

Australia has largely abolished exchange controls on investment transactions. The Australian dollar is freely convertible into U.S. dollars or other currencies. In addition, there are currently no specific rules or limitations regarding the export from Australia of profits, dividends, capital or similar funds belonging to foreign investors, except that certain payments to non-residents must be reported to the Australian Cash Transaction Reports Agency, which monitors such transaction, and amounts on account of potential Australian tax liabilities may be required to be withheld unless a relevant taxation treaty can be shown to apply and under such there are either exemptions or limitations on the level of tax to be withheld.

E. Taxation

The following summary of material U.S. federal income tax and Australian tax considerations of an investment in the ADSs is based upon the federal income tax laws of the United States and regulations promulgated thereunder and the tax laws of Australia and the regulations promulgated thereunder, each as in effect as of the date of this annual report, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not deal with all possible tax consequences relating to an investment in the ADSs, including tax consequences under U.S. state or local tax laws, U.S. federal tax laws other than U.S. federal income tax laws, certain Australian tax laws, and the tax laws of any jurisdiction outside of the United States and Australia.

U.S. Federal Income Tax Considerations

The following describes material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of the ADSs, and the ownership and disposition of any ordinary shares received in exchange for such ADSs from the depository. This summary addresses these tax considerations only for U.S. holders (as defined below) that hold ADSs, and any ordinary shares received in exchange for such ADSs from the depository, as capital assets (generally, property held for investment).

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing, proposed and temporary U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof, in each case, as in effect on the date hereof and all of which are subject to change and to differing interpretations, possibly with retroactive effect. Any such change or differing interpretations could affect the tax considerations described below. There can be no assurances that the U.S. Internal Revenue Service (the "IRS") will not take a position that differs from those described below or that such a position would not be sustained by a court. We have not obtained, nor do we intend to obtain, a ruling with respect to the U.S. federal income tax considerations of the purchase, ownership or disposition of the ADSs or ordinary shares. Accordingly, U.S. holders should consult their tax advisors concerning the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of the ADSs or ordinary shares in their particular circumstances.

This summary does not address any U.S. federal tax considerations other than U.S. federal income tax considerations (such as estate or gift tax considerations, the Medicare contribution tax imposed on certain net investment income, or any state, local, or non-U.S. tax considerations).

This summary does not address all U.S. federal income tax considerations that may be relevant to a U.S. holder based on its particular circumstances. This summary also does not address U.S. federal income tax considerations applicable to a U.S. holder that may be subject to special tax rules including the following:

- banks, financial institutions or insurance companies;
- brokers, dealers or traders in securities, currencies, commodities, or notional principal contracts;
- tax-exempt entities;
- individual retirement accounts and other tax-deferred accounts;
- real estate investment trusts or regulated investment companies;
- persons that hold the ADSs or our ordinary shares as part of a "hedging," "integrated," "wash sale" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;

- S corporations, partnerships, or other pass-through entities for U.S. federal income tax purposes and investors in such entities;
- former citizens or long-term residents of the United States;
- persons that received the ADSs as compensation;
- persons required to accelerate the recognition of any item of gross income as a result of any item of gross income with respect to the ADSs or our ordinary shares being taken into account in an applicable financial statement;
- persons acquiring the ADSs in connection with a trade or business conducted outside of the United States, including a permanent establishment or a fixed base in Australia;
- persons subject to the alternative minimum tax;
- holders that own directly, indirectly, or constructively, 10% or more of the voting power or value of our equity interests; and
- holders that have a “functional currency” other than the U.S. dollar.

Persons who hold the ADSs and fall within one of the categories above are advised to consult their tax advisor regarding the specific U.S. federal income tax consequences which may apply to their particular situation.

For the purposes of this description, a “U.S. holder” is a beneficial owner of the ADSs or our ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or if such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If an entity treated as a partnership for U.S. federal income tax purposes holds the ADSs or our ordinary shares, the U.S. federal income tax consequences relating to an investment in the ADSs and our ordinary shares will depend in part upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor regarding the specific U.S. federal income tax considerations of acquiring, owning and disposing of the ADSs or our ordinary shares in its particular circumstances.

U.S. holders of the ADSs should consult their tax advisors as to the particular tax consequences applicable to them relating to the acquisition, ownership and disposition of the ADSs or our ordinary shares, including the applicability of U.S. federal, state and local tax laws, Australian tax laws and other non-U.S. tax laws.

