

- a) fully paid ordinary shares of NuStar using the following formula:
  - i) up to 30 June 2004 at \$0.05 per NuStar Share; and
  - ii) after 30 June 2004 but before 30 September 2004, the lower of:
    - 1. \$0.065 per NuStar share; and
    - 2. 85% of the volume weighted average price of the NuStar shares on ASX during the 30 day period prior to the Conversion Date provided that the minimum strike price calculable is \$0.05; or
- b) fully paid ordinary shares of the Company at \$0.08 per share.

At the Annual General Meeting of NuStar held on 12 December 2003, shareholders approved the issue of shares to Claymore should Claymore elect to convert the convertible note into fully paid shares in NuStar. Following this, Claymore converted \$100,000 of the convertible note into 2,000,000 shares in NuStar which were issued on 23 December 2003.

<sup>(4)</sup> On 9 July 2003, \$5 million of the RCF Facility was repaid on receipt of the proceeds of the sale of the shares in Dioro Exploration NL.

On 28 November 2003, the balance of the \$7 million RCF Facility was converted at \$0.08 per share into 87,500,000 fully paid ordinary shares. Interest and fees due were also converted at \$0.08 into 8,184,932 fully paid ordinary shares.

<sup>(5)</sup> On 8 May 2004, the Company entered into a margin lending facility with Galviston Pty Limited for \$3,500,000.

The amount is secured over the investment in NuStar. The market value of NuStar at 30 June 2004 was \$18.4 million.

	Consolidated		Company	
	30 June 2004	30 June 2003	30 June 2004	30 June 2003
	\$'000	\$'000	\$'000	\$'000
<b>Assets pledged as security</b>				
The carrying amounts of assets pledged as security are:				
Secured loan				
- Market value of listed securities	18,452	-	18,452	-
First Mortgage				
- Property, plant and equipment	-	8,380	-	7,253
- Other financial assets	-	4,891	-	25,607
Finance Lease				
- Plant and equipment under finance lease	759	4,000	759	4,000
Floating Charge				
- Cash and restricted cash	3,067	4,170	2,725	4,168
Receivables	-	3,688	-	3,688
Total assets pledged as security	22,278	25,129	21,936	44,716