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## ASX ANNOUNCEMENT 14 JULY 2006

### Proposed Acquisition of Sedimentary

AuSelect Limited (AuSelect) today announced that it intends to acquire Sedimentary Holdings Limited (Sedimentary) by way of a scrip takeover offer (the Offer) for all the issued shares in Sedimentary.

The merger of AuSelect and Sedimentary will create a mining company with the critical mass to target high quality, value investments in the resource sector.

#### Key Points

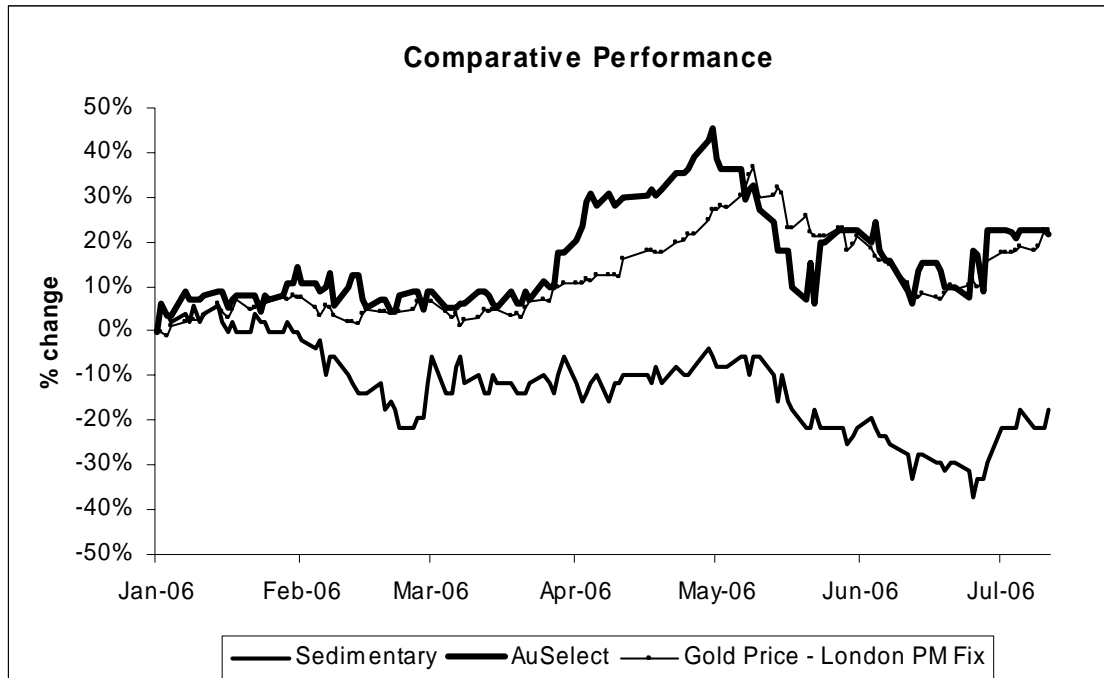
- AuSelect is offering 2 AuSelect shares for every 9 Sedimentary shares, equivalent to \$0.30 per ordinary Sedimentary share <sup>(1)</sup>.
- The Offer represents a premium to Sedimentary's closing share price and volume weighted average price (VWAP) <sup>(2)</sup> of:

Latest closing on 13 July	\$0.210	42%
- 5-day VWAP	\$0.206	45%
- 30-day VWAP	\$0.189	57%
- 90-day VWAP	\$0.212	41%
- AuSelect's share price is supported by its Net Tangible Asset (NTA) backing. Based on AuSelect's NTA per share <sup>(3)</sup>, the Offer represents a premium to Sedimentary's closing share price <sup>(2)</sup> of 61% (pre-tax NTA) and 51% (post tax NTA).
- Sedimentary's largest shareholder, Lion Selection Group Limited (Lion), supports the Offer and, in the absence of a higher offer, has agreed to accept in respect of 17.8% of Sedimentary. These shares are in addition to the 2.1% of Sedimentary AuSelect already holds. Details of the agreement with Lion are attached as Appendix B.
- A successful Offer will create a larger, more liquid company with a market value of \$164 million <sup>(4)</sup> which is expected to be attractive to institutional investors and provide potential for re-rating.
- The Offer is subject to a 50.1% minimum acceptance condition and certain other conditions. The conditions are set out in Appendix A.

