

BIDDER'S STATEMENT

an Offer by

KAGARA LIMITED

(ABN 36 008 988 583)

to acquire all of your fully paid ordinary shares in

COPPER STRIKE LIMITED

(ABN 16 108 398 983)

Kagara Limited is offering 11 cents cash for each of your CSE shares.

The Offer is dated [] 2010 and will expire at 5.00pm (WST) on [] 2010, unless extended.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION
YOU SHOULD READ ALL OF THE CONTENTS OF THIS DOCUMENT**

If you are in doubt as to how to deal with this document or the Offer contained in it, please consult your financial or other professional adviser.

Legal adviser to Kagara Limited:
Minter Ellison Lawyers
Level 49, 152 St Georges Terrace
Perth WA 6000

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Important information

This Bidder's Statement is issued by Kagara under Part 6.5 of the Corporations Act, and in compliance with sections 636 and 637 of the Corporations Act in relation to the Offer.

A copy of this Bidder's Statement was lodged with ASIC on 18 October 2010. ASIC takes no responsibility for the contents of this Bidder's Statement.

Defined terms

A number of defined terms are used in this Bidder's Statement. The definitions are set out in Part 7 of this Bidder's Statement.

Investment decisions

CSE Shareholders should read all of this Bidder's Statement before deciding whether to accept the Offer.

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each CSE Shareholder or any other person.

CSE Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Foreign or overseas shareholders

This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Bidder's Statement may, in certain jurisdictions, be restricted by law. Persons who come into possession of this document should inform themselves of and observe any of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any of these jurisdictions. Kagara does not assume any responsibility for any violation by any person of any of these restrictions.

In making the Offer available to persons resident in New Zealand, Kagara is relying on an exemption contained in the *New Zealand Securities Act (Overseas Companies) Exemption Notice 2002* (as amended) in relation to prospectus and investment statement requirements in New Zealand.

Disclaimer as to forward-looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are based on assumptions and subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which CSE operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

None of Kagara, the officers of Kagara, any persons named in this Bidder's Statement with their consent, or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfillment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Disclaimer as to CSE information

The information on CSE and CSE securities contained in this Bidder's Statement has been prepared by Kagara using publicly available information.

The information in this Bidder's Statement concerning CSE and the assets and liabilities, financial position and performance, profits and losses and prospects of CSE, has not been independently verified by Kagara. Accordingly, subject to the Corporations Act, Kagara does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

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

Privacy

Kagara has collected your information from the CSE register of shareholders for the purpose of making this Offer and, if accepted, administering your holding of CSE Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Kagara's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of Kagara is Level 2, 24 Outram Street, West Perth, WA 6005.

Further information

For any queries on how to accept the Offer, please contact David Peterson at Kagara on +61 8 9481 1211.

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KAGARA LTD

18 October 2010

ABN – 36 008 988 583

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West Perth

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Web: www.kagara.com.au

Dear CSE Shareholder,

Cash Offer for all your CSE Shares

I am pleased to present you with an offer from Kagara Ltd (**Kagara**) to acquire all of your shares in Copper Strike Limited (**CSE**)

Kagara is offering \$0.11 cash for each of your CSE Shares. This represents a premium of 40% to the 90 day VWAP of CSE Shares on ASX prior to the announcement of the Offer on 12 October 2010.

Kagara's offer provides you with certainty of value for your CSE shares, and you will incur no brokerage or stamp duty if you accept the Offer.

The Offer is conditional upon 90% minimum acceptance and a number of other conditions, details of which are set out in Part 6 of this Bidder's Statement.

I encourage you to read this Bidder's Statement for further details about the Offer. The Offer is open for acceptance until 5.00pm (WST) on [] 2010, unless extended. If you wish to accept the Offer, please follow the instructions in this Bidder's Statement and in the enclosed Acceptance Form.

If you have any questions about the Offer, I encourage you to consult your legal, financial or other professional adviser without delay.

Yours sincerely

Kim Robinson

Chairman

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Contents

Contents	3
Important dates	4
Part 1 – Summary of the Offer, Key Questions and How to Accept	5
Part 2 – Information about Kagara	9
Part 3 – Information about CSE	10
Part 4 – Bidder's intentions in relation to CSE	12
Part 5 – Other material information	13
Part 6 – Offer Terms	16
Part 7 – Definitions and interpretation	28

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Important dates

Announcement Date	12 October 2010
Bidder's Statement lodged with ASIC, ASX and CSE	18 October 2010
Record Date	19 October 2010
Date of Offer (Offer opens)	[] 2010
Offer closes (unless extended)	[] 2010

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Part 1 – Summary of the Offer, Key Questions and How to Accept

Summary of the Offer

Set out below is an overview of the Offer. This information is a summary only and should be read in conjunction with the detailed terms of the Offer set out in Part 6 and other information contained in this Bidder's Statement.

You should read the entire Bidder's Statement before deciding whether to accept the Offer.

The bidder

Kagara is making the Offer. Further details about Kagara are set out in Part 2.

The Offer

Kagara is offering to acquire all of your CSE Shares on the terms set out in Part 6.

Offer price

You will receive 11 cents cash for each of your CSE Shares.

Closing date

Unless extended or withdrawn in accordance with the Corporations Act, the Offer remains open for acceptance from the Offer Date until 5.00pm (WST) on [] 2010.

Conditions

The Offer is subject to the conditions set out in section 6 of the Offer Terms. Kagara may waive any of those conditions in accordance with the Offer Terms.

Payment for your shares

If you accept the Offer, and subject to the satisfaction of the conditions of the Offer, Kagara will pay the cash to which you are entitled on or before the earlier of:

- (a) one month after the Offer is validly accepted or the contract resulting from its acceptance becomes unconditional (whichever is the later); and
- (b) 21 days after the Offer closes.

Stamp duty and brokerage

You will not pay stamp duty or brokerage if you accept the Offer.

Further information

For any queries on how to accept the Offer, please contact David Peterson at Kagara on +61 8 9481 1211.

Key questions

This section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

What is the Bidder's Statement?

The Bidder's Statement sets out the terms of the Offer and information relating to the Offer and the price you will receive if you accept the Offer.

What is the Offer?

Kagara is offering to acquire all of your CSE Shares by way of an off-market takeover offer. You will receive 11 cents cash for each of your CSE Shares.

