

INTERNATIONAL BASE METALS LTD

(ACN 100 373 635)

("Mortgagor")

WEST MINERALS PTY LTD

(ACN 122 524 010)

("Mortgagee")

FIXED AND FLOATING CHARGE

Allan Pocock & Associates
Barristers & Solicitors

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Western Australia 6005
Ph: 61 8 9322 766 Fax: 61 8 9322 7466

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FIXED AND FLOATING CHARGE

This mortgage is made by the Mortgagor and Mortgagee on the ^{17th} day of December 2008

1. PARTIES

1.1. Mortgagor

INTERNATIONAL BASE METALS LTD (ACN 100 373 635) of Level 8, 275 George Street, Sydney in the State of New South Wales 2000 ("Mortgagor").

1.2. Mortgagee

WEST MINERALS PTY LTD (ACN 122 524 010) of Suite 7, 2 Canning Highway, Applecross in the State of Western Australia 6153 ("Mortgagee").

2. BACKGROUND

The Mortgagee has agreed to provide or continue providing financial accommodation from time to time to or at the request of the Mortgagor under Principal Agreement upon the condition that the Mortgagor enters into this mortgage.

3. AGREEMENT

3.1. The Mortgagor COVENANTS AND AGREES with the Mortgagee as set out in this mortgage.

4. INTERPRETATION

4.1. Definitions

4.1.1. "Administrator" has the same meaning as given to that term in the Corporations Act;

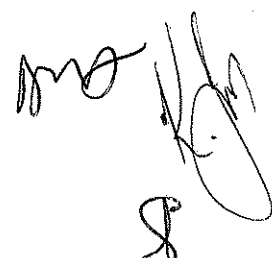
4.1.2. "Applicable Rate" means that rate of interest specified in writing from time to time in the Principal Agreement;

4.1.3. "Associated Entity" means:

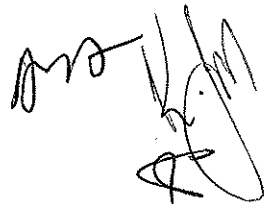
4.1.3.1. a company which is related to a corporate Mortgagor, a director of a corporate Mortgagor, the spouse or children of any such director and any company in which such a director and his or her spouse and children hold, individually or together, 20% or more of the voting shares; and

4.1.3.2. a spouse or child of an individual Mortgagor and any company in which an individual Mortgagor and his or her spouse and children hold, individually or together, 20% or more of the voting shares; and


4.1.3.3. any person who is associated with another person within the meaning of the Corporations Act;



- 4.1.4. "**Business**" means the business or businesses carried on by the Mortgagor at any time;
- 4.1.5. "**Controller**" has the same meaning as given to that term under the Corporations Act;
- 4.1.6. "**Event of Default**" means any event or circumstance referred to in clauses 15.2 or 10.6.4, or the Principal Agreement;
- 4.1.7. "**Environmental Protection Law**" means any legislation or any directive, authority, permit or licence issued by an authority relating to pollution, use of land or protection of the environment;
- 4.1.8. "**Licence**" means any licence, permit, franchise or authority relating to the Business or required in connection with the Business;
- 4.1.9. "**Licensed Premises**" means that part of the Mortgaged Property which constitutes or becomes licensed premises within the meaning of the Liquor Legislation;
- 4.1.10. "**Liquor Licence**" means any licence issued under the Liquor Legislation which is used or exercised in relation the Business;
- 4.1.11. "**Liquor Legislation**" means any legislation relating to the sale, supply, disposal or consumption of liquor or to the provision of entertainment, to the operation of devices or to the licensing of premises on which liquor is sold, supplied, disposed or consumed;
- 4.1.12. "**Mortgaged Property**" means all the property, undertaking and rights presently or in the future held by the Mortgagor including (without limitation):
- 4.1.12.1. rights to receive capital and other money from shareholders or, where the Mortgagor is a trustee, beneficiaries of a Trust;
 - 4.1.12.2. the goodwill attaching to any Business;
 - 4.1.12.3. any property, undertaking or rights held as trustee; and
 - 4.1.12.4. any lease, Licence or franchise held or owned by the Mortgagor in relation to a Business;
- 4.1.13. "**Principal Agreement**" means Convertible Loan Deed between the Mortgagor and Mortgagee dated on or about or after the date of this mortgage between the Mortgagor and the Mortgagee;
- 4.1.14. "**Receiver**" means a receiver or a receiver and manager appointed by the Mortgagee under this mortgage;
- 4.1.15. "**Secured Money**" means:
- 4.1.15.1. all money (including interest) payable by any person under the Principal Agreement;
 - 4.1.15.2. any money which at any time the Mortgagor in any capacity and whether alone or with others:



- 4.1.15.2.1. is actually or contingently liable to pay to the Mortgagee; or
 - 4.1.15.2.2. may become actually or contingently liable to pay to the Mortgagee in the future pursuant to any transaction or arrangement at any time entered into or made by the Mortgagee with any person;
 - 4.1.15.3. any money which at any time has been advanced or paid by the Mortgagee to a person with the express or implied consent or at the express or implied request of the Mortgagor;
 - 4.1.15.4. any money which at any time the Mortgagee is or may become actually or contingently liable to pay to a person in connection with a transaction or arrangement entered into with the express or implied consent or at the express or implied request of the Mortgagor;
 - 4.1.15.5. all moneys expended by the Mortgagee to make good any breach or non-compliance by the Mortgagor of any term, covenant, condition, or agreement on the part of the Mortgagor to be observed or performed under this document and all moneys incurred or spent by the Mortgagee in exercising or attempting to exercise any of the powers under this document together with interest on those moneys from the date of expenditure until repayment at the rate specified in this document and if more than one rate is specified then at the higher rate or if no rate is specified then at the Applicable Rate, and where the context permits means any part of that money;
 - 4.1.16. **"Security"** means any guarantee or indemnity given in respect of an obligation of the Mortgagor or Security Provider under any agreement between the Mortgagor or Security Provider with the Mortgagee and any legal or equitable mortgage, charge or other security of any nature which secures such guarantee or indemnity or which secures an obligation or liability of the Mortgagor or Security Provider under any agreement between the Mortgagor or Security Provider with the Mortgagee;
 - 4.1.17. **"Security Provider"** means any person who at any time gives or has given a Security to the Mortgagee to secure any obligations of the Mortgagor to the Mortgagee;
 - 4.1.18. **"Trust"** means a trust or settlement pursuant to which the Mortgagor holds any Mortgaged Property;
 - 4.1.19. **"Trust Deed"** means the instrument setting out all the terms currently governing a Trust.
- 4.2. **Construction of Terms**
- 4.2.1. A reference to:
 - 4.2.1.1. a business day means a day during which banks are open for general banking business in Western Australia;
 - 4.2.1.2. this document includes any schedules and annexures and, where amended, means the Mortgage as so amended;

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- 4.2.1.3. a receiver includes a manager and a receiver and manager;
- 4.2.1.4. a liquidator includes a provisional liquidator.
- 4.2.2. Unless the context otherwise requires, a word which denotes:
 - 4.2.2.1. the singular denotes the plural and vice versa;
 - 4.2.2.2. any gender includes the other genders;
 - 4.2.2.3. a person includes an individual, a body corporate and a government.
- 4.2.3. Unless the context otherwise requires, a reference to:
 - 4.2.3.1. any legislation includes any regulation, by law or instrument made under it and any orders or instruments having the force of law and where amended, re-enacted or replaced means that amended, re-enacted or replaced legislation;
 - 4.2.3.2. any agreement or instrument means that agreement or instrument as amended, supplemented, novated or replaced from time to time;
 - 4.2.3.3. a clause is a reference to a clause of this document;
 - 4.2.3.4. a group of persons (including the Mortgagor if two or more persons) includes any one or more of them;
 - 4.2.3.5. any thing or amount is a reference to the whole and each part of it.
- 4.2.4. Any agreement, warranty, representation or obligation which binds or benefits two or more persons under this document binds or benefits those persons jointly and severally.
- 4.2.5. A person includes the trustee, executor, administrator, successor in title and assignee of that person. This clause must not be construed as permitting the Mortgagor to assign any right under this document.
- 4.2.6. Headings and the index must be ignored in the interpretation of this document.
- 4.2.7. Unless the context otherwise requires, a reference to a time of day means that time of day in Western Australia.
- 4.2.8. For the purposes of determining the length of a period (but not its commencement) a reference to:
 - 4.2.8.1. a day means a period of time commencing at midnight and ending 24 hours later;
 - 4.2.8.2. a month means a calendar month which is a period commencing at the beginning of a day of one of the twelve months of the year and ending immediately before the beginning of the corresponding day of the next month. If there is no such corresponding day, ending at the expiration of the next month.

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- 4.2.9. Where a period of time is specified and dates from a given day or the day of an act or event, it must be calculated exclusive of that day.
- 4.2.10. Where something is done or received after 5.00 pm on any day, it will be deemed to have been done or received on the following day.
- 4.2.11. A provision of this document which has the effect of requiring anything to be done on or by a date which is not a business day must, unless the context otherwise requires, be interpreted as if it required it to be done on or by the immediately preceding business day.
- 4.2.12. A reference to a person being associated with another person or a company being related to or the subsidiary of another corporation or being a holding company, has the same meaning as in the Corporations Act.
- 4.2.13. Where an expression is defined anywhere in this document, it has the same meaning throughout;
- 4.2.14. The use of words such as "include", or "including", or "for example", does not limit the generality of any term or expression that precedes such words.
- 4.2.15. The word "person" and reference to a person includes a firm, a body corporate, an unincorporated association, an authority and any other entity, and vice versa.
- 4.2.16. The presence or absence of capital letters will not affect the meaning of a defined term.
- 4.2.17. The provisions of the Recitals and any Schedule, other than the captions and headings form part of this document and a reference to this document where amended, means this document as so amended.
- 4.2.18. If any provision of this document requires a notice to be given by a party, it must be in writing, unless the provision states it may be given orally.
- 4.2.19. If any provision of this document is or becomes void, invalid or unenforceable for any reason, the same shall be severed from this document and the remainder of this document shall continue in full force and effect.
- 4.2.20. This document may be completed in several counterparts and the date of the last signed counterpart will be the date of this document.

