



# Sally Malay Mining Limited

ACN 095 792 288

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16 March 2004

Manager Announcements  
Companies Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

*Via electronic lodgement*

Dear Sir/Madam,

## **EXERCISE OF UNLISTED SHARE OPTIONS / NEW ISSUE OF UNLISTED OPTIONS**

### **(A) Exercise of 225,000 Unlisted Options & Issue of 225,000 Shares**

Sally Malay Mining Limited (**ASX: SMY**) hereby announces that it has issued 225,000 fully paid ordinary shares in respect to the exercise of 225,000 unlisted share options at 35 cents per share (ASX Code: SMYAK) by a director of the Company, Mr Michael Bohm. The Company applies for the quotation of the additional 225,000 fully paid ordinary shares. Please refer to the attached Appendix 3B for further details.

### **(B) New Issue of Unlisted Options**

#### ***(i) 1,000,000 Options at 93 cents, expiring 31 March 2008***

In the Company's December 2003 Quarterly Report, it was reported that the Sally Malay Project financiers, Macquarie Bank Limited and Standard Bank London Limited ("Standard"), had agreed to reduce the minimum hedge tonnage by 25% from 9,276 tonnes to 7,000 tonnes of nickel.

As part of the negotiation to reduce the nickel hedging, the Board has agreed to compensate Standard for the reduced margin income associated with the reduction in the minimum tonnage level via the issue of 1,000,000 unlisted options (exercise price of 93 cents, expiry date of 31 March 2008).

#### ***(ii) 400,000 Options at 93 cents, expiring 30 September 2007***

The Company appointed Mr Richard Jordinson as Operations Manager of the Sally Malay Project in January 2004. As part of the employment agreement with Mr Jordinson and under the Company's policy to incentivise its senior personnel with options to align their interests with those of the shareholders, the Board has issued 400,000 unlisted options to Mr Jordinson (exercise price of 93 cents, expiry date of 30 September 2007). The options vest as follows:

- 50% of the options are exercisable on 2 February 2005;
- the balance of the options are exercisable on 2 February 2006.

The Company hereby applies for the new issue of the 1,400,000 unlisted options. Please refer to the attached Appendix 3B for further details.

## DISCLOSURE

The issue of the fully paid ordinary shares may be subject to a subsequent offer for sale. The Company relies on Category 1 of ASIC Class Order 02/1180 in relation to this issue. In accordance with the Class Order the Company notifies the ASX that there is no information of the kind that would be required to be disclosed under Section 713(5) of the Corporations Act 2001 (Cth) if a prospectus were to be issued in reliance on Section 713 of the Act in relation to these offers for securities.

Should you have any further queries in relation to the above please do not hesitate to contact me.

*On behalf of the Board of  
Sally Malay Mining Limited*

A handwritten signature in black ink, appearing to read 'Trevor Eton', with a long horizontal flourish extending to the right.

TREVOR ETON  
Chief Financial Officer  
& Company Secretary

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

Name of entity

SALLY MALAY MINING LIMITED

ABN

47 095 792 288

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |  |  |
|--|--|
| +Class of +securities issued or to be issued   | (A) Fully Paid Ordinary (FPO) Shares<br>(B) Unlisted Options I<br>(C) Unlisted Options J   |
| 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued  | (A) 225,000<br>(B) 1,000,000<br>(C) 400,000  |
| 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (A) 225,000 FPO Shares pursuant to the exercise of unlisted share options over FPO shares.<br>(B) 1,000,000 Unlisted Options exercisable at 93 cents expiring on or before 31 March 2008.<br>(C) 400,000 Unlisted Options exercisable at 93 cents expiring on or before 30 September 2007. Options vest as follows: <ul style="list-style-type: none"><li>• 50% of options vest on 2 February 2005; and</li><li>• the balance vest on 2 February 2006.</li></ul> |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | <p>(A) Yes<br/>         (B) No<br/>         (C) No</p>   |        |        |             |                            |
|--|--|--------|--------|-------------|----------------------------|
| <p>5 Issue price or consideration</p>  | <p>(A) 225,000 FPO Shares issued for an option exercise price of 35 cents per share.<br/>         (B) Nil<br/>         (C) Nil</p>   |        |        |             |                            |
| <p>6 Purpose of the issue<br/>         (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>   | <p>(A) 225,000 FPO shares issued for an option exercise price of 35 cents per share.<br/>         (B) Issued as a result of Standard Bank London Limited's minimum hedge tonnage being reduced from 4,638 tonnes to 3,500 tonnes of nickel.<br/>         (C) In order to incentivise senior personnel through equity participation in the Company and in accordance with a service agreement with the Company.</p> |        |        |             |                            |
| <p>7 Dates of entering +securities into uncertificated holdings</p>  | <p>(A) 15 March 2004<br/>         (B) 15 March 2004<br/>         (C) 15 March 2004</p>   |        |        |             |                            |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>   | <table border="1"> <thead> <tr> <th data-bbox="686 1523 989 1568">Number</th> <th data-bbox="989 1523 1279 1568">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1568 989 1792">143,937,345</td> <td data-bbox="989 1568 1279 1792">Fully Paid ordinary shares</td> </tr> </tbody> </table>   | Number | +Class | 143,937,345 | Fully Paid ordinary shares |
| Number   | +Class   |        |        |             |                            |
| 143,937,345  | Fully Paid ordinary shares   |        |        |             |                            |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