#### Notes:

- (1) Based on a value of \$1.34 for an AuSelect share (being the closing trade on 13 July 2006).
- (2) Based on closing share prices and VWAPs at 13 July 2006.
- (3) AuSelect's NTA is 152.2¢ per share before tax and 142.5¢ per share after tax. See details of AuSelect's NTA on page 4 of this announcement.
- (4) Based on AuSelect's pre tax NTA plus Sedimentary valued on the basis of the Offer terms, as at 13 July 2006.

The comparative share price performance since the beginning of 2006 of AuSelect and Sedimentary and the gold price is shown in the following graph:



Source: IRESS

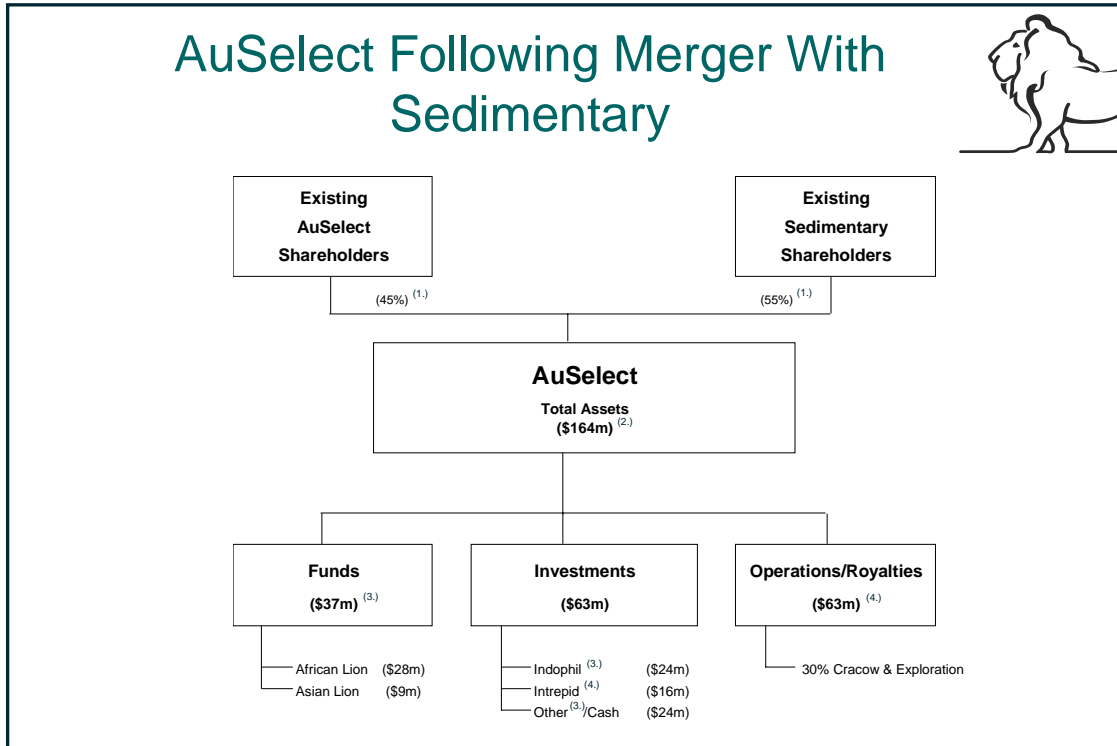
### The Combined Group

The proposed merger of AuSelect and Sedimentary will form a mining company which will target growth through three principal business arms:

- The African Lion and Asian Lion funds which invest in a portfolio of junior resource companies active in Africa and Asia and managed by Lion Manager Pty Ltd (Lion Manager);
- Investments in listed and unlisted companies with advanced projects at the feasibility and project development stage; and
- Operations and royalties, including the 30% interest in the Cracow Gold Mine.

Grassroots exploration currently undertaken by Sedimentary (other than Cracow joint venture exploration) will be phased out.

A simplified chart of the corporate structure of the merged entity, assuming AuSelect acquires 100 percent of Sedimentary, is provided below.