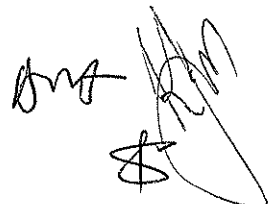
5. CHARGE AND ITS NATURE

5.1. Charge

The Mortgagor as legal owner, as beneficial owner and (without limitation) if the Mortgagor is a trustee in exercise of its powers as trustee of the Trust charges the Mortgaged Property to the Mortgagee as security for the payment of the Secured Money and the due performance of all its other obligations to the Mortgagee.

5.2. Title documents

Subject to the rights of the holder of any prior ranking mortgage or charge the Mortgagor must immediately on request by the Mortgagee lodge with the Mortgagee all documents of



or evidencing title to any Mortgaged Property. Upon the substitution or replacement of any document which evidences title to any of the Mortgaged Property the Mortgagor will lodge the substituted or replaced document with the Mortgagee.

5.3. Fixed charge

This charge is fixed on the Mortgaged Property which is:

- 5.3.1. interests in mining tenements of any kind, land, buildings and fixtures and any goods intended to be fixed to any land or buildings of the Mortgagor;
- 5.3.2. interests in plant and machinery;
- 5.3.3. books of account, book debts, trade debts, invoices, statements, ledger cards, computer software, records and information relating to any Business or transaction of the Mortgagor;
- 5.3.4. the name, trading names, goodwill and intellectual or industrial property of the Mortgagor;
- 5.3.5. uncalled capital and called but unpaid capital in the Mortgagor;
- 5.3.6. interests in any personal property not otherwise referred to in this clause which are acquired other than for disposal in the ordinary course of the ordinary business of the Mortgagor; and
- 5.3.7. any securities and shares held by the Mortgagor, including all shares in any subsidiaries of the Mortgagor.

5.4. Floating charge

Subject to clauses 5.6 and 5.7 this charge is floating on any Mortgaged Property not referred to in clause 5.3, or on any part of the Mortgaged Property in respect of which the fixed charge is ineffective.

5.5. Dealings with Mortgaged Property subject to floating charge

Subject to the Principal Agreement:

- 5.5.1. The Mortgagor may in the ordinary course of its ordinary business sell any Mortgaged Property over which this charge is floating.
- 5.5.2. The Mortgagor is not permitted to sell or assign any interest in debts owed to it.

5.6. Conversion of floating charge to fixed charge

The Mortgagee may at any time by written notice to the Mortgagor convert this charge from a floating charge to a fixed charge in relation to the Mortgaged Property specified in the notice.

5.7. Crystallisation of floating charge

- 5.7.1. This charge will automatically and immediately crystallise and take effect as a fixed charge in respect of all Mortgaged Property not already subject to a fixed charge upon:

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- 5.7.1.1. the appointment of a Receiver or the security constituted by this mortgage being enforced in any other way;
 - 5.7.1.2. an Event of Default occurring in respect of the Mortgagor or any subsidiary of the Mortgagor;
 - 5.7.1.3. a notice under clause 5.6 being given in respect of that Mortgaged Property;
 - 5.7.1.4. the earlier of the Mortgagor doing, permitting or agreeing, resolving, deciding, issuing instructions or commencing to do or permit anything prohibited under clause 11.1 in relation to that Mortgaged Property;
 - 5.7.1.5. an Event of Default occurring or any steps which would lead to the occurrence of such an Event of Default being taken in relation to that Mortgaged Property; or
 - 5.7.1.6. any action being taken to enforce any charge or other security over that Mortgaged Property.
- 5.7.2. If the Mortgagor fails to pay any taxes when payable to a government agency and the result is that the government agency may rank for payment ahead of so much of this charge as comprises a floating charge, then this charge will automatically and immediately, crystallise and take effect as a fixed charge over Mortgaged Property which is not already subject to a fixed charge by reason of the Mortgagor failing to pay such taxes.

5.8. De-crystallisation

The Mortgagee may by notice to the Mortgagor, with effect from the date of such notice, convert any part of this charge which has become fixed over Mortgaged Property pursuant to clauses 5.6 or 5.7 back to a floating charge in respect of the Mortgaged Property specified in such notice (subject to the further effects of clauses 5.6 and 5.7).

6. PERFORMANCE OF MORTGAGOR'S OBLIGATIONS GENERALLY

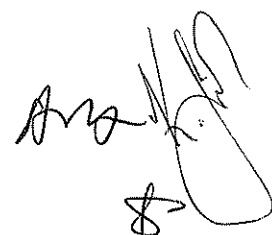
6.1. Performance of all obligations

In addition to its obligations under this mortgage the Mortgagor must:

- 6.1.1. duly perform all of its other obligations (both positive and negative) at any time owed to the Mortgagee; and
- 6.1.2. duly perform or cause to be performed all of the obligations of the Mortgagor or Security Provider at any time owed to the Mortgagee.

6.2. The Mortgagee's right to remedy

If the Mortgagor or Security Provider fails to duly perform any obligation owed to the Mortgagee, then the Mortgagee may do anything it considers appropriate to protect its interests. The costs of and liabilities incurred from any such action must be paid by the Mortgagor upon demand. Action by the Mortgagee to protect its interests does not amount to waiver of an Event of Default.



7. PAYMENT OF SECURED MONEY

7.1. Time for payment

Subject to clause 7.2 all payments required under this mortgage must be made by the Mortgagor in accordance with the Principal Agreement. The Mortgagor irrevocably and unconditionally waives any right of set-off, combination or counterclaim in relation to such payments.

7.2. Payment following an Event of Default

If an Event of Default occurs the Mortgagor must pay the Secured Money to the Mortgagee immediately upon demand. Payment must include actual payment on account of Secured Money which is of a contingent nature and clause 7.5.2 applies accordingly.

7.3. Payment without deduction or set-off

The Secured Money must be paid in full without any deduction. The Mortgagor waives all rights of set-off, combination or counterclaim in relation to payment of Secured Money.

7.4. Credit for payment

The Mortgagor will be given credit for payment only upon its actual receipt by the Mortgagee in immediately available funds in the currency in which it is due. Subject to any obligation to make payment by an earlier time, if payment is received by the Mortgagee on a day which is not a business day or after 12.00 pm (at the place payment is due to be made) on any business day, the Mortgagee may refuse to credit receipt until the next business day in which case the Mortgagor must pay interest on that amount until the receipt is so credited.

7.5. Application of payments

The Mortgagor irrevocably waives its right to determine the appropriation of any money paid to the Mortgagee. All payments may be applied at the sole discretion of the Mortgagee and any rule relating to the application of money does not apply.

7.6. Place for payment of money

Subject to any express written agreement to the contrary all Secured Money must be paid to the Mortgagee at the place notified to the Mortgagor, or, in the absence of notice, at the address of the Mortgagee in this mortgage.

7.7. Overpayment

7.7.1. The Mortgagee is not required to pay or credit the Mortgagor with interest on overpayment of the Secured Money.

8. INTEREST AND FEES

8.1.1. Interest is payable in accordance with the Principal Agreement.

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8.1.2. If an Event of Default occurs, interest accruing on the Secured Money and any other money owing is payable upon demand by the Mortgagee.

8.2. Calculation of interest and fees

Interest under this mortgage and any fees calculated at a per year rate must be calculated on the basis of a 365 day year in Australia (in leap years, 366), but in any case accrue on the basis of actual days elapsed.

9. INSURANCE OBLIGATIONS

9.1. Insurance of Mortgaged Property

The Mortgagor must at the request of the Mortgagee keep the tangible Mortgaged Property insured for its full insurable value on a replacement and a reinstatement basis against fire and such other risks as a prudent owner of similar property would normally insure against or as are reasonably required by the Mortgagee. This insurance must include the Mortgagee as an insured party for its rights and interests.

9.2. Public risk and other insurances

The Mortgagor must at the request of the Mortgagee maintain public risk insurance for an amount approved by the Mortgagee and such other insurances which a prudent person carrying on a similar business to any Business would effect or which The Mortgagee reasonably requires.

9.3. Environmental impairment insurance

The Mortgagor must at the request of the Mortgagee effect and maintain environmental impairment insurance in relation to a Business or the use of the Mortgaged Property. This insurance must be for such amounts as the Mortgagee requires and where possible include the Mortgagee as an insured party.

9.4. Endorsement to protect against Mortgagor's non-disclosure

Where the Mortgagee is to be an insured party in respect of any insurance required under this mortgage, the Mortgagor must procure an endorsement on the relevant policy to the effect that the insurer will not as against the Mortgagee avoid the policy, refuse indemnity or seek to reduce its liability because of any failure to comply with a duty of disclosure or misrepresentation of any other person.

9.5. General insurance obligations

The Mortgagor must in respect of each insurance required under this mortgage:

- 9.5.1. effect it with a reputable insurer approved by the Mortgagee (which approval must not be unreasonably withheld);
- 9.5.2. deposit an original or duplicate of the policy with the Mortgagee;
- 9.5.3. effect and renew the insurance for a period of not less than 1 year;
- 9.5.4. pay all premiums for renewals not less than 3 business days before expiry;

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- 9.5.5. immediately notify the Mortgagee of anything which may give rise to a claim;
- 9.5.6. immediately notify the Mortgagee of any cancellation or proposal to cancel; and
- 9.5.7. refrain from any action which may have the effect of rendering it unenforceable.

9.6. Assignment of insurance proceeds

- 9.6.1. The Mortgagor absolutely assigns to the Mortgagee as security for the Secured Money all its rights to demand, sue for, recover and receive proceeds (whether by way of premium, refund, indemnity or otherwise) of any insurance effected pursuant to clause 9.1 and any other insurance (whether or not effected by the Mortgagor) in respect of loss of or damage or destruction to any Mortgaged Property.
- 9.6.2. Except in accordance with the Mortgagee's express instructions the Mortgagor must not make claims, sue for, recover, settle, compromise or otherwise deal with any right to receive proceeds of any such insurance.
- 9.6.3. The proceeds of any insurance referred to in clause 9.6.1 and 9.6.2 must be applied in reduction of the Secured Money or, if The Mortgagee in its discretion permits, in reinstatement or replacement of the Mortgaged Property.

