Scarborough CDIs as a result of it binding CDN as a Scheme Shareholder. Scarborough CDI holders will not be able to vote at either the Court Meeting or EGM but will be given an opportunity to give voting instructions to CDN in the usual way.

Further details of the Scheme with necessary actions to be taken by Scarborough Shareholders and Scarborough CDI holders will be contained in the Scheme Document.

## 13. Merger Implementation Agreement

On 12 April 2007, Scarborough, Minsec (BVI) and Minsec entered into the Merger Implementation Agreement which sets out the arrangements between them in relation to the implementation of the Restructuring and the Merger Offer. Each party to the MIA has agreed to implement the Restructuring and the Scheme, as appropriate, and to co-operate with one another in connection with such implementation in the terms set out in the MIA. In addition, each party has entered into certain undertakings concerning the conduct of its business during that period. Further details of the MIA are set out in Appendix III to this announcement. A full copy of the MIA will be annexed to the Minsec Circular released in respect of the Restructuring and will be a document made available for inspection in respect of the Merger Offer.

#### 14. Listing and Registration

The Scheme Document will contain a detailed timetable which, among other things, will establish the times at which trading in Scarborough Shares and CDIs will be suspended on LSE and ASX respectively in connection with the Court hearing to approve the Scheme and the timing of the expected commencement of trading of Minsec (BVI) Scheme Shares on AIM and Minsec (BVI) Scheme CDIs on ASX. It is a condition of the Restructuring (completion of which is a condition of the Merger Offer) that Minsec (BVI) be admitted to the official list of ASX. It is a condition of the Merger Offer that Minsec (BVI) Scheme Shares issued under the Merger Offer be admitted to trading on AIM and that ASX state that, subject to certain conditions, it is not aware of any reason why the Minsec (BVI) Scheme CDIs will not be quoted on ASX.

A conditional application will be made to the UK Listing Authority for the listing of the Scarborough Shares to be cancelled and to the London Stock Exchange for them to cease to be admitted to trading on the London Stock Exchange's market for listed securities. An application will also be made to ASX to cancel the quotation of Scarborough CDIs.

The Minsec (BVI) Shares (including Minsec (BVI) Scheme Shares) will be traded in the UK either through CREST in the form of depositary interests or in certificated form and in Australia in the form of CDIs.

## 15. Change of Name

It is intended that following the Scheme becoming effective, Minsec (BVI) will change its name to Mineral Securities Limited.

## 16. Constitution of Minsec (BVI)

Minsec (BVI) is not a company which is governed by the City Code. Scarborough Shareholders and Minsec Shareholders should be aware that Minsec (BVI) will be governed primarily by the laws of the British Virgin Islands which differ in a number of important respects from the laws governing Scarborough and Minsec. For instance, the laws of the British Virgin Islands impose a different statutory regime for the protection of minority shareholders to that under the laws of England and Wales and Australia.

Scheme Shareholders should also be aware that, under article 44 of the articles of association of Minsec (BVI) (the "Articles"), Minsec (BVI) is permitted, subject to certain limitations, to sell the shares of a shareholder who has a parcel of shares worth less than A\$500 (based on the closing price on ASX, if such shares are quoted, or the price paid on issue, if such shares are not quoted). Minsec Board is entitled to, on behalf of Minsec (BVI), execute the transfer of the shares, enter in the register of Minsec (BVI) the name of the person to whom shares are sold and to receive the purchase money or consideration for the sale.

Article 45 of the Articles provides that, in certain circumstances, the Minsec (BVI) Board is entitled to suspend all voting rights attributable to the shares in which it considers a person has interests if such person (together with any persons considered by Minsec (BVI) board to be acting with him):

- 1. fails to make a mandatory offer on terms no less favourable to the holders of securities in Minsec (BVI) than he would have been obliged to offer under the UK takeover regime within 21 days following the date on which his obligation to extend such an offer would have arisen had the UK takeover regime applied to Minsec (BVI); or
- 2. fails to make a voluntary offer in accordance with the provisions of the UK takeover regime (as if the UK takeover regime applied to Minsec (BVI) or such offer) when he makes a voluntary offer for securities in Minsec (BVI) which, if accepted in full, would result in him holding shares carrying over 50 per cent. of the voting rights of Minsec (BVI).

## 17. Further details of the Merger Offer

The Merger Offer will be governed by English Law.

The Merger Offer will be subject to the terms and conditions set out in Appendix I to this announcement and the further terms and conditions which will be set out in the Scheme Document. These will reflect the terms of the Merger Implementation Agreement entered into by Scarborough, Minsec and Minsec (BVI) immediately prior to the making of this announcement. The Merger Offer will be conditional upon, inter alia, the completion of the Restructuring. The conditions of the Restructuring are set out in Appendix II to this announcement.

This announcement is not intended to and does not constitute an offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Restructuring, Merger Offer or otherwise.

Any decision in relation to the Merger Offer by Scarborough Shareholders should be made only on the basis of information in the Scheme Document to be distributed to Scarborough Shareholders. Scarborough Shareholders are urged to read the Scheme Document when it becomes available because it will contain important information relating to the Merger Offer.

Similarly, any decision by Minsec Shareholders and Optionholders as to how to vote in respect of the Restructuring and Merger Offer should be made only on the basis of information in the Minsec Circular to be distributed to those persons. Minsec Shareholders and Optionholders are urged to read the Minsec Circular when it becomes available because it will contain important information relating to both the Restructuring and Merger Offer.

## **Enquiries:**

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## Appendix I

#### PART A

#### Conditions to the Implementation of the Scheme and the Merger Offer

The Merger Offer will not be completed unless the Scheme has become effective and all the conditions set out below have been satisfied (or, if capable of waiver, waived) or if there has been a breach of any of the conditions in clauses 7 to 10 of Part A of this Appendix I such breach is not capable of being invoked because of clause 5 of Part B of Appendix I by or as at 11.59 p.m. (London time) on 31 August 2007, or such later date as Scarborough and Minsec (BVI) may agree and (if required) the Court may approve.

## 1. Scheme Conditions:

- (i) approval of the Scheme by a majority in number of Scheme Shareholders representing not less than three-quarters in value of the Scheme Shares held by those present and voting, in person or by proxy, at the Court Meeting (or at any adjournment thereof);
- (ii) the special resolutions required to implement the Scheme and give effect to the reduction in capital being passed at the EGM (or at any adjournment thereof);
- (iii) the Scheme being sanctioned by the Court (with or without modification, such modification being acceptable to both Minsec (BVI) and Scarborough) and confirmation of the reduction of capital involved therein by the Court; and
- (iv) delivery to the Registrar of Companies in England and Wales for registration of an office copy of the Court Order sanctioning the Scheme and confirming the reduction of capital and, in relation to the reduction of capital, registration of the Court Order by him

Application to the Court to sanction the Scheme will not be made (i) unless the conditions in clauses 1(i), 1(ii), 3, 4, 5 and 6 of Part A of this Appendix I have been satisfied; or (ii) if any of the conditions in clauses 7 to 10 of Part A of this Appendix I have been breached and the breach has not been waived except if the breach cannot be invoked by Minsec (BVI) because of clause 5 of Part B of Appendix I.

## 2. AIM Admission

The admission of the Minsec (BVI) Scheme Shares to trading on AIM, in accordance with the AIM Rules becoming effective.