Notes:

- (1) This represents the economic interest of the existing shareholders of AuSelect and the existing shareholders and option holders of Sedimentary in the combined entity based on the Offer terms.
- (2) AuSelect's pre tax NTA plus Sedimentary valued on the basis of the Offer terms, as at 13 July 2006.
- (3) The value of investments is based on closing prices on 13 July 2006 for listed investments.
- (4) The value of Sedimentary's assets is based on the market value of Sedimentary's investment in Intrepid Minerals Corporation (based on its closing price on the ASX 13 July 2006) and, in the case of Cracow and Sedimentary's exploration portfolio, the value implied for Sedimentary based on the Offer terms less the value of the Intrepid Minerals Corporation investment, adjusted for net debt (as at 31 March 2006).

The merger of AuSelect and Sedimentary will offer shareholders:

- A share of a mining company with critical mass;
- Exposure to the Cracow Gold Mine;
- Potential for re-rating from increased size and liquidity;
- Exposure to potential growth and future deal flow;
- A diversified asset portfolio and reduced risk, with interests in advanced projects in gold, copper, nickel, platinum, zinc, iron ore and mineral sands;
- Access to an experienced management team with a strong track record; and
- Merger synergies and elimination of Sedimentary's grassroots exploration program.

If the Offer is successful, AuSelect will implement a mechanism to address the requirements of new shareholders with unmarketable parcels of shares.

## Overview of AuSelect

AuSelect is an ASX listed resource investment company with a market capitalisation of approximately \$69 million. The pre-tax value of AuSelect's portfolio of investments has increased by approximately 52% since AuSelect floated in May 2004. AuSelect is a company dedicated to investment in growth projects in the minerals sectors of Australia, Africa and Asia and provides investors with a portfolio approach to the high risk, high reward junior resource sector.

Management of AuSelect's investments is undertaken by Lion Manager, which has an experienced specialist mining and finance team. Lion Manager also provides management services to Lion, African Lion funds and Asian Lion. Lion and AuSelect have established an investment protocol in order to avoid conflict of interest in the provision of management services by Lion Manager.

AuSelect's costs are minimised by utilising the resources assembled by Lion Manager. AuSelect pays a management fee of 1.0% per annum (plus GST) of the total issued capital of AuSelect. No performance incentive payment is payable to Lion Manager under the agreement.

The following is a brief summary of AuSelect's existing key investments, including AuSelect's indirect interest in investments held by the African Lion funds.

### AuSelect Investment Summary

Investments	ASX Code	Country/Activity	AFL/AFL2 Holdings	AUS Holding %	Amount Invested \$m	Market Value \$m
<b>At 13/07/2006</b>						
<b>African Lion - AuSelect indirect share of African Lion Investments</b>						
Albidon	ALB	Africa - explorer / Zambia - Ni	28.6%	7.6%	2.7	12.0
Mineral Deposits	MDL	Senegal - mineral sands/gold	3.5%	0.7%	0.9	3.1
Platmin	Unlisted	SA - PGMs	12.4%	3.2%	3.5	7.1
Sphere Investments	SPH	Mauritania - iron ore	9.0%	2.1%	1.1	3.7
Other including cash committed						1.7
<b>Total African Lion Investment</b>				25.5%	<b>9.2*</b>	<b>27.5</b>
<b>Listed Investments</b>						
Austindo Resources	ARX	Indonesia - gold		0.7%	<b>0.5</b>	<b>0.5</b>
Indophil Resources	IRN	Philippines - copper & gold		8.6%	<b>11.0</b>	<b>23.9</b>
Lafayette Mining	LAF	Philippines - polymetallic		5.1%	<b>5.0</b>	<b>5.0</b>
Leviathan Resources	LVR	Australia - gold		5.1%	<b>3.7</b>	<b>3.2</b>
Sedimentary Holdings	SED	Australia - gold		2.1%	<b>0.7</b>	<b>1.3</b>
Westonia Mines	WEZ	Australia - gold		0.4%	<b>0.2</b>	<b>0.2</b>
Total Investments					<b>30.3</b>	<b>61.6</b>
Asian Lion (ALF) cash committed						<b>9.4</b>
Net Cash						<b>9.5</b>
<b>Total Net Assets before tax</b>						<b>80.6</b>
<b>Net Tangible Assets (NTA) before tax &amp; diluted for options (cents per share)</b>						<b>152.2c</b>
<b>Net Tangible Assets (NTA) after tax &amp; diluted for options (cents per share)</b>						<b>142.5c</b>

For NTA purposes, African Lion's portfolio values listed investments at market and unlisted investments at last issue price.

