

# **SUPPLEMENTARY BIDDER'S STATEMENT**

**OFFER**

by

**AuSelect Limited  
ABN 53 077 885 208**

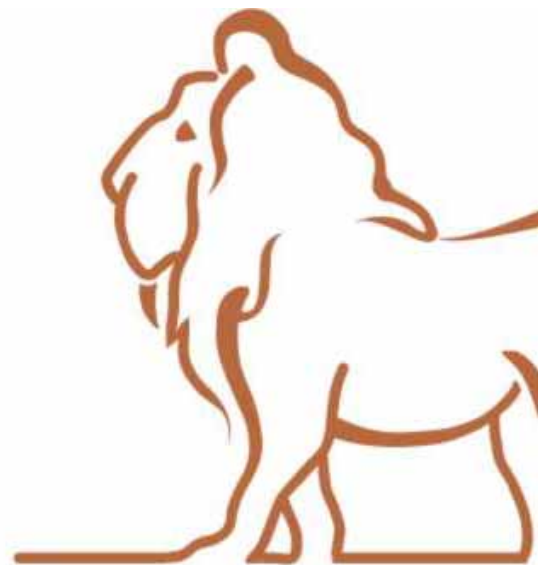
to acquire all of your ordinary shares in

**Sedimentary Holdings Ltd  
ABN 92 000 697 183**

**Offer of 2 AuSelect ordinary shares  
for every 9 of your Sedimentary ordinary shares**

## **AUSELECT'S OFFER IS NOW UNCONDITIONAL**

If you accept AuSelect's Offer  
you will be issued your new AuSelect shares  
within 5 business days of receipt of your acceptance



22 August 2006

Dear Sedimentary shareholder,

**Important developments in AuSelect's Offer for your Sedimentary shares**

As you would be aware, AuSelect Limited (**AuSelect**) has made a takeover offer to acquire all your shares in Sedimentary Holdings Ltd (**Sedimentary**) (the **Offer**). AuSelect is offering you 2 AuSelect shares for every 9 Sedimentary shares you hold.

Since we announced our Offer on 14 July 2006, there have been a number of important developments in relation to our Offer.

- AuSelect's Offer is now unconditional.
- Sedimentary shareholders who accept AuSelect's Offer by the closing date will be issued with new AuSelect shares within 5 business days of receipt of their acceptance.
- AuSelect will pay a broker handling fee to brokers who initiate acceptances of the Offer for their retail clients.

In addition, on Friday 18 August 2006, Sedimentary announced to Australian Stock Exchange that it had entered into a merger implementation agreement with Premier Gold Mines Limited (**Premier**) under which Premier is proposing to acquire, for cash, all of Sedimentary's shares for A\$0.31 each. AuSelect has reviewed the summary of Premier's merger proposal attached to Sedimentary's announcement and notes it is subject to Sedimentary shareholder approval under a scheme of arrangement, which should take some months to complete, and is subject to a number of significant defeating conditions.

**AuSelect's Offer, by comparison, is unconditional and Sedimentary shareholders who accept AuSelect's Offer will receive their new AuSelect shares within 5 business days of receipt of their acceptance.**

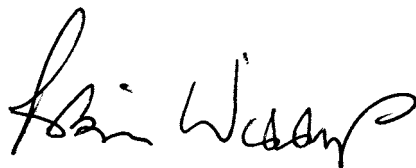
As at the close of trading on 21 August 2006, AuSelect's Offer is valued at \$0.30 per Sedimentary share (last closing price), or \$0.36 (pre-tax) and \$0.33 (post-tax) based on AuSelect's net tangible asset (NTA) backing. AuSelect's NTA will be updated and published daily on its website: [www.auselect.com.au](http://www.auselect.com.au).

Sedimentary shareholders should also be aware that their directors have agreed to pay Premier a break fee of an amount equal to A\$900,000 in certain circumstances and not to solicit further offers. These actions by Sedimentary's directors will discourage alternative bids. We question whether they are in the best interests of Sedimentary shareholders and we are also concerned about the cost Sedimentary may be incurring in these actions.

Should you have any questions in relation to our Offer, please feel free to contact the AuSelect Offer Information line on 1300 360 917 (toll-free within Australia) or +61 3 9415 4337 (for international callers) or contact your broker or financial adviser.

AuSelect's Offer remains open until 1 September 2006. I look forward to your acceptance of our Offer and to welcoming you as a shareholder of AuSelect.

Yours faithfully,



**Robin Widdup**  
Managing Director

**AUSELECT LIMITED**  
**SUPPLEMENTARY BIDDER'S STATEMENT**

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This document is a Supplementary Bidder's Statement issued by AuSelect Limited ABN 53 077 885 208 (**AuSelect**) under section 643 of the Corporations Act 2001 (Cth) (**Corporations Act**) and is dated 22 August 2006.