10. UNDERTAKINGS RELATING TO THE MORTGAGOR'S BUSINESS AND ASSETS

10.1. Carrying on the Business

The Mortgagor must ensure that the Business continues to be carried on in a good, proper and efficient manner and, without limitation, that:

- 10.1.1. all legislation applying to the Business or the Mortgaged Property is observed;
- 10.1.2. all approvals, licences, franchises, permits and consents reasonably necessary for carrying on the Business are obtained and maintained and that their conditions and terms are duly complied with;
- 10.1.3. no agreement including any Licence relating to the Business or the Mortgaged Property is breached or cancelled if breach or cancellation would or may have a material adverse effect on the Business or any aspect of it or the Mortgaged Property;
- 10.1.4. all taxes (including without limitation) rates, fees and statutory charges of whatever nature payable at any time in relation to the Business or the Mortgaged Property are paid by the due date for their payment; and
- 10.1.5. the value of the Mortgagee's security under this mortgage is not diminished other than by circumstances beyond the control or influence of the Mortgagor.

10.2. Repair and security

The Mortgagor must keep all tangible Mortgaged Property in good repair and condition and well protected from theft, loss or damage.

10.3. Replacement of damaged or destroyed property



The Mortgagor must immediately replace any tangible Mortgaged Property which is stolen, lost, damaged or destroyed with articles of no lesser quality and standard.

10.4. Performance of all lease obligations

10.4.1. The Mortgagor must duly perform the terms of any lease, tenancy, licence, franchise or authority granted to the Mortgagor of any real or personal property and any other right or obligation in connection with the running; of the business.

10.4.2. The Mortgagor must properly exercise any option to extend the term of any lease of premises used in connection with the Business unless it has obtained the use of satisfactory alternative premises.

10.5. Maintenance of books and accounts

The Mortgagor must maintain proper books and records which correctly record and explain the transactions undertaken in relation to the Business and the financial position of the Business and the Mortgagor and enable the preparation from time to time of true and fair accounts for the Business and the Mortgagor. The Mortgagor must, whenever requested by the Mortgagee, deliver or provide to the Mortgagee originals or copies of all such books and records.

10.6. Performance of all Liquor Legislation obligations

10.6.1. This clause 10.6 applies where the Mortgaged Property at any time is or includes Licensed Premises under the Liquor Legislation or premises where a Liquor Licence issued under the Liquor Legislation is used or exercised. Words and phrases defined in the Liquor Legislation have the same meaning when used in clause 10.6.

10.6.2. The Mortgagor must:

10.6.2.1. personally, carry on the business conducted on the Mortgaged Property for which the Liquor Licence is held in a proper and orderly manner;

10.6.2.2. keep the Licensed Premises open during normal trading hours;

10.6.2.3. comply with the Liquor Legislation and any requirements or orders of authorities in respect of the Liquor Licence and the Licensed Premises;

10.6.2.4. oppose any application to restrict, suspend or cancel the Liquor Licence;

10.6.2.5. not without the Mortgagee's consent:

10.6.2.5.1. remove or apply to remove the Liquor Licence or allow the Liquor Licence to be removed;

10.6.2.5.2. surrender, attempt to surrender, dispose of, deal with or part with possession of any interest in the Liquor Licence; or

10.6.2.5.3. create or allow any encumbrance which affects the Liquor Licence;



- 10.6.2.6. give the Mortgagee a copy of all notices, requisitions, summonses, complaints, demands, orders, notifications and other writings relating to the Liquor Licence or the Licensed Premises;
 - 10.6.2.7. deliver to the Mortgagee a copy of every return made under the Liquor Legislation and the Mortgagor irrevocably authorises the Mortgagee and its agents to inspect and take copies of every return. The production of this mortgage shall be sufficient authority to the licensing authority or their authorised officer to permit such inspection; and
 - 10.6.2.8. after an Event of Default occurs, at the request of the Mortgagee, use its best endeavours to obtain a protection order under the Liquor Legislation with respect to the Licensed Premises in favour of the Mortgagee or its nominee.
- 10.6.3. Where the Mortgagor does not occupy the Mortgaged Property, the Mortgagor must (upon demand by the Mortgagee) obtain from the person occupying those premises a written agreement from that person in favour of the Mortgagee in a form reasonably acceptable to the Mortgagee that the person in occupation of those premises must:
- 10.6.3.1. personally carry on the business conducted on the Mortgaged Property for which the Liquor Licence is held in a proper and orderly manner;
 - 10.6.3.2. keep the Licensed Premises open during normal trading hours;
 - 10.6.3.3. comply with the Liquor Legislation and any requirements or orders of authorities in respect of the Liquor Licence and the Licensed Premises;
 - 10.6.3.4. oppose any application to restrict, suspend or cancel the Liquor Licence;
 - 10.6.3.5. not without the Mortgagee's consent:
 - 10.6.3.5.1. remove or apply to remove the Liquor Licence or allow the Liquor Licence to be removed;
 - 10.6.3.5.2. surrender, attempt to surrender, dispose of, deal or part with possession of any interest in the Liquor Licence;
 - 10.6.3.5.3. create or allow any encumbrance which affects the Liquor Licence;
 - 10.6.3.6. give the Mortgagee a copy of all notices, requisitions, summons, complaints, demands, orders, notifications and other writings relating to the Liquor Licence or the Licensed Premises;
 - 10.6.3.7. deliver to the Mortgagee a copy of every return made under the Liquor Legislation and irrevocably authorises the Mortgagee and its agents to inspect and take copies of every return; and
 - 10.6.3.8. after an Event of Default, at the request of the Mortgagee, use its best endeavours to obtain a protection order under the Liquor Legislation with respect to the Licensed Premises in favour of the Mortgagee or its nominee.



10.6.4. A Event of Default occurs if:

- 10.6.4.1. the conditions which attach to the Licence are, in the opinion of the Mortgagee, materially varied;
- 10.6.4.2. the Mortgagee reasonably suspects that the Mortgagor or the person who holds the Liquor Licence or any of their servants or agents have done or are about to do something which is prohibited by this document or which may put the Liquor Licence in jeopardy or materially affect the security constituted by this document (including, without limitation, being convicted of an offence); or
- 10.6.4.3. the person in occupation of the Mortgaged Property on which the Licensed Premises are located fails to observe or perform any of the terms, covenants or agreements on the part of that person to be observed or performed under the agreement referred to in clause 10.6.3.


10.7. Environmental risk management

10.7.1. This clause applies if the Mortgagee at any time determines that in the context of Environmental Protection Law and any Business or any activity carried on using the Mortgaged Property there is a risk that this mortgage or its value or the Mortgagor's ability to pay the Secured Money may be adversely affected. If the Mortgagee notifies the Mortgagor that it has made such a determination the Mortgagor must establish and maintain an environmental risk management programme which:

- 10.7.1.1. identifies all licences and approvals required from any authority concerned with the control of pollution in connection with a Business or the use of the Mortgaged Property or the storage of any substances on the Mortgaged Property and establishes procedures for ensuring that the conditions attaching to those licences and approvals are complied with;
- 10.7.1.2. identifies the potential for any Business or the use of the Mortgaged Property or the storage of any substances on the Mortgaged Property to cause pollution and establishes procedures for ensuring that the risk of pollution is minimised; and
- 10.7.1.3. establishes training programmes which ensure that people engaged in any Business or any activity carried on on the Mortgaged Property or the storage of any substances on the Mortgaged Property are aware of the risks of pollution occurring and the measures to be taken to minimise those risks.

10.7.2. The Mortgagor must upon request by the Mortgagee:

- 10.7.2.1. provide the Mortgagee with full details of its environmental risk management programme established pursuant to clause 10.7.1 and a certificate signed by the Mortgagor (or if the Mortgagor is a company, 2 directors) that that programme is complied with;
- 10.7.2.2. have its environmental risk management programme established pursuant to clause 10.7.1 and its compliance with that programme reviewed by an independent consultant approved by the Mortgagee who is experienced in the management of pollution risk similar to that involved in the Business



or the activities being carried on on the Mortgaged Property and comply with the recommendations of that consultant;

10.7.2.3. procure an environmental audit of the Business by an independent consultant approved by the Mortgagee who is experienced in assessing pollution and pollution risk from the activities of the kind being carried on as the Business; and

10.7.2.4. provide the Mortgagee with full details of any internal or external (pursuant to clause 10.7.2.2 or otherwise) review or audit of its environmental risk management programme established pursuant to clause 10.7.1.

11. NEGATIVE COVENANTS

11.1. Prohibition on dealing with the Mortgaged Property

11.1.1. Subject to clauses 5.5 and 11.1.3 the Mortgagor must not without the Mortgagee's consent:

11.1.1.1. sell, lease, charge, encumber, surrender, grant any interest in or power over or otherwise in any manner deal or agree or attempt to deal with any Mortgaged Property or any interest in any Mortgaged Property; or

11.1.1.2. permit any charge, lien, pledge, hypothecation, security, trust or power to arise or exist in respect of any Mortgaged Property.

11.1.2. The Mortgagor's statutory powers to deal with the Mortgaged Property are, to the fullest extent possible, excluded.

11.1.3. The Mortgagor will not be in default of its obligations under clause 11.1.1 because a charge arises by legislation in favour of a governmental agency except where the Mortgagor has not paid when payable money owing to that governmental agency.

11.2. Prohibition on set-off

The Mortgagor must prevent any set-off except to the Mortgagee or combination of accounts in respect of any book debt.

11.3. Prohibition on acts prejudicial to the Mortgagee's security

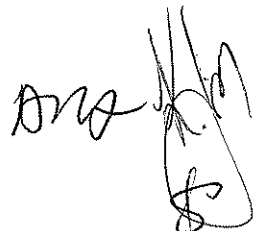
The Mortgagor must not exercise any right arising in relation to the Mortgaged Property or directly or indirectly cause or influence any decision of any person which has or may have an adverse effect on the Mortgagee's security under this mortgage or its value.

11.4. Prohibition on acquiring goods subject to reservation of title

The Mortgagor must obtain the Mortgagee's consent in each case where the Mortgagor intends to acquire stock or other property upon terms that its title is reserved to the vendor pending payment.

11.5. Prohibition on acquisitions

11.5.1. The Mortgagor must not without the Mortgagee's consent directly or indirectly acquire:



11.5.1.1. any other business; or

11.5.1.2. any subsidiary.

11.5.2. The Mortgagee will not unreasonably withhold its consent if:

11.5.2.1. the Mortgagor can show to the Mortgagee's reasonable satisfaction that the Mortgagor's financial position and ability to perform its obligations to the Mortgagee are not adversely affected; and

11.5.2.2. in the case of the acquisition of a subsidiary, that company guarantees the payment of the Secured Money and performance of the Mortgagor's other obligations and grants to the Mortgagee a first ranking fixed and floating charge in similar terms to this mortgage.