How do I accept the Offer?

To accept the Offer you must follow the instructions set out in section 4 of the Offer Terms. Acceptances must be received before the close of the Offer Period.

Can I accept the Offer for part of my holding?

No, generally speaking you can only accept for all of your holding. Your acceptance will be treated as being for all your CSE Shares plus any additional CSE Shares registered in your name at the date your acceptance is processed. Special arrangements apply to trustee and nominee shareholdings, as to which see section 8 of the Offer Terms.

What happens if I do not accept the Offer?

You will remain the holder of your CSE Shares if you do not accept the Offer.

Can I withdraw my acceptance?

No, unless a withdrawal right arises under the Corporations Act. Generally, this right would only arise if Kagara extended the Offer for more than one month whilst the Offer remained conditional.

When does the Offer close?

Unless extended or withdrawn in accordance with the Corporations Act, the Offer remains open for acceptance from the Offer Date until 5.00pm (WST) on [] 2010.

Can Kagara extend the Offer Period?

Yes, the Offer Period can be extended by Kagara in accordance with the Corporations Act. In certain circumstances, the Corporations Act imposes a mandatory extension of the Offer Period.

If I accept the Offer, when will I receive payment for my CSE Shares?

If you accept the Offer, and subject to satisfaction of the conditions of the Offer, Kagara will pay the cash to which you are entitled on or before the earlier of:

- (a) one month after the Offer is validly accepted or the contract resulting from its acceptance becomes unconditional (whichever is the later); and
- (b) 21 days after the Offer closes.

For further information, see section 5 of the Offer Terms.

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

You will not pay any stamp duty or brokerage on accepting the Offer.

If your CSE Shares are registered in an Issuer Sponsored Holding and you deliver them directly to Kagara, you will not incur any transaction costs in accepting the Offer.

If your CSE Shares are in a CHESS Holding or you hold your CSE Shares through a bank, custodian or

other nominee, you should ask your Controlling Participant (usually, your broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.

What are the conditions to the Offer?

The Offer is subject to a number of conditions, which are set out in full in section 6 of the Offer Terms.

What happens if the conditions of the Offer are not satisfied or waived?

If the conditions of the Offer are not satisfied or waived before the Offer closes, the Offer will lapse. In that event, if you have already accepted the Offer your acceptance will cease to have effect and you will retain your CSE Shares.

Kagara will make an announcement to the ASX if the conditions of the Offer are satisfied or waived during the Offer Period.

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How to Accept

What you should do next

- Step 1: Read the entire Bidder's Statement carefully.
- Step 2: If you need advice, consult your financial or other professional adviser.
- If you have any queries about this Bidder's Statement, the Offer or how to accept the Offer, please contact David Peterson at Kagara on +61 8 9481 1211.
- Step 3: If you wish to accept the Offer, follow the instructions below (and detailed further in the Offer Terms).

How to accept the Offer

You should read section 4 of the Offer Terms for full details on how to accept the Offer. Acceptances of the Offer must be received before the close of the Offer Period.

How you accept the Offer will depend on whether your CSE Shares are in an Issuer Sponsored Holding or a CHESS Holding. If they are in an Issuer Sponsored Holding, you will have a securityholder reference number (SRN) beginning with 'I'. If they are in a CHESS Holding, you will have a holder identification number (HIN) beginning with 'X'. Your Acceptance Form will also have these descriptions and specific details of your holding printed on it.

For Issuer Sponsored Holdings of CSE Shares

You must complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it to the address indicated on the form so that it is received before the close of the Offer Period.

For CHESS Holdings of CSE Shares

You must either:

- (a) instruct your broker or other CHESS Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the close of the Offer Period; or
- (b) complete, sign and return the Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it to the address indicated on the form so that Kagara can relay your instruction on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

The mailing address for completed Acceptance Forms is:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153

Further information

For any queries on how to accept the Offer, please contact David Peterson at Kagara on +61 8 9481 1211. Enquiries in relation to the Offer will not be received on any other telephone number of Kagara.

Part 2 – Information about Kagara

1. Introduction

Kagara was incorporated on 16 July 1981 and was listed on ASX on 22 December 1999.

2. Overview of Kagara and its activities

Kagara is a diversified, low-cost base metals explorer and producer, employing about 500 people at its five operating centres located in Queensland and Western Australia.

As at the date of this Bidder's Statement Kagara's market capitalisation is approximately \$560 million.

3. Directors

The following persons are directors of Kagara:

Kim Robinson

Joe Treacy

Mark Ashley

Ross Hutton

John Linley

Mark McConnell

4. Publicly available information

Kagara is listed on ASX and is a 'disclosing entity' as defined in section 111AC of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, subject to certain exceptions Kagara is required to disclose to the market immediately any information it has which a reasonable person would expect to have a material effect on the price or value of its shares.

Having taken such precautions and made such enquiries as are reasonable, Kagara believes that it has complied with the periodic and continuous disclosure requirements of ASX which required Kagara to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the market.

Copies of documents lodged with ASIC in relation to Kagara may be obtained from, or inspected at, an office of ASIC. They may also be downloaded from the ASX website (at ASX code: KZL) or Kagara's website at www.kagara.com.au.

Information that is already in the public domain has not been included in this Bidder's Statement except where its inclusion is necessary in order to make this Bidder's Statement complete.

Part 3 – Information about CSE

1. Source of information on CSE

The information on CSE included in this Bidder's Statement has been prepared by Kagara using publicly available information, including, but not limited to, CSE annual reports, CSE ASX announcements and the CSE website. The information on CSE in this Bidder's Statement should not be considered to be comprehensive and is based on the public information regarding the business of CSE, which is known to Kagara at the date of this Bidder's Statement. Whilst Kagara has completed a review of the business operated by CSE based on publicly available information, information in this Bidder's Statement concerning that business has not been independently verified.

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

For further information on CSE, investors should read the ASX announcements made by CSE and CSE's 2010 Annual Report, all of which are available on the ASX website (Code: CSE) or the CSE website (copperstrike.com.au). A list of the ASX announcements made by CSE since 30 September 2010 is attached as Annexure A.

Additional information relating to CSE may be included in the target's statement which CSE must provide to its shareholders in response to this Bidder's Statement.