ADSs. In general, for U.S. federal income tax purposes, a U.S. holder holding ADSs will be treated as the owner of the ordinary shares represented by the ADSs. Accordingly, exchanges with the depositary of ADSs for ordinary shares, and of ordinary shares for ADSs, generally will not be subject to U.S. federal income tax.

Distributions. As described under the heading “Dividend Policy,” we do not expect to make any distributions in respect of the ADSs or our ordinary shares. Subject to the discussion under “—Passive Foreign Investment Company Considerations,” below, the gross amount of any distribution (including any amounts withheld in respect of Australian tax or in respect of fees payable to the depositary) actually or constructively received by a U.S. holder with respect to the ADSs or our ordinary shares generally will be taxable to the U.S. holder as a dividend to the extent of the U.S. holder’s pro rata share of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Generally, distributions in excess of our current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. holder’s adjusted tax basis in the ADSs or our ordinary shares, and thereafter as capital

gain from the disposition of the ADSs or our ordinary shares. However, since we do not intend to calculate our earnings and profits under U.S. federal income tax principles, it is expected, and U.S. holders should assume, that any distribution will be reported as a dividend and will constitute ordinary dividend income to a U.S. holder. Any dividends will generally be treated as foreign source, and will not be eligible for the dividends-received deduction generally allowed to corporate U.S. holders.

Subject to the discussion under “Passive Foreign Investment Company Considerations,” below, dividends paid to non-corporate U.S. holders may qualify as “qualified dividend income” eligible for the preferential rates of taxation applicable to long-term capital gains if we are a “qualified foreign corporation” and certain other requirements (discussed below) are met. We generally will be considered to be a qualified foreign corporation (a) if we are eligible for the benefits of the Convention between the Government of the United States of America and the Government of Australia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed on August 6, 1982, as amended and currently in force (the “U.S.-Australia Tax Treaty”), or (b) the ADSs or our ordinary shares are readily tradable on an established securities market in the United States. We have applied to have the ADSs listed on the Nasdaq Global Market, which is an established securities market in the United States, although there can be no assurance that the ADSs will be listed or remain listed on Nasdaq or be considered readily tradable on an established securities market in the United States now or in the future. In addition, we believe that we qualify as a resident of Australia for purposes of, and are eligible for the benefits of, the U.S.-Australia Tax Treaty, although there can be no assurance in this regard. Therefore, subject to the discussion under “Passive Foreign Investment Company Considerations,” below, any dividends on the ADSs or our ordinary shares generally will be “qualified dividend income” in the hands of individual U.S. holders, provided that a holding period requirement (more than 60 days of ownership, without protection from the risk of loss, during the 121-day period beginning 60 days before the ex-dividend date) and certain other requirements are met.

A U.S. holder may be able to claim as a credit against its U.S. federal income tax liability the amount of any Australian tax withheld from any dividends at a rate not exceeding an applicable rate under the U.S.-Australia Tax Treaty. Alternatively, a U.S. holder may deduct such Australian taxes from its U.S. federal taxable income, provided that the U.S. holder elects to deduct rather than credit all foreign income taxes paid or accrued for the relevant taxable year. The rules governing U.S. foreign tax credits are complex. Each U.S. holder should consult its tax advisors regarding the foreign tax credit rules.

In general, the amount of any distribution paid to a U.S. holder in a foreign currency will be the U.S. dollar value of the foreign currency calculated by reference to the spot exchange rate on the day the depository receives the distribution (in the case of ADSs) or on the day the distribution is received by the U.S. holder (in the case of ordinary shares), regardless of whether the foreign currency is converted into U.S. dollars at that time. If distributions received in a foreign currency are converted into U.S. dollars on the day they are received, a U.S. holder should not be required to recognize foreign currency gain or loss in respect of the distribution. A U.S. holder that does not convert foreign currency received as a distribution on an ordinary share into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt. Any foreign currency gain or loss a U.S. holder recognizes on a subsequent conversion of foreign currency into U.S. dollars will be U.S. source ordinary income or loss.

