



September 7, 2009

## ATLAS IRON AND WARWICK RESOURCES AGREE TO MERGE

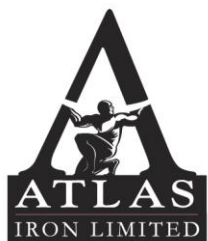
- Atlas will issue one Atlas share to Warwick shareholders for every three Warwick shares
- Offer represents a 48% premium for Warwick shareholders based on the price of Warwick shares over the past 30 days
- Combined Company will reap substantial benefits from higher tonnage production including lower costs, increased buying power and greater marketing strength
- Combined Company will have 154mt of DSO resources<sup>(1)</sup>, plus exploration targets of 165 to 338mt at 56% to 60% Fe<sup>(2)</sup> and a Pilbara landholding of more than 15,000km<sup>2</sup>
- Warwick shareholders to participate in Atlas' fast growing production profile, project pipeline, mining and project execution expertise, substantial existing iron ore resource inventory and the combined Company's production target of 26mtpa by 2014<sup>(3)</sup>
- Atlas shareholders will benefit from access to Warwick's significant landholding in a major iron ore province with potential to host large-scale, long-life projects, increasing Atlas' production profile
- Warwick board recommends Warwick security holders vote in favour of the merger

1. See annexure A for table of merged company's mineral resources.

2. Other than the mineral resources set out in Annexure 1, Atlas and Warwick have not yet reported Mineral Resources on certain of their projects and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. This exploration target excludes the 154mt DSO mineral resource.

3. This target is subject to completion of feasibility studies, permitting and execution of all necessary infrastructure agreements.

Atlas Iron Limited (Atlas or the Company) [ASX: AGO] is pleased to announce that Atlas and Warwick Resources Limited (Warwick) [ASX: WRK] have reached agreement for Atlas and Warwick to merge by way of Schemes of Arrangement with Warwick shareholders and optionholders. Atlas will issue one Atlas share to Warwick shareholders for every three Warwick shares on issue. Atlas will also issue Atlas shares to Warwick optionholders on a ratio determined by the exercise price and expiry date of the respective options as set out in Annexure C. The Board of Warwick (other than



Atlas' nominee) has unanimously recommended that all Warwick security holders support the Schemes.

Warwick shareholders and optionholders will participate in Atlas' fast growing production profile, mining and project execution expertise, existing DSO resources of 127MT at 56.7%Fe within 160 kilometres of Port Hedland, exposure to the Ridley Magnetite Project with a resource of 2BT at 36.5% Fe, substantial Pilbara land holding and expertise of the management and technical team.

Atlas is currently mining and exporting from its 100%-owned Pardoo Iron Ore Project, located 75 kilometres by road from Port Hedland in the Pilbara region of Western Australia and completed its first shipment of Pardoo Direct Shipping Ore in early December 2008. Atlas is planning to export 1 million tonnes during 2009 from its Pardoo Project, expanding to 2.4Mtpa following commissioning of the Utah Point port facility. When combined with additional export tonnages from its Wodgina and Abydos DSO Projects, the Company is targeting DSO exports at an annualised rate of 6 million tonnes in 2010, growing to 12 million tonnes by 2012.

In addition to the targeted 12Mtpa production profile from Atlas' existing DSO projects and production from the Ridley Magnetite Project, the combined Company will be targeting additional production of 14Mtpa from Atlas' and Warwick's SE Pilbara projects. Development of these projects is planned to coincide with the completion of two new Port Hedland berths planned for construction in South West Creek under the auspices of the North West Iron Ore Alliance. These berths are due to be completed in late 2013. Achieving this target DSO production rate will also be conditional on project related feasibility studies, environmental permitting, infrastructure access agreements and timely project construction.

On conclusion of this project development the combined Company will be targeting an export rate of 26 million tonnes of DSO per annum by the end of 2014.

"Larger export tonnages mean lower fixed costs, better buying power, a significant increase in cashflow, stronger returns for shareholders and a more substantial business for the long term," Atlas managing director David Flanagan said. "We also look forward to using a longer life production pipeline to make a lasting positive impact in the communities where we operate."

Atlas has completed technical due diligence on the Warwick tenements around Mt Newman and it is satisfied they have potential for commercial resources of iron ore consistent with Warwick's previously stated range (including existing resources of 26.4 million tonnes) of **139 to 247 million tonnes at 56% to 60% Fe** (see Note 2 to Annexure A).