This Supplementary Bidder's Statement is issued by AuSelect to supplement its Bidder's Statement dated 18 July 2006 (**Original Bidder's Statement**) given by AuSelect in connection with a takeover bid by AuSelect for all the ordinary shares in Sedimentary Holdings Limited ABN 92 000 697 183 (**Sedimentary**).

This Supplementary Bidder's Statement must be read together with the Original Bidder's Statement. Unless the context otherwise requires, terms defined in the Original Bidder's Statement have the same meaning in this Supplementary Bidder's Statement. This Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement.

A copy of this Supplementary Bidder's Statement was lodged with ASIC and sent to Sedimentary on 22 August 2006. Neither ASIC nor any of its officers take any responsibility as to the contents of this Supplementary Bidder's Statement.

**1. AUSELECT'S OFFER IS UNCONDITIONAL AND REMAINS OPEN FOR ACCEPTANCE UNTIL 1 SEPTEMBER 2006**

**(a) Overview**

AuSelect declared its Offers under its Takeover Bid for Sedimentary to be free of all defeating conditions set out in section 10.1 of the Original Bidder's Statement on 11 August 2006 by notice to Sedimentary and ASX in accordance with section 650F of the Corporations Act.

As a result of AuSelect having declared the Offers free of the minimum acceptance condition set out in section 10.1(a) of the Original Bidder's Statement, there is a possibility that AuSelect's Takeover Bid may close with AuSelect holding less than 50% of Sedimentary's shares.

**(b) Intentions should AuSelect attain a less than 50% shareholding in Sedimentary**

AuSelect's intentions if it holds less than 50% of Sedimentary are set out in section 5.4 of the Original Bidder's Statement. AuSelect confirms that it intends to implement the intentions referred to in section 5 of the Original Bidder's Statement to the extent that it is lawfully able to do so (including by seeking to implement changes to the Sedimentary board). To the extent that AuSelect is not able to appoint a majority of directors to the Sedimentary board, AuSelect will seek board representation that reflects AuSelect's percentage holding in Sedimentary.

AuSelect further notes that it does not intend to attempt to charge management fees to Sedimentary, nor allow Lion Manager Pty Ltd (**Lion Manager**) to charge management fees, unless the board of Sedimentary requires provision of management services from AuSelect or Lion Manager. In that event, the quantum and nature of such management fees would be established on an arms length basis.

**2. PREMIER'S PROPOSED SCHEME WITH SEDIMENTARY IS HIGHLY CONDITIONAL AND WILL TAKE SOME MONTHS TO COMPLETE**

On Friday 18 August 2006, Sedimentary announced that it had entered into a merger implementation agreement with Premier Gold Mines Limited (**Premier**) under which Premier is proposing to acquire, for cash, all of Sedimentary's shares for A\$0.31 each.

AuSelect has reviewed the summary of Premier's merger proposal attached to Sedimentary's announcement and notes it is subject to Sedimentary shareholder approval under a scheme of arrangement, which should take some months to complete, and is subject to a number of significant defeating conditions (**Premier's Scheme**), including:

- Premier obtaining finance for its A\$87.5 million offer within 10 business days of the merger implementation agreement. The financing arrangements must be on terms satisfactory to Premier and the funds must be available.

AuSelect understands Premier is a new Canadian mining and exploration company to be (but not yet) listed on Toronto Stock Exchange with no operating history, no operating mines, net assets of less than C\$30 million and only C\$2 million in cash.

- Lion Selection Group Limited (**Lion**) confirming its intention to vote in favour of Premier's Scheme in the absence of a higher offer. AuSelect notes Lion confirmed on 18 August 2006 that it will support Premier's Scheme but that Lion retained the right to accept a higher offer.
- The gold price not falling below US\$575 (US\$614 as at 18 August 2006) per ounce.
- An independent expert's opinion on whether Premier's Scheme is in the best interests of Sedimentary shareholders and the approval of Premier's Scheme by the Court.
- Sedimentary shareholder approval.
- Premier shareholder approval.
- Foreign Investment Review Board approval.

### **3. SEDIMENTARY SHAREHOLDERS WHO ACCEPT AUSELECT'S OFFER WILL BE ISSUED WITH NEW AUSELECT SHARES WITHIN 5 BUSINESS DAYS OF THEIR ACCEPTANCE**

Sedimentary shareholders who accept AuSelect's Offer will be issued with the AuSelect shares that they are entitled to receive as consideration for their Acceptance shares within 5 business days of the receipt of a valid acceptance of the Offer.<sup>1</sup>

To accept AuSelect's Offer, you should follow the instructions outlined below:

#### **(a) For CHESSE Holdings of Sedimentary shares:**

If your Sedimentary shares are on a CHESSE subregister, either contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf, or complete an acceptance form (enclosed with the Original Bidder's Statement) in accordance with the instructions provided on it, and return the **signed** form in the self addressed envelope or deliver it to an address on the acceptance form.

