



7 March 2008

AUSTRALIAN STOCK EXCHANGE AND MEDIA RELEASE

FURTHER DETAIL ON PARTICULAR PROVISIONS OF MERGER IMPLEMENTATION AGREEMENT BETWEEN OXIANA AND ZINIFEX

Referring to the announcement made on 3 March 2008 and in response to various queries received from investors, Oxiana and Zinifex now provide further detail on the provisions of the Merger Implementation Agreement dated 2 March 2008 (**MIA**) which deal with termination, exclusivity, break fee and standstill.

Termination

The MIA provides for the following termination rights:

General

- by either party if there is a material breach of the MIA by the other party, by Oxiana if there occurs a Zinifex Material Adverse Change or a Zinifex Regulated Event, or by Zinifex if there occurs an Oxiana Material Adverse Change or an Oxiana Regulated Event;
- by either party if the Scheme is not approved by Zinifex shareholders or the Court refuses to convene the Scheme Meeting, if there is an order made restraining the Scheme, if the conditions precedent are not satisfied, or the Scheme does not otherwise come into effect by 3 September 2008;

Zinifex change of recommendation or Competing Proposal resulting in change of control

- by Oxiana if a majority of the Zinifex directors publicly change or withdraw their recommendation in respect of the Scheme;
- by Zinifex if a majority of the Zinifex directors publicly change or withdraw their recommendation in respect of the Scheme in circumstances where either the independent expert opines to Zinifex that the Scheme is not in the best interests of Zinifex shareholders or the Zinifex directors determine that a Competing Proposal for Zinifex constitutes a Superior Proposal to the Scheme, and a majority of the Zinifex directors (after consultation with Oxiana in relation to the proposed change of recommendation) no longer consider the Scheme to be in the best interests of Zinifex shareholders;
- by Oxiana if there is a Competing Proposal for Zinifex by which a third party acquires a relevant interest in more than 50% of the issued shares of Zinifex on an unconditional basis;

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Oxiana Competing Proposals or change of control

- by either party if the Oxiana directors recommend a Mutually Exclusive Competing Proposal for Oxiana;
- by Zinifex if there is a Competing Proposal for Oxiana by which a third party acquires a relevant interest in more than 50% of the issued shares of Oxiana on an unconditional basis;
- by Zinifex if there is a Mutually Exclusive Competing Proposal for Oxiana (irrespective of whether or not it has been recommended by the Oxiana directors) which at the time of termination is Not Open to Zinifex shareholders (subject to an obligation on the part of Zinifex to consult with Oxiana prior to termination); and
- by Zinifex if there is a Competing Proposal for Oxiana which at the time of termination is Not Open to Zinifex shareholders (irrespective of whether or not it has been recommended by the Oxiana directors) or which at the time of termination is recommended by a majority of the Oxiana directors (subject to an obligation on the part of Zinifex to consult with Oxiana prior to termination).

Exclusivity

Oxiana and Zinifex have mutually agreed that:

- neither party will solicit or encourage Competing Proposals;
- neither party will negotiate or enter into discussions with any person in relation to a Competing Proposal; and
- neither party will permit a third party to undertake due diligence investigations in respect of it,

however, the last two restrictions will not apply to unsolicited Competing Proposals which the relevant Board determines are Superior Proposals or where the relevant Board determines further that a failure to respond to the Competing Proposal would be a breach of their fiduciary duties.

In the event that either Zinifex or Oxiana receive a Competing Proposal, they must give notice of the Competing Proposal to the other party and allow the other party time to make a counter proposal.

Break Fee

Oxiana and Zinifex have agreed that the amount of \$55 million ("**the Liquidated Amount**") will become payable in the following circumstances:



Breach and regulated events

- Oxiana will pay the Liquidated Amount to Zinifex if the MIA is terminated because of Oxiana's material breach, or the occurrence of an Oxiana Regulated Event;
- Zinifex will pay the Liquidated Amount to Oxiana if the MIA is terminated because of Zinifex's material breach, or the occurrence of a Zinifex Regulated Event;

Competing Proposal for Oxiana

- Oxiana will pay the Liquidated Amount to Zinifex if there is a Competing Proposal for Oxiana which is Not Open to Zinifex shareholders and as a result of the Competing Proposal a third party acquires a relevant interest in more than 50% of the shares in Oxiana on an unconditional basis;
- Oxiana will pay the Liquidated Amount to Zinifex if the Oxiana Board recommends a Competing Proposal for Oxiana which is either Not Open to Zinifex shareholders or is a Mutually Exclusive Competing Proposal for Oxiana, and either the MIA is terminated or the Scheme is not approved by Zinifex shareholders;

Competing Proposal for Zinifex or change of Zinifex recommendation

- Zinifex will pay the Liquidated Amount to Oxiana if a Competing Proposal for Zinifex is announced before the Scheme Meeting (or any earlier termination of the MIA) and prior to 3 September 2008 the applicable third party acquires a relevant interest in more than 50% of the issued shares of Zinifex on an unconditional basis, or control of Zinifex, or the whole or a substantial part or a material part of the business or property of Zinifex or the Zinifex Group; and
- Zinifex will pay the Liquidated Amount to Oxiana if a majority of the Zinifex Board:
 - change their recommendation of the Scheme (except if the change of recommendation arises as a result of the Independent Expert giving a report that the Scheme is not in the best interests of Zinifex shareholders, and after the Zinifex Board has consulted in good faith with Oxiana concerning their proposed change of recommendation); or
 - recommend a Competing Proposal for Zinifex,and the MIA is terminated.

Standstill

Each of Oxiana and Zinifex have agreed that they will not, during the period of the MIA and until September 2008 acquire an interest in the others shares other than under the Scheme.



Exceptions to this apply if:

- a takeover offer or other merger proposal for Zinifex or Oxiana (as relevant) is made or announced by a third party; or
- an acquisition of 5% or more of the shares in Zinifex or Oxiana (as relevant) by a person other than an Institutional Investor occurs,

or following the occurrence of an Oxiana Regulated Event or a Zinifex Regulated Event.

Definitions

Competing Proposal means a proposed or possible transaction pursuant to which a third party would acquire more than 20% of the shares in, acquire the whole or a substantial part or material part of the business or property of, acquire control of or otherwise acquire or merge with Oxiana or Zinifex (as the case may be).

Mutually Exclusive Competing Proposal means a Competing Proposal for Oxiana which is conditional on the Scheme not becoming effective or which requires Oxiana to abandon the proposed merger with Zinifex.

Not Open to Zinifex shareholders, in relation to a Competing Proposal for Oxiana, means that the Competing Proposal for Oxiana is not (at the applicable time) expressed to be open to participation or acceptance by the holders of the Oxiana shares that would be issued as Scheme consideration if the Scheme was to become effective in respect of those shares.

Scheme means the scheme of arrangement to be proposed by Zinifex under the Transaction.

Scheme Meeting means the Court ordered meeting of Zinifex shareholders to approve the Scheme.

Superior Proposal means a Competing Proposal which the board of directors of the relevant party determines (after having taken professional advice) is more favourable to shareholders of the relevant party when compared to the Scheme.

Transaction means the proposed merger of equals by way of the Scheme between Oxiana and Zinifex.



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