#### 3. Completion of the Restructuring

Completion of the Restructuring resulting in Minsec becoming a directly or indirectly wholly owned subsidiary of Minsec (BVI).

## 4. FIRB Condition

Minsec (BVI) receiving a written notice under the Foreign Acquisitions and Takeovers Act 1975 ("FATA"), by or on behalf of the Treasurer of the Commonwealth of Australia stating that the Commonwealth Government does not object to the transactions contemplated by the Merger Offer or the Treasurer of the Commonwealth of Australia becoming precluded from making an order in relation to the subject matter of the Merger Offer and the transactions contemplated by it under the FATA or if an interim order is made under the FATA in respect of the transactions contemplated by the Merger Offer, the subsequent period for making a final order prohibiting the transactions contemplated by it elapsing without a final order being made.

## 5. Minsec Shareholder Approval

Approval by Minsec Shareholders, for the purposes of ASX Listing Rule 10.1, of the acquisition of equity securities from, and the issue of equity securities to Messrs R Champion de Crespigny, M Carnegie and A Roberts, being associates of Scarborough, or from or to persons or entities controlled by those persons respectively, pursuant to or in connection with the Merger Offer.

#### 6. ASX Quotation

ASX confirms that conditional on Minsec (BVI):

- (i) being admitted to the official list of ASX and having quotation granted to the Minsec (BVI) Shares (including Minsec (BVI) CDIs);
- (ii) lodgement of a duly completed Appendix 3B of the ASX Listing Rules in relation to the Minsec (BVI) Scheme Shares (including Minsec (BVI) Scheme CDIs);
- (iii) continuing to be listed on ASX and the Minsec (BVI) Shares quoted at the time that Minsec (BVI) seeks quotation of the Minsec (BVI) Scheme Shares (including Minsec (BVI) Scheme CDIs),
- (iv) Minsec (BVI) satisfying any requirements as to pre-quotation disclosure or otherwise that ASX may impose in relation to the Minsec (BVI) Scheme Shares (including Minsec (BVI) Scheme CDIs); and
- (v) the Minsec (BVI) Scheme Shares (including Minsec (BVI) Scheme CDIs) being allotted and despatched (or, if quotation on a deferred settlement basis prior to allotment and despatch of the Minsec (BVI) Scheme Shares (including Minsec (BVI) Scheme CDIs) in accordance with the timetable for implementing the scheme is requested, Minsec (BVI) giving the appropriate undertakings in respect of quotation of those shares on this basis,

and there being no reason to believe at the relevant time that granting quotation to the Minsec (BVI) Scheme Shares (including Minsec (BVI) Scheme CDIs) would lead to a disorderly or uninformed market, it is not aware of any reason why it will not grant quotation to the Minsec (BVI) Scheme Shares (including Minsec (BVI) Scheme CDIs).

## 7. Consequences of the Merger Offer

Save as Disclosed, there being no provision of any agreement, arrangement, licence, permit, lease or other instrument, including any statute, regulation, decision or order to which any member of the Wider Scarborough Group is a party, or by or to which any such member, or any part of its assets, may be (or may become) bound, entitled or subject, which would or might, in each case as a consequence of the Merger Offer or of the acquisition or proposed acquisition of all or any part of the issued share capital of, or change of control or management of, Scarborough or any other member of the Wider Scarborough Group, or otherwise, reasonably be expected to result in:

- (i) any assets or interests, or any asset the use of which is enjoyed by any member of the Wider Scarborough Group being or falling to be disposed of or charged in any way or ceasing to be available to any member of the Wider Scarborough Group or any rights arising under which any such asset or interest could be required to be disposed of or charged in any way or could cease to be available to any member of the Wider Scarborough Group; or
- (ii) any monies borrowed by or other indebtedness (actual or contingent) of, or any grant available to, any member of the Wider Scarborough Group being or becoming repayable or capable of being declared repayable immediately or earlier than their

stated repayment date or maturity date or the ability of such member of the Wider Scarborough Group to incur any borrowing or indebtedness becoming or being capable of becoming withdrawn, inhibited or prohibited; or

- (iii) any such agreement, arrangement, licence, permit, lease or other instrument or the rights, liabilities, obligations or business or interests of any such member under it being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken under it; or
- (iv) the interests or business of any such member in or with any third party (or any arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- (v) the financial or trading position or prospects or value of any member of the Wider Scarborough Group being prejudiced or adversely affected; or
- (vi) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, or of any material property or assets of any member of the Wider Scarborough Group or any such security (whenever arising or having arisen) becoming enforceable or being enforced; or
- (vii) any member of the Wider Scarborough Group ceasing to be able to carry on business under any name under which, or on the terms on which, it currently does so or any person presently not able to carry on business under any name under which any member of the Wider Scarborough Group currently does becoming able to do so; or
- (viii) the creation of actual or contingent liabilities by any member of the Wider Scarborough Group; or
- (ix) any liability of any member of the Wider Scarborough Group to make any severance, termination, bonus or other payments to any of its directors or other officers;
- (x) the Merger Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control of, Scarborough by any member of the Wider Minsec (BVI) Group being or becoming void, illegal and/or unenforceable under the laws of any jurisdiction, or would otherwise directly or indirectly prohibit, or restrain, restrict, materially delay or otherwise interfere with the implementation of, or impose additional material conditions or obligations with respect to, or otherwise challenge or require amendment of the Merger Offer or the acquisition of any such shares or securities by any member of the Wider Minsec (BVI) Group;
- (xi) the imposition of any limitation on, or material delay in, the ability of any member of the Wider Minsec (BVI) Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Scarborough or on the ability of any member of the Wider Scarborough Group or any member of the Wider Scarborough Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Scarborough Group;
- (xii) a divestiture by any member of the Wider Minsec (BVI) Group of any shares or other securities (or the equivalent) in Scarborough being required, prevented or materially delayed; or
- (xiii) the imposition of any material limitation on the ability of any member of the Wider Minsec (BVI) Group or any member of the Wider Scarborough Group to integrate or co ordinate all or any part of its business with all or any part of the business of any other member of the Wider Minsec (BVI) Group and/or the Wider Scarborough Group;

- (xiv) the imposition of a requirement for any member of the Wider Scarborough Group or the Wider Minsec (BVI) Group to offer to acquire any shares or other securities in any member of the Wider Scarborough Group or any other asset owned by any third party;
- (xv) the ability of any member of the Wider Minsec (BVI) Group to carry on its business being adversely affected, and no event having occurred which, under any provision of any agreement, arrangement, licence, permit, lease or other instrument, statute, regulation, decision or order to which any member of the Wider Scarborough Group is a party, or by or to which any such member, or any of its assets, may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in subparagraphs 7.1(i) to 7.1 (xii) inclusive.