As discussed below under “Item 12. Description of Securities Other Than Equity Securities – American Depositary Shares– Fees and Expenses”, the amount of any distribution that is paid to a U.S. holder will be reduced by certain fees that such U.S. holder is required to pay to the depository. The amount of any dividend a U.S. holder is deemed to receive and include in income for U.S. federal income tax purposes will not be reduced by the amount of any fees that are withheld, and a U.S. holder would be deemed to pay the amount of such fees to the depository. Any such fees generally will be treated as items of investment expense which may not be deductible in the case of certain investors due to general limitations on the deductibility of investment expenses. U.S. holders should consult their tax advisor with respect to the tax treatment of the payment of any such fees to the depository.

Sale or Other Taxable Disposition. A U.S. holder generally will recognize gain or loss for U.S. federal income tax purposes upon the sale or other taxable disposition of the ADSs or the ordinary shares in an amount equal to the difference between the U.S. dollar value of the amount realized from such disposition and the U.S. holder's adjusted tax basis in those ADSs or ordinary shares, determined in U.S. dollars. Subject to the discussion under "—Passive Foreign Investment Company Considerations" below, any such gain or loss generally will be a capital gain or loss, and will be long-term capital gain or loss if the U.S. holder's holding period for such ADSs or ordinary shares is more than one year at the time of such disposition. A U.S. holder's adjusted tax basis in the ADSs or our ordinary shares generally will be equal to the cost of such ADSs or ordinary shares. Any long-term capital gain from the disposition of the ADSs or our ordinary shares by a non-corporate U.S. holder generally is eligible for a preferential rate of taxation. The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations. Any such gain or loss that a U.S. holder recognizes generally will be treated as U.S. source gain or loss for foreign tax credit limitation purposes.

For a cash basis taxpayer, any units of foreign currency received on a disposition of the ADSs or our ordinary shares that are treated as traded on an established securities market are translated into U.S. dollars at the spot exchange rate on the settlement date of the disposition. No foreign currency exchange gain or loss will result for a cash basis taxpayer from currency fluctuations between the trade date and the settlement date of such a disposition.

An accrual basis taxpayer may elect the same treatment required of cash basis taxpayers with respect to dispositions of the ADSs or our ordinary shares that are traded on an established securities market, provided the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. For an accrual basis taxpayer who does not make such election or if the ADSs or our ordinary shares that are not treated as traded on an established securities market, any units of foreign currency received on a disposition of the ADSs or our ordinary shares are translated into U.S. dollars at the spot exchange rate on the trade date of the disposition. In such case, the taxpayer may recognize exchange gain or loss based on currency fluctuations between the trade date and the settlement date. Any foreign currency gain or loss a U.S. holder recognizes will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Considerations. Generally, we will be a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes for any taxable year in which, after applying certain look-through rules with respect to the income and assets of our subsidiaries, either: (1) at least 75% of our gross income is "passive income" or (2) at least 50% of the average quarterly value of our total gross assets (which would generally be measured by fair market value of our assets) is attributable to assets that produce "passive income" or are held for the production of "passive income." For purposes of these calculations, we will be treated as holding our proportionate share of the assets of, and receiving directly our proportionate share of the income of, any corporation in which we directly or indirectly own at least 25% (by value) of the shares. Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions and the excess of gains over losses from the disposition of assets which produce passive income.

Based on our current and anticipated operations and composition of our assets and income, we believe that we were not a PFIC for U.S. federal income tax purposes for our tax year ended June 30, 2022, and that we should not be a PFIC for the current taxable year and currently do not expect to become a PFIC in the foreseeable future. However, the determination of PFIC status is a factual determination that must be made annually and cannot be made until the close of a taxable year. In particular, our PFIC status may be determined in large part based on the market price of the ADSs and our ordinary shares. The market price of the ADSs and our ordinary shares may fluctuate, and a significant decrease in the market price could cause us to be treated as a PFIC. Moreover, the determination of PFIC status depends, in part, on the application of complex U.S. federal income tax rules which are subject to differing interpretations. Accordingly, there can be no assurance that we would not be a PFIC for the current taxable year or any future taxable year.

