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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wah Nam International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 159)

**(I) VERY SUBSTANTIAL ACQUISITIONS
(II) DUAL LISTING APPLICATION ON ASX AND
OFFER FOR SUBSCRIPTION OF NEW SHARES IN AUSTRALIA
(III) ISSUE OF NEW SHARES UNDER A SPECIFIC MANDATE
(IV) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
(V) PROPOSED REFRESHMENT OF GENERAL MANDATE
AND
(VI) NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser

OSK Capital Hong Kong Limited

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



KBC Bank N.V. Hong Kong Branch

A letter from the Board is set out on pages 9 to 76 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Proposed Refreshment of General Mandate (as defined herein) is set out on page 77 of this circular. A letter from KBC Bank N.V. Hong Kong Branch containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment of General Mandate (as defined herein) is set out on pages 78 to 84 of this circular.

A notice convening a special general meeting of Wah Nam International Holdings Limited to be held at Room 2805, 28/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Monday, 13 December 2010 at 11:30 a.m. is set out on pages 191 to 197 of this circular. Whether or not you intend to attend and vote at the special general meeting or any adjourned meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the such meeting or any adjourned meetings). Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

* for identification purpose only

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms shall have the following meanings:

“2009 AGM”	the annual general meeting of the Company held on 14 May 2010
“Announcement Date”	the day the Conditional Offers were announced, being 10 November 2010
“ASIC”	Australian Securities and Investments Commission
“Associate”	has the meaning given in section 12 of the Corporations Act
“ASX”	ASX Limited (trading as the Australian Securities Exchange)
“ASX Listing Rules”	the official listing rules of the ASX, as amended from time to time
“AUD”	Australian dollars, the lawful currency of Australia
“Bidder’s Statement(s)”	each of, and where the case requires it, both, the offer documents to be issued by WN Australia in respect of each of the Conditional Offers
“Bid Period”	the period starting when the Bidder’s Statement is given to BRM or FRS (as the case may be) and ending at the end of the Offer Period
“Board”	the board of Directors of the Company
“BRM”	Brockman Resources Limited ACN 009 372 150, the ordinary shares of which are listed on ASX
“BRM Board”	the board of directors of BRM
“BRM Conditional Offer”	the takeover offer by WN Australia to acquire all the BRM Shares not held by it as set out in the Bidder’s Statement

DEFINITIONS

“BRM Group”	BRM and its subsidiaries
“BRM Options”	options issued by BRM carrying rights to subscribe for new BRM Shares subject to the terms and conditions of the options
“BRM Shareholders”	holders of any BRM Shares
“BRM Shares”	ordinary fully paid shares in BRM
“Bye-laws”	the bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by The Hong Kong Securities Clearing Company Limited
“CHES”	Clearing House Electronic Sub register System which provides for electronic share transfers in Australia
“Company”	Wah Nam International Holdings Limited, the shares of which are listed on the Stock Exchange
“Conditional Offer(s)”	the BRM Conditional Offer and/or the FRS Conditional Offer (as the case may be)
“Consideration WN Shares”	WN Shares which may be issued by the Company as the consideration for the Conditional Offers
“Corporations Act”	the Australian Corporations Act 2001 (Cth)
“Directors”	the directors of the Company
“Enlarged Group”	the Group, the BRM Group and the FRS Group
“Existing General Mandate”	the existing general mandate granted by the Shareholders to the Directors at the 2009 AGM to allot, issue and deal in up to 708,887,097 new WN Shares

DEFINITIONS

“FRS”	FerrAus Limited ACN 097 422 529, the ordinary shares of which are listed on ASX
“FRS Board”	the board of directors of FRS
“FRS Class B Shares”	class B performance shares issued by FRS
“FRS Conditional Offer”	the takeover offer by WN Australia to acquire all the FRS Shares not held by it as set out in the Bidder’s Statement
“FRS Group”	FRS and its subsidiaries
“FRS Options”	options issued by FRS carrying rights to subscribe for new FRS Shares subject to the terms and conditions of the options
“FRS Shareholders”	holders of any FRS Shares
“FRS Shares”	ordinary fully paid shares in FRS
“Group”	the Company and its subsidiaries
“HK Placing Price”	the placing price per HK Placing Share determined in accordance with the conditions set out in the paragraph headed “HK Placing Price” of this circular
“HK Placing Shares”	up to 600,000,000 new WN Shares to be issued by the Company pursuant to the Issue Mandate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Implied Offer Value”	the value of the offer consideration for the BRM Conditional Offer and/or the FRS Conditional Offer (as the case may be) based on the volume weighted average price of WN Shares over two consecutive trading days within the five business days prior to the despatch of the Bidder’s Statements