11.6. Prohibitions in relation to the Business

The Mortgagor must not without the Mortgagee's consent:

11.6.1. vary or surrender any lease or licence held at any time in connection with the Business or the Mortgaged Property.

11.7. There is no clause 11.7

11.8. Prohibition relating to capital

The Mortgagor must not without the Mortgagee's consent propose, do or permit:

11.8.1. anything which amounts to a waiver or postponement or an agreement to waive or postpone obligations in respect of shares in the Mortgagor or any subsidiary; or

11.8.2. anything which amounts to financing dealings in or acquiring its own shares including, without limitation, anything specified in section 205(1)(a), (b) or (c) of the Corporations Act.

11.9. Payment of dividends

The Mortgagor must not propose or pay a dividend without the Mortgagee's consent.

11.10. Other prohibitions not to be affected

Nothing in this mortgage affects any other prohibition agreed by the Mortgagor with the Mortgagee.

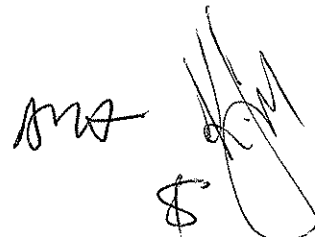
12. PROVISIONS APPLYING TO A TRUSTEE MORTGAGOR

12.1. Application of clause 12

Clause 12 applies where the Mortgagor is the owner or registered proprietor of Mortgaged Property as trustee of a Trust.

12.2. Warranties relating to the Trust

Where the Mortgagor is acting as trustee of the Trust the Mortgagor warrants to the Mortgagee that:



- 12.2.1. the Trust is validly created and existing and no circumstances exist pursuant to which it may be determined and no date for the vesting of any of the Trust fund has been appointed;
- 12.2.2. the Mortgagor has provided the Mortgagee with true copies of all the documents currently constituting the Trust Deed;
- 12.2.3. the Mortgagor is validly appointed as the sole trustee of the Trust, is not in breach of its obligations as trustee and no circumstances exist pursuant to which it may be removed;
- 12.2.4. this mortgage is duly executed and granted pursuant to and in proper exercise of the powers of the Mortgagor as trustee of the Trust and all formalities required by the Trust Deed in connection with this mortgage have been complied with;
- 12.2.5. the use and performance of its obligations by the Mortgagor under this mortgage are for the proper purpose of and provides commercial benefit to the Trust;
- 12.2.6. the Mortgagor is entitled to be fully indemnified out of the assets of the Trust in respect of its liability under this mortgage;
- 12.2.7. the Mortgagor is the legal owner of all the assets of the Trust;
- 12.2.8. there is no dispute between the Mortgagor and any other person in relation to the Trust or the Trust assets; and
- 12.2.9. the Mortgagor is empowered by the Trust Deed to carry on its Business as now conducted or contemplated and to own its property and assets in its capacity as trustee of the Trust and there is no restriction or condition upon such activity by it.


12.3. Specific prohibitions relating to the Trust

The Mortgagor must not without the Mortgagee's consent:

- 12.3.1. cease to be the only trustee of the Trust or do anything which
- 12.3.2. would cause or enable its removal;
- 12.3.3. cause or permit the Trust to be determined or a vesting date to be appointed;
- 12.3.4. do or permit anything which adversely affects the Mortgagor's right of indemnity against the Trust assets;
- 12.3.5. in any way vary the Trust Deed or permit it to be varied;
- 12.3.6. resettle, set aside, distribute or dispose of any Trust assets; or
- 12.3.7. delegate any powers of the Mortgagor as trustee of the Trust or exercise any power of appointment.

12.4. General obligations relating to the Trust

- 12.4.1. The Mortgagor must at the request of the Mortgagee provide full financial details of the Trust.



12.4.2. The Mortgagor irrevocably and unconditionally grants the Mortgagee direct access to the Trust fund to recover any money not paid when payable under this mortgage.

12.5. Trustee's right of indemnity

Without limiting any right of subrogation the Mortgagee may have, the Mortgagor must, at the Mortgagee's request, exercise the Mortgagor's right of indemnity against the Trust assets to enable payment of the Secured Money to the Mortgagee.

12.6. New trustees

The Mortgagor must procure that any person who becomes a trustee of the Trust (whether in replacement of or in addition to the Mortgagor) enters into a deed with the Mortgagee whereby it agrees to perform the obligations of the Mortgagor under this mortgage.

12.7. Mortgagor's liability unlimited

The Mortgagor's liability under this mortgage is not in any way limited or otherwise affected by the Mortgagor being trustee of any trust or the extent of its ability to indemnify itself out of the assets of the Trust.

13. WARRANTIES AND INDEMNITIES

13.1. Warranties

The Mortgagor warrants to the Mortgagee that:

13.1.1. this mortgage constitutes and will continue to constitute a valid and binding security enforceable in accordance with its terms;

13.1.2. unless otherwise expressly disclosed and approved in writing by the Mortgagee any Business belongs to and is or will be carried on by the Mortgagor;

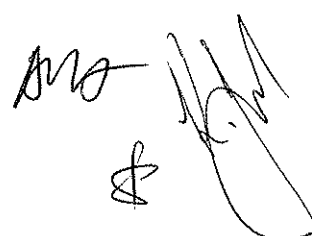
13.1.3. the Mortgagor and any Security Provider has fully and correctly disclosed all information:

13.1.3.1. to the Mortgagee which has been requested by the Mortgagee or its solicitors in connection with this mortgage;

13.1.3.2. to the Mortgagee which is material to the Mortgagee's assessment of the value and appropriateness of the Mortgaged Property as security for the Mortgagor's obligations to the Mortgagee;

13.1.3.3. to any valuer who has provided any valuation of the Mortgaged Property to the Mortgagee which is material to that valuer's assessment of the value of the Mortgaged Property; and

13.1.3.4. to any insurer who has insured the Mortgaged Property or any risk in connection with it which is material to that insurer's assessment of the insurance risk and the appropriate premium;



- 13.1.4. no Event of Default has occurred and no event has occurred and no circumstance exists which with the giving of notice, lapse of time or fulfilment of any condition would constitute an Event of Default;
- 13.1.5. the Mortgagor has obtained all necessary consents and complied with all internal procedures in relation to the execution and performance of this mortgage;
- 13.1.6. there is no breach of any Environmental Protection Law in respect of the use or condition of the Mortgaged Property or the carrying on of any Business on the Mortgaged Property;
- 13.1.7. there are no outstanding notices or restraining orders issued pursuant to any Environmental Protection Law affecting the Mortgaged Property or its use or the carrying on of any Business on the Mortgaged Property;
- 13.1.8. the Mortgagor has disclosed to the Mortgagee the full extent of the interests in and control of the Mortgagor;
- 13.1.9. no other person has any interest or rights in respect of the Mortgaged Property and no property is held by the Mortgagor subject to any reservation of title in favour of another person except as expressly disclosed in writing to the Mortgagee prior to this mortgage;
- 13.1.10. it is not in breach of any Licence or agreement relating to or granting any Licence;
- 13.1.11. the Mortgagor has not relied upon any representation or statement by or on behalf of the Mortgagee, but has determined to enter into this mortgage solely upon its own assessment after having obtained advice from its own advisers;
- 13.1.12. where the Mortgagor is a company the Mortgagor is receiving valuable commercial benefit for giving this mortgage;
- 13.1.13. the Mortgagor has **been given the** opportunity to obtain and has obtained such **legal and financial** advice in relation to its obligations and liabilities under this mortgage as is necessary to fully understand those obligations and liabilities.

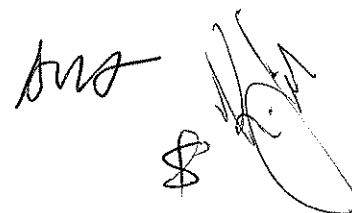
13.2. Indemnities

- 13.2.1. The Mortgagor irrevocably and unconditionally indemnifies the Mortgagee against all actions, claims, demands, losses (including without limitation loss of margin), damages, liabilities, costs and expenses of any nature suffered or incurred at any time actually or contingently by the Mortgagee as a direct or indirect consequence of:
 - 13.2.1.1. a failure by the Mortgagor or Security Provider to pay any Secured Money when payable or comply with any other obligation owed to the Mortgagee;
 - 13.2.1.2. the occurrence of an Event of Default;
 - 13.2.1.3. the Mortgagee, a Receiver or an attorney appointed under this mortgage exercising or attempting to exercise any power or right under this mortgage, in any other agreement between the Mortgagor or a Security Provider and the Mortgagee or at general law;

Handwritten signatures and initials in the bottom right corner of the page. There are two distinct signatures, one appearing to be 'AB' and another more complex signature, along with some scribbles and a dollar sign symbol.

- 13.2.1.4. the Mortgagee seeking to recover any Secured Money from any other person liable to pay it;
 - 13.2.1.5. an actual or assumed legal obligation of the Mortgagee to pay any money or do any thing in connection with the Mortgaged Property;
 - 13.2.1.6. a warranty in this mortgage being incorrect in any respect;
 - 13.2.1.7. judgment being given for any Secured Money in a currency other than that in which that Secured Money is due;
 - 13.2.1.8. the rate of interest applying to any judgment debt being less than that applying to the original obligation to pay the Secured Money in respect of which judgment was obtained;
 - 13.2.1.9. the Mortgagee receiving payment of the Secured Money later than the date it should be paid if no Event of Default had occurred;
 - 13.2.1.10. a claim that a payment, obligation, settlement, transaction, conveyance or transfer in connection with the Secured Money (or money which would be Secured Money if the claim was invalid) is void or voidable under any law relating to insolvency, bankruptcy or the protection of creditors or for any other reason being upheld, conceded or compromised;
 - 13.2.1.11. the appointment of, and any indemnity given to, a Receiver or Controller;
 - 13.2.1.12. the Mortgagee acting as the Mortgagor's attorney or providing any indemnity to any person so acting;
 - 13.2.1.13. the Mortgagee paying (whether or not under a legal obligation) any loss, cost or expense incurred by any officer, employee, agent or consultant of the Mortgagee in connection with this mortgage;
 - 13.2.1.14. any dispute between the Mortgagor and any other person;
 - 13.2.1.15. any agreement relating to any Secured Money being or becoming void or unenforceable; and
 - 13.2.1.16. any new law or any change in any law or in the interpretation of any law.
- 13.2.2. The Mortgagor indemnifies the Mortgagee, its directors and any other officers in management and control of the Mortgagee at any time, any Receiver or Controller and any agent of the Mortgagee against all actions, fines, claims, demands, losses, damages, costs and expenses of any nature incurred at any time actually or contingently arising directly or indirectly from any breach of any Environmental Protection Law in connection with the Mortgaged Property.
- 13.2.3. The Mortgagor's obligations to indemnify the Mortgagee are absolute, irrevocable and unconditional and continue (irrespective of discharge of this mortgage) until an express release is given. The Mortgagor waives any right or claim which may have the effect of reducing or impairing the indemnities given by it.