\* AuSelect investment remaining in the African Lion Funds after capital returned

The underlying investment performance of AuSelect's portfolio to date is highlighted in the table below:

#### AuSelect – Investment Portfolio Performance\*

Investments	ASX Code	Country/Activity	AUS Holding %	Amount Invested \$m	Market Value/ Proceeds \$m	Return %
<b>At 13/07/2006</b>						
<b>Total African Lion Investment</b>			25.5%	17.0	37.7	122%
<b>Listed Investments</b>						
Austindo Resources	ARX	Indonesia - gold	0.7%	0.5	0.5	-4%
Equinox Resources		Zambia - copper	sold	1.3	4.7	262%
Gallery Gold		Botswana/Tanzania - gold	sold	2.2	5.3	142%
Indophil Resources	IRN	Philippines - copper & gold	8.6%	11.0	23.9	117%
Lafayette Mining	LAF	Philippines - polymetallic	5.1%	5.0	5.0	0%
Leviathan Resources	LVR	Australia - gold	5.1%	3.7	3.2	-14%
Sedimentary Holdings	SED	Australia - gold	2.1%	0.7	1.3	77%
Westonia Mines	WEZ	Australia - gold	0.4%	0.2	0.2	26%
<b>Total Investments</b>				<b>41.6</b>	<b>81.7</b>	<b>97%</b>

\*Investment performance for investments held at the time of AuSelect's listing in May 2004, or acquired since then. Amount invested is the cost base at the time of investment.

### Overview of Sedimentary

Sedimentary is an ASX listed gold mining and exploration company. Sedimentary's principal asset is a 30% joint venture interest in the Cracow Gold Mine (Cracow) in Queensland. Newcrest Mining Corporation (Newcrest) holds the remaining 70% interest and is the manager of the operation.

Sedimentary also holds a 10.0% shareholding in Intrepid Minerals Corporation (Intrepid), a Canadian and Australian listed gold and silver mining company. Intrepid recently merged with NuStar Mining Limited, in which Sedimentary had held 16.5%.

As at 31 March 2006, Sedimentary's reported cash position was \$6.8 million with debt of \$16.6 million.

Sedimentary's operations can be summarised as follows:

(a) 30% interest in the Cracow Gold Mine

Cracow is located in southern Queensland. Cracow commenced operations in November 2004. Sedimentary has reported quarterly production and sales data from Cracow as follows (Sedimentary's share):

Sedimentary Share (30%)	31 March 2005	30 June 2005	30 September 2005	31 December 2005	31 March 2006
Tonnes milled ('000)	15	20	19	24	25
Grade (g/t)	9.2	10.6	12.2	12.2	11.2
Recovery (%)	89.6	90.0	94.1	94.3	94.8
Gold produced (oz)	4,122	6,203	6,839	9,112	8,261
Cash cost (A\$/oz)	417	310	307	255	259
Gold sold (oz)	3,448	6,312	6,540	8,044	9,100
Gold sold (A\$/oz) <sup>(1)</sup>	657.50	665.70	664.00	664.50	733.50

(1) At 31 December 2005 Sedimentary had sold forward 101,500oz gold on flat forward basis at \$664oz.

Sedimentary's latest reported statement of Mineral Resources for the Cracow Joint Venture as at 30 June 2005, included in its 2005 Annual Report, is shown below.

Resource category	Tonnes (M)	Grade (g/t)	Contained Oz Au	Sedimentary share (30%)
<b>Royal, Crown, Klondyke North, Sovereign</b>				
Measured (including stockpiles)	0.03	13.0	14,700	4,400
Indicated	1.54	12.0	626,000	188,000
Inferred	1.43	7.3	334,000	100,000
<b>Additional shoots (including Empire, Crown Tops, and Roses Pride)</b>				
Inferred	0.66	9.3	198,000	59,500
<b>Total resources</b>	<b>3.66</b>	<b>10.0</b>	<b>1,173,000</b>	<b>351,900</b>
<b>Reserve category</b>				
Proved	0.03	12.0	10,700	3,200
Probable	0.75	12.0	295,000	88,000
<b>Total reserves</b>	<b>0.78</b>	<b>12.0</b>	<b>305,000</b>	<b>92,000</b>

NB: Rounding may cause some discrepancies.