2. Overview of CSE

CSE is an ASX-listed company with a market capitalisation of approximately \$16.2 million as at the date of this Bidder's Statement. According to CSE's 2010 Annual Report, its principal activity is exploration for base and precious metals and its principal project is the Einasleigh Copper Project located in North Queensland.

CSE's head office is located in Melbourne, Victoria.

3. Information about CSE securities

3.1 Capital structure

According to the Appendix 3B lodged by CSE with ASX on 20 September 2010, as at that date there were 129,455,571 CSE Shares and 2,200,000 CSE Options on issue.

3.2 Bidder's interest in CSE securities

As at the date of this Bidder's Statement:

- (a) Kagara's voting power in CSE was 17.22%; and
- (b) Kagara had a relevant interest in 22,302,883 CSE Shares.

As at the Offer Date:

- (a) Kagara's voting power in CSE was []%; and
- (b) Kagara had a relevant interest in [] CSE Shares.

3.3 Dealings in CSE Shares

During the period of four months before the Offer Date neither Kagara nor any of its associates provided, or agreed to provide, consideration for CSE Shares under any purchase or agreement, except as set out below.

(a) On-market purchases

Kagara has made the following purchases of CSE Shares on-market during the four month period prior to the Offer Date:

Date	Number of CSE Shares	Price per CSE Share
20 September 2010	129,090	\$0.088
21 September 2010	260,000	\$0.0885
24 September 2010	45,000	\$0.09
6 October 2010	206,222	\$0.09
7 October 2010	9,000	\$0.09
8 October 2010	28,571	\$0.09

The above CSE Shares are registered in the name of Merrill Lynch Australia Nominees Pty Ltd as bare nominee for Kagara.

(b) Pre-bid acceptance agreement with Teck Australia Pty Ltd

On 12 October 2010, Kagara entered into a pre-bid acceptance agreement with Teck Australia Pty Ltd (**Teck**) under which Teck agreed to accept the Offer no later than two Business Days before the expiry of the Offer (if Kagara has announced that it will not be extending the Offer) in relation to the 21,625,000 CSE Shares held by Teck at the date of the agreement provided that, among other things, no 'Higher Offer' is made which is not matched by Kagara varying the Offer in accordance with the Corporations Act to offer at least equivalent consideration within five Business Days, and after the expiration of that time Teck accepts the Higher Offer.

If a Higher Offer which is validly accepted by Teck in respect its 21,625,000 CSE Shares lapses or is withdrawn before all of its conditions of the Higher Offer are satisfied or waived, Teck's obligation to accept the Offer once again becomes enforceable.

A 'Higher Offer' is defined in the agreement to mean a takeover bid to acquire the entire issued share capital of CSE where:

- (i) the offers under the bid are capable of acceptance;
- (ii) the consideration per CSE Share is a cash price or 'Cash Equivalent Consideration' (as defined in the agreement) which is higher than the price per CSE Share contained in the Offer (calculated over the same period as the Higher Offer);
- (iii) the offers are not subject to any condition which is materially more onerous than any of the conditions of the Offer; and
- (iv) any non-waivable conditions of the Higher Offer have been satisfied.

A copy of the agreement was attached to the form 603 lodged by Kagara with ASX on 12 October 2010.

Part 4 – Bidder's intentions in relation to CSE

This Part 4 sets out Bidder's intentions in relation to the following:

- (a) the continuance of, and any major changes to be made to, the business of CSE, including any redeployment of the fixed assets of CSE; and
- (b) the future employment of the present directors and employees of CSE.

These intentions are based on the public information regarding the business of CSE, which is known to Kagara at the time of preparation of this Bidder's Statement. Kagara does not currently have access to all material information that is necessary to assess the implications of its current intentions. A final decision on these matters has not been made and can only be concluded once all material facts and circumstances are known and an internal review of the assets and operations of CSE has been completed. The statements set out in this Part 4 are statements of current intention only which may change as new information becomes available or circumstances change.

It is Kagara's current intention to continue the business of CSE in substantially the same manner as it is currently conducted.

The Einasleigh Copper Project is located close to Kagara's Mt Garnet and Thalanga processing facilities. Kagara will undertake more drilling at Einasleigh to convert the current resources into reserves, complete a feasibility study and an environmental impact study, obtain all necessary mining approvals, and then mine and process the copper ore through one of its three processing plants. Concentrate produced from any mine developed at Einasleigh will be sold to one of Kagara's offtake partners on normal commercial terms.

It is Kagara's current intention to close CSE's Melbourne office and relocate all corporate and administrative functions to Kagara's Perth office and review the ongoing justification for other non-core assets. This may involve the retrenchment of some CSE corporate staff, who will be offered redundancy packages in accordance with their statutory entitlements and contracts of employment. However, Kagara currently intends to retain all existing CSE exploration staff.

The Offer is subject to a 90% minimum acceptance condition, which Kagara has no present intention of waiving. Should that condition be satisfied, Kagara intends to acquire compulsorily any outstanding CSE Shares at the close of the Offer Period (as to which, see section 2 of Part 5), and to apply for CSE to be de-listed from ASX.

Part 5 – Other material information

1. Funding of cash consideration

Kagara is offering 11 cents cash for each CSE Share. The maximum sum that would be required to fund the Takeover Bid (assuming 100% acceptance of the Offers) is \$14.2 million. This sum will be met out of Kagara's existing cash reserves, which are presently held on deposit with Australia and New Zealand Banking Group Limited.

2. Compulsory acquisition

2.1 Post-bid compulsory acquisition provisions

If Kagara becomes entitled to acquire CSE Shares compulsorily under section 661A of the Corporations Act, Kagara will give notices to compulsorily acquire any outstanding CSE Shares in accordance with section 661B of the Corporations Act. Kagara may compulsorily acquire all outstanding CSE Shares at the price offered under the Takeover Bid under these provisions if, during or at the close of the Offer Period:

- (a) Kagara and its associates have relevant interests in at least 90% (by number) of CSE Shares; and
- (b) Kagara and its associates have acquired at least 75% (by number) of the CSE Shares that Kagara offered to acquire under the Takeover Bid.