## 8. Corporate action

Since 30 September 2006, save as otherwise Disclosed or pursuant to transactions between members of the Wider Scarborough Group, no member of the Wider Scarborough Group has:

- (i) issued or agreed to issue or authorised or proposed the issue or grant of additional shares of any class or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Scarborough Shares (save pursuant to the exercise of options or awards under the Scarborough Share Schemes); or
- (ii) redeemed, purchased, repaid or reduced or proposed the redemption, purchase, repayment or reduction of any part of its share or loan capital or made or proposed the making of any other change to its share or loan capital; or
- (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus issue or other distribution whether payable in cash or otherwise other than to Scarborough or any wholly owned subsidiary of Scarborough; or
- (iv) effected, authorised, proposed or announced its intention to propose any merger demerger, reconstruction, arrangement, amalgamation, commitment or scheme or any material acquisition, disposal or transfer of assets or shares (other than in the ordinary course of business) or any right, title or interest in any assets or shares or other transaction or arrangement in respect of itself or another member of the Wider Scarborough Group; or
- (v) other than in the ordinary course of business acquired or disposed of, transferred, mortgaged or charged, or created or granted any security interest over, any right, title or interest in any assets (including shares and trade investments) or authorised or proposed or announced any intention to propose any such acquisition, disposal, transfer, mortgage, charge or creation or grant of any security interest; or
- (vi) issued or authorised or proposed the issue of any debentures or incurred or save in the ordinary course of business increased any borrowings, indebtedness or liability (actual or contingent); or
- (vii) entered into, terminated or varied, or authorised or proposed the entry into, termination or variation of, or announced its intention to enter into or vary, any transaction, arrangement, contract or commitment (whether in respect of capital expenditure or otherwise) which is of a loss-making, long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such nature or magnitude or which is or could be restrictive on the business of any member of the Wider Scarborough Group or which is other than in the ordinary course of business; or
- (viii) entered into, implemented, effected, authorised or proposed or announced its intention to enter into, implement, effect, authorise or propose any contract,

- reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business; or
- (ix) waived or compromised any claim; or
- (x) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract with any of the directors or senior executives of Scarborough or any of the directors or senior executives of any other member of the Wider Scarborough Group; or
- (xi) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it or petition presented for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, manager, trustee or similar officer of all or any of its assets or revenues or for any analogous proceedings or steps in any jurisdiction or for the appointment of any analogous person or had any such person appointed in any jurisdiction; or
- (xii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness or has stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement; or
- (xiii) made any alteration to its memorandum or articles of association, or other incorporation documents; or
- (xiv) in relation to any pension schemes established for its directors and/or other employees and/or their dependants, made or agreed or consented to any change to:
  - (A) the terms of the trust deeds constituting such pension schemes or to the benefits which accrue;
  - (B) the pensions which are payable, under them;
  - (C) the basis on which qualifications for or accrual of or entitlement to such benefits or pensions are calculated or determined;
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded or made;
  - (E) or agreed or consented to any change to the trustees of such pension schemes;or
- (xv) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Scarborough Group; or
- (xvi) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, made any other change to any part of its share capital; or
- (xvii) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition 8.

#### 9. Other events

In the period after 30 September 2006, save as Disclosed:

- (i) no litigation or arbitration proceedings, prosecution, investigation or other legal proceedings having been announced, instituted, threatened or remaining outstanding by, against or in respect of, any member of the Wider Scarborough Group or to which any member of the Wider Scarborough Group is or may become a party (whether as claimant, defendant or otherwise); or
- (ii) no adverse event, change or deterioration having occurred in the business or assets or financial or trading position or prospects, assets or profits of any member of the Wider Scarborough Group; or
- (iii) no enquiry or investigation by, or complaint or reference to, any relevant person against or in respect of any member of the Wider Scarborough Group having been threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of, any member of the Wider Scarborough Group; or
- (iv) no contingent or other liability having arisen or become apparent or increased; or
- (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination of any licence held by any member of the Wider Scarborough Group which is necessary for the proper carrying on of its business.

#### 10. Other issues

#### **Environmental**

- 10.1 Save as Disclosed, Minsec (BVI) and/or Minsec not having discovered that:
  - (i) any member of the Wider Scarborough Group has not complied with all applicable legislation or regulations or authorisations of any jurisdiction with regard to the use, handling, storage, transport, production, supply, treatment, keeping, disposal, release, discharge, carriage, spillage, leak or emission of any waste or hazardous substance or any substance reasonably likely to damage or impair the environment (including property) or harm human health or otherwise relating to environmental matters or the health and safety of any person or that there has otherwise been any such use, handling, storage, transport, production, supply, treatment, keeping, disposal, carriage release, discharge, spillage, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations or authorisations and wherever the same may have taken place), which, in any such case, would be likely to give rise to any liability (whether actual or contingent, civil or criminal) or cost (including any property) on the part of any member of the Wider Scarborough Group; or
  - (ii) there has been a disposal, discharge, release, spillage, leak or emission or the migration, production, supply, treatment, storage, carriage or use of any waste or hazardous substance or any substance reasonably likely to damage or impair the environment (including property) or harm human health which would be likely to give rise to any liability (whether actual or contingent, civil or criminal) or cost on the part of any member of the Wider Scarborough Group; or
  - (iii) there is, or is likely to be any liability (whether actual or contingent) or requirement or cost on the part of any member of the Wider Scarborough Group to make good, alter, improve, repair, reinstate or clean up any asset or any other property or any controlled waters in each case currently or previously owned, occupied or made use of by any past or present member of the Wider Scarborough Group (or on its behalf) or in which

any such member may have or prevails to have had or be deemed to have had an interest, under any environmental legislation, common law regulation, notice, circular, order or other lawful requirement of any relevant person or third party or otherwise or to contribute to the cost thereof or associated therewith or indemnify any person thereto.

#### Information

- 10.2 Minsec (BVI) and/or Minsec not having discovered:
  - (i) that the financial, business or other information concerning the Wider Scarborough Group Disclosed is misleading or contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading; or
  - (ii) any information concerning the Wider Scarborough Group Disclosed is or becomes incorrect; or
  - (iii) any information which affects the import of any information Disclosed.

## Criminal property

10.3 Any asset of any member of the Wider Scarborough Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

#### Approvals and Authorisations

- 10.4 In respect of the Sappes project and the Lady Loretta Project only:
  - (A) all material filings or applications which are required to be made by Scarborough or any member of the Wider Scarborough Group in connection with the Merger Offer or its implementation (save for those identified and agreed by Scarborough and Minsec as at the date of this announcement) having been made and all appropriate waiting and other time periods (including extensions of such periods) in connection with such filings having expired or earlier if the relevant consent or approval is obtained or confirmation in writing from the relevant regulatory body that no consent or approval is required is received which in either case renders the filing or the relevant waiting period no longer relevant; and
  - (B) all material authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals ("authorisations") which Scarborough or Minsec (BVI) reasonably deem necessary or appropriate in any jurisdiction for or in respect of the Merger Offer having been obtained including in respect of the Sappes Project only, without limiting any other authorisations reasonably deemed necessary or appropriate in relation to the Sappes Project, the Applicable Greek State Authorities having provided written notice to Scarborough that no consent or approval is required pursuant to article 8-13 of the Greek Mining Code and article 24-26 of Greek Law 1892/1990 as a result of the acquisition of Scarborough by Minsec (BVI) (being a non-EU legal entity) or, if consent or approval is required, the Applicable Greek State Authorities having consented to the acquisition of Scarborough by Minsec (BVI) (being a non-EU legal entity) pursuant to article 8-13 of the Greek Mining Code and article 24-26 of Greek Law 1892/1990, in each case, either unconditionally or subject to conditions which do not constitute a Material Adverse Change.

Except where the context otherwise requires, references in this Appendix I to "Disclosed" means disclosed in any public announcements by Scarborough and/or fairly disclosed:

(i) in writing to Minsec (BVI) and/or Minsec or their respective professional advisers; or

(ii) otherwise disclosed by Robert Champion de Crespigny or John Richards to Keith Liddell or Mark Bolton,

at least 2 Business Days prior to the release of this announcement.