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny, established for the purpose of advising the Independent Shareholders on the New General Mandate
“Independent Shareholders”	holders of the WN Shares other than Mr. Luk Kin Peter Joseph and Mr. Chan Kam Kwan, Jason (both being executive Directors) and their respective associates
“Independent Third Parties”	independent third parties who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules)
“Issue Mandate”	a specific mandate proposed to be granted by Shareholders at general meeting to the Board by way of an ordinary resolution authorising and allowing the Board to allot and issue up to 600,000,000 new WN Shares subject to the terms and conditions as detailed in the paragraph headed “Conditions of the Issue Mandate” in this circular
“Issue Price”	the issue price of AUD0.20 (equivalent to approximately HK\$1.56) per Offer Share
“JORC Code”	the Australasia Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)
“KBC Bank”	KBC Bank N.V., acting through its Hong Kong Branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment of General Mandate

DEFINITIONS

“Latest Practicable Date”	24 November 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lead Manager”	Capital Investment Partners Pty Ltd ACN 110 468 589, a firm which provides investment banking services primarily in Australia
“Lead Manager Mandate”	the mandate letter entered into between the Company and the Lead Manager on 10 November 2010 in relation to the Offer for Subscription
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mtpa”	million tonnes per annum
“New General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot, issue and otherwise deal with WN Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM
“Offer for Subscription”	the invitation to subscribe for up to 10 million Offer Shares with provision to accept up to a further 5 million Offer Shares (with one free attaching WN Option for each Offer Share subscribed for) pursuant to the Prospectus
“Offer Period”	the period during which the Conditional Offers remain open which will commence on the date when the Bidder’s Statement is despatched to BRM Shareholders and FRS Shareholders and will end on such date as set out in the Bidder’s Statement, or such later date to which the Conditional Offers have been extended
“Offer Shares”	up to 15 million new WN Shares to be issued by the Company pursuant to the Prospectus

DEFINITIONS

“PRC”	the People’s Republic of China
“Proposed Increase in Authorised Share Capital”	proposed increase in the existing authorised share capital of the Company from HK\$400,000,000 divided into 4,000,000,000 WN Shares to HK\$1,000,000,000 divided into 10,000,000,000 WN Shares by the creation of an additional 6,000,000,000 WN Shares
“Proposed Refreshment of General Mandate”	the Company’s proposal to refresh a general and unconditional mandate to be granted by the Shareholders to the Directors during the Relevant Period to allot, issue and deal with WN Shares not exceeding 20% of the issued share capital of the Company as at the date of the Shareholders’ approval
“Prospectus”	the prospectus lodged by the Company with the ASIC on 11 November 2010 which includes the offer of the Offer Shares
“Register Date”	the day to be set by WN Australia under section 633(2) of the Corporations Act
“Relevant Interest”	has the meaning given in sections 608 and 609 of the Corporations Act
“Relevant Period”	the period from the date of the passing of the resolution in respect of the Proposed Refreshment of General Mandate until whichever is the earlier of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or (iii) the revocation or variation of the authority given under the resolution in respect of the Proposed Refreshment of General Mandate by ordinary resolution of the Shareholders in general meetings

DEFINITIONS

“S&P/ASX300 Index”	the S&P/ASX 300 index is a market-capitalisation weighted and float-adjusted stock market index of Australian stocks listed on the ASX from Standard & Poor’s
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting to be convened and held by the Company to seek approvals from Shareholders for, among other things, the Conditional Offers, the Offer for Subscription, the Issue Mandate, the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of General Mandate
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Shareholders on 14 August 2002
“Shareholders”	holders of any WN Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Panel”	the Australian Takeovers Panel, a peer review body that regulates corporate control transactions in widely held Australian entities, and resolution of takeover disputes
“Voting Power”	has the meaning given in section 610 of the Corporations Act
“VWAP”	volume weighted average price
“WN Australia”	Wah Nam International Australia Pty Ltd, a wholly-owned subsidiary of the Company
“WN Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“WN Options” up to 15 million options to be issued by the Company free pursuant to the Offer for Subscription, on the basis of one free attaching option for each Offer Share subscribed for; each entitles the holder to subscribe for one WN Option Share at the exercise price of AUD0.20 (subject to adjustment pursuant to the terms of the WN Options) at any time before the expiry date of 30 September 2014

“WN Option Shares” new WN Shares which may fall to be issued by the Company upon exercise of the subscription rights attaching to the WN Options

AUD is converted into HK\$ at an exchange rate of AUD1.00 = HK\$7.82 for illustrative purposes in this circular.