For further detail on the statement of Mineral Resources, please see details in Sedimentary's 2005 Annual Report or AuSelect's Bidders Statement when released.

(b) Exploration

Sedimentary and Newcrest have formed the Cracow Exploration Joint Venture to explore for mineralisation in the Cracow goldfield. Sedimentary's other exploration projects include Miclere in Queensland; Foster, Jamiesons, and St. Arnaud in Victoria; and Weld River in Tasmania.

**Terms of the Offer**

The terms of the Offer are summarised below:

- (a) AuSelect is making an Offer for all of Sedimentary's issued shares.
- (b) The terms of the Offer are 2 AuSelect shares for every 9 Sedimentary shares.
- (c) AuSelect proposes to make a separate offer for Sedimentary options.
- (d) The Offer for Sedimentary shares is subject to a 50.1% minimum acceptance and certain other conditions (see Appendix A).

## Arrangements between AuSelect, Lion and Lion Manager

Arrangements have been put in place between AuSelect, Lion and Lion Manager to address potential conflicts that might arise in connection with the Offer due to the fact that:

- Lion is a substantial holder in Sedimentary, holding approximately 23.7% of the issued capital of Sedimentary;
- the Boards of directors of AuSelect and Lion are identical; and
- Lion Manager is the manager of both AuSelect and Lion.

In order to overcome any conflicts which might arise at board level, the respective Boards of AuSelect and Lion have delegated responsibility for all matters relating to the Offer (except for the approval of the Bidder's Statement as required by the Corporations Act) and the disposal of Lion's Sedimentary shares (including under the Offer, any pre-bid agreement between AuSelect and Lion or otherwise) to a committee of each Board, on the basis that no director is a member of the Board committee for both companies.

Each Board committee has taken separate valuation and legal advice to ensure that decisions are made in the best interests of AuSelect and Lion respectively.

In order to overcome any conflict of interest that may arise if Lion Manager is required to make a recommendation to Lion concerning the disposal of its Sedimentary shares at the same time as it makes recommendations to AuSelect concerning the Offer, Lion has agreed to release Lion Manager from its obligation to make a recommendation to Lion concerning the disposal of its Sedimentary shares (including the terms of any pre-bid agreement which Lion has entered into with AuSelect or any other person).

## Offer Process

Further information regarding the Offer will be provided in the Bidder's Statement. It is anticipated that the Bidder's Statement will be served on Sedimentary by 19 July 2006 and the Bidder's Statement dispatched to Sedimentary shareholders by 2 August 2006.

AuSelect's financial adviser in relation to the Offer is Gryphon Partners Pty Ltd and legal advice is being provided by Blake Dawson Waldron Lawyers.

### **For further information, please contact:**

**Brooke Robertson**

AuSelect Limited

Tel: 61 3 9614 8008 Fax: 61 3 9614 8009

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## Appendix A

### Offer Conditions

The Offer and the contract resulting from acceptance of the Offer are subject to fulfilment of the following Defeating Conditions:

**(a) Minimum acceptance condition**

At the end of the Offer Period, AuSelect has a relevant interest in more than 50% (by number) of the sum of the number of Sedimentary shares on issue at that time and the number of Sedimentary shares required to be issued on the exercise of rights attached to all Sedimentary Options in existence at that time.

**(b) Approvals by Public Authorities**

Before the end of the Offer Period:

- (i) AuSelect receives all Approvals which are required by law or by any Public Authority to permit the Offers to be made to and accepted by Sedimentary shareholders in all applicable jurisdictions; and
- (ii) AuSelect receives all Approvals which are required by law or by any Public Authority as a result of the Offers or the successful acquisition of the Sedimentary shares and which are necessary for the continued operation of the business of Sedimentary and its subsidiaries or of any member of the AuSelect Group,

and, in each case, those Approvals are on an unconditional basis and remain in force in all respects and there is no notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

**(c) No action by Public Authority adversely affecting the Offer**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority; or
- (iii) no application is made to any Public Authority (other than an application by AuSelect or any company within the AuSelect Group),

in consequence of, or in conjunction with, the Offer, which:

- (iv) restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon:
  - (A) the making of the Offers; or
  - (B) the rights of AuSelect in respect of Sedimentary or the Sedimentary shares to be acquired under the Offer or otherwise; or
- (v) seeks to require the divestiture by AuSelect of any Sedimentary shares, or the divestiture of any assets by any company within the Sedimentary Group or the AuSelect Group.