2.2 General compulsory acquisition provisions

If Kagara becomes entitled to compulsorily acquire CSE Shares under section 664A of the Corporations Act, Kagara will give notices to CSE Shareholders (unless Kagara is entitled to proceed to compulsory acquisition of the CSE Shares pursuant to section 661A of the Corporations Act described above) to compulsorily acquire any outstanding CSE Shares in accordance with section 664C of the Corporations Act.

Kagara will be able to acquire all outstanding CSE Shares compulsorily under Part 6A.2 of the Corporations Act if Kagara's voting power in CSE is at least 90% and Kagara (either in its own right or through related bodies corporate) acquires full beneficial interests in at least 90% (by value) of the aggregate of all CSE Shares and:

- (a) lodges a compulsory acquisition notice with ASIC in accordance with section 664C(2)(a) within six months of achieving that 90% holding (and despatches the notice to each CSE Shareholder by the following business day); and
- (b) obtains the report of an expert stating whether, in the expert's opinion, the terms proposed in the notice give fair value for the securities covered.

2.3 Compulsory offer to buy out CSE Shares

If Kagara is required to offer to buy out outstanding CSE Shares under section 662A and section 663A respectively of the Corporations Act (and no relevant modification of those sections applies), Kagara will give notices to the relevant CSE security holders offering to buy out their CSE Shares in accordance with section 662B and section 663B respectively of the Corporations Act.

Kagara must serve a notice offering to buy out all remaining holders of CSE Shares if, at the close of the Offer Period, Kagara and its associates have relevant interests in at least 90% (by number) of CSE Shares. CSE security holders who hold securities covered by the notice may, but need not,

accept the offer in the notice. The notices must be lodged with ASIC within one month after the close of the Offer Period (and must be despatched to CSE security holders on the same day or the next business day). CSE security holders who wish to accept the offer must do so within one month after the notice is lodged with ASIC.

Kagara does not anticipate that it will need to make an offer to buy out outstanding CSE Shares under section 662A of the Corporations Act as it will proceed to compulsory acquisition of these shares under the post-bid compulsory acquisition procedure under section 661A of the Corporations Act in these circumstances.

3. Benefits given, offered or agreed

During the four months before the Offer Date neither Kagara nor an associate gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

- (a) accept an Offer under the Takeover Bid; or
- (b) dispose of CSE Shares,

that is not being offered to all CSE Shareholders under the Offer.

4. No escalation agreements

Neither Kagara nor any associate of Kagara has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

5. Consents

This Bidder's Statement may include statements which are made in, or based on statements made in, documents lodged with ASIC or on the Company Announcement Platform of the ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement.

Pursuant to the Class Order, Kagara will make copies of those statements available, free of charge, to CSE Shareholders who request them during the Offer Period.

To obtain a copy of these documents, CSE Shareholders may call David Peterson at Kagara on +61 8 9481 1211.

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication, where the statement is not made or the document is not published in connection with the Takeover Bid or Kagara or CSE or any business, property or person the subject of this Bidder's Statement.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from IRESS without its consent.

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear and have not withdrawn their consent prior to lodgement of this Bidder's Statement with ASIC:

- (a) Minter Ellison as legal adviser to the Offer; and

(b) Security Transfer Registrars Pty Ltd as share registry to the Offer.

Each person named above as having given its consent to being named in this Bidder's Statement:

- (a) does not make the Offer;
- (b) has not authorised or caused the issue of this Bidder's Statement;
- (c) does not make, or purport to make, any statement in this Bidder's Statement nor any statement on which a statement in this Bidder's Statement is based; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for, any part of this Bidder's Statement, other than a reference to their name.

In addition, Security Transfer Registrars Pty Ltd had no involvement in the preparation of any part of this Bidder's Statement other than the Acceptance Form and other than being named as share registry to the Offer.

6. Date for determining offerees

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act for each Offer is the Record Date.

7. No other material information

Other than as set out elsewhere in this Bidder's Statement, there is no information material to the making of a decision by a CSE Shareholder whether or not to accept the Offer, being information that is known to Kagara and has not previously been disclosed to the holders of CSE Shares.

Part 6 – Offer Terms

1. Offer

1.1 Full offer

Kagara offers to acquire all of your CSE Shares, together with all Rights attaching to those shares, on the following terms and conditions.

Subject to section 8 of these Offer Terms, you may only accept this Offer for all of your CSE Shares.

An Offer in this form and bearing the same date is being made to each person registered as the holder of CSE Shares in CSE's register of members as at 5.00pm (WST) on the Record Date.

1.2 Offer extends to others

This Offer extends to any person able to give good title to any of your CSE Shares during the Offer Period.

1.3 Acceptance of the Offer

By accepting this Offer you undertake to transfer to Kagara not only the CSE Shares to which the Offer relates but also all Rights attached to those CSE Shares.

1.4 Date of Offer

This Offer is dated [] 2010.

2. Consideration

If you accept this Offer, you will receive 11 cents for each of your CSE Shares.

3. Offer Period

The Offer will, unless withdrawn in accordance with the Corporations Act, remain open for acceptance during the period commencing on the date of this Offer and ending at 5.00pm (WST) on the later of:

- (a) [] 2010; or
- (b) any date to which that period is extended in accordance with the Corporations Act.

4. How to accept this Offer

4.1 Acceptance procedure

The acceptance procedure will depend on whether your CSE Shares are in an Issuer Sponsored Holding or a CHESS Holding. If they are in an Issuer Sponsored Holding, you will have a securityholder reference number (SRN) beginning with 'I'. If they are in a CHESS Holding, you will have a holder identification number (HIN) beginning with 'X'. Your Acceptance Form will also have these descriptions and specific details of your holding printed on it.

If you hold your CSE Shares in an Issuer Sponsored Holding

If your CSE Shares are held on CSE's issuer-sponsored subregister, then to accept this Offer in respect of those CSE Shares, you must:

- (a) complete and sign the Acceptance Form which accompanies this Bidder's Statement in accordance with the terms of the Offer and the instructions on the Acceptance Form; and
- (b) return the Acceptance Form together with all other documents required by the terms of this Offer and the instructions on the Acceptance Form to the address specified on the Acceptance Form, so that they are received before the close of the Offer Period.