14. PROVISION OF INFORMATION AND ACCESS TO THE MORTGAGEE



14.1. Access to the Business and Mortgaged Property

14.1.1. The Mortgagor authorises the Mortgagee, its employees, consultants, agents and advisers to enter any part of the premises from which any Business is carried on and any other premises which are Mortgaged Property or upon which any Mortgaged Property is kept for any purpose in connection with this mortgage. The Mortgagor must obtain any necessary consent and give any person exercising this right reasonable assistance in carrying out his requirements. The Mortgagor must ensure that any staff of the Mortgagor assist the Mortgagee at all times. The Mortgagee may take copies of any books and records and photographs of the Mortgaged Property.

14.1.2. The Mortgagee must not exercise this right without giving the Mortgagor at least 24 hours prior notice except where an Event of Default has occurred or the Mortgagee believes that its security may be prejudiced.

14.2. Access to subsidiary's business operations

The Mortgagor must upon demand procure access for the Mortgagee, its employees, consultants and agents to any premises owned or occupied by any subsidiary of the Mortgagor for the purposes of inspecting the assets and business operations of that subsidiary.

14.3. Financial and stock exchange information

14.3.1. The Mortgagor must provide the Mortgagee within four months of the end of each relevant financial year with accounts (as defined in section 9 of the Corporations Act) and any directors' report required pursuant to Division 6 of the Corporations Act for the Mortgagor and each subsidiary.

14.3.2. The Mortgagor acknowledges that the Mortgagee generally undertakes reviews every six or twelve months concerning the performance of the obligations of the Mortgagor of its obligations owed to the Mortgagee. Such a review may involve an inspection of the Mortgagor's property and a review of the past, present and projected performance of the Business. The Mortgagor undertakes to set time aside for such reviews, to provide the Mortgagee with full financial and other details requested by the Mortgagee and to fully co-operate with officers and agents of the Mortgagee. The Mortgagor must ensure that any subsidiary complies with such requirements of and obligations to the Mortgagee.

14.3.3. Where securities issued by the Mortgagor or any subsidiary are listed on any local or foreign stock exchange the Mortgagor must promptly give the Mortgagee a copy of all reports and releases given to that exchange.

14.4. Notification of matters to the Mortgagee

14.4.1. The Mortgagor must immediately notify the Mortgagee of the following:

14.4.1.1. particulars of any interest in real property acquired by the Mortgagor;

14.4.1.2. the occurrence of an Event of Default or an event or circumstance which would with the giving of notice, lapse of time or fulfilment of any condition be likely to become an Event of Default;



- 14.4.1.3. any notice received from any authority which notifies a breach of any legislation or of a condition attaching to the Licence or a licence or approval held by the Mortgagor, which requires or anticipates any acquisition or divestment of any Mortgaged Property or which may otherwise affect or potentially affect the Mortgagee's security;
- 14.4.1.4. any notice requiring any work to be done to the Mortgaged Property or relating to the use or condition of Mortgaged Property including, without limitation, notices or orders pursuant to any Environmental Protection Law;
- 14.4.1.5. the receipt by the Mortgagor of any demand pursuant to section 459E of the Corporations Act;
- 14.4.1.6. any damage to or destruction of any Mortgaged Property of a value in excess of \$10,000;
- 14.4.1.7. anything which gives or may give rise to a claim for compensation in relation to Mortgaged Property; and
- 14.4.1.8. the appointment of an Administrator under Division of Part 5.3A of the Corporations Act.

14.4.2. The Mortgagor must provide the Mortgagee with such other information following notification under clause 14.4.1 as the Mortgagee requires.

15. EVENTS OF DEFAULT AND THE MORTGAGEE'S POWERS


15.1. Mortgagor to Prevent Default Events

The Mortgagor must do everything possible to prevent the occurrence of a Default Event.

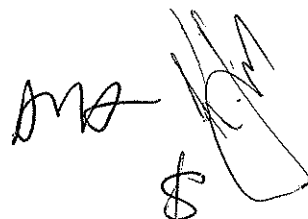
15.2. Default Events

An Event of Default will occur if:

- 15.2.1. the Mortgagor, Security Provider or a subsidiary of the Mortgagor, fails to pay when payable any money owing at any time to the Mortgagee or any company associated with the Mortgagee at any time;
- 15.2.2. the Mortgagor, Security Provider or a subsidiary of the Mortgagor fails to perform any non monetary obligation owing at any time to the Mortgagee or any company associated with the Mortgagee at any time and, to the extent that the failure is capable of remedy within 5 business days, it continues for 5 business days after written notice from the Mortgagee requiring its remedy;
- 15.2.3. the Mortgagee becomes entitled to demand immediate payment of money secured by a Security or to enforce that Security or would have become so entitled but for any legislation requiring notice or lapse of time;
- 15.2.4. a warranty, representation, answer to requisition or statutory declaration at any time made or given by or on behalf of the Mortgagor, Security Provider or a subsidiary of the Mortgagor is found to be incorrect or misleading;



- 15.2.5. the Mortgagor, Security Provider or a subsidiary of the Mortgagor becomes an externally-administered body corporate as defined in the Corporations Act or if an application is made, proceedings are initiated, a meeting (of shareholders, creditors or directors) is called, notice is given or an appointment is made or proposed which the Mortgagee considers may lead to that;
- 15.2.6. notice is given or published or action is taken with a view to cancelling the registration of the Mortgagor, Security Provider or a subsidiary of the Mortgagor or appointing an inspector or other officer to investigate any of its affairs pursuant to any legislation;
- 15.2.7. a receiver, receiver and manager, liquidator or Controller is appointed in respect of the Mortgagor or a Security Provider;
- 15.2.8. the Mortgagor, Security Provider or a subsidiary of the Mortgagor commits an act of bankruptcy within the meaning of section 40 of the Bankruptcy Act 1966 or dies or becomes incapable of managing his or her own affairs by reason of mental or other condition;
- 15.2.9. where the Mortgagor, Security Provider or a subsidiary of the Mortgagor is a partnership, that partnership is dissolved, an application is made for its dissolution or more than 20% of its members retire in any 6 month period;
- 15.2.10. where the Mortgagor, Security Provider or a subsidiary of the Mortgagor is a joint venture, that joint venture is terminated;
- 15.2.11. a judgment for more than \$1000 is entered in any court against the Mortgagor, Security Provider or a subsidiary of the Mortgagor and not satisfied, appealed or set aside within 28 days;
- 15.2.12. the Mortgagor, Security Provider or a subsidiary of the Mortgagor stops payment of its debts;
- 15.2.13. an event or circumstance occurs which entitles a person to cancel, terminate or demand repayment of any credit or financial accommodation extended to the Mortgagor, Security Provider or a subsidiary of the Mortgagor or exercise any right under any Security for such credit or financial accommodation;
- 15.2.14. the Mortgagor, Security Provider or a subsidiary of the Mortgagor fails to comply with a condition attaching to a consent or approval issued by the Mortgagee in the context of this mortgage or any Security;
- 15.2.15. where the Mortgagor, Security Provider or a subsidiary of the Mortgagor is a corporation which is not listed on a recognised Australian stock exchange there is a change in the ownership (at the date of this mortgage) of more than 25% of the issued voting shares in the Mortgagor, Borrower, Security Provider or a subsidiary of the Mortgagor or there is a change in the control of the Mortgagor, Borrower, Security Provider or a subsidiary of the Mortgagor without the Mortgagee's consent;
- 15.2.16. in the Mortgagee's opinion there is a change in the persons who control the Mortgagor, Security Provider or a subsidiary of the Mortgagor or in the activities of the Mortgagor, Security Provider or a subsidiary of the Mortgagor;



- 15.2.17. anything occurs in connection with the asset secured by a Security (including, without limitation, any pollution or the issue of any notice requiring clean-up) which, in the Mortgagee opinion, has a material adverse affect on the value or saleability of that asset;
- 15.2.18. a demand under section 459E of the Corporations Act is served on the Mortgagor, Security Provider or a subsidiary of the Mortgagor and a copy is not provided immediately after service to the Mortgagee;
- 15.2.19. the Mortgagee commits an act of default under the Principal Agreement, including any breach of any of its obligations under the Principal Agreement; or
- 15.2.20. without limiting the operation of any other Event of Default, any other event occurs or circumstance arises, financial or otherwise, which, in the opinion of the Mortgagee, is likely to materially and adversely affect the ability of the Mortgagor, Security Provider or a subsidiary of the Mortgagor to meet its obligations to the Mortgagee.

15.3. Notification of Events of Default

The Mortgagor must immediately notify the Mortgagee of the occurrence of any Event of Default or the existence of any circumstance which may lead to the occurrence of an Event of Default.

15.4. No default certificate

Upon request by the Mortgagee, the Mortgagor must immediately give the Mortgagee a certificate signed by 2 directors of the Mortgagor stating whether or not an Event of Default has occurred or is likely to occur.

15.5. Report by qualified accountant

15.5.1. Whether or not an Event of Default has occurred and whether or not the Mortgagee has exercised any of its rights and powers on default, the Mortgagor at its cost must at the request of the Mortgagee promptly provide the Mortgagee with a report by a qualified accountant approved by the Mortgagee on the financial condition of the Mortgagor, the Business, the value of any Mortgaged Property and any other related matter the Mortgagee requires.

15.5.2. If the Mortgagor fails to obtain any such report then the Mortgagee may commission such a report the cost of which must be borne by the Mortgagor. The Mortgagee may pay the cost of obtaining any report, in which case such cost will be deemed part of the Secured Money.

15.5.3. For the purposes of providing the report in clause 15.5.1 the Mortgagor will ensure the Mortgagee or a qualified accountant approved by the Mortgagee has full and free access to the books and records of the Mortgagor, the Business and the Mortgaged Property and any other related matter that the Mortgagee may require. The Mortgagor will ensure that the staff of the Mortgagor assist the Mortgagee at all times.