#### **(b) For Issuer Sponsored Holdings of Sedimentary shares**

If your Sedimentary shares are on Sedimentary's issuer sponsored subregister, complete the acceptance form (enclosed with the Original Bidder's Statement) in accordance with the instructions provided on it, and return the **signed** form in the self addressed envelope or deliver it to an address on the acceptance form.

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<sup>1</sup> Foreign shareholders of Sedimentary should refer to section 11.7 of the Original Bidder's Statement which provides details of how they will receive their Offer consideration.

For full details of how to accept the Offer, you should refer to section 8 of the Original Bidder's Statement. Acceptance forms were enclosed with the Original Bidder's Statement.

Should you have any questions, or if you require a replacement acceptance form, please feel free to contact the AuSelect Offer Information line on 1300 360 917 (toll-free within Australia) or +61 3 9415 4337 (for international callers) or contact your broker or financial adviser. Please note that, as required by the Corporations Act, all calls to these numbers will be recorded.

**4. AUSELECT WILL PAY A BROKER HANDLING FEE TO BROKERS WHO INITIATE ACCEPTANCES OF THE OFFER FOR THEIR RETAIL CLIENTS**

Subject to the terms set out below, AuSelect will pay broker handling fees to market participants of ASX (**Brokers**) who initiate, or have initiated, acceptances of the Offer (**Acceptance**) in respect of parcels of Sedimentary shares held by retail shareholders of Sedimentary. A retail shareholder of Sedimentary is defined as one who is not a Broker or an associate of a Broker and who held less than 1,000,000 Sedimentary shares at the date of the Acceptance.

The broker handling fee payable in relation to any Acceptance will be 0.5% of the value of the shareholding based on the 5-day volume weighted average price of AuSelect shares on the day preceding the close of the Offer. The maximum broker handling fee payable by AuSelect in respect of any Acceptance by a retail shareholder of Sedimentary is \$500.

Broker handling fees will be payable in respect of Acceptances received at any time during the Offer Period after the date of this Supplementary Bidder's Statement.

The broker handling fees are payable to Brokers only. No part of the broker handling fees can be passed on or paid to Sedimentary shareholders. Brokers are not entitled to receive any broker handling fees in respect of any Sedimentary shares in which they, or any associate, holds a relevant interest.

An Acceptance by a Broker constitutes representations that neither the Broker nor its associate is the accepting Sedimentary shareholder and that the fee will not be passed on or otherwise shared directly or indirectly with the accepting Sedimentary shareholder.

Any broker handling fee liable to be paid in respect of any Acceptance will be paid by AuSelect within 14 days after the date of the production of a commission claim form (**Claim Form**).

Following the close of the Offer, Brokers must submit a Claim Form to Computershare within one month of the end of the Offer period and include the following details:

- (a) registered name and address details for each Sedimentary shareholder to which the Claim Form relates;
- (b) Holder Identification Number (HIN) or Securityholder Reference Number (SRN) for each Sedimentary shareholder to which the Claim Form relates;
- (c) number of Sedimentary shares accepted by each Sedimentary shareholder;
- (d) Participant Identification Number; and
- (e) a representation that neither the Broker nor its associate is the accepting Sedimentary shareholder and the fee will not be passed on or otherwise shared directly or indirectly with the Sedimentary shareholder.

**AUSELECT LIMITED**  
**SUPPLEMENTARY BIDDER'S STATEMENT**

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The Offer is due to close on 1 September 2006 (unless extended in accordance with the Corporations Act).

To obtain a copy of the Claim Form, Brokers should contact the AuSelect Offer Information line on 1300 360 917 (toll-free within Australia) or +61 3 9415 4337 (for international callers).

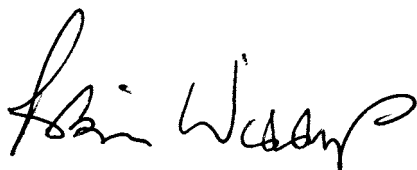
Completed Claim Forms, together with the Acceptance list in Microsoft Excel format, must be submitted electronically to the Computershare e-mail address provided below:

E-mail: [auselecttakeover@computershare.com.au](mailto:auselecttakeover@computershare.com.au)

AuSelect reserves the right to aggregate any Acceptances in determining the broker handling fees payable to any Broker if AuSelect believes that a party has structured holdings of Sedimentary shares to take advantage of the Broker Handling Fees.

AuSelect may, in its discretion, determine any disputes regarding whether a broker handling fee is payable.

**SIGNED** for and on behalf of AuSelect Limited by Robin Widdup, being a director of AuSelect Limited who is authorised to sign by a unanimous resolution passed at a meeting of the directors of AuSelect Limited:



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Director