If you hold your CSE Shares in a CHESS Holding

If your CSE Shares are held in a CHESS Holding, then to accept this Offer in respect of those CSE Shares:

- (a) you must comply with the ASTC Settlement Rules;
- (b) if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with rule 14.14 of the ASTC Settlement Rules before the close of the Offer Period; and
- (c) if you are not the Controlling Participant, you may either:
 - (i) instruct your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with rule 14.14 of the ASTC Settlement Rules, such initiation to occur before the close of the Offer Period. If you choose to accept the Offer in this way, your Controlling Participant will be obliged by rule 14.14.1 of the ASTC Settlement Rules to initiate acceptance within the following timeframes:
 - (A) if you specify a time when or by which this Offer must be accepted, in accordance with those instructions; or
 - (B) otherwise, by the End of Day (as defined in the ASTC Settlement Rules) on the day that you instruct the Controlling Participant to accept this Offer or, if the Offer Period ends on the day you provide those instructions, before the close of the Offer Period; or
 - (ii) complete, sign and return the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by the terms of this Offer and the instructions on the Acceptance Form, to the address specified on the Acceptance Form, so that it is received in sufficient time to effect an acceptance before the close of the Offer Period.

4.2 Irrevocable authorisation

By completing, signing and returning the Acceptance Form in respect of CSE Shares in a CHESS Holding you will be deemed to have irrevocably authorised Kagara (and any nominee or nominees of Kagara) to:

- (a) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such CSE Shares in accordance with rule 14.14 of the ASTC Settlement Rules; and
- (b) give any other instructions concerning those CSE Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant.

4.3 Foreign laws

It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

4.4 Mailing address

The mailing address for completed Acceptance Forms is:

Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross, WA 6153

4.5 CSE Shareholder's risk

The method chosen to deliver the Acceptance Form and other documents is at your risk.

4.6 Acceptance Form

The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer in respect of your CSE Shares.

4.7 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased CSE Shareholder, the relevant grant of probate or letters of administration.

4.8 Signing under power of attorney

If the Acceptance Form is signed under power of attorney, the attorney will be taken to have declared that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney as contemplated by section 7.1 of these Offer Terms.

4.9 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at the address set out in section 4.4 of these Offer Terms and the other requirements of this section 4 have been met, provided that:

- (a) Kagara may in its sole discretion waive any or all of those requirements at any time; and
- (b) where such requirements have been complied with in respect of some but not all of your CSE Shares, Kagara may, in its sole discretion, deem your acceptance of this Offer complete in respect of those CSE Shares for which the requirements have been complied with but not in respect of the remainder.

5. Payment

5.1 When payment is provided

Subject to section 5.2 of these Offer Terms and the Corporations Act, if the contract resulting from your acceptance of this Offer becomes unconditional, Kagara will pay the consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

- (a) one month after the date this Offer is accepted or, if the Offer is subject to a Defeating Condition when accepted, within one month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; or
- (b) 21 days after the close of the Offer Period.

Under no circumstances will interest be paid on the consideration to which you are entitled under this Offer, regardless of any delay in providing the consideration or any extension of the Offer.

5.2 Where additional documents are required

Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney):

- (a) if the documents are given with your acceptance, Kagara will provide the consideration in accordance with section 5.1;
- (b) if Kagara is given the documents after acceptance and before the close of the Offer Period, Kagara will provide the consideration:
 - (i) if at the time that Kagara is given the documents the Offer is subject to a Defeating Condition, by the earlier of one month after this Offer or the contract resulting from your acceptance of the Offer becomes unconditional or 21 days after the close of the Offer Period; or
 - (ii) if the Offer is unconditional at the time that Kagara is given the documents, by the earlier of one month after Kagara is given the documents or 21 days after the close of the Offer Period; or
- (c) if the documents are given after acceptance and after the close of the Offer Period, Kagara will provide consideration:
 - (i) if at the time that Kagara is given the documents, the contract resulting from your acceptance of the Offer is subject to a Defeating Condition that relates only to the happening of an event or circumstance referred to in sections 652C(1) or (2) of the Corporations Act, within 21 days after the contract becomes or is declared unconditional; or
 - (ii) if at the time that Kagara is given the documents the contract resulting from your acceptance of the Offer is unconditional within 21 days after Kagara is given the documents.

If you do not provide Kagara with any required additional documents within one month after the close of the Offer Period, Kagara may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

5.3 Where Kagara is entitled to any Rights

If any cash Rights are declared, paid, made, arise or accrue to you as the holder of your CSE Shares, Kagara may reduce the consideration specified in section 2 by the amount of the Rights, unless the benefit of the Rights is passed to Kagara under section 7.1(h).

If any non-cash Rights are issued, made, arise or accrue to you as the holder of your CSE Shares, Kagara may reduce the consideration specified in section 2 by the value (as reasonably determined by Kagara) of the non-cash Rights, unless the benefit of the Rights is passed to Kagara under section 7.1(h).

5.4 Payment method

Payment of the cash amount to which you become entitled by accepting this Offer will be made by cheque in Australian currency and will be sent by pre-paid post to your address as shown on the register of members of CSE.

5.5 Clearances for offshore residents and others

- (a) If at the time you accept the Offer any of the following:

- (i) *Banking (Foreign) Exchange Regulations 1959* (Cth);
- (ii) *Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002* (Cth);
- (iii) *Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001* (Cth);
- (iv) *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Cth); or
- (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Tax Office or any other government authority be obtained before you receive any consideration for your CSE Shares, or would make it unlawful for Kagara to provide any consideration to you for your CSE Shares, you will not be entitled to receive any consideration for your CSE Shares until all requisite authorities, clearances or approvals have been received by Kagara.

- (b) As far as Kagara is aware, as at the date of this Bidder's Statement, the persons to whom this section 5.5 applies are:
- (i) prescribed supporters of the former government of Yugoslavia;
 - (ii) ministers and senior officials of the Government of Zimbabwe;
 - (iii) persons associated with the former government of Iraq (including senior officials, immediate family members of senior officials or entities controlled by any of those persons);
 - (iv) Osama bin Laden;
 - (v) the Taliban;
 - (vi) members of the Al-Qaeda organisation;
 - (vii) an authority or agency associated with the North Korean regime; and
 - (viii) a person named in the list maintained pursuant to paragraph 2 of Resolution 1390 of the Security Council of the United Nations.