16. THE MORTGAGEE'S POWERS FOLLOWING EVENT OF DEFAULT

16.1. Exercise of powers generally



Whether or not the Mortgagee has demanded payment of the Secured Money the Mortgagee may at any time following the occurrence of an Event of Default in the manner and at the times it considers appropriate (irrespective of any omission, neglect or delay):

- 16.1.1. terminate or reverse any transaction or arrangement entered into by the Mortgagee at the express or implied request or with the express or implied consent of the Mortgagor;
- 16.1.2. enter into any transaction and make any payment to extinguish any actual or contingent liability incurred by the Mortgagee at the express or implied request or with the express or implied consent of the Mortgagor;
- 16.1.3. convert (directly or indirectly) the currency of any obligation of the Mortgagor to the Mortgagee to another currency;
- 16.1.4. open or close any account of the Mortgagor with the Mortgagee and transfer any credit balance to any new or other account;
- 16.1.5. dishonour any cheque or cancel any encashment arrangement or other arrangement provided to the Mortgagor in connection with this mortgage; or
- 16.1.6. pay any other mortgagee or encumbrancee of the Mortgaged Property any amount required to discharge or purchase (with or without a transfer of its security) its debt.

The Mortgagor indemnifies the Mortgagee upon demand against any liability, cost or expense incurred pursuant to anything done under this clause.

16.2. The Mortgagee's general powers

Whether or not the Mortgagee has demanded payment of the Secured Money the Mortgagee may at any time following the occurrence of an Event of Default in the manner and at the times which it considers appropriate (irrespective of any omission, neglect or delay):

- 16.2.1. enter, seize, take possession of, manage and use the Mortgaged Property;
- 16.2.2. receive and give receipts for the proceeds, rents, profits and other payments in relation to the Mortgaged Property;
- 16.2.3. carry on, contract out, lease or licence the Business and any other business in relation to the Mortgaged Property;
- 16.2.4. take any action it considers necessary or desirable for the preservation, maintenance or enhancement of the Mortgaged Property, the Business or the security constituted by this mortgage;
- 16.2.5. effect and maintain any insurance of or in relation to the Mortgaged Property or the Business;
- 16.2.6. commence, conduct, defend, compromise, settle, discontinue or submit to arbitration any proceedings, claims, questions or disputes in connection with the Mortgaged Property, the Business or this mortgage;



- 16.2.7. prove any debt or liability owed to the Mortgagor in the bankruptcy, insolvency or winding up of any person and receive dividends and assent to any proposal for a composition or scheme of arrangement;
- 16.2.8. exercise the rights of the Mortgagor in connection with the Mortgaged Property or the Business;
- 16.2.9. perform the obligations of the Mortgagor in connection with the Mortgaged Property and the Business under this mortgage or otherwise;
- 16.2.10. renew, terminate, repudiate, rescind, vary, accept surrenders of and exercise rights under any contract or arrangement entered into by the Mortgagor, any predecessor in title or the Mortgagee (pursuant to the powers in this mortgage or at general law) in connection with the Mortgaged Property or the Business;
- 16.2.11. renew, allow to lapse, surrender or vary the conditions of any licence held in connection with the Mortgaged Property or the Business;
- 16.2.12. deal in any way with the Mortgaged Property, any estate or interest in it, any right attaching to it or any encumbrance affecting it;
- 16.2.13. sell, surrender, dispose of, realise or convert into money the Mortgaged Property on any terms and in any manner;
- 16.2.14. grant upon any terms and in any manner an option to purchase, lease or acquire an interest in the Mortgaged Property;
- 16.2.15. grant upon any terms and in any manner leases, licenses and any other interests in or rights over the Mortgaged Property or the Business;
- 16.2.16. in the name and on behalf of the Mortgagor or otherwise, borrow or obtain any form of financial accommodation from the Mortgagee upon any terms in connection with the exercise of any power under this mortgage or at general law;
- 16.2.17. secure upon any terms and in any manner any money borrowed or liability incurred by charge or mortgage over the Mortgaged Property whether ranking in priority to, equally with or after this mortgage;
- 16.2.18. demolish, replace, repair, alter, or develop, enlarge or construct any Mortgaged Property;
- 16.2.19. in the name of the Mortgagor or otherwise acquire, take on lease or licence, hire or invest in any property upon any terms and in any manner for use in connection with the Mortgaged Property or the **Business** and in the name of the Mortgagor or otherwise grant a mortgage or charge over the acquired property to the Mortgagee as security for the Secured Money;
- 16.2.20. change the use or nature of any Mortgaged Property or any title to any Mortgaged Property;
- 16.2.21. draw, accept, make and endorse any negotiable instrument;
- 16.2.22. make calls, enforce payment of any call which is payable and unpaid and otherwise get in the capital of the Mortgagor;



- 16.2.23. take up any rights issue or offer arising in connection with the Mortgaged Property;
- 16.2.24. promote the formation of companies to acquire any Mortgaged Property or Business or assume any obligations of the Mortgagor;
- 16.2.25. delegate in any manner any of its powers and rights under this mortgage or at general law;
- 16.2.26. upon any terms and in any manner employ and terminate the employment of persons and engage and terminate the engagement of agents, contractors, consultants, advisers, auctioneers and other persons in connection with its powers under this mortgage or at general law;
- 16.2.27. expend money, assume obligations and incur liabilities in connection with any power under this mortgage or at general law; and
- 16.2.28. do anything else in Australia and elsewhere the Mortgagee considers necessary, desirable or convenient to be done in connection with the recovery of the Secured Money and anything incidental or conducive to the exercise of any other power under this mortgage or general law.

16.3. Exercise of powers by agent

The Mortgagee may exercise its powers under this mortgage or general law by itself or through any agent or a Controller. The fees charged by any agent or Controller must be paid by the Mortgagor.

16.4. Outstanding negotiable instruments do not affect the Mortgagee's rights

The Mortgagee may demand payment of Secured Money and exercise its other rights under clauses 15 and 16 and at general law notwithstanding that the Secured Money arises under or is evidenced by any negotiable instrument, security, contract or other obligation which is still current or has not matured or fallen due.

16.5. Environmental audit before taking possession

The Mortgagor irrevocably authorises the Mortgagee and its consultants, following the occurrence of an Event of Default, to go on to any land which comprises Mortgaged Property for the purposes of carrying out an environmental audit of the land and the Mortgagor's activities on the land. The Mortgagor must, upon request, make available the Mortgagor's records relating to the land and its use. The Mortgagor must upon demand reimburse the Mortgagee for the costs incurred in carrying out the audit.

17. APPOINTMENT OF RECEIVERS

17.1. Appointment, removal and replacement

17.1.1. Following the occurrence of an Event of Default the Mortgagee may appoint one or more persons to be jointly, severally or jointly and severally Receiver of any Mortgaged Property.

17.1.2. The Mortgagee may appoint a Receiver under this mortgage notwithstanding the bankruptcy or insolvency of the Mortgagor.



17.1.3. The Mortgagee may appoint any person to replace any Receiver who has been removed or who has retired or died.

17.1.4. The Mortgagee may by written notice to a Receiver remove him absolutely or in relation to any part of the Mortgaged Property.

17.2. Receiver' s remuneration

17.2.1. The Mortgagee may fix the remuneration of a Receiver and at any time by agreement with the Receiver vary his remuneration.

17.2.2. The Mortgagor must pay and the Receiver may retain out of money received by him his remuneration and (except where they arise because of the wilful misconduct or gross negligence of the Receiver) the costs, charges and expenses incurred by him as Receiver and money on account of other liabilities incurred actually or contingently by him as receiver.

17.2.3. The Mortgagor must reimburse the Mortgagee any payment made to the Receiver on account of his fees or any cost or expense incurred by him.

17.3. Receiver agent of the Mortgagor

Unless otherwise prevented by law a Receiver will be the agent of the Mortgagor. The Mortgagor agrees to be responsible for each Receiver's acts and omissions.

17.4. Receiver's powers

Subject to any express limitation in his appointment a Receiver may in his discretion exercise the same powers and rights as those of the Mortgagee under this mortgage and at general law including, without limitation, the powers listed in clause 16.2.

18. PROVISIONS RELATING TO THE MORTGAGEE'S AND RECEIVER'S POWERS

18.1. Powers are in addition to statutory powers

The powers of the Mortgagee and a Receiver under this mortgage are to be construed separately and are independent of and in addition to any other legal, equitable or statutory powers.

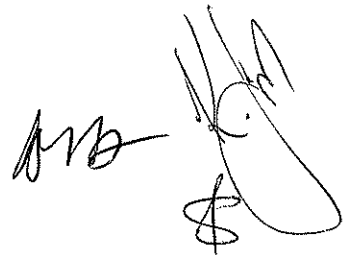
18.2. Waiver of statutory notices

18.3. The Mortgagee need not give notice to the Mortgagor before exercising any of its rights or powers under this mortgage unless notice is required by a statutory provision which cannot be excluded. If the statutory provisions stipulates that notice must be given, then:

18.3.1. if a period of notice is mandatory, that period of notice must be given by the Mortgagee, or

18.3.2. if a period of notice is not mandatory, one day is fixed as the period during which:

18.3.2.1. default must continue before a notice is given or demand is made requiring payment of the Secured Money; and



18.3.2.2. the notice or demand must remain not complied with before the Mortgagee's rights, powers or remedies may be exercised.

18.4. Protection of purchasers

The Mortgagor agrees that any person dealing with the Mortgagee or any Receiver need not be concerned whether any power of the Mortgagee or any Receiver has arisen or with the propriety of any transaction undertaken by the Mortgagee or any Receiver even if it has actual notice to the contrary.

18.5. Specific authority to exercise powers

The Mortgagor irrevocably and unconditionally authorises the Mortgagee and any Receiver to exercise its powers under this mortgage or any legislation notwithstanding that the Event of Default giving rise to exercise of such powers may subsequently be deemed never to have occurred. In such circumstances the Mortgagor:

18.5.1. does not have any claim against the Mortgagee or a Receiver for trespass or for any loss suffered by the Mortgagor other than because of fraud or gross negligence on the part of the Mortgagee or any Receiver; and

18.5.2. indemnifies the Mortgagee and any Receiver against any claim or loss arising other than because of fraud or gross negligence.

18.6. Protection of the Mortgagee and Receiver

The Mortgagor agrees that the Mortgagee and any Receiver are not liable for any loss which may arise because of any omission or delay in the exercise of any of their respective powers under this mortgage or any legislation.