If we are a PFIC, a U.S. holder will be subject to a special tax at ordinary income tax rates on "excess distributions," including certain distributions by us and any gain that the U.S. holder recognizes on the sale or other disposition of the ADSs or our ordinary shares. Distributions received by a U.S. holder (other than distributions in the first year that a U.S. holder holds

the ADSs or ordinary shares) in a taxable year that exceed 125% of the average annual distributions received during the shorter of the three preceding taxable years or the portion of the U.S. holder's holding period for the ADSs or ordinary shares that precedes the taxable year of the distribution will be treated as an excess distribution. The amount of U.S. federal income tax on any excess distributions will be increased by an interest charge to compensate for the tax deferral, calculated as if the excess distributions were earned ratably over the period that the U.S. holder has held the ADSs or ordinary shares. Dividends received with respect to the ADSs or our ordinary shares will not be eligible for the preferential tax rate applicable to "qualified dividend income" received by non-corporate U.S. holders if we are a PFIC for the taxable year of the distribution or for the preceding taxable year. Classification as a PFIC may also have other adverse tax consequences. A U.S. holder may be able to mitigate certain of these adverse tax consequences if it is able to make a timely qualified electing fund election (a "QEF election") or a mark to market election with respect to the ADSs. However, a QEF election may only be made by a U.S. holder if we provide such holder with certain information, and we do not expect to provide U.S. holders with the information necessary to make a QEF election in the event we were to be a PFIC.

If we are a PFIC in any year in which a U.S. holder owns the ADSs or our ordinary shares, we would continue to be treated as a PFIC with respect to such U.S. holder in all succeeding years during which the U.S. holder owns the ADSs or ordinary shares, regardless of whether we continue to meet the tests described above, unless we cease to be a PFIC and the U.S. holder has made certain elections under applicable U.S. Treasury regulations with respect to its ADSs or ordinary shares.

If a U.S. holder owns the ADSs or our ordinary shares during any taxable year in which we are a PFIC, the U.S. holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to the Company, generally with the U.S. holder's U.S. federal income tax return for that year. U.S. holders should consult their tax advisor regarding any annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. holders should consult their tax advisors with respect to the acquisition, ownership and disposition of the ADSs or our ordinary shares, the consequences to them of an investment in a PFIC, any elections available with respect to the ADSs or ordinary shares (including QEF elections and mark-to-market elections) and the IRS information reporting obligations with respect to the acquisition, ownership and disposition of the ADSs and ordinary shares.

Backup Withholding and Information Reporting. U.S. holders generally will be subject to information reporting requirements with respect to dividends paid on the ADSs or our ordinary shares, and on the proceeds from the sale, exchange or other disposition of the ADSs or our ordinary shares that are paid within the United States or through U.S.-related financial intermediaries, unless the U.S. holder is an "exempt recipient." In addition, U.S. holders may be subject to backup withholding on such payments, unless the U.S. holder provides a correct taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax, and the amount of any backup withholding will be allowed as a credit against a U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Asset Reporting. Certain U.S. holders who are individuals are required to report information relating to an interest in the ADSs and our ordinary shares, subject to certain exceptions (including an exception for ADSs and ordinary shares held in accounts maintained by U.S. financial institutions) by filing IRS Form 8938 (*Statement of Specified Foreign Financial Assets*) with their U.S. federal income tax return. Substantial penalties may be imposed upon a U.S. holder that fails to comply. U.S. holders should consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the ADSs or our ordinary shares.

THE DISCUSSION ABOVE IS A SUMMARY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE ADSs AND IS BASED UPON LAWS AND RELEVANT INTERPRETATIONS THEREOF IN EFFECT AS OF THE DATE OF THIS annual report, ALL OF WHICH ARE SUBJECT TO CHANGE OR DIFFERING INTERPRETATION, POSSIBLY WITH RETROACTIVE EFFECT. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE ADSs IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

Australian Tax Considerations

In this section, we discuss material Australian income tax, stamp duty and goods and services tax considerations related to the acquisition, ownership and disposal by the absolute beneficial owners of the ADSs or ordinary shares represented by ADSs. It is based upon existing Australian tax law and administrative practice as of the date of this annual report, which is subject to change, possibly retrospectively. This discussion does not address all aspects of Australian tax law which may be important to particular investors in light of their individual investment circumstances, such as ADSs or shares held by investors subject to special tax rules (for example, financial institutions, insurance companies or tax exempt organizations). In addition, this summary does not discuss any non-Australian or state tax considerations, other than stamp duty.