#### PART B

## Certain further terms of the Merger Offer

- 1. The conditions in clause 1 (the Scheme), clause 2 (AIM Admission), clause 3 (Completion of the Restructuring), clause 4 (FIRB), clause 5 (Minsec Shareholder Approval) and clause 6 (ASX Quotation) of Part A of this Appendix I cannot be waived. Minsec (BVI) reserves the right to waive, in whole or in part, all or any of the other conditions set out in Part A of this Appendix I. Subject to paragraph 5 below, the Scheme will not become effective and the Merger Offer will not be completed unless the conditions set out in Part A of this Appendix I and to be set out in the Scheme Document are fulfilled or satisfied or, if capable of waiver, waived by Minsec (BVI) or Minsec or, where appropriate, have been determined by Minsec (BVI) or Minsec to be or to remain satisfied no later than 31 August 2007, or such later date as Scarborough and Minsec (BVI) may agree and the Court may agree.
- 2. Each of the conditions set out in paragraphs 1 to 10 of Part A of this Appendix I shall be regarded as a separate condition and shall not be limited by reference to any other condition.
- 3. Minsec (BVI) shall be under no obligation to waive or treat as fulfilled any of the conditions set out in paragraphs 7 to 10 (inclusive) of Part A of this Appendix I by a date earlier than the date specified above for the fulfilment thereof notwithstanding that the other conditions of the implementation of the Scheme may at such earlier date have been fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.
- 4. The Merger Offer will lapse if: (A) the acquisition of Scarborough by Minsec (BVI) is referred to the Competition Commission; or (B) the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or makes a referral to a competent authority of the United Kingdom under Article 9(1) thereof and it is subsequently referred to the Competition Commission, in either case before the date of the Court Meeting. If the Merger Offer so lapses the Scheme will not be capable of becoming effective.
- 5. Minsec (BVI) has agreed not to invoke any of the conditions in clauses 7 to 10 (inclusive) of Part A of this Appendix I, if:
  - (i) the effect of the circumstance which would otherwise give rise to the right to invoke the condition does not constitute or will not constitute a Material Adverse Change; or
  - (ii) they may otherwise have been capable of being invoked, as a result of the taking by Scarborough or a member of the Wider Scarborough Group of any action which is not prohibited by, or is expressly permitted by clause 6 of the Merger Implementation Agreement.

## Appendix II

#### Conditions to the Restructuring

The following is a summary of the conditions to the Restructuring:

- (a) Approval of the Restructuring Scheme between Minsec and the Minsec Shareholders by the Requisite Majority at the Restructuring Scheme Meeting;
- (b) Approval of the Restructuring Scheme between Minsec and the Minsec Optionholders by the Requisite Majority at the Restructuring Scheme Meeting;
- (c) Prior to 8:00am on the Final Australian Court Approval Date;
  - (i) Minsec (BVI) has received a written notice under the FATA, by or on behalf of the Treasurer of the Commonwealth of Australia stating that the Commonwealth Government does not object to the transactions contemplated by the Restructuring Agreement; or
  - (ii) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the subject matter of the Restructuring Agreement and the transactions contemplated by the Restructuring Agreement under the FATA; or
  - (iii) if an interim order is made under the FATA in respect of the transactions contemplated by the Restructuring Agreement, the subsequent period for making a final order prohibiting the transactions contemplated by the Restructuring Agreement elapses without a final order being made;
- (d) Prior to 8:00am on the Final Australian Court Approval Date, approval for admission of Minsec (BVI) to the official list of ASX and agreement to quote the consideration due under the Restructuring Schemes issued in the form of CDIs on ASX being obtained subject only to the Restructuring Schemes being approved by the Australian Court under section 411 of the Corporations Act and taking effect and the usual conditions imposed by ASX, such as standard pre-quotation disclosures;
- (e) The approvals, consents, modifications, exemptions, waivers and confirmation applied for before the date of the Restructuring Agreement by or on behalf of Minsec or Minsec (BVI) in relation to the Restructuring Scheme or the Merger Offer from ASX are obtained on or before 18 May 2007;
- (f) ASIC:
  - (i) consents to the contents of the independent expert's report to be sent to shareholders and optionholders in respect of the Restructuring Schemes as required by Corporations Regulations Schedule 8, Part 3, Clause 8303 by 18 May 2007; and
  - (ii) registers the scheme booklet to be sent to Minsec Security Holders in accordance with section 412(6) of the Corporations Act by 15 June 2007;
- (g) The Australian Court makes an order pursuant to section 411(1) convening the Restructuring Scheme Meetings required to implement the Schemes;
- (h) The Australian Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Restructuring Schemes before 10 August 2007 or such later date as Minsec and Minsec (BVI) may agree;
- (i) No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing

consummation of the Schemes shall be in effect at 8.00am on the Final Australian Court Approval Date.

Except where the context requires otherwise, references in this Appendix II to:

## "Requisite Majority"

means a resolution passed by:

- (i) a majority in number (more than 50 per cent) of those persons who are entitled to vote on the resolution in respect of the Restructuring Scheme and are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
- (ii) at least 75 per cent of the votes cast on the resolution.

## "Restructuring Schemes"

mean the inter-conditional schemes of arrangement between Minsec and Minsec Shareholders and Minsec and Minsec Optionholders (respectively) under section 411 of the Corporations Act to give effect to the Restructuring and "Restructuring Scheme" means either one of these arrangements.

# "Restructuring Scheme Meetings"

mean the meetings of Minsec Optionholders and Minsec Shareholders (respectively) ordered by the Australian Court to be convened pursuant to section 411(1) of the Corporations Act to consider, and if thought fit, approve the Restructuring Schemes and "Restructuring Scheme Meeting" means either one of these meetings.

"Australian Court"

mean Supreme Court of Western Australia.

"ASIC"

mean the Australian Securities and Investments Commission.

"FATA"

mean the Foreign Acquisitions and Takeovers Act 1975 (Cth).

"Final Australian Court Approval Date" mean the first day on which the Australian Court hears the application for an order pursuant to section 411(4)(b) of the Corporations Act approving the Restructuring Schemes.

#### Appendix III

### The Merger Implementation Agreement

The following is a summary of the main terms of the Merger Implementation Agreement. It is not intended to override any of the terms of the Merger Implementation Agreement.

#### **Conduct of Business**

The parties have made certain undertakings concerning the conduct of their respective business during the period until the Merger Offer is completed. These undertakings are directed towards ensuring the business of each Group is conducted in the ordinary course of business and that no material changes occur or new material transactions are entered into without the consent of the relevant party or parties. There are express exceptions in relation to each party in respect of planned matters or to give flexibility.

The Merger Implementation Agreement also includes undertakings not to solicit any transactions (not including the Restructuring and the Merger Offer) which will result in any third party acquiring or holding or having a economic interests in (i) all or substantially all of its assets associated with the business or operations of that party or all or substantially all of the shares in any member of that party's group that holds any material assets associated with the business or operations of that party or (ii) more than 50 per cent. of its voting shares (a "Third Party Transaction"). In addition, subject to the statutory and legal obligations of the parties and their respective directors, the parties are not entitled to negotiate or facilitate Third Party Transactions.