Atlas believes Warwick shareholders and optionholders stand to benefit enormously from the merger. It will give Warwick shareholders and optionholders access to existing iron ore production and a rapidly growing production profile from a number of development projects, including the Wodgina DSO Project, Abydos DSO Project, Mt Webber DSO Project and Ridley Magnetite Project. Including existing resources Atlas has an exploration target (including existing resources of 127 million tonnes) of **180 to 245 million tonnes grading 55 to 60% Fe** (see Note 2 to Annexure A).



Atlas and Warwick have executed a Scheme Implementation Agreement (SIA) in relation to the merger, under which Atlas will acquire all of the issued securities in Warwick. Atlas is currently the largest shareholder of Warwick and holds 26,087,143 shares in Warwick representing 22.2% of the Warwick shares on issue.

## Warwick Overview

Warwick is an iron ore explorer with a diverse asset portfolio near Newman in the Pilbara region of Western Australia, which is host to world class iron ore mines. Following the acquisition of iron rights on Hannans Reward Limited's [ASX: HNR] Jigalong project, Warwick's iron ore projects have a combined land area of over 5,000km<sup>2</sup>. The status of Warwick's iron ore projects (as reported by Warwick) near Newman is shown below:

Project	Ownership	JORC Inferred Resource	Exploration Target (1)
Woggaginna	100% Warwick	-	50-100Mt @ 57-60%
Jigalong	100% Warwick Fe rights	-	50-100Mt @ 57-59%
Western Creek	100% Warwick	-	13-21Mt @ 56-59%
Jimblebar Range	100% Warwick	12.6Mt @ 57.5%	-
Caramulla South	100% Warwick	13.8Mt @ 53.9%	-
<b>Total</b>		<b>26.4Mt</b>	<b>113-221Mt</b>

1. Warwick has not yet reported Mineral Resources at Woggaginna, Western Creek or Jigalong and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## Details of the Merger

Under the terms of the proposed Scheme of Arrangement, Warwick shareholders will receive one (1) Atlas share for every three (3) Warwick shares they hold. Under a separate Scheme of Arrangement, Warwick optionholders will receive the consideration set out in Annexure C which was calculated by reference to the exercise price and expiry date of the respective options.

At the closing price of Atlas shares on 7 September 2009 of \$1.67 per share, this represents an offer price of 55.67 cents per Warwick share, representing a premium of 20% on the closing price of Warwick shares on 7 September 2009 of 46.5 cents per share, a 35.5% premium to the 10-day volume weighted average price (VWAP) of Warwick shares of 41.1 cents per share and 48.3% premium to the 30-day volume weighted average price (VWAP) of Warwick shares.



## **Warwick Board Recommendation**

The Board of Warwick (other than Atlas' nominee) has unanimously recommended that, in the absence of a superior proposal, all Warwick security holders vote in favour of the Schemes. Warwick Board members intend to vote in favour of the Schemes in relation to their personal share and option holdings in Warwick, in the absence of a superior proposal.

## **Details of the Scheme Implementation Agreement**

The Schemes are subject only to customary conditions such as:

- Approval being received from the security holders of Warwick and court approvals;
- Regulatory approvals;
- That the Independent Expert concludes that the Schemes are in the best interests of Warwick shareholders and optionholders, and does not change that conclusion; and
- Other conditions customary for a public transaction of this nature.

The parties have agreed that unless the SIA is terminated, Warwick will not solicit any competing proposal or participate in any discussions or negotiations in relation to any competing bid (unless failure to do so would involve a breach of the fiduciary duties of its Directors). See Annexure B for further details.

The Atlas Board will remain unchanged following the merger with Warwick. Atlas' corporate adviser in respect of the merger is Hartleys Limited and its legal adviser is Blake Dawson. The legal advisor to Warwick is Steinepreis Paganin.

## **Indicative Timetable**

Security holders of Warwick will be asked to approve the Scheme of Arrangement at meetings which are expected to be held in November 2009.

Full particulars of the Schemes, transaction terms and recommendations will be provided to security holders through an Explanatory Booklet which will include an Independent Expert's Report in relation to the merger. It is expected that this booklet will be mailed to security holders in October 2009. Warwick share and option holders are not required to take any action at this stage in relation to the Schemes of Arrangement.