Prospective investors are urged to consult their tax advisors regarding the Australian and non-Australian income and other tax considerations of the acquisition, ownership and disposition of the ADSs or shares, including before the deposit of shares with the depository in exchange for ADSs. This summary is based upon the premise and assumption that the holder of an ADS is not an Australian tax resident and is not carrying on business in Australia through a permanent establishment or similar taxable nexus (referred to as a "Non-Australian Holder" in this summary).

Nature of ADSs for Australian Taxation Purposes

Prospective investors and non-Australian holders of ADSs should obtain specialist Australian tax advice regarding their rights and obligations under the deposit agreement with the depository, including whether the deposit arrangement would result in the holders of an ADS being "absolutely entitled" to the underlying shares represented by the ADS for Australian taxation purposes, especially before the prospective investor or Non-Australian Holder takes any action either to: (1) deposit ordinary shares to the depository in exchange for ADSs; or (2) surrender ADSs to the depository for cancellation to receive the ordinary shares underlying the Non-Australian Holder's ADSs. Apart from certain aspects of the Australian tax legislation (for example, the Australian capital gains tax and withholding tax provisions, which are discussed below), there is no express legislative basis for disregarding "bare trusts" or similar arrangements for Australian tax purposes generally, and the Australian Taxation Office has not published any binding guidance in respect of ADS arrangements.

Consistent with our understanding that the deposit agreement, which is proposed for the holders of ADSs, is on similar terms to agreements that govern ADSs in respect of other foreign private issuers, this summary proceeds on the assumption that the deposit arrangement results in holders of ADSs being "absolutely entitled" to the underlying shares and also "presently entitled" to any dividend paid on the underlying ordinary shares. On this basis, holders of ADSs can be treated as the owners of the underlying ordinary shares for Australian capital gains tax purposes and dividends paid on the underlying ordinary shares will also be treated as dividends derived by the holders of ADSs as the persons presently entitled to those dividends.

The Australian tax implications of depositing shares with the depository in exchange for ADSs will depend on the individual circumstances of the investor. Generally, for investors who hold such shares on capital account, on the basis of the assumption regarding absolute entitlement the deposit of such shares with the depository should not be subject to Australian capital gains tax.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be "franked" to the extent they are paid out of company profits that have been subject to income tax. Fully franked dividends are not subject to dividend withholding tax. To the extent that they are unfranked, dividends payable to Non-Australian Holders will be subject to dividend withholding tax except to the extent they are declared to be "conduit foreign income", or CFI. Dividend withholding tax will be imposed at 30%, unless a shareholder or other specified recipient is a resident of a country with which Australia has a double taxation treaty and qualifies for the benefits of the treaty. For example, under the provisions of the current Double Taxation Convention between Australia and the United States, the Australian tax withheld on

unfranked dividends that are not declared to be CFI paid by us to which a resident of the United States is beneficially entitled generally is limited to 15%.

However, under the Double Taxation Convention between Australia and the United States, if a U.S. resident company that is a Non-Australian Holder directly owns a 10% or more voting interests in Novonix, the Australian tax withheld on unfranked dividends that are not declared to be CFI paid by us to which the company is beneficially entitled is generally limited to 5%.

Character of ADSs or Shares for Australian Taxation Purposes

The Australian tax treatment of a sale or disposal of the ADSs or underlying shares will depend on whether they are held on revenue or capital account. ADSs may be held on revenue rather than capital account, for example, where they are held by share traders or any profit arises from a profit-making undertaking or scheme entered into by the holder. Non-Australian Holders of ADSs should obtain specialist Australian tax advice regarding the characterization of any gain or loss on a sale or disposal of the ADSs or underlying shares as revenue or capital in nature.

Tax on Sales or other Dispositions of Shares or ADSs—Capital Gains Tax

Non-Australian Holders who are treated as the owners of the underlying shares on the basis that they are absolutely entitled to those shares will not be subject to Australian capital gains tax on the gain made on a sale or other disposal of ordinary shares, provided the shares are not “taxable Australian property.” Taxable Australian property includes “indirect Australian real property interests,” which are interests in a company where:

- that Non-Australian Holder, together with its associates (as defined in the relevant Australian tax legislation), holds 10% or more of that company’s issued shares, at the time of disposal or for a 12-month period during the two years prior to disposal; and
- more than 50% of that company’s assets held directly or indirectly, determined by reference to market value, consists of Australian real property (which includes land and leasehold interests) or Australian mining, quarrying or prospecting rights at the time of disposal.