#### Implementation of the Scheme and the Recommendation

The Merger Implementation Agreement sets out the framework for, and allocation of responsibilities in relation to, the implementation of actions required to give effect to the Merger Offer. In general terms, Scarborough is responsible for preparing documents for and implementing the Scheme. Minsec and Minsec (BVI) have been allocated specific responsibilities in relation to certain matters and have a general obligation to use reasonable endeavours to facilitate the implementation of the Scheme.

## Scarborough has agreed inter alia:

- not to postpone or adjourn any of meetings to be held in relation to the Merger Offer and the Scheme, except to the extent that Scarborough Directors have determined in good faith with the benefit of legal advice and having regard to the Scheme End Date (as defined below), that the date of any of those meetings should be postponed or adjourned to comply with the fiduciary duties of those directors, or except as may be required by vote of the persons entitled to vote at the relevant meeting;
- 2. to prepare the Scheme Document (other than the sections relating to Minsec and Minsec BVI for which Minsec and Minsec (BVI) are responsible) and to participate in the preparation of the admission document required for the admission of Minsec (BVI) Shares to trading on AIM.
- 3. unless the Scarborough Directors determine, in good faith, based on the written opinion of external legal counsel (acting reasonably) that a Material Adverse Change has occurred in relation to Minsec and/or Minsec (BVI), to use all reasonable endeavours to procure that, until the Scheme End Date, its directors: (a) unanimously recommend that Scarborough Shareholders vote in favour of all resolutions to approve the Scheme in the Scheme Document, in all key public announcements relating to the Merger Offer and in every other key communications with Scarborough Securities Holders in relation to the Merger Offer; and (b) do not make any public statement or take any public action which would suggest that the Merger Offer is not recommended by them;

4. to use all reasonable endeavours to cause the conditions set out in clause 1(i) to 1(iv) of Part A in Appendix I to be satisfied as soon as possible after the date of the Merger Implementation Agreement and continue to be satisfied at all times until the last time it is to be satisfied (as the case may require) and not knowingly to cause any of the conditions in clauses 7 to 10 of Part A of Appendix I to this announcement to become capable of being invoked and that nothing within the reasonable control of Scarborough occurs that prevents those conditions being satisfied. Scarborough, Minsec and Minsec (BVI) must each use all reasonable endeavours to satisfy the condition in clause 2 of Part A of Appendix I to this announcement to be satisfied.

Minsec and Minsec (BVI) have agreed inter alia:

- 1. to prepare those sections of the Scheme Document which relate to Minsec and Minsec BVI (not the Enlarged Group), their respective Directors, and the terms of the Restructuring and its implementation and generally to assist with the preparation of the Scheme Document as Scarborough may from time to time reasonably request, and to participate in the preparation of the admission document required for the admission of Minsec (BVI) shares to trading on AIM:
- 2. in the case of Minsec (BVI), to issue and allot or caused to be issued and allotted each Scarborough Shareholder 4 Minsec (BVI) Shares for every 5 Scheme Shares that they hold if the Merger Offer is successfully implemented;
- 3. to use all reasonable endeavours to cause the conditions set out in clauses 3, 4, 5 and 6 of Part A in Appendix I to this announcement to be satisfied. Minsec and Minsec (BVI) have agreed not to invoke any of the conditions in clauses 7 to 10 of Part A of Appendix I to this announcement in terminating the Merger Implementation Agreement or the Merger Offer if the effect of the circumstance which gives rise to the right to invoke the condition does not constitute or will not constitute a Material Adverse Change; or it results from action taken by Scarborough or a member of the Wider Scarborough Group which is not prohibited by, or is expressly permitted by clause 6 of the Merger Implementation Agreement (which relates to conduct prior to the Scheme End Date).

## The Restructuring

The Merger Implementation Agreement, together with the Restructuring Agreement, sets out the framework for and allocation of responsibilities in relation to the implementation of the Restructuring. In general terms, Minsec is responsible for preparing documents for and implementing the Restructuring.

Minsec and Minsec (BVI) have agreed inter alia:

- not to postpone or adjourn any of meetings to be held to approve the Minsec Resolutions (as defined below), except to the extent that Minsec Directors have determined in good faith with the benefit of legal advice and having regard to the Restructuring End Date (as defined below), that the date of any of those meetings should be postponed or adjourned to comply with the fiduciary duties of those directors, or except as may be required by vote of the persons entitled to vote at the relevant meeting;
- 2. to prepare the circular to be issued by the Minsec to the Minsec Security Holders ("Minsec Circular") (other than the sections relating to Scarborough for which Scarborough is responsible);
- 3. unless the Minsec Directors determine, in good faith based on the written opinion of external legal counsel (acting reasonably) that a Material Adverse Change has occurred in relation to Scarborough or, in limited circumstances, Minsec and/or Minsec (BVI), use all reasonable endeavours to procure that until the Scheme End Date its directors: (a) unanimously recommend that Minsec Security Holders vote in favour of the Minsec Resolutions, in all key public announcements relating to the Restructuring and/or the Merger Offer and in the

Minsec Circular and every other key communications with Minsec Security Holders in relation to the Restructuring and/or the Merger Offer; and (b) do not make any public statement or take any public action which would suggest that the Restructuring and the Merger Offer are not recommended by them;

- 4. to use all reasonable endeavours to satisfy the conditions to the Restructuring as soon as possible;
- 5. in the case of Minsec (BVI) to issue the securities required if the Restructuring is successfully implemented;
- 6. not to amend (without Scarborough's consent where the interests of Scarborough or Scarborough Shareholders are affected) the Restructuring Agreement or terminate the Restructuring Agreement except in accordance with its terms.

Scarborough has agreed inter alia:

- 1. to prepare those sections of the Minsec Circular which relate to Scarborough, its directors and the terms and manner of implementation of the Merger and generally to assist with the preparation of the Minsec Circular as Minsec may from time to time reasonably request;
- 2. if and to the extent that Scarborough is permitted to vote at any of the meetings of Minsec Security Holders to approve the Restructuring, Scarborough shall vote in favour of the resolutions approving the Restructuring, unless the Minsec Directors have recommended that Minsec Security Holders to vote against such resolutions.

### **Indemnities**

Each of Scarborough, on the one hand, and Minsec and Minsec (BVI) on the other, have agreed to indemnify the other and their respective directors in respect of damages, losses or claims arising out of any failure by it to comply with information disclosure obligations which are contained in the Merger Implementation Agreement and which set out the obligations of the parties and the responsibility for providing information and disclosures which are required for, as applicable, the Minsec Circular, the Scheme Document and the document to be prepared in relation to the admission of the Minsec (BVI) Shares to trading on AIM.

The indemnities are subject to the limitations of liability mentioned below.

## **Transaction Costs**

Minsec and Minsec (BVI) have agreed to pay all of the costs which would have been incurred by Minsec and/or Minsec (BVI) in relation to the Restructuring if the Merger Offer had not been contemplated which the parties have agreed will be deemed to be A\$400,000 ("Agreed Restructuring Costs").

The parties have agreed to an equal split of the costs incurred in relation to the Merger Offer and the Restructuring which exceeds the Agreed Restructuring Costs (the "Remaining Costs").