## Atlas after the Warwick merger is completed

Following completion of the merger of Atlas and Warwick, key features of the combined Company will include the following

<b>Production Targets</b>	6Mtpa rate in 2010, 9Mtpa rate in 2011 12Mtpa rate in 2012 26Mtpa rate in 2014 <sup>(1)</sup>
<b>Pilbara landholding</b>	Over 15,000km <sup>2</sup>
<b>DSO Resources</b>	154Mt at 56.5% Fe (see Annexure A)
<b>DSO Exploration Target</b>	165 to 338Mt in range of 56% to 60% Fe <sup>(2)</sup>
<b>Production Projects</b>	Pardoo DSO Operation Wodgina DSO Project commencing in Q1 2010
<b>Development Projects</b>	Abydos DSO Project Mt Webber DSO Project
<b>SE Pilbara Exploration Projects</b>	Hickman Woggaginna Jigalong Western Creek Jimblebar Range Caramulla South
<b>Magnetite Project</b>	Ridley Magnetite Project with Probable Reserves of 970Mt at 36.3%Fe and Resources of 2Bt at 36.3% Fe

1. This target is subject to completion of feasibility studies, permitting and execution of all necessary infrastructure agreements.
2. Other than the Mineral Resources set out in Annexure A, neither Atlas nor Warwick have reported Mineral Resources on some of their DSO projects and any discussion in relation to exploration targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. This exploration target excludes the 154mt DSO mineral resource.

## Commentary

**Atlas** Managing Director David Flanagan said: “This transaction with Warwick brings with it a very large South East Pilbara iron ore tenement portfolio with exceptional resource potential. Developed in a project pipeline with our current North Pilbara Projects, we expect to be able to gain real operating synergies from this suite of projects and substantially increase production rates. The team at Warwick has done a fantastic job in securing this extensive landholding and building the resources and exploration targets at these projects. The next stage for Atlas will be to rapidly grow the resource inventory and bring them into production.”

**Warwick** Chairman Will Burbury said: “Atlas has made a very attractive offer to Warwick shareholders which not only provides an immediate uplift in the value of Warwick shares but provides



our stakeholders the opportunity to participate in the continued development of our projects as well as exposure to existing production with a rapidly growing production profile, and the Atlas team's mining and marketing expertise and capability."

**For further information please contact**

David Flanagan, Atlas Iron Limited Managing Director, Tel: (08) 9476 7900

Will Burbury, Warwick Resources Limited Chairman, Tel (08) 9227 6680



## Annexure A

Table 1: Combined resource summary table.

Combined Atlas - Warwick DSO Resource Table - August 2009									
Project Area	Resource Classification	Kt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Measured	2,150	56.6	6.7	2.5	0.17	0.02	9.1	62.3
	Indicated	14,708	56.5	8.3	1.7	0.11	0.03	8.0	61.5
	Inferred	11,222	55.5	8.7	2.2	0.08	0.04	8.3	60.5
Abydos	Indicated	10,080	57.8	5.7	1.7	0.05	0.01	9.5	63.9
	Inferred	12,240	56.6	6.8	2.2	0.06	0.02	9.4	62.5
Wodgina	Indicated	12,050	57.5	6	1.8	0.09	0.03	9.1	63.3
	Inferred	30,020	55.8	7.3	2.4	0.06	0.07	9.1	61.4
Mt Webber	Inferred	32,620	57.3	6.3	2.2	0.08	0.02	8.8	62.8
Turner River	Inferred	2,470	58.5	6.1	1.8	0.11	0.03	7.9	63.5
Jimblebar Range	Inferred	12,600	57.5	7.0	2.0	0.06	0.04	7.9	62.4
Caramulla South	Inferred	13,800	53.9	8.6	5.4	0.04	0.03	8.1	58.7
Total	Measured	2,150	56.6	6.7	2.5	0.17	0.02	9.1	62.3
	Indicated	36,838	57.2	6.8	1.7	0.09	0.02	8.8	62.7
	Inferred	114,972	56.3	7.2	2.6	0.07	0.04	8.7	61.7
Grand Total		153,960	56.5	7.1	2.4	0.07	0.03	8.7	61.9

**Note 1:**

Pardoo, Wodgina and Mt Webber resources quoted at >53% cut off grade

Abydos, Turner River, Jimblebar, Caramulla South resources and Connie Deposit quoted at >50% cut off grade

CaFe% is calcined Fe calculated by Atlas using the following formula  $(Fe\% / (100 - LOI\%)) * 100$

**Note 2:**

Other than the Mineral Resources set out in Annexure A, neither Atlas nor Warwick have reported Mineral Resources on some of their DSO projects and any discussion in relation to exploration targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource





## Competent Person Statements

### ***Geological Data, Interpretation and Resource Estimation – Alice, Clare, Hubert, Glenda, and Connie Resources***

*The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack & Mr Richard Gaze who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited and Richard Gaze is a full time employee of Golder Associates Pty Ltd. Tony Cormack & Richard Gaze have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack and Richard Gaze consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

### ***Geological Data, Interpretation and Resource Estimation – Bobby, Floyd, Emma, Olivia, Avalon Point, Mettams, Mullaloo, and Trigg Resources***

*The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack & Mr David Williams who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack are full time employees of Atlas Iron Limited and David Williams is a full time employee of CSA Global Pty Ltd. Tony Cormack & David Williams have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack and David Williams consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

### ***Geological Data, Interpretation and Resource Estimation – South Limb and Dean Resources***

*The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack & Mr Malcolm Titley who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited and Malcolm Titley is a full time employee of CSA Global Pty Ltd. Tony Cormack & Malcolm Titley have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack and Malcolm Titley consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

### ***Geological Data, Interpretation and Resource Estimation – Anson, Dragon, Constellation, Avro, Navajo and Electra Resources***

*The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack who is a member of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited. Tony Cormack has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### ***Geological Data, Interpretation and Resource Estimation – Mt Dove***

*The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack who is a member of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited. Tony Cormack has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.*





*Tony Cormack consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

**Geological Data, Interpretation and Resource Estimation – Mt Webber Resources**

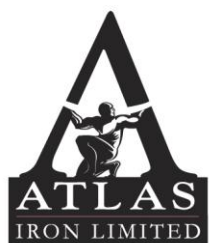
*The information in this report that relates to mineral resource results is based on information compiled by Mr Shane Tomlinson & Mr Chris Allen who are members of the Australasian Institute of Mining and Metallurgy. Shane Tomlinson is a full time employee of Atlas Iron Limited and Chris Allen is a full time employee of CSA Global Pty Ltd. Shane Tomlinson & Chris Allen have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Shane Tomlinson and Chris Allen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

**Geological Data, Interpretation and Resource Estimation – Alice Extension**

*The information in this report that relates to mineral resource results is based on information compiled by Mr Simon Gobbett who is a member of the Australasian Institute of Mining and Metallurgy. Simon Gobbett is a full time employee of Atlas Iron Limited. Simon Gobbett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Simon Gobbett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

**Geological Data, Interpretation and Resource Estimation – Jimblebar Range and Caramulla South**

*The information in this report that relates to mineral resource results is based on information compiled by Mr Bruce McQuitty and Mr Chris De-Vitry. Mr McQuitty and Mr De-Vitry are both members of the Australasian Institute of Geoscientists. Mr McQuitty is a full time employee of Warwick Resources Ltd and Mr De-Vitry is a full-time employee of Quantitative Group. Mr McQuitty and Mr De-Vitry have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McQuitty and Mr De-Vitry consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*



## Annexure B

### Summary of Key Terms of Scheme Implementation Agreement

Atlas and Warwick have entered into a Scheme Implementation Agreement dated 7 September 2009 (**SIA**) setting out each party's obligations in connection with the implementation of the share scheme of arrangement between Warwick and its shareholders and the option scheme of arrangement between Warwick and its optionholders (**Schemes**). An outline of the key terms and conditions of the SIA is set out below.

### Conditions precedent to the Schemes

The principal conditions precedent to the implementation of the Schemes include:

- **board recommendation:** the Warwick board unanimously recommends the Schemes and does not change or withdraw this recommendation in the absence of a superior proposal;
- **board actions:** no member of the Warwick board (other than Atlas' nominee) disposes of any interest in Warwick shares or options or exercises any Warwick option;
- **orders convening meetings:** the court orders the convening of the Scheme Meetings;
- **scheme participants approval:** the Schemes are approved by the requisite majorities of Warwick shareholders and Warwick optionholders at their respective Scheme Meetings;
- **inter-conditionality:** that neither the share scheme nor the option scheme becomes effective unless they both receive court approval under section 411(4)(b) of the Corporations Act;
- **court approval:** the Court approves the Schemes in accordance with section 411(4)(b) of the Corporations Act;
- **independent expert's report:** the independent expert concludes that the Schemes are in the best interests of Warwick shareholders and Warwick optionholders, and does not change that conclusion;
- **regulatory approvals:** approvals (if any) from applicable regulatory bodies are granted;
- **ASX waiver:** ASX grants a waiver of any requirement to obtain the approval of Warwick shareholders to cancel the Warwick options pursuant to the option scheme;
- **no competing proposal:** no proposal is announced or made whereby a person (other than Atlas) and their associates:
  - may, agrees to or does, acquire a relevant interest in 10% or more of Warwick shares or options;