Australian capital gains tax applies to net capital gains at a taxpayer’s marginal tax rates. Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains.

If a Non-Australian Holder of ADSs was not absolutely entitled to the underlying shares, and the ADSs were held on capital account, the same principles would apply in determining whether a gain on the sale or disposal of the ADSs would be subject to Australian capital gains tax. That is, a Non-Australian Holder should not be directly subject to Australian capital gains tax on the sale or disposal of the ADSs provided the ADSs are not “taxable Australian property”.

The 50% capital gains tax discount is not available to Non-Australian Holders on gains from assets where they were non-Australian residents during the entire holding period. Companies are not entitled to a capital gains tax discount.

Broadly, where there is a disposal of “taxable Australian property,” which includes indirect Australian real property interests, the purchaser will be required to withhold and remit to the Australian Taxation Office, or the ATO, 12.5% of the proceeds from the sale. A transaction is excluded from the withholding requirements in certain circumstances, including where the transaction is an on-market transaction conducted on an approved stock exchange, a securities lending arrangement, or the transaction is conducted using a broker operated crossing system. There may also be an exception to the requirement to withhold where a Non-Australian Holder provides a declaration that their ordinary shares are not “indirect Australian real property interests.” The Non-Australian Holder may be entitled to receive a tax credit for the tax withheld by the purchaser which they may claim in their Australian income tax return.

Tax on Sales or other Dispositions of ADSs—Revenue Account

Non-Australian Holders who hold their ADSs on revenue account may have the gains made on the sale or other disposal of the ADSs included in their assessable income under the ordinary income provisions of the income tax law, if the gains are sourced in Australia. In the case of gains which are ordinary income, there are no express provisions which treat holders of ADSs as the owners of the underlying shares where they are absolutely entitled to those shares.

Non-Australian Holders assessable under these ordinary income provisions in respect of gains made on ADSs held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 32.5% for individuals and would be required to file an Australian tax return. Some relief from Australian income tax may be available to a Non-Australian Holder who is resident of a country with which Australia has a double taxation treaty, qualifies for the benefits of the treaty and does not, for example, derive the gain in carrying on business through a permanent establishment (or similar taxable nexus) in Australia.

To the extent an amount would be included in a Non-Australian Holder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount may be reduced, so that the holder may not be subject to double Australian tax on any part of the gain.

The statements under "Tax on Sales or Other Dispositions of Shares-Capital Gains Tax" regarding a purchaser being required to withhold 12.5% tax on the acquisition of certain taxable Australian property are also relevant where the disposal of the ADSs by a Non-Australian Holder is likely to generate gains on revenue account, rather than a capital gain.

Dual Residency

If a holder of ADSs is a resident of both Australia and another jurisdiction (such as the United States) under those countries' domestic taxation laws, that holder may be subject to tax as an Australian resident. If, however, the holder is determined to be a resident of that other jurisdiction for the purposes of the applicable double tax treaty (for example the Double Taxation Convention between the United States and Australia and qualifies for the benefit of that treaty, the Australian tax may be subject to limitation by that double tax treaty. Holders should obtain specialist taxation advice in these circumstances.

Stamp Duty

No Australian stamp duty is payable by Australian residents or non-Australian residents on the issue, transfer and/or surrender of the ADSs or ordinary shares, provided that the securities issued, transferred and/or surrendered do not represent 90% or more of our issued shares.

Australian Death Duty

Australia does not have estate or death duties. As a general rule, no capital gains tax liability is realized upon the inheritance of a deceased person's shares. The disposal of inherited shares by beneficiaries may, however, give rise to a capital gains tax liability if the gain falls within the scope of Australia's jurisdiction to tax.

Goods and Services Tax

No Australian goods and services tax will be payable on the supply of the ADSs or ordinary shares.

THE DISCUSSION ABOVE IS A SUMMARY OF THE AUSTRALIAN TAX CONSEQUENCES OF AN INVESTMENT IN OUR ORDINARY SHARES OR ADSs AND IS BASED UPON LAWS AND RELEVANT INTERPRETATIONS THEREOF IN EFFECT AS OF THE DATE OF THIS annual report, ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN OUR ORDINARY SHARES OR ADSs IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES

F. Dividends and Paying Agents