In certain circumstances, either Scarborough or Minsec may become liable for all of the Remaining Costs. These circumstances include the following:

- 1. Scarborough must pay all of the Remaining Costs if the Scarborough Shareholders do not pass any of the Scarborough Resolutions (as defined below) required to be passed by them by the requisite majority;
- 2. Minsec must pay all of the Remaining Costs if the Minsec Security Holders do not pass any of the Minsec Resolutions required to be passed by them by the requisite majority;

- 3. either party must pay all of the Remaining Costs if it breaches or does not satisfy a condition to the Merger Offer due to an act or deliberate and knowing omission of, or made at the direction of, that party which constitutes a breach of the Merger Implementation Agreement or of that party's obligations under the ASX Listing Rules;
- 4. either party must pay all of the Remaining Costs if it breaches or does not satisfy a condition to the Merger Offer due to a negligent omission in relation to the performance by that party of its obligations under the Merger Implementation Agreement which results in a breach of the Merger Implementation Agreement or the ASX Listing Rules;
- 5. if the agreement is terminated by Scarborough, on the one hand or Minsec and Minsec (BVI), on the other, as a result of the other's failure to remedy a material breach within 14 days after the notice of breach has been given; or completion of a Third Party Transaction in relation to the other, in which case the entity terminating will be entitled to be paid all of its Remaining Costs.

Scarborough shall not be obliged to pay all of the Remaining Costs if, at the date on which the trigger event:

- 1. the Scarborough Directors, as a result of a Material Adverse Change in respect of Minsec or Minsec (BVI), recommend or have recommended that the Scarborough Shareholders vote against the Scarborough Resolutions; or
- 2. the Minsec Directors, as a result of Material Adverse Change in respect of Minsec or Minsec (BVI) recommend or have recommended that the Minsec Security Holders vote against the Minsec Resolutions; or
- 3. the relevant Minsec Security Holders do not pass, by the requisite majority, any of the Minsec Resolutions, unless the Minsec Directors, as a result of a Material Adverse Change in Scarborough recommend or have recommended that Minsec Security Holders vote against any of the Minsec Resolutions; and

as a consequence the Scheme does not become effective.

Minsec shall not be obliged to pay all of the Remaining Costs if, at the date on which the trigger event occurs:

- 1. the Minsec directors, as a result of a Material Adverse Change in respect of Scarborough, recommend or have recommended that the Minsec Security Holders vote against the Restructuring Resolutions; or
- 2. Scarborough Shareholders do not pass, by the requisite majority, any of the Scarborough Resolutions, unless the Scarborough Directors, as a result of a Material Adverse Change in Minsec or Minsec (BVI), recommend or have recommended that Scarborough Shareholders vote against any of the Scarborough Resolutions, and

as a consequence the Scheme does not become effective.

## Limitation on Liabilities

The liability of each party in relation to the indemnities, any breach of the Merger Implementation Agreement or any warranty given therein:

- 1. is unlimited where the person entitled to the benefit is or was a director of Scarborough, Minsec or Minsec (BVI) or is a proposed director of Minsec (BVI) (except for any limitation applying as a matter of law);
- 2. in respect of a breach of the Merger Implementation Agreement or of a warranty given therein where the breach is capable of remedy and the party in breach remedies the breach

to the satisfaction of Scarborough or Minsec (BVI) and Minsec (as the case requires and acting reasonably) within 14 days after notice of the breach has been given to it by the party seeking to rely on the breach, the party remedying the breach shall have no liability;

3. is limited for all other claims, in the aggregate to the sum of A\$2,000,000.

Subject to Clause 22.4 described below, the limitation on liability described above does not operate to limit the liability to pay the Transaction Costs described above and in calculating a party's liability under the indemnities or for breach of the Merger Implementation Agreement or any warranty given therein, the Transaction Costs shall be disregarded.

In addition to the limitations on liability described above, under clause 22.4 of the Merger Implementation Agreement:

- 1. if any amount payable under the MIA by Scarborough, prior to being paid by Scarborough, would otherwise require the approval of Scarborough Shareholders under the UK Listing Rules (the "Restrictions"), the amount for which Scarborough may be liable will be limited to the maximum amount payable without the requirement for such shareholder approval under the Restrictions but only to the extent that the Restrictions are applicable to the payment in the relevant circumstances; and
- 2. if any amount payable under the Merger Implementation Agreement by a party other than Scarborough would, if it were payable by Scarborough in corresponding circumstances, be limited by the Restrictions the amount for which that party may be liable will be limited to the maximum amount payable without the requirement for such shareholder approval under the Restrictions but only to the extent that the Restrictions are applicable to the payment in the relevant circumstances.

#### Termination

The Merger Implementation Agreement can be terminated, inter alia,:

- 1. by notice in writing from a party to the other party following the failure of that other party to remedy a material breach of a material obligations of that other party under the Merger Implementation Agreement within 14 days after the relevant notice of breach is served;
- 2. by notice in writing from a party to the other party following completion of a Third Party Transaction by that other party;
- 3. automatically if certain conditions is not satisfied.

Minsec and Minsec (BVI) cannot terminate for breach by the other or a Third Party Transaction affecting the other

## Warranties and representations

The parties have given each other limited warranties in relation to corporate power and authority to enter into the Merger Implementation Agreement and to implement the Merger Offer, title to assets, levels of indebtedness, solvency and compliance with applicable disclosure requirements.

## Compliance with laws

The parties have agreed that each party must comply with its own obligations imposed by applicable law and shall be liable, in accordance with applicable law, for any failure to do so. In performing those obligations, the Merger Implementation Agreement sets out certain agreements and arrangements to facilitate the performance of those obligations (and in some cases requires another party to perform those obligations on behalf of the person responsible under the law). These obligations apply other than where it is rendered void by applicable law. To the extent that an obligation arises under applicable law which is not dealt with in the Merger Implementation

Agreement, each party will to the extent reasonably requested by another party work together with that other party and assist it to perform those obligations as quickly and efficiently as reasonably possible.

## Effect of a Material Adverse Change in a party

Under the Merger Implementation Agreement, the directors of a party are entitled to change their recommendation in relation to the resolutions required to implement the Merger Offer if there is a Material Adverse Change as set out more particularly below:

- (a) the Scarborough Board will be able to change their recommendation to Scarborough Shareholders to vote in favour of the Scarborough Resolutions in the event of a Material Adverse Change in Minsec and/or Minsec (BVI); and
- (b) the Minsec Board will be able to change their recommendation to Minsec Security Holders to vote in favour of the Minsec Resolutions if there is a Material Adverse Change in relation to Scarborough, Minsec or Minsec (BVI) (and where it relates to Minsec or Minsec (BVI) it is a Material Adverse Change which:
  - (i) is not due to a change, effect, event, condition or development, the occurrence of which was reasonably within the ability of the Directors of Minsec and/or Minsec (BVI) to prevent through the exercise of reasonable diligence and without breaching their directors' duties; and
  - (ii) adversely affects the achievement of any of the benefits to Minsec, Minsec (BVI) or Minsec Security Holders, of the Restructuring or the Merger or both, that Minsec reasonably anticipates may be achieved.