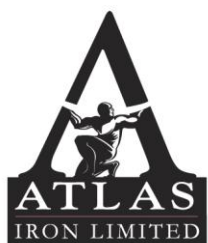


- may acquire an interest in the business or assets of Warwick; or
  - may otherwise acquire control, or merge with Warwick.
- **no restraint affecting implementation:** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition prevents implementation of the Schemes;
- **Schemes effective:** the Schemes become effective before 1 March 2010;
- **no Warwick material transactions:** there being no material transactions (defined below) undertaken by Warwick without Atlas' prior consent;
- **no prescribed event:** no Atlas or Warwick prescribed event occurring;
- **no material adverse effect:** there being no material adverse effect on the structure, business, assets, liabilities, operations, financial or trading position or performance and prospects of Atlas or Warwick;
- **third party consents:** all third party consents are granted or obtained in respect of implementation of the Schemes;
- **representations and warranties:** the representations and warranties of both Atlas and Warwick (as set out in the SIA) are true and correct; and
- **no termination:** the SIA not being terminated.

### Exclusivity

From the date of the SIA until the earlier of the date that the Schemes become effective or 1 March 2010:

- **no-shop restriction:** Warwick must ensure that its directors, officers, employees, agents, associates and advisers do not solicit, invite, facilitate, encourage or initiate any competing proposal;
- **no-talk restriction:** Warwick must ensure that its directors, officers, employees, agents, associates and advisers do not negotiate, enter into, continue or participate in negotiations or discussions with any other person regarding a competing proposal even if the competing proposal was not solicited or encouraged by Warwick or has been already been publicly announced; and
- **notification:** Warwick must notify Atlas in writing of any approach made to Warwick regarding a competing proposal and any request for information about Warwick related to a competing proposal, and provide Atlas with details of the matter.



The no-talk restriction does not apply to a bona fide competing proposal that was not encouraged, solicited or invited by Warwick and Warwick obtains a written legal opinion that failure to respond to or deal with the competing proposal would breach the fiduciary or statutory duties of Warwick's directors or otherwise contravene the law.

### **Right to Match Third Party Proposal**

If, from the date of the SIA until the earlier of the date that the Schemes become effective or 1 March 2010, Warwick receives a competing proposal that if completed would result in a transaction more favourable to Warwick shareholders than the Schemes, Warwick must:

- notify Atlas and not take any action regarding the competing proposal until Atlas has had one business day after notification to prepare a counterproposal; and
- review any counterproposal from Atlas and if it is more favourable than the competing proposal, take steps to implement the counterproposal.

### **Payment of compensation**

Warwick must pay Atlas \$700,000 as compensation for costs and expenses incurred by Atlas in relation to the Schemes and performance of its obligations under the SIA if:

- a Warwick prescribed event or material transaction occurs;
- Warwick's board fails to unanimously recommend either of the Schemes, withdraws their support for or recommendation of the Schemes (other than because of an Atlas material adverse effect);
- a member of Warwick's board disposes of any interest in Warwick shares or options, or exercises a Warwick option;
- Atlas terminates the SIA because Warwick does not remedy a material breach of the SIA after receiving notice to do so from Atlas; or
- the Schemes have not become effective before 1 March 2010 because of a material breach of the SIA by Warwick.

Atlas must pay Warwick \$700,000 as compensation for costs and expenses incurred by Warwick in relation to the Schemes and performance of its obligations under the SIA if Atlas conducts a material transaction and as a result the independent expert concludes that the share Scheme is not in the best interests of Warwick shareholders.

### **Limit to compensation**

Warwick need not pay, and any compensation already paid to Atlas must be returned, if:



- each Scheme becomes effective, or if Atlas succeeds in acquiring more than 50% or all of the Warwick shares and cancelling more than 50% or all of the Warwick options; or
- the independent expert concludes that the Schemes are not in the best interests of Warwick shareholders and optionholders because of an Atlas material adverse effect.

Atlas need not pay, and any compensation already paid to Warwick must be returned, if each Scheme becomes effective, or if Atlas succeeds in acquiring more than 50% of the Warwick shares and cancelling more than 50% of the Warwick options.