18.7. Money outlaid is secured

The Mortgagor must upon demand pay any money outlaid by the Mortgagee or any Receiver in exercising powers under this mortgage or at general law.

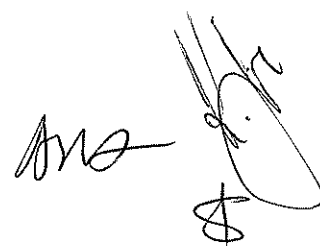
18.8. Entitlement to charge commissions

The Mortgagee and the Receiver (if permitted by the Mortgagee) may, in addition to any fee or other charge, charge a commission in connection with the management of and collection of income from Mortgaged Property to the extent that those tasks have not been delegated to an agent.

18.9. The Mortgagee may give up possession of Mortgaged Property

18.10. The Mortgagee may at any time give up possession of the whole or any part of the Mortgaged Property.

19. POWER OF ATTORNEY



19.1. The Mortgagee as Mortgagor's attorney

For valuable consideration the Mortgagor, irrevocably appoints the Mortgagee and its employees at any time severally as its attorneys with power in the name of the Mortgagor or the attorney to:

- 19.1.1. do anything the Mortgagor should have done pursuant to this mortgage or any Security;
- 19.1.2. do anything the attorney considers necessary or desirable to facilitate the exercise of any of the Mortgagee's rights under this mortgage or any Security, the payment to the Mortgagee of money owing under this mortgage or any Security or the protection of the Mortgagee's interests under this mortgage or any Security;
- 19.1.3. prepare, draw, complete, endorse, accept, deliver, present, negotiate or otherwise deal with any bill of exchange in relation to this mortgage;
- 19.1.4. endorse any bill of lading or other document (including in favour of the Mortgagee);
- 19.1.5. claim any insurance proceeds or premium refund in respect of any insurance effected at any time in relation to goods or other assets secured or intended to be secured in any way to the Mortgagee;
- 19.1.6. delegate its powers to any person for any period and revoke such delegation;
- 19.1.7. perform any obligation owed by the Mortgagor at any time to the Mortgagee;
- 19.1.8. complete any blanks and correct any manifest errors in this mortgage or any ancillary document or agree or give effect to any such completion or correction and do all things necessary to procure the registration of this mortgage as a valid security with the priority intended by the Mortgagee; or
- 19.1.9. do anything in connection with the Mortgaged Property which the Mortgagor could do including without limitation signing any form or agreement to increase or vary priority arrangements under the Corporations Act.

An attorney may act notwithstanding any conflict or interest in the outcome.

19.2. Conflicts of duty

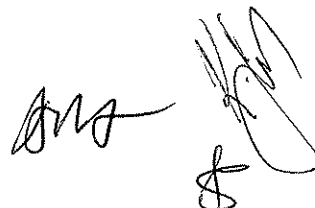
An attorney appointed under clause 19.1 may act notwithstanding any conflict of duty or a direct or personal interest in the means or result.

19.3. Attorney's indemnity and costs

- 19.3.1. The Mortgagor indemnifies any attorney against any liability or loss arising from the exercise of any powers under this mortgage.
- 19.3.2. The Mortgagee may indemnify any attorney in connection with the exercise of its powers and the Mortgagor must reimburse any money paid pursuant to any such indemnity.

20. PRESERVATION OF THE MORTGAGEE'S RIGHTS

20.1. General preservation of rights



This mortgage is a continuing security for the Secured Money. The liabilities of the Mortgagor under this mortgage and the rights of the Mortgagee, a Receiver or an attorney of the Mortgagee appointed under this mortgage are not affected by:

- 20.1.1. The Mortgagee granting any time or indulgence to the Mortgagor or another person;
- 20.1.2. The Mortgagee compounding or compromising with or wholly or partially releasing the Mortgagor, any Security Provider or any other person;
- 20.1.3. laches, acquiescence, delay, acts, omissions or mistakes by the Mortgagee, any Receiver, a Controller or another person;
- 20.1.4. The Mortgagee taking, varying, wholly or partially discharging or otherwise dealing with or losing or impairing any other security for Secured Money;
- 20.1.5. any security for or obligation to pay Secured Money being or becoming void, voidable or unenforceable;
- 20.1.6. any person who was intended to assume any actual or contingent liability to pay Secured Money not doing so or not doing so effectively or being discharged;
- 20.1.7. any other transaction or arrangement between the Mortgagee or any other person; or
- 20.1.8. anything else which might otherwise have such affect at law or in equity.

20.2. No merger

- 20.2.1. The Mortgagee's right to payment of the Secured Money arising under any other instrument does not merge with the Mortgagor's undertaking to pay the Secured Money under this mortgage.
- 20.2.2. This mortgage does not merge with or affect any other security or any judgment or order held at any time by the Mortgagee.

20.3. Partnership Mortgagor

- 20.3.1. Where the Secured Money includes any partnership indebtedness this mortgage continues to be binding notwithstanding any changes in the partnership (including changes which result in the partnership business being carried on by one person) and the Secured Money includes the indebtedness of the partnership following any such change. The continuing partners of any such partnership will ensure that any incoming partner is bound by all obligations to pay the Secured Money and that the incoming partner will sign all documents required by the Mortgagee evidencing the incoming partner's obligations to the Mortgagee for the Secured Money.
- 20.3.2. The Mortgagee is under no obligation to release any Mortgagor who has ceased to be a member of the partnership comprising the Mortgagor.

20.4. New and suspense accounts

- 20.4.1. The Mortgagee may without notice open up any new account of the Mortgagor with the Mortgagee and credit the new account with any credit in any other account or any new receipt.

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20.4.2. In the event of the liquidation of a Security Provider or the Mortgagor, the Mortgagee may retain and carry to a suspense account and appropriate at its discretion all money received by any Receiver, any attorney or the Mortgagee under or by virtue of this mortgage and prove for the full amount of the Secured Money.

20.5. Mortgagor not to prove in competition or claim subrogation

The Mortgagor must not without the Mortgagee's prior written consent:

20.5.1. other than by its attorney appointed under this mortgage prove in the bankruptcy or insolvency of Security Provider or another Mortgagor or claim or receive the benefit of any dividend, distribution or other payment pursuant to that bankruptcy or insolvency; or

20.5.2. directly or indirectly claim the benefit of any right, power, remedy or security held by the Mortgagee or of any distribution, dividend or payment arising out of or relating to the liquidation of any other person, until the Secured Money has been paid in full to the Mortgagee.

20.6. No order in exercise of securities

The Mortgagee may exercise its security under this mortgage and any other security for the Secured Money in any order it wishes. The Mortgagor waives any right of marshalling against the Mortgagee or otherwise in relation to this mortgage or any other security for the Secured Money. The Mortgagee is not under any obligation to appropriate in favour of the Mortgagor or to exercise, apply or recover any security for the Secured Money or any fund or asset that the Mortgagee may be entitled to receive or have a claim upon.

20.7. Re-instatement of the Mortgagee's rights

If any claim that a payment, obligation, settlement, transaction, conveyance or transfer in connection with Secured Money (or money which would be Secured Money if the claim was invalid) is void or voidable under any law relating to insolvency, bankruptcy or the protection of creditors is upheld, conceded or compromised:

20.7.1. The Mortgagee is entitled immediately as against the Mortgagor to the rights in respect of the Secured Money to which it would have been entitled if all or part of that payment, obligation, settlement, transaction, conveyance or transfer had not taken place; and

20.7.2. the Mortgagor agrees to immediately do any act or sign any document at the Mortgagee's request to restore the Mortgagee to any security or guarantee held by it from the Mortgagor immediately before that payment, obligation, settlement, transaction, conveyance or transfer.

21. FURTHER ASSURANCES

21.1. Perfection of security



The Mortgagor must immediately upon request by the Mortgagee do acts, obtain consents, pay fees and execute deeds and other documents deemed necessary or desirable by the Mortgagee:

- 21.1.1. to perfect any mortgage or charge pursuant to this mortgage;
- 21.1.2. to effect any mortgage or charge agreed to be given pursuant to this mortgage;
- 21.1.3. to enable the exercise of the Mortgagee's rights and powers;
- 21.1.4. to effect the security and priority intended by this mortgage and the Mortgagee;
- 21.1.5. to more effectively secure the Mortgaged Property to the Mortgagee; and
- 21.1.6. to give the Mortgagee a legal mortgage over any property mortgaged or charged under this mortgage.

21.2. Land comprising Mortgaged Property

21.2.1. Without limiting clause 21.1 the Mortgagor must at its cost at the request of the Mortgagee immediately execute and procure the registration of:

- 21.2.1.1. a mortgage over any registered land or registered dealing at any time comprising the Mortgaged Property; or
- 21.2.1.2. a deed of conveyance creating a legal mortgage over any old system land or interest in land at any time comprising the Mortgaged Property.

21.2.2. An instrument required by the Mortgagee pursuant to clause will contain such provisions as the Mortgagee may require.

21.3. Assignment of income


21.3.1. To the extent permitted by law the Mortgagor absolutely assigns to the Mortgagee as security for the Secured Money the Mortgagor's right to receive premiums, rents or licence or other fees under any lease, licence or other agreement at any time relating to the Mortgaged Property. At any time the Mortgagee may (and the Mortgagor must upon request) perfect this as a legal assignment.

21.3.2. The Mortgagor absolutely assigns to the Mortgagee as security for the Secured Money any guarantee, bond, deposit, bank guarantee or other instrument or land held as security for premiums, rents or licence or other fees under any lease, licence or other agreement at any time relating to the Mortgaged Property. At any time the Mortgagee may (and the Mortgagor must upon request) perfect this as a legal assignment.

21.3.3. The Mortgagee will not be deemed to have taken possession of any Mortgaged Property by virtue of this clause or anything done pursuant to this clause.

21.4. Assignment of licences and other rights

Unless forbidden by any legislation the Mortgagor absolutely assigns to the Mortgagee as security for the Secured Money all its right, title and interest in any licence, permission, approval, trademark, business name, quota or other right attached, existing or used in



relation to the Mortgaged Property. At any time the Mortgagee may (and the Mortgagor must upon request) perfect this as a legal assignment.

21.5. Deposits and premiums

Whether or not the Mortgagee has approved any such dealing, the Mortgagor assigns to the Mortgagee the whole of its interest in and claim to any deposit, premium or other sum paid or payable in connection with any sale, lease or other dealing with the Mortgaged Property or any part. The Mortgagor will hold any such deposit, premium or other sum it receives for the Mortgagee.