** for identification purpose only*

LETTER FROM THE BOARD



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 159)

Executive Directors:

Mr. Luk Kin Peter Joseph
Mr. Chan Kam Kwan, Jason

Independent non-executive Directors:

Mr. Lau Kwok Kuen, Eddie
Mr. Uwe Henke Von Parpart
Mr. Yip Kwok Cheung, Danny

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal office of
business in Hong Kong:*

Room 2805, 28/F., West Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

26 November 2010

To the Shareholders and Independent Shareholders

Dear Sirs,

(I) VERY SUBSTANTIAL ACQUISITIONS
(II) DUAL LISTING APPLICATION ON ASX AND
OFFER FOR SUBSCRIPTION OF NEW SHARES IN AUSTRALIA
(III) ISSUE OF NEW SHARES UNDER A SPECIFIC MANDATE
(IV) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
(V) PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

Reference is made to the Company's announcements dated 10 November 2010 and 11 November 2010 in relation to the Conditional Offers which constitute very substantial acquisitions for the Company, the dual listing application of the WN Shares on the ASX

* *for identification purpose only*

LETTER FROM THE BOARD

and the Offer for Subscription and the Issue Mandate. In connection with the proposed listing of WN Shares on the ASX, the Company issued a circular dated 17 November 2010 in relation to seeking Shareholders' approval for certain amendments to the Bye-laws in order to comply with the relevant rules of the ASX.

The purpose of this circular is to provide you with, among other things, (1) further details in relation to the aforesaid transactions, (2) further information on BRM and FRS, (3) information on the Proposed Refreshment of General Mandate, (4) the recommendation of the Independent Board Committee and the advice of KBC Bank in relation to the Proposed Refreshment of General Mandate and (5) a notice of the SGM at which resolutions will be proposed to consider and, if thought fit, approve the Conditional Offers, the issue of the Consideration WN Shares, the Offer for Subscription, the Issue Mandate, the Proposed Increase in Authorised Share Capital and the Proposed Refreshment of General Mandate.

THE CONDITIONAL OFFERS

Terms of the Conditional Offers

BRM Conditional Offer

On 10 November 2010, WN Australia, a wholly-owned subsidiary of the Company, announced its intention to make a takeover offer to acquire:

- (1) all BRM Shares in issue not already owned by WN Australia as at the Register Date; and
- (2) all BRM Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of the exercise of BRM Options,

for a consideration of 30 Consideration WN Shares for each BRM Share held.

The Bidder's Statement in respect of the BRM Conditional Offer was lodged with the ASIC and given to BRM on 10 November 2010, and will be despatched to BRM Shareholders within 14 to 28 days thereafter.

As at the Latest Practicable Date, there were 142,963,151 BRM Shares and 6,340,000 BRM Options in issue, of which 32,347,405 BRM Shares were held by WN Australia.

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If no BRM Shares are issued as a result of the exercise of the BRM Options before the end of the Offer Period and 39,134,171 BRM Shares in issue as at the Latest Practicable Date not already owned by WN Australia are acquired by WN Australia pursuant to the BRM Conditional Offer resulting in WN Australia holding just over 50% of all BRM Shares in issue as at the Latest Practicable Date (the BRM Conditional Offer is conditional upon, amongst other things, WN Australia having a Relevant Interest in more than 50% of all BRM Shares in issue), the Company will have to issue approximately 1,174.0 million Consideration WN Shares, representing:

- (1) approximately 30.0% of the number of WN Shares in issue as at the Latest Practicable Date; and
- (2) approximately 23.1% of the number of WN Shares in issue as at the Latest Practicable Date as enlarged by the issue of such Consideration WN Shares.

If all BRM Shares in issue not already owned by WN Australia and the BRM Options are exercised in full before the end of the Offer Period and all BRM Shares that are issued as a result of the exercise of BRM Options are acquired by WN Australia pursuant to the BRM Conditional Offer, the Group will have to issue approximately 3,508.7 million Consideration WN Shares, representing:

- (1) approximately 89.8% of the number of WN Shares in issue as at the Latest Practicable Date; and
- (2) approximately 47.3% of the number of WN Shares in issue as at the Latest Practicable Date as enlarged by the issue of such Consideration WN Shares.

FRS Conditional Offer

On 10 November 2010, WN Australia also announced that it proposes to make a takeover offer for:

- (1) all FRS Shares in issue not already owned by WN Australia as at the Register Date; and
- (2) all FRS Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of the exercise of FRS Options,

for a consideration of 6 Consideration WN Shares for each FRS Share held.