6. Conditions of the Offer

6.1 Conditions

This Offer, and any contract resulting from acceptance of this Offer, are subject to fulfilment of the following conditions:

(a) **Minimum acceptance condition**

Before the close of the Offer Period Kagara and its associates have relevant interests in at least 90% (by number) of all issued CSE Shares.

(b) **Prescribed Occurrences**

That during the period from the Announcement Date to the date that is three business days after the close of the Offer Period (each inclusive), none of the following events or circumstances, as referred to in sections 652C(1) and (2) of the Corporations Act, happen:

- (i) CSE converts all or any of its shares into a larger or smaller number of shares in accordance with section 245H of the Corporations Act;
- (ii) CSE or a subsidiary of CSE resolves to reduce its share capital in any way;
- (iii) CSE or a subsidiary of CSE enters into a buy-back agreement or resolves to

approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;

- (iv) CSE or a subsidiary of CSE issues shares, or grants an option over its shares, or agrees to issue shares or grant an option over its shares;
- (v) CSE or a subsidiary of CSE issues, or agrees to issue, convertible notes;
- (vi) CSE or a subsidiary of CSE disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) CSE or a subsidiary of CSE charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) CSE or a subsidiary of CSE resolves to be wound up;
- (ix) a liquidator or provisional liquidator of CSE or a subsidiary of CSE is appointed;
- (x) a court makes an order for the winding up of CSE or of a subsidiary of CSE;
- (xi) an administrator of CSE, or of a subsidiary of CSE, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) CSE or a subsidiary of CSE 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 CSE or of a subsidiary of CSE.

(c) Material adverse change

That no specified event occurs which has, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial position, performance, profits, losses or prospects of CSE, or the title to any of its assets, including as a result of making the Offers or the acquisition of CSE Shares pursuant to the Offers. For these purposes, a 'specified event' is:

- (i) an event or occurrence that occurs or is discovered during the Offer Period;
- (ii) an event or occurrence that occurs prior to the Offer Period but is only announced or publicly disclosed on or after the Announcement Date; or
- (iii) an event or occurrence that will or is likely to occur following the Offer Period and which has not been publicly announced prior to the Announcement Date.

(d) Trading conditions

That between the Announcement Date and the close of the Offer Period none of the following events happens:

- (i) CSE or a subsidiary of CSE does not conduct its business the ordinary course;
- (ii) CSE or a subsidiary of CSE declares, pays or distributes any dividend, bonus or other share of its profits or assets;
- (iii) CSE or a subsidiary of CSE enters into or agrees to enter into any joint venture, farm in or farm out arrangement or partnership in respect of any of the assets owned or controlled by CSE or a subsidiary of CSE or makes an announcement in relation to such an agreement or arrangement;
- (iv) CSE or a subsidiary of CSE disposes of (including by grant of a third party right) or agrees to dispose of any interest in any of the assets owned or controlled by CSE or a subsidiary of CSE or makes an announcement in relation to such a disposal;

- (v) CSE or a subsidiary of CSE disposes of or agrees to dispose of any interest in any of the material assets owned or controlled by CSE or a subsidiary of CSE or makes an announcement in relation to such a disposal;
- (vi) CSE or a subsidiary of CSE incurs or commits to, or grants to another person a right the exercise of which would involve CSE or a subsidiary of CSE incurring or committing to, any capital expenditure or other liability in respect of one or more related items of greater than \$500,000 or makes an announcement in relation to such a commitment; or
- (vii) CSE or a subsidiary of CSE borrows or agrees to borrow money (except on a temporary basis from its bankers in the ordinary course of business).

(e) Additional rights acquired

That no person has or would have because of:

- (i) Kagara acquiring or offering to acquire CSE Shares;
- (ii) Kagara acquiring control of CSE; or
- (iii) Kagara selling CSE Shares or an asset of CSE or a subsidiary of CSE after acquiring CSE Shares,

an actual or contingent right to:

- (iv) acquire an asset of CSE or a subsidiary of CSE under an agreement;
- (v) procure CSE or a subsidiary of CSE to dispose of, or to offer to dispose of, an asset under an agreement, where the aggregate unencumbered value of the asset exceeds \$500,000;
- (vi) receive a benefit derived from an asset of CSE or a subsidiary of CSE; or
- (vii) terminate or modify any material agreement with CSE or take action under any such agreement.

(f) No action or investigation

That between the Announcement Date and the close of the Offer Period, no action or investigation is instituted or threatened by a statutory or regulatory body because of or in connection with the Takeover Bid that might impose a material limitation on the ability of Kagara, CSE or any of their related bodies corporate to conduct its business or own all its assets (other than any action or decision by, or application to, ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).

(g) Equal access to information

Between the Announcement Date and the close of the Offer Period, CSE promptly (and in any event within two Business Days) provides to Kagara a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to CSE or any related body corporate of CSE or any of their respective officers, employees, advisers or agents that CSE provides to any person (other than Kagara) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or any other person, in relation to a transaction under which:

- (i) any person (together with its associates) may acquire voting power of 10% or more in CSE (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise);
- (ii) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part

- of the business or assets of CSE or of any related body corporate of CSE; or
- (iii) any person may otherwise acquire control of, or merge or amalgamate with, CSE.

(h) Other regulatory approvals

Before the close of the Offer Period, all regulatory approvals or consents that are required by law, regulation or regulatory policy as are necessary to permit:

- (i) the Offer to be lawfully made to and accepted by holders of CSE Shares;
- (ii) the acquisition of CSE Shares by Kagara; or
- (iii) completion of the transactions contemplated by this Bidder's Statement, including the full, lawful and effectual implementation of the intentions set out in the Bidder's Statement,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew.

6.2 Nature of conditions

Each of the conditions set out in each paragraph and subparagraph of section 6.1 of these Offer Terms:

- (a) constitutes and will be construed as a separate, several and distinct condition and each of the conditions will not be taken to limit the meaning and effect of any other condition;
- (b) is a condition subsequent; and
- (c) until the expiration of the Offer Period (or in the case of a Defeating Condition that relates to a circumstance or event referred to in subsection 652C(1) or (2) of Corporations Act, until three business days after the close of the Offer Period) will be for the benefit of Kagara alone and may be relied upon only by Kagara.