**(d) Change of control**

During the Condition Period, every person who has or will have any right (whether subject to conditions or not) under any Material Agreement as a result of AuSelect acquiring Sedimentary shares to:

- (i) acquire, or require the disposal of, or require Sedimentary or a subsidiary of Sedimentary to offer to dispose of, any material asset of Sedimentary or a subsidiary of Sedimentary; or
- (ii) terminate, or vary the terms or performance of, any material agreement or arrangement with Sedimentary or a subsidiary of Sedimentary (including without limitation by accelerating any payment required to be made under that agreement or arrangement),

provides in writing an enforceable, irrevocable and unconditional waiver or release of that right to Sedimentary, and Sedimentary provides a copy of that release or waiver to AuSelect.

**(e) Disclosure of the existence of certain rights**

On or before the date that Sedimentary sends its Target's Statement in respect of the Offer to shareholders, either:

- (i) Sedimentary makes an announcement to the ASX containing details of every right of the kind referred to in paragraph (d), including (to the extent known to Sedimentary):
  - (A) the parties, purpose and term of any agreement, arrangement or other matter giving rise to that right;
  - (B) the consequences and potential consequences of an exercise of that right; and
  - (C) the provisions which give rise to that right, those consequences or those potential consequences; or

- (ii) Sedimentary makes an announcement to the ASX that there are no rights of the kind referred to in sub-paragraph (i).

**(f) No material transactions**

During the Condition Period, none of Sedimentary and any subsidiary of Sedimentary:

- (i) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$2.5 million;
- (ii) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$2.5 million or makes an announcement in relation to such a disposal;
- (iii) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than \$2.5 million;
- (iv) incurs or commits to, or grants to another person a right the exercise of which would involve a member of the Sedimentary Group incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than \$2.5 million; or
- (v) discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (i) to (iv) above, or announces an intention or proposal to do anything described in sub-paragraphs (i) to (iv) above.

**(g) No material adverse change**

During the Condition Period:

- (i) there is no occurrence or matter, including (without limitation):
  - (A) any change in the status or terms of arrangements entered into with Sedimentary or any of its subsidiaries or the status or terms of any Approvals which are applicable to Sedimentary or any of its subsidiaries (whether or not wholly or partly attributable to the making of the Offer, or the acquisition of Sedimentary shares under the Offer);
  - (B) any liability for duty or tax;
  - (C) any liability resulting from a change of control of Sedimentary; or

(D) any change in the law (whether retrospective or not),

that (individually or together with others) has or could reasonably be expected to have a materially adverse effect on the assets, liabilities, financial or trading position, profitability, production or prospects of Sedimentary and its subsidiaries taken as a whole; and

- (ii) no occurrence or matter, as described in sub-paragraph (i), which occurred before the Announcement Date but was not apparent from publicly available information before then, becomes public.

**(h) No prescribed occurrences**

None of the following events happens during the period beginning on the date the Bidder's Statement is given to Sedimentary and ending at the end of the Offer Period:

- (i) Sedimentary converts all or any of its shares into a larger or smaller number of shares;
- (ii) Sedimentary or a subsidiary of Sedimentary resolves to reduce its share capital in any way;
- (iii) Sedimentary or a subsidiary of Sedimentary:
- (A) enters into a buy-back agreement; or
- (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Sedimentary or a subsidiary of Sedimentary issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option, other than the issue of Sedimentary shares on the exercise of Sedimentary Options on issue at the Register Date;
- (v) Sedimentary or a subsidiary of Sedimentary issues, or agrees to issue, convertible notes;
- (vi) Sedimentary or a subsidiary of Sedimentary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Sedimentary or a subsidiary of Sedimentary charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Sedimentary or a subsidiary of Sedimentary resolves to be wound up;

- (ix) the appointment of a liquidator or provisional liquidator of Sedimentary or of a subsidiary of Sedimentary;
- (x) a court makes an order for the winding up of Sedimentary or of a subsidiary of Sedimentary;
- (xi) an administrator of Sedimentary, or of a subsidiary of Sedimentary, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Sedimentary or a subsidiary of Sedimentary executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Sedimentary or of a subsidiary of Sedimentary.

**(i) No prescribed occurrences between announcement and service**

None of the events listed in sub-paragraphs (i) to (xiii) of paragraph (h) happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statement is given to Sedimentary.