## **Definitions**

In this Appendix:

## "Material Adverse Change" means:

- (a) when used in relation to Minsec or Scarborough, a net negative effect:
  - that has occurred or is reasonably likely to occur, on the value of the consolidated net assets of it, its subsidiaries and associated undertakings (its "Group") as compared to the consolidated net assets of its Group as at the date of the Merger Implementation Agreement;
  - (ii) arising as a result of all changes, effects, events, conditions or developments that occur after the date of the Merger Implementation Agreement or are first identified by the party seeking to rely on the Material Adverse Change after the date of this Agreement to the business, financial or trading position or condition, assets or liabilities or prospects of it and the other members of its Group taken as a whole; and
  - (iii) after taking account of all the positive and negative effects of such changes, effects, events, conditions or developments in relation to its Group,

of not less than A\$15,000,000;

- (b) when used in relation to Minsec (BVI), a net negative effect:
  - (i) that has occurred or is reasonably likely to occur, on the value of the consolidated net assets of its Group as compared to the consolidated net assets of the Minsec Group as at the date of this Agreement;

- (ii) arising as a result of all changes, effects, events, conditions or developments that occur after the date of the Merger Implementation Agreement or are first identified by the party seeking to rely on the Material Adverse Change after the date of this Agreement to the business, financial or trading position or condition, assets or liabilities or prospects of it and the other members of its Group taken as a whole assuming that the Restructuring or the Merger Offer or both have taken effect or on the anticipated benefits to Minsec (BVI) arising from the Restructuring or the Restructuring and the Merger Offer, and
- (iii) after taking account of all the positive and negative effects of such changes, effects, events, conditions or developments in relation to its Group,

of not less than A\$15,000,000.

In relation to both paragraph (a) and paragraph (b) of this definition, positive and negative effects on the value of the consolidated net assets of a party (assuming, where the relevant party is Minsec (BVI), that the Restructuring has taken effect) will be ignored to the extent that they arise from:

- (a) the making of this Announcement or the undertaking of, and the costs associated with, the Restructuring or the Merger Offer or both;
- (b) compliance by it with the terms of, or the taking of any action (or the failure to take any action) by it required by, the Merger Implementation Agreement or the Restructuring Agreement or as a result of this Announcement having been made or which is expressly permitted, by clause 6 of the Merger Implementation Agreement;
- (c) changes in generally accepted accounting principles ("GAAP") or International Financial Reporting Standards ("IFRS") or proposed changes in GAAP or IFRS; or
- (d) the resignation of any one or more of the members of senior management of that party or its respective subsidiary undertakings (but not the resignation of either Robert Champion de Crespigny or Keith Liddell);

"Minsec Resolutions" means the Restructuring Resolutions and the resolution of Minsec Shareholders required in relation to the Merger Offer under ASX Listing Rule 10.1;

"Restructuring End Date" means the earlier to occur of:

- (e) the date when the Restructuring takes effect in accordance with its terms and the Corporations Act; and
- (f) the date the Restructure Agreement is terminated;

"Restructuring Resolutions" means the resolutions required to be passed by Minsec Security Holders for the purposes of approving the Restructuring in accordance with section 411 of the Corporations Act; and

"Scheme End Date" means the earlier to occur of:

- (a) the Scheme Effective Date; and
- (b) the date the Merger Implementation Agreement terminates.

## Appendix IV

#### **Bases and Sources**

Save as otherwise stated, the following constitute the bases and sources of certain information referred to in this announcement:

- (a) The current capitalisation of Minsec of A\$106.17 million is based on 66,982,988 Minsec Shares in issue as at the close of business on 12 April 2007 (being the latest date prior to the release of this announcement) and Minsec's share price of 158.5 cents on such date. Minsec has also entered into agreements in relation to the acquisition of shares and options in Tianshan and CopperCo (including the contingent acquisition of CopperCo shares from Scarborough) which will, when completed, result in the issue of a further 10,477,858 Minsec Shares. This capital is not diluted for any of Minsec's issued options. Scarborough holds 11,668,668 Minsec Shares and may be issued a further 777,911 Minsec Shares on completion of the contingent acquisition.
- (b) Unless otherwise stated, the information on Minsec is extracted from Minsec's annual reports and accounts for the three years ended 30 June 2006, its interim results for the six months ended 31 December 2006 and its internal records.
- (c) The current capitalisation of Scarborough of £43.14 million is based on 101,498,467 Scarborough Shares in issue as at the close of business on 12 April 2007 (being the latest date prior to the release of this announcement) and Scarborough's share price of 42.5 pence on such date. This issued capital is not diluted for the Scarborough Class B Options or the Scarborough Convertible Redeemable Preference Shares. "Treasury" shares are excluded.
- (d) Unless otherwise stated, the information on Scarborough is extracted from Scarborough's annual report and accounts for the fifteen months ended 30 September 2006.

## Appendix V

## **Definitions**

The following definitions apply throughout this announcement, unless the context requires otherwise:

"A\$" the lawful currency of Australia;

"Act" or "Companies Act" the Companies Act 1985 (as amended) of England and

Wales;

"AIM" a market of that name operated by the London Stock

Exchange;

"AIM Admission" admission of the Minsec (BVI) Shares (including the Minsec

(BVI) Scheme Shares) to trading on AIM becoming effective;

"Applicable Greek Authority" such of the Ministry of Development and/or the Cabinet of

Ministers and/or the Ministry of Defence and/or any other regulatory body as is appropriate in accordance with the

relevant legislation of Greece;

"ASX" ASX Limited, or the stock exchange operated by it;

"ASX Listing Rules" the listing rules of ASX and any other rules of ASX which

are applicable, each as amended or replaced from time to time except to the extent of any express waiver by ASX;

"Board" as the context requires, the board of directors of

Scarborough, the board of directors of Minsec (BVI) or the board of directors of Minsec and the terms "Scarborough Board", "Minsec (BVI) Board" and "Minsec Board" shall be

construed accordingly;

"business day" a day (other than a Saturday or Sunday) on which banks are

generally open for business in London;

"Canada" Canada, its provinces and territories and all areas subject

to its jurisdiction and any political sub-division thereof;

"CDI" Chess Depositary interest being a unit of beneficial

ownership in a security held by CDN;

"CDN" CHESS Depositary Nominees Pty Ltd;

"CHESS" the Australian system for electronic settlement of

transactions affecting shares or other interests quoted on ASX known as the Clearing House Electronic Settlement

System;

"City Code"

The City Code on Takeovers and Mergers issued on behalf

of the Panel;

"CopperCo" CopperCo Limited;

"Corporations Act" Corporations Act 2001 of Australia;

"Court" the High Court of Justice in England and Wales;

"Court Meeting" the meeting of Scheme Shareholders (and any adjournment

thereof) to be convened pursuant to an order of the Court pursuant to section 425 of the Act for the purpose of

considering and, if thought fit, approving the Scheme (with or without amendment) of which notice will be set out in

the Scheme Document;

"Court Order" means the order of the Court sanctioning the Scheme

under section 425 of the Companies Act and confirming the reduction of capital under section 137 of the Companies

Act;

"CREST" a relevant system (as defined in the Regulations) in respect

of which CRESTCo Limited is the Operator (as defined in

the Regulations);

"Cutfield Freeman" Cutfield Freeman & Co Limited;

"Enlarged Group" the Minsec (BVI) Group, as enlarged by the acquisition of

Scarborough;

"Extraordinary General Meeting" or

"EGM"

the extraordinary general meeting of Scarborough Shareholders of which the notice will be set out in the

Scheme Document:

"Hearing Date" the date on which the Court sanctions the Scheme and

confirms the reduction of capital which forms part of it;

"Lady Loretta Project" the activities being undertaken pursuant to an

unincorporated joint venture between Noranda Pacific Pty Limited and Buka Minerals (Lady Loretta No 2) Pty Limited created by an agreement between them dated 25 January