6.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the Defeating Conditions does not, until the close of the Offer Period, prevent a contract arising to acquire your CSE Shares resulting from your acceptance of this Offer, but if at the close of the Offer Period (or, in the case of a Defeating Condition that relates to a circumstance or event referred to in subsection 652C(1) or (2) of the Corporations Act, at the end of three business days after the close of the Offer Period), in respect of any Defeating Condition:

- (a) Kagara has not declared the Offers (and they have not become) free from that condition; or
- (b) that condition has not been fulfilled,

all contracts resulting from acceptance of this Offer and all acceptances that have not resulted in binding contracts are automatically void. In such a case, Kagara will return the Acceptance Form together with all documents to the address shown in the Acceptance Form and notify ASTC of the lapse of the Offer in accordance with rule 14.19 of the ASTC Settlement Rules.

6.4 Kagara may declare Offers free from all or any of the conditions

Kagara may at any time at its sole discretion, but in compliance with section 650F and section 630 of the Corporations Act, declare the Offers free from all or any of the Defeating Conditions which are capable of being waived by notice in writing to CSE:

- (a) in the case of a Defeating Condition that relates to the happening of a circumstance or event referred to in subsection 652C(1) or (2) of the Corporations Act – not later than

three business days after the close of the Offer Period; and

- (b) in any other case – not later than seven days before the close of the Offer Period.

6.5 Date for giving notice on status of conditions

The date for giving a notice on the status of the conditions as required by section 630(1) of the Corporations Act is [] 2010, subject to variation in accordance with section 630(2) of the Corporations Act where the Offer Period is extended.

7. Effect of acceptance

7.1 Effect of acceptance

By accepting this Offer in accordance with section 4 of these Offer Terms (including where the Offer is caused to be accepted in accordance with the ASTC Settlement Rules), you will, or will be deemed to have:

- (a) irrevocably authorised Kagara to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your CSE Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form, as may be necessary to make the Acceptance Form an effectual acceptance of this Offer and to enable registration of the transfer of your CSE Shares to Kagara;
- (b) accepted this Offer (and any variation of it) and agreed to its terms and conditions, in respect of all of your CSE Shares (together with all Rights attaching to them) despite any difference between that number and the number of CSE Shares shown in the Acceptance Form;
- (c) agreed to transfer all of your CSE Shares to Kagara subject to the Offer being declared free from the Defeating Conditions (or those conditions being fulfilled);
- (d) represented and warranted to Kagara, as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to Kagara:
 - (i) you have paid to CSE all amounts which are due for payment in respect of your CSE Shares;
 - (ii) all of your CSE Shares are fully paid and Kagara will acquire good title to them and full beneficial ownership of them free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind; and
 - (iii) you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership of your CSE Shares (together with all Rights attaching to them) to Kagara;
- (e) with effect from the later of acceptance of this Offer and the date that any contract resulting from that acceptance becomes, or is declared, free from conditions, appointed Kagara and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your CSE Shares or in exercise of any right or power derived from the holding of your CSE Shares, including, without limitation, to:
 - (i) attend and vote in respect of your CSE Shares at any general meeting of CSE;

- (ii) appoint a proxy or proxies to attend and vote on your behalf in respect of your CSE Shares at any meeting of CSE;
- (iii) requisition or join with other holders of CSE Shares in requisitioning or convening (or both) a meeting of CSE;
- (iv) demand a poll for any vote to be taken at any meeting of CSE;
- (v) propose or second any resolution to be considered at any meeting of CSE;
- (vi) receive from CSE or any other party, and retain, any share certificates which were held by CSE, or any other party;
- (vii) sign all documents (including an instrument appointing one of Bidder's directors as a proxy in respect of any or all of your CSE Shares and any application to CSE for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your CSE Shares, and generally to exercise all powers and rights which you may have as a CSE Shareholder and perform such actions as may be appropriate in order to vest good title in your CSE Shares (together with all Rights attaching to them) in Kagara; and
- (viii) do all things incidental and ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Kagara as the intended registered holder and beneficial holder of your CSE Shares. This appointment is irrevocable and terminates upon registration of a transfer to Kagara of your CSE Shares. Kagara will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might be incurred or undertaken as a result of the exercise by an attorney of any powers under this subclause;

- (f) agreed to fully indemnify Kagara in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your holder identification number or securityholder reference number or in consequence of the transfer of your CSE Shares to Kagara being registered by CSE without production of your holder identification number or securityholder reference number;
- (g) irrevocably authorised Kagara (and any nominee or nominees of Kagara) to notify CSE on your behalf that your place of address for the purpose of serving notices upon you in respect of your CSE Shares is the address as specified in the notification, and that all such notices are to be marked care of Kagara and to have directed CSE to serve all correspondence, payments or notifications in respect of any Rights and other communications and documents whatsoever in respect of those CSE Shares to Kagara at that address;
- (h) irrevocably authorised and directed CSE to pay Kagara, or to account to Kagara for, all Rights in respect of your CSE Shares, subject, however, to any such Rights being received by Kagara being accounted for by Kagara to you if this Offer is withdrawn or any contract resulting from your acceptance of this Offer is rescinded or rendered void;
- (i) irrevocably authorised Kagara (and any nominees or nominees of Kagara) to cause a message to be transmitted in accordance with ASTC Settlement Rule 14.17.1 (and at a time permitted by ASTC Settlement Rule 14.17.1(b)) so as to transfer your CSE Shares to Bidder's Takeover Transferee Holding, regardless of whether Kagara has at that time paid or provided the consideration due to you under this Offer; and
- (j) agreed, subject to the Defeating Conditions being satisfied or waived, to execute all documents, transfers and assurances as may be necessary or desirable to convey your CSE Shares and Rights to Kagara.

Kagara may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any) or there is not compliance with any one or more of the other requirements for acceptance but, if Kagara does so, Kagara is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

7.2 Continuing representations and warranties

The representations, warranties, undertakings and authorities referred to in section 7.1 of these Offer Terms will (unless otherwise stated) remain in force after you receive the consideration for your CSE Shares and after Kagara becomes registered as holder of them.

8. Acceptances by transferees and nominees

8.1 Who may accept the Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your CSE Shares may accept (if they have not already accepted an offer in the form of this Offer for those CSE Shares) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more distinct parcels of CSE Shares as trustee or nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

8.2 Holding CSE Shares

A person is taken to hold CSE Shares if they are, or are entitled to be, registered as the holder of those CSE Shares.