**(j) No dividends or distributions**

During the Condition Period, none of Sedimentary and any subsidiary of Sedimentary, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

**(k) Conduct of Sedimentary's business**

During the Condition Period, none of Sedimentary and any subsidiary of Sedimentary:

- (i) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (ii) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (iii) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (iv) conducts its business otherwise than in the ordinary course;
- (v) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including, but not limited to, a petition for winding up or an application for appointment of a receiver or receiver and manager);

- (vi) becomes subject to investigation under the *Australian Securities and Investments Commission Act 2001* (Cth) or any corresponding legislation; or
- (vii) discloses (without having disclosed to ASX prior to the Announcement Date) the existence of any matter described in sub-paragraphs (i) to (vi) above, or announces an intention or proposal to do anything described in sub-paragraphs (i) to (vi) above.

**(l) S&P/ASX200 index**

During the Condition Period, the S&P/ASX 200 Index does not close below 4,500 for 3 or more consecutive trading days.

**(m) Gold Price Index**

During the Condition Period, the Gold Price Index does not fall below A\$700.

**(n) No material failings in filings**

AuSelect does not become aware, during the Condition Period, that any document filed by or on behalf of Sedimentary with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

**Definitions:**

**Announcement Date** means the date of this announcement.

**Approval** means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

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

**ASX** means Australian Stock Exchange Limited.

**AuSelect** means AuSelect Limited.

**AuSelect Group** means AuSelect and its subsidiaries.

**Bidder's Statement** means the statement to be made by AuSelect under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

**Condition Period** means the period beginning on the Announcement Date and ending at the end of the Offer Period.

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

**Encumbrance** means:

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

**Gold Price Index** means the London PM Fix gold price (expressed in US dollar terms and converted into Australian dollars with reference to the AUD/USD exchange rate published in the Australian Financial Review on the relevant date).

**Material Agreement** means an agreement or arrangement which is material in the context of the business of the Sedimentary Group, and includes but is not limited to:

- (a) any agreement or arrangement the termination of which is likely to:

- (i) adversely affect the revenues or costs of the Sedimentary Group by more than \$2.5 million per annum;
  - (ii) impair the assets of the Sedimentary Group by an amount exceeding \$2.5 million; or
  - (iii) cause a liability of the Sedimentary Group of more than \$2.5 million to become due; and
- (b) any hedging agreement or arrangement with a value exceeding \$2.5 million.

**Offer** means the offer to be made by AuSelect under Chapter 6 of the Corporations Act to acquire Sedimentary shares.

**Offer Period** means the period during which the Offer remains open.

**Public Authority** means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange.

**Register Date** means the date to be set by AuSelect under section 633(2) of the Corporations Act.

**S&P/ASX 200 index** means the index of that name published by Standard & Poor's (or any successor of or replacement for that index).

**Sedimentary** means Sedimentary Holdings Limited.

**Sedimentary Group** means Sedimentary and its subsidiaries.

**Sedimentary Options** means options to subscribe for Sedimentary shares.

## Appendix B

### Pre-bid agreement with Lion

AuSelect has entered into an agreement with Lion dated 14 July 2006 under which Lion has, subject to certain conditions, agreed to accept the Offer in respect of 50,200,000 Sedimentary shares (relevant shares) held by Lion (Pre-Bid Agreement).

Under the Pre-Bid Agreement, Lion must accept the Offer in respect of the relevant shares by midday on the fifth business day after the later of:

- the Offer becoming unconditional; and
- Lion receiving any approvals from the PDF Registration Board that are required for Lion to accept the Offer and acquire AuSelect Shares under the Offer.

Lion is not required to accept the Offer in respect of the relevant shares under the Pre-Bid Agreement where a competing offer has been announced or made by a third party and the value of that offer is greater than AuSelect's Offer (including any higher offer subsequently announced by AuSelect). However, if AuSelect announces a matching offer within a stipulated period, Lion must accept AuSelect's matching offer within 10 business days after the matching offer is announced.

Lion is not permitted to dispose of (or otherwise deal with) any interest in the relevant shares during the term of the Pre-Bid Agreement. The Pre-Bid Agreement does not affect Lion's rights to dispose of (or otherwise deal with) any Sedimentary shares held by Lion other than the relevant shares.