2001;

"Listing Rules" the rules and regulations of the UK Listing Authority made

under the Financial Services and Markets Act 2000;

"London Stock Exchange" London Stock Exchange plc;

"Material Adverse Change" has the meaning given to it in Appendix III;

"Merger" the merger of Scarborough and Minsec resulting from the

Merger Offer;

"Merger Implementation Agreement"

or "MIA"

the agreement entered into between Minsec (BVI) (1), Minsec (2) and Scarborough (3) dated 12 April 2007 for the

purposes of implementing the Restructuring and the

Merger Offer;

"Merger Offer" the recommended offer being made by Minsec (BVI)

contained in this announcement, subject to the terms and conditions set out in the Scheme Document including, where the context requires, any subsequent revision,

variation, extension or renewal of such offer;

"Minsec" Mineral Securities Limited;

"Minsec (BVI)" Minsec (BVI) Limited;

"Minsec (BVI) CDI" a CDI representing beneficial interest in each 1 Minsec

(BVI) Share or 1 Minsec (BVI) Class A Option to be issued to holders of Minsec Shares or Minsec Options in accordance

with the Restructuring;

"Minsec (BVI) Class A Option" an option to subscribe for 1 Minsec (BVI) Share on terms

substantially the same as the terms of the Minsec Options;

"Minsec (BVI) Group"

Minsec (BVI) and its subsidiary and associated undertakings including the Minsec Group following the Restructuring;

"Minsec (BVI) Scheme CDI"

a CDI representing beneficial interest in 1 Minsec (BVI) Scheme Share to be issued to holders of Scarborough CDIs in accordance with the Scheme:

"Minsec (BVI) Scheme Shares"

Minsec (BVI) Shares to be issued to Scarborough Shareholders in accordance with the Scheme;

"Minsec (BVI) Shares"

ordinary shares in Minsec (BVI);

"Minsec Circular"

the document to be despatched to Minsec Shareholders and Minsec Optionholders as soon as practicable setting out the full terms and conditions of the Restructuring;

"Minsec Directors"

the directors of Minsec for the time being;

"Minsec Group"

Minsec and its subsidiary and associated undertakings;

"Minsec Investments (BVI)"

Minsec Investments (BVI) Limited a wholly owned subsidiary of Minsec (BVI) incorporated in the British Virgin Islands:

"Minsec Option"

an ASX listed option to subscribe for a Minsec Share;

"Minsec Optionholder"

a holder of Minsec Options;

"Minsec Security Holders"

together, the Minsec Shareholders and the Minsec Optionholders;

"Minsec Share"

a fully paid ordinary share in the capital of Minsec;

"Minsec Shareholder"

a holder of Minsec Shares;

"Official List"

the Official List of the UK Listing Authority;

"Overseas Shareholders"

Scarborough Shareholders whose registered addresses are outside the UK, Australia, Canada or the United States of America or who are citizens or residents of countries other than the UK, Australia, Canada or the United States of America unless the City Code otherwise requires or Minsec (BVI) is satisfied before the Scheme Effective Date that the laws of the place of the address, citizenship or residence (as the case may be) permit the issue and allotment of Minsec (BVI) Scheme Shares to that Scarborough Holder either unconditionally or after compliance with conditions which Minsec (BVI) in its sole discretion regards as acceptable and not unduly onerous;

"Panel"

The Panel on Takeovers and Mergers;

"QId"

Queensland;

"RBC" or "RBC Capital Markets"

Royal Bank of Canada Europe Limited;

"Regulations"

the Uncertificated Securities Regulations 2001 (SI 2001 No 3775), as amended from time to time;

"Restructuring"

the acquisition by Minsec (BVI) of all of the issued securities of Minsec pursuant to two inter conditional schemes of arrangement between Minsec and Minsec (BVI) under section 411 of the Corporations Act, together with the conditional private acquisition of certain options to subscribe for Minsec shares which are not the subject matter or either of those schemes, resulting in Minsec being a wholly owned subsidiary of Minsec (BVI);

"Restructuring Agreement"

the agreement entered into between Minsec (BVI) (1) and Minsec (2) dated on 12 April 2007 for the purposes of implementing the Restructuring;

"Scarborough"

Scarborough Minerals plc (registered in England under company number 1862971);

"Scarborough CDIs"

CDIs each representing beneficial ownership of one Scheme Share;

"Scarborough Convertible Preference Shares"

3,601,069 convertible redeemable preference shares of 30 pence each in Scarborough;

"Scarborough Directors"

the directors of Scarborough for the time being;

"Scarborough Group"

Scarborough and its subsidiary and associated undertakings;

"Scarborough LTIP"

Scarborough Long Term Incentive Plan;

"Scarborough Resolutions"

the resolutions to be proposed at the Court Meeting and the EGM to give effect to the Merger Offer;

"Scarborough Share Schemes"

the Scarborough 1995 Approved Executive Share Option Scheme, the Scarborough 2006 Unapproved Class B Options Scheme and the Scarborough Long Term Incentive Plan and rights to be issued options of Mr Robert McDonald under the Scarborough 2007 Non-Executive Directors' Share Option Scheme;

"Scarborough Shareholders"

holders of the Scarborough Shares;

"Scarborough Shares"

the ordinary shares of 30 pence each in Scarborough;

"Scheme"

the scheme of arrangement under section 425 of the Act between Scarborough and Scheme Shareholders which is set out in the Scheme Document, with or subject to any modification thereof or in addition thereto or condition agreed by Scarborough and Minsec (BVI) and which the Court may approve or impose;

"Scheme Document"

the document to be dispatched to Scarborough Shareholders as soon as practicable following this announcement setting out the full terms and conditions of the Scheme:

"Scheme Effective Date"

the date of which the Scheme becomes effective in accordance with its terms:

"Scheme Shareholders"

the registered holders of the Scheme Shares;

"Scheme Shares"

the Scarborough Shares in issue at the date of the Scheme Document and any Scarborough Shares issued:

- (i) after the date of the Scheme Document and prior to the Voting Record Time; or
- (ii) at or after the Voting Record Time and before the close of business on the business day preceding the Hearing Date on terms that the holder thereof shall

be bound by the Scheme or, in the case of any such shares issued prior to the adoption of the amendment to the articles of association set out in the notice of EGM, in respect of which the original or any subsequent holder thereof is or shall have agreed in writing to be bound by the Scheme;

"subsidiary" or "subsidiary undertaking"

have the meanings given to them by the Act;

"UK Listing Authority"

the Financial Services Authority, acting as the UK Listing

Authority;

"United States" or "USA"

the United States of America, its territories and possessions or areas subject to its jurisdiction, any state of the United States of America and the District of Columbia;

"US Securities Act"

United States Securities Act 1933 (as amended);

"Vic"

Victoria:

"Voting Record Time"

6.00 p.m. on the day which is two days before the date for which the Court Meeting is convened or, if the Court Meeting is adjourned, 48 hours before the time fixed for such adjournment;

"WA"

Western Australia;

"Wider Minsec (BVI) Group"

as the context requires, Minsec (BVI) and Minsec and their

respective wholly owned subsidiary undertakings; and

"Wider Scarborough Group"

as the context requires, Scarborough and its wholly owned subsidiary undertaking and for the avoidance of doubt the assets of the Wider Scarborough Group includes its

interests in the Lady Loretta Project.