The above undertakings to pay compensation will not apply (and any compensation already paid must be returned by the payee) if all, or any part of the compensation is found to be unlawful, involves a breach of directors' duties, or constitutes unacceptable circumstances under the Corporations Act.

## Termination

Either party may terminate the SIA by giving notice in writing:

- if a condition can not be satisfied before, or has not been satisfied or waived by, the time and date it is required to be satisfied pursuant to the SIA (unless Atlas and Warwick have agreed to an extension of time);
- the Schemes have not become effective by 1 March 2010 (unless Atlas and Warwick agree to an extension of time); or
- if the other party does not remedy a material breach of the SIA after receiving notice from the other party to do so.

## Summary of Key Definitions

- **Warwick material transactions** means those transactions that concern the acquisition, encumbrance or disposal of an asset or undertaking, dealing with contractual or other commitments, or right which:
  - are not in the ordinary course of business; or
  - individually or when aggregated with related transactions has a value or involves a liability or expenditure of \$500,000 or more).
- **Warwick prescribed event** means one of the following events occurs:
  - (a) Warwick converts all or any of its shares into a larger or smaller number of shares;
  - (b) Warwick or a subsidiary resolves to reduce its share capital in any way;



- (c) Warwick or a subsidiary enters into a buy-back agreement or resolves to approve the repurchase of any of its issued capital;
- (d) Warwick makes any amendment to the terms of issue of any Warwick options which extends their exercise period, increases the number exercisable, brings forward the exercise date, reduces the exercise price, or increases the number of shares to be issued on the exercise of an option;
- (e) Warwick or a subsidiary, does or agrees to:
  - (i) issue shares or grants options over its shares excluding in relation to the Schemes and any issue of shares issued as a result of exercising existing Warwick options;
  - (ii) issue convertible securities; or
  - (iii) create any encumbrance over the whole or part of Warwick's business or property;
- (f) Warwick resolves to be wound up or liquidated, appoints a liquidator or administrator, receives a court order for winding up, executes a deed of company arrangement, or appoints a receiver and manager in relation to the whole or substantial part of its property;
- (g) Warwick makes a material amendment to its constitution;
- (h) other than for any dividend already paid, declared or announced on or before the date of the SIA, Warwick declares or pays any dividend, or makes or incurs a liability to make any distribution of its profits or assets;
- (i) Warwick makes a change to its accounting practices or policies other than to comply with generally accepted accounting standards or elects to form a consolidated group for income tax purposes;
- (j) proceedings are brought against Warwick which are likely to result in damages payable of more than \$500,000, and which are not covered by insurance;
- (k) other than in the ordinary course of business and consistent with past practice, Warwick does or agrees to:
  - (i) dispose of all or part of its business or property;
  - (ii) acquire assets or businesses worth more than \$500,000;
  - (iii) enters into a joint venture, partnership off-take or similar arrangement; or
  - (iv) make a commitment, or terminate or amend a material contract, involving revenue or expenditure of more than \$500,000.



- (l) Warwick increases its level of indebtedness by more than, or issues a guarantee or indemnity that may exceed, \$500,000; or
  - (m) Warwick, other than in the ordinary course of business and consistent with past practice, with regard to their directors and employees, increases remuneration or varies employment arrangements, accelerates any rights to benefits or pays a termination or retention payment other than according to an existing contract.
- **Warwick material transactions** means those transactions that concern the acquisition, encumbrance or disposal of an asset or undertaking, dealing with contractual or other commitments, or right which:
  - are not in the ordinary course of business; or
  - individually or when aggregated with related transactions has a value or involves a liability or expenditure of \$500,000 or more.
- **Atlas prescribed event** means one of the following Warwick prescribed events described above but in relation to Atlas: (a), (b), (c), (f), (g), (h) and (i).

This annexure is a summary only of key terms to the Scheme Implementation Agreement signed by Atlas and Warwick.





## Annexure C

Tranche	Expiry Date	Exercise Price	Balance	Option Scheme Consideration
1	30 June 2010	\$0.25	605,000	1 Atlas share for every 4.86 Warwick options
2	30 June 2010	\$0.45	4,917,989	1 Atlas share for every 7.02 Warwick options
3	30 June 2010	\$0.20	26,630,795	1 Atlas share for every 4.41 Warwick options
4	30 June 2011	\$0.35	500,000	1 Atlas share for every 4.79 Warwick options
5	30 June 2011	\$0.56	4,500,000	1 Atlas share for every 5.84 Warwick options
		<b>Total</b>	37,153,784	