22. THE MORTGAGEE'S RIGHT TO ASSIGN

22.1. Assignment

The Mortgagee may at any time assign or deal in any way with its interest in the Secured Money or its rights under this mortgage. Provided the Mortgagor's aggregate liability is not thereby increased it must, at the request and cost of the Mortgagee, sign any deed or other document reasonably required by the Mortgagee pursuant to any such assignment or dealing.

22.2. Disclosure of information

The Mortgagee may, but is not obliged to, without notice to the Mortgagor disclose information relating to the Mortgagor, Security Provider, a subsidiary of the Mortgagor, the Mortgaged Property or Secured Money to any registry, body or other authority or to any person in connection with a genuine proposal to assign any interest in Secured Money or this mortgage.

23. COSTS

23.1. Mortgagor to pay all costs

23.2. The Mortgagor must on demand pay to the Mortgagee or as it may direct all costs and expenses (including legal costs on a full indemnity basis) incurred by the Mortgagee, any receiver or agent appointed by the Mortgagee under a Security and any officer of the Mortgagee acting as attorney under this agreement or Security in connection with:

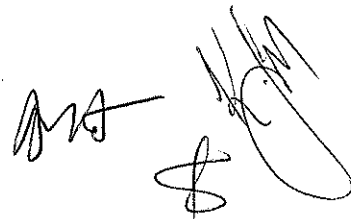
23.2.1. the preparation, negotiation, registration, stamping, variation, discharge or release of this mortgage and any agreement varying or relating to this mortgage and any associated investigation, enquiries and searches;

23.2.2. the recovery of the Secured Money;

23.2.3. the assessment at any time after an Event of Default of the Securities and the Mortgagee's rights and duties;

23.2.4. the exercise or attempted exercise of any power conferred on the Mortgagee (or any Receiver, agent or attorney) pursuant to this mortgage or by law or on any attorney appointed pursuant to clause 19;

23.2.5. any obligation the Mortgagee has at any time to the Mortgagor pursuant to any legislation, this mortgage or any transaction contemplated by this mortgage;



23.2.6. any application for the Mortgagee consent or approval in connection with this mortgage and the issue or refusal of consent or approval; and

23.2.7. the assessment of the Mortgagor's position following the occurrence of an Event of Default.

23.3. Mortgagor to pay stamp duty and other duties

The Mortgagor must pay all stamp, transaction, registration and similar duties, imposts, taxes (including without limitation, financial institutions duty and debts tax) and levies arising directly or indirectly in relation to this mortgage, any variation or any transaction contemplated or evidenced by this mortgage. The Mortgagor must immediately reimburse the Mortgagee any such duties, imposts, taxes and levies paid by the Mortgagee.

23.4. Payment of the Mortgagee's administration fee

The Mortgagor must pay the Mortgagee upon demand a fee for the time spent by employees of the Mortgagee in:

23.4.1. considering any application (by the Mortgagor or Security Provider) for any approval or consent required under this mortgage;

23.4.2. preparation and registration of this mortgage or any other document between the Mortgagor or Security Provider and the Mortgagee;

23.4.3. exercising its rights and powers and taking any action to recover the Secured Money following the occurrence of an Event of Default.

The fee will be calculated by reference to the hourly rates recommended by the Insolvency Practitioners Association of Australia from time to time and the Mortgagee's determination of the equivalent seniority levels of its employees.

24. GENERAL

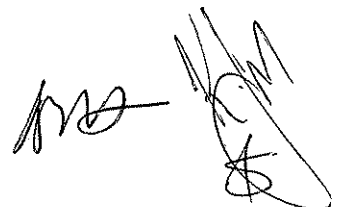
24.1. Signing of notices by the Mortgagee

Any statement, demand, certificate or notice to the Mortgagor will be effectively signed on behalf of the Mortgagee if it is executed or signed by the Mortgagee, any director or secretary or employee of the Mortgagee, or any solicitor engaged by the Mortgagee in connection with this mortgage.

24.2. Service of Notices

In addition to effecting service pursuant to any statute, any statement, demand or notice to any party may be validly served for the purposes of this document by being delivered or sent by registered post to the address of the addressee or sent by telex or facsimile to the telex or facsimile number of the addressee. The address and telex and facsimile numbers of the parties for the purposes of this clause are those set out in this document or such others as are from time to time notified in writing by the parties to all of the other parties. Service pursuant to this clause is taken to be effected:

24.2.1. where delivered - upon actual delivery;

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24.2.2. where sent by telex - upon receipt by the sender of the answer back code of the addressee after transmission of the telex; and

24.2.3. where sent by facsimile - on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient,

except where actual delivery is made or the telex or facsimile is sent after 4.30 pm or on a day which is not a business day when service is taken to be effected at 9.00 am on the next following business day.

24.3. The Mortgagee's statement of money owing conclusive evidence

Except in the case of manifest error, a written statement, certificate or determination by the Mortgagee setting out the amount of money owing or any determination of an amount to be paid under this Mortgage or any component part, shall be conclusive evidence of the amount owing or the determination and will be binding on the Mortgagor.

24.4. Registration and requisitions

24.4.1. The Mortgagor must upon demand by the Mortgagee procure registration of this mortgage and any mortgage or encumbrance given pursuant to this mortgage with the priority intended by the Mortgagee. The Mortgagor must to the satisfaction of the Mortgagee promptly comply with any requisition raised by any authority in connection with this mortgage, its stamping, upstamping and registration.

24.4.2. Where the priority of this mortgage or any mortgage or encumbrance given pursuant to this mortgage is changed or varied the Mortgagor must upon demand by the Mortgagee complete any documentation required by the Mortgagee to ensure registration of this mortgage or any mortgage or encumbrance given pursuant to this mortgage with the priority intended by the Mortgagee.

24.5. No moratorium

The provisions of any legislation postponing payment of money, reducing or fixing rates of interest or purporting to curtail or restrict any rights of the Mortgagee or a Receiver are to the extent that it is lawful expressly excluded from application to this mortgage.

24.6. Time of the essence for Mortgagor's obligations

The Mortgagor agrees that time is of the essence in relation to the performance of its obligations expressed in or implied by this mortgage.

24.7. The Mortgagee's consents

24.7.1. Where the Mortgagee's consent or approval is required pursuant to this mortgage:

24.7.1.1. unless otherwise expressed it may in the Mortgagee's discretion (and whether or not acting reasonably) be withheld or given subject to terms or conditions; and

24.7.1.2. it is not valid unless expressly given in writing by the Mortgagee.

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24.7.2. Any consent given under this mortgage is not deemed to be consent in the context of any other agreement. Nothing in this mortgage can require the Mortgagee to give its consent in the context of any other agreement.

24.7.3. The Mortgagor must comply with the terms and conditions of any consent.

24.7.4. The Mortgagee may engage consultants and advisers to advise it in relation to any application for its approval or consent under this mortgage. The costs of those consultants and advisers must be reimbursed by the Mortgagor upon demand.

24.7.5. The Mortgagor agrees that the Mortgagee (and the Mortgagee's employees and consultants) owes no duty of care to the Mortgagor in issuing any consent or approval and that in determining whether to proceed with the thing consented to or approved the Mortgagor must rely entirely on its own judgment and the advice of its own employees and consultants.

24.8. Survival of personal covenants and agreements

Any personal covenant or agreement by the Mortgagor to pay the Secured Money or any indemnity by the Mortgagor in favour of the Mortgagee in this mortgage remains in full force despite any release or discharge of the whole or any part of the Mortgaged Property.

24.9. Severability of provisions

Every provision of this mortgage is independent of the others. Any provision which is prohibited or unenforceable in any jurisdiction is to the extent of the prohibition or unenforceability deemed removed without invalidating the remaining provisions.

24.10. Applicable law

24.10.1. This mortgage is governed by the law of Western Australia.

24.10.2. The Mortgagor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

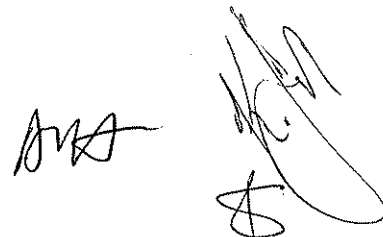
24.11. Maximum prospective liability

24.11.1. For the purposes of the priority rules in section 282 of the Corporations Act this mortgage secures a prospective liability up to the maximum amount of \$1,000,000.00 (one million dollars) in addition to any present liability.

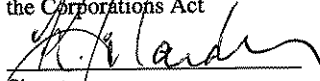
24.11.2. For so long as there is no other charge over any Mortgaged Property registered subsequently to this mortgage, this mortgage also secures an additional prospective liability of an unlimited amount.

24.11.3. Where there is another charge over any Mortgaged Property registered subsequently to this mortgage, to the extent that the priority accorded to this mortgage pursuant to section 282 of the Corporations Act and clause 24.11.1 is not adversely affected this mortgage also secures an additional prospective liability of an unlimited amount.

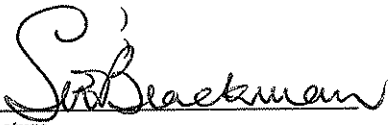
EXECUTED AS A DEED

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Executed as a Deed by
INTERNATIONAL BASE METALS LTD
(ACN 100 373 635)
in accordance with Section 127(1) of
the Corporations Act

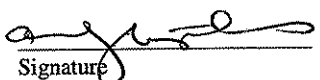

Signature
Director

KENNETH JOHN MAIDEN
Name of authorised person

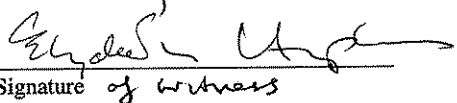

Signature
Director/Secretary

STEPHEN EDWARD BLACKMAN
Name of authorised person

Executed as a Deed by ALAN JOHN HUMPHRIES for and on behalf of:
WEST MINERALS PTY LTD
(ACN 122 524 010) *he being duly authorised by a resolution of the board*
in accordance with Section 127(1) of *of directors, in the presence of:*
the Corporations Act.


Signature
Director

ALAN JOHN HUMPHRIES
Name of authorised person


Signature of witness
Director/Secretary

ELIZABETH ANN HUMPHRIES
Name of authorised person witness

Address of witness: 'Yanilla', 7 Hampshire Avenue,
Mount Martha, VIC 3934

Occupation of witness: Home duties