|   | Number            | +Class     |          |
|---|-------------------|------------|----------|
|   |                   | Exercise   | Exp      |
| 9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 400,000 Options   | 35 cents   | 10/9/06  |
|   | 2,000,000 Options | 43.6 cents | 16/4/05  |
|   | 350,000 Options   | 41.5 cents | 10/9/06  |
|   | 2,347,418 Options | 42.6 cents | 30/8/05  |
|   | 2,659,574 Options | 28.2 cents | 16/12/05 |
|   | 1,500,000 Options | 43.0 cents | 31/03/08 |
|   | 1,000,000 Options | 93.0 cents | 31/03/08 |
|   | 400,000 Options   | 93.0 cents | 30/09/07 |
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)         | N/A               |            |          |

**Part 2 - Bonus issue or pro rata issue**

|   |     |
|---|-----|
| 11 Is security holder approval required?  | N/A |
| 12 Is the issue renounceable or non-renounceable?   | N/A |
| 13 Ratio in which the +securities will be offered   | N/A |
| 14 +Class of +securities to which the offer relates   | N/A |
| 15 +Record date to determine entitlements   | N/A |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?   | N/A |
| 17 Policy for deciding entitlements in relation to fractions  | N/A |
| 18 Names of countries in which the entity has +security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>           Cross reference: rule 7.7.</small> | N/A |
| 19 Closing date for receipt of acceptances or renunciations   | N/A |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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|    |   |     |
|----|---|-----|
| 20 | Names of any underwriters   | N/A |
| 21 | Amount of any underwriting fee or commission  | N/A |
| 22 | Names of any brokers to the issue   | N/A |
| 23 | Fee or commission payable to the broker to the issue  | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders                             | N/A |
| 25 | If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting  | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable)  | N/A |
| 29 | Date rights trading will end (if applicable)  | N/A |
| 30 | How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?   | N/A |
| 31 | How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?                                    | N/A |

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<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

**Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*(If the additional securities do not form a new class, go to 43)*

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

*(now go to 43)*

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

|     |
|-----|
| N/A |
|-----|

39 Class of +securities for which  
 quotation is sought

|     |
|-----|
| N/A |
|-----|

40 Do the +securities rank equally in all  
 respects from the date of allotment  
 with an existing +class of quoted  
 +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next dividend,  
 (in the case of a trust,  
 distribution) or interest payment
- the extent to which they do not  
 rank equally, other than in  
 relation to the next dividend,  
 distribution or interest payment

|     |
|-----|
| N/A |
|-----|

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end of  
 restriction period

(if issued upon conversion of  
 another security, clearly identify that  
 other security)

|     |
|-----|
| N/A |
|-----|

|   | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities<br>quoted on ASX (including the<br>securities in clause 38) | N/A    |        |

(now go to 43)

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+ See chapter 19 for defined terms.



## **All entities**

### **Fees**

43 Payment method (tick one)

Cheque attached

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

### **Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

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+ See chapter 19 for defined terms.

**Appendix 3B**  
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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Company Secretary

Date: 16 March 2004

Print name: TREVOR ETON

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+ See chapter 19 for defined terms.