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Overview of Minelab

- Minelab is the world’s leading designer and manufacturer of metal detectors and mine detecting solutions.
- Minelab’s business is underpinned by the Minelab brand in the metal detection market.
- Its focus on research and development and its world class intellectual property, which is secured by patents, makes Minelab’s products the world’s best.
- Codan has acquired the two business units of Minelab:
  - Metal detection
    - Consumer
    - Countermine
  - Parketronics
    - Specialist electronics manufacturing
Summary of Acquisition

Minelab Electronics Pty Ltd

Metal Detection

- Consumer
  - Hand-held metal detectors for the hobbyist/outdoor enthusiast

- Countermine
  - Metal detectors for humanitarian organisations and military bodies for demining

Parketronics

- Manufactures specialist electronic components and sub-assemblies for a broad range of applications
Consumer

- Design, manufacture, market and distribute hand-held metal detectors
- Sales offices in key regions of Australia, Europe and the United States
- All key products
  - Coin & treasure, relics
  - Gold
  - Underwater
  - Hand-held security devices
Consumer (cont’d)

USA
- Moderate growth
- Predominantly coin, treasure and relic market

Developing World
- High growth
- Mixture of products

Western Europe
- Moderate growth
- Predominantly coin, treasure and relic market

Australia
- Moderate growth
- Predominantly Gold detectors

Moderate growth = 2 – 8%
High Growth = 10 – 20%
Consumer (cont’d)

- Total market size ~ US$100m
- Linked to consumer disposable income
  - growth rate per capita 6-7%
- The market is substantially composed of retirees with disposable income.
  - a potentially self-funding hobby
  - the excitement of discovery
- Minelab growth rate 2005-2007 was 28% CAGR
- Minelab market share ~ 30%
- Equal dominant player globally with 2 other main competitors.
  - Competitors are primarily US based
- Market share growth in US & International markets expected
Countermine

- Design, manufacture, market sales of mine detecting solutions
- Products supplied to customers in more than 55 countries
- Principle customers
  - Humanitarian organisations for demining
  - Militaries, in particular the US Army
- Products and services include hand-held metal detectors, vehicle mounted array metal detector systems, and training and maintenance services
Countermine (cont’d)

- Total Humanitarian market size ~ US$30m
  - dependant upon aid & humanitarian funding
  - ~20% 30% market share and rising

- US and major Defence Force market
  - Significant development and supply contracts with US Army
  - Significant funding globally on R&D into mine detection solutions
  - Blue sky upside through US Army product development and supply planned for the future
Minelab Metal Detecting Technology

- Under the terms of the acquisition, all patents previously licensed are now owned by Minelab.
- Minelab therefore has a strong and long dated patent portfolio.
- Minelab has key consultancy relationships and its own strong R&D/product development team for continued significant IP development.
- Technology extendable to the Industrial / Security markets, e.g. conveyor-belt processing, walk-through security systems.
Similarities between Codan and Minelab

- Both design, manufacture and market internationally high value added products into global niche markets.
- Both have world leading technology and invest 6 ÷ 8% of turn-over into R&D.
- Strongly culturally aligned; both South Australian!
- Minelab fits exactly into Codan’s strategy of developing “clever” products for global niche markets.

CULTURAL INTEGRATION DIFFICULTIES MINIMISED!
Parketronics

- Parketronics specialises in the manufacturing and testing of specialist electronic components and sub-assemblies.
- 66% of Parketronics revenue is external
Operating Structure

Codan Group

Existing Codan Group

Minelab Adelaide 86*

Minelab Ireland 45*

Minelab USA 15*

Total Minelab: 146*

Parketronics

Total Parketronics: 47*

* Estimated staff numbers
Minelab’s Performance

Financial Year 2008 Forecast

<table>
<thead>
<tr>
<th>Financial Forecast</th>
<th>FY08* ($M)</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>47 - 50</td>
</tr>
<tr>
<td>EBITDA</td>
<td>9 – 10</td>
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</table>

* Full year forecast
* Minelab Group prior to acquisition
Minelab’s Performance

Financial Years 2009 / 2010 Forecast

<table>
<thead>
<tr>
<th>EPS Accretion to Codan</th>
<th>FY09</th>
<th>FY10</th>
</tr>
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<tbody>
<tr>
<td>Minelab &amp; Parketronics</td>
<td>0.5 – 1.0c*</td>
<td>1.0 – 1.5c*</td>
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* Depends upon exchange rate, primarily AUD/USD rate
* Progressive realisation of synergies, initially A$1.0M, rising to A$2.0M+ per annum.
Key synergies

- **Manufacturing**
  - The Codan Group now manufacture at 6 different sites
  - OPPORTUNITIES!

- **Management & Board**
  - One Board
  - Head office functions serving a larger group

- **Finance / IT / Commercial**
  - Leverage Codan’s investment in SAP to Minelab
  - Restructure Head Office / Divisional back office functions
Key synergies

- Sales & Marketing
  - Leverage common marketing services across the larger group (e.g., Codan’s global presence in offices in India, China, and Washington, DC)
  - Common aid/humanitarian and military markets.
  - Leverage knowledge and resources across Countermine and HF radio sales and marketing
- Military marketing
  - Codan’s HF entry into military markets will directly benefit from Minelab’s substantial experience and linkage to this market.
Parketronics

Key synergies

- Parketronics supply loaded PCB assemblies to the broader Codan Group.
- IMP supply of bare PCBs to Minelab and Parketronics.
## Summary of opportunities

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<tr>
<th></th>
<th>Consumer</th>
<th>Countermine</th>
<th>Parketronics</th>
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<tbody>
<tr>
<td><strong>Market Growth</strong></td>
<td>✅ ✅</td>
<td>0 - Humanitarian</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✅ ✅</td>
<td>✅</td>
</tr>
<tr>
<td><strong>Market Share</strong></td>
<td>✅ ✅</td>
<td>✅ - Humanitarian</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✅ - MIL</td>
<td></td>
</tr>
<tr>
<td><strong>Synergies</strong></td>
<td>✅ ✅</td>
<td>✅</td>
<td>✅</td>
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Conclusion

The acquisition of Minelab Electronics Pty Ltd will deliver enhanced value to Codan shareholders and benefit customers and staff of the enlarged Codan group.