8.3 Holding CSE Shares on trust or as a nominee

A person is taken to hold CSE Shares on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular CSE Shares; and
- (b) hold their interest in the CSE Shares on trust for, as nominee for, or on account of, that other person.

8.4 Effective acceptance

An acceptance of an offer pursuant to section 8.1(b) of these Offer Terms is ineffective unless:

- (a) the person who holds on account of another person gives Kagara a notice stating that the CSE Shares consist of a separate and distinct parcel; and
- (b) the acceptance specifies the number of CSE Shares in the distinct parcel.

8.5 Notice of acceptance

A notice under section 8.4(a) of these Offer Terms must be made:

- (a) if it relates to CSE Shares entered on a CHESSE subregister - in an electronic form approved by the ASTC Settlement Rules; or
- (b) otherwise - in writing.

8.6 Person may accept for two or more parcels

A person may, at the one time, accept for two or more parcels under this section as if there had been a single offer for a separate parcel consisting of those parcels.

9. Other matters

9.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Kagara to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered to your address as recorded on the register of members of CSE or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

9.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to Kagara, but before it has been received; or
- (b) for any other reason Kagara does not acquire the CSE Shares to which your Acceptance Form relates,

Kagara will despatch at your risk your Acceptance Form together with all other documents forwarded by you, to your address as shown on the Acceptance Form or such other address as you may notify in writing to Kagara by, where such address is inside Australia, pre-paid ordinary post, or, where such address is outside Australia, pre-paid airmail.

9.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Offers and all stamp duty payable in respect of a transfer of CSE Shares in respect of which Offers are accepted, will be paid by Kagara. If you hold your CSE Shares through a bank, broker or nominee which charges transaction fees or service charges in connection with your acceptance of the Offer, Kagara will not pay those fees or charges.

9.4 Withdrawal

Kagara may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

9.5 Variation

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

9.6 Governing law

This Offer and any contract that results from your acceptance of this are governed by the laws in force in Western Australia.

Part 7 – Definitions and interpretation

1. Definitions

In this Bidder's Statement unless the context otherwise requires:

Acceptance Form means the form of acceptance and transfer enclosed with this Bidder's Statement and which forms part of the Offer.

Announcement Date means 12 October 2010, being the date of the announcement of the Offer by Kagara.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd.

ASTC Settlement Rules means the operating rules of the ASTC, being the holder of an Australian CS facility licence under the Corporations Act.

ASX means ASX Limited or the market it conducts (as the context requires).

Bidder's Statement means this document, being the statement of Kagara under Part 6.5, Division 2 of the Corporations Act relating to the Offer.

Business Day has the meaning given in the Listing Rules.

CHESS Holding means a holding of CSE Shares on the CHESS Subregister of CSE (usually a CHESS holding will be through a Controlling Participant).

CHESS means the Clearing House Electronic Subregister System established and operated by ASTC for the clearing, settlement, transfer and registration of approved securities.

Controlling Participant means the person who is designated as the Controlling Participant for shares in a CHESS Holding in accordance with the ASTC Settlement Rules.

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

CSE means Copper Strike Limited ABN 16 108 398 983.

CSE Options means options to subscribe for CSE Shares.

CSE Shareholder means a person who holds CSE Shares.

CSE Shares means fully paid ordinary shares in CSE.

Defeating Condition means each condition set out in section 6.1 of the Offer Terms.

GST has the meaning given to that term in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Issuer Sponsored Holding means a holding of CSE Shares on CSE's issuer-sponsored subregister.

Kagara means Kagara Limited ABN 36 008 908 583.

Listing Rules means the listing rules of the ASX.

Offer means the offer contained in section 1 of the Offer Terms.

Offer Date means the date referred to in section 1.4 of the Offer Terms.

Offer Period means the period referred to in section 3 of the Offer Terms.

Offers means the offers referred to in section 1 of the Offer Terms.

Offer Terms means the detailed terms of the Offer set out in Part 6.

Prescribed Occurrence means the events or circumstances listed in section 6.1(b) of the Offer Terms.

Record Date means 19 October 2010.

related body corporate has the same meaning as in the Corporations Act.

Rights means all accretions and rights which accrue to or arise from CSE Shares after the date of lodgement of this Bidder's Statement with ASIC, including all rights to receive dividends, to receive or subscribe for shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by CSE after that date.

Takeover Bid means the off-market takeover bid constituted by the Offers.

VWAP means, in relation to a period, the volume-weighted average sale price on the ASX over that period.

WST means Perth, Western Australia time.

2. Interpretation

In this Bidder's Statement, except where the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Bidder's Statement or the Offer;
- (b) the singular includes the plural and vice versa;
- (c) words importing a gender include all other genders;
- (d) another grammatical form of a defined word or expression has a corresponding meaning;
- (e) references to persons include corporations;
- (f) references in this Bidder's Statement to paragraphs and sections are to paragraphs and sections in this Bidder's Statement;
- (g) references in this Bidder's Statement to appendices are to appendices of this Bidder's Statement;
- (h) references to **dollars** or **\$** or **cents** are to Australian currency;
- (i) words or phrases to which a meaning is given by the Corporations Act, the Listing Rules or the ASTC Settlement Rules have the same meaning when used in this Bidder's Statement, unless that meaning is inconsistent with the context in which the word or phrase is used; and
- (j) appendices to this Bidder's Statement form part of this Bidder's Statement.

Signing page

DATED 18 October 2010

This Bidder's Statement has been approved by a unanimous resolution of the directors of Kagara.

Signed for and on behalf of Kagara Limited.



A handwritten signature in black ink, appearing to read 'Kim Robinson', is written over a horizontal dotted line.

Kim Robinson – Executive Chairman

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Annexure A

(section 1 of Part 3)

ASX announcements in relation to CSE
made after 30 September 2010

ASX announcements in relation to CSE

Date	Headline
13/10/2010	Response to Kagara's intended takeover offer
12/10/2010	Amended Notice Of Substantial Holder from KZL
12/10/2010	KZL: Takeover Offer for Copper Strike Ltd
12/10/2010	Notice of Initial Substantial Holder from KZL
7/10/2010	Notice of Annual General Meeting/Proxy Form

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