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The Bidder's Statement in respect of the FRS Conditional Offer was lodged with the ASIC and given to FRS on 10 November 2010, and will be despatched to FRS Shareholders within 14 to 28 days thereafter.

As at the Latest Practicable Date, there were 205,700,890 FRS Shares and 5,475,000 FRS Options in issue, of which 40,934,400 FRS Shares are held by WN Australia.

As at the Latest Practicable Date, there were 7,500,000 FRS Class B Shares in issue. Each FRS Class B Share will automatically convert into one FRS Share on the latest of the following dates:

- (1) the date of grant of a mining lease in the area of the mining tenements (the "Tenement Area") held by Australian Manganese Pty Ltd (a wholly-owned subsidiary of FRS) at the date the FRS Class B Shares were issued;
- (2) the date of completion of a bankable feasibility study in respect of the Tenement Area;
- (3) the date of release to ASX of a resource estimate in respect of the Tenement Area; and
- (4) the business day following 12 months from the issue of the FRS Class B Shares.

If (1), (2) and (3) are not achieved within 7 years of the issue of the FRS Class B Shares, FRS must seek approval of the FRS Shareholders to convert the FRS Class B Shares into FRS Shares.

The FRS Class B Shares were issued on 18 September 2005 and as at the Latest Practicable Date the above conditions have yet to be met. The FRS Conditional Offer does not extend to the FRS Class B Shares.

If no FRS Shares are issued as a result of the exercise of the FRS Options before the end of the Offer Period, and 144,196,401 FRS Shares in issue as at the Latest Practicable Date not already owned by WN Australia are acquired by WN Australia pursuant to the FRS Conditional Offer resulting in WN Australia holding 90% of all FRS Shares in issue as at the Latest Practicable Date (the FRS Conditional Offer is conditional upon, amongst other things, WN Australia having a Relevant Interest in at least 90% of all FRS Shares in issue), and WN Australia proceeds to compulsorily acquire any remaining FRS Shares

LETTER FROM THE BOARD

not acquired during the Offer Period (the compulsory acquisition right is further detailed below), the Company will have to issue approximately 988.6 million Consideration WN Shares, representing:

- (1) approximately 25.3% of the number of WN Shares in issue as at the Latest Practicable Date; and
- (2) approximately 20.2% of the number of WN Shares in issue as at the Latest Practicable Date as enlarged by the issue of such Consideration WN Shares.

If all FRS Shares in issue not already owned by WN Australia and the FRS Options are exercised in full before the end of the Offer Period and all FRS Shares that are issued as a result of the exercise of FRS Options are acquired by WN Australia pursuant to the FRS Conditional Offer, the Group will have to issue approximately 1,021.4 million Consideration WN Shares, representing:

- (1) approximately 26.1% of the number of WN Shares in issue as at the Latest Practicable Date; and
- (2) approximately 20.7% of the number of WN Shares in issue as at the Latest Practicable Date as enlarged by the issue of such Consideration WN Shares.

Value of the Conditional Offers

There is no stated issue price of the Consideration WN Shares under the Conditional Offers.

BRM Conditional Offer

Based on the VWAP of WN Shares for the two consecutive trading days on 8 and 9 November 2010 (being the last two days of trading in WN Shares immediately before the despatch of the Bidder's Statement to BRM), the Implied Offer Value of a BRM Share is approximately AUD6.47, which represents:

- (1) a premium of 42.8% over the closing price of BRM Shares as quoted on the ASX on 9 November 2010 (being the last day of trading in BRM Shares before the Announcement Date);
- (2) a premium of 61.5% over the VWAP of BRM Shares for the 30 days to 9 November 2010;

LETTER FROM THE BOARD

- (3) a premium of 74.2% over the VWAP of BRM Shares for the 60 days to 9 November 2010;
- (4) a premium of 79.6% over the VWAP of BRM Shares for the 90 days to 9 November 2010; and
- (5) a premium of 89.9% over the VWAP of BRM Shares for the 180 days to 9 November 2010.

For reference purposes, the implied offer value of a BRM Share based on the VWAP of WN Shares for the two consecutive trading days on 23 and 24 November 2010 (being the last two days of trading in WN Shares up to and including the Latest Practicable Date) of approximately HK\$1.68 represents a premium of 5.5% over the closing price of BRM Shares as quoted on the ASX on the Latest Practicable Date.

FRS Conditional Offer

Based on the VWAP of WN Shares for the two consecutive trading days on 8 and 9 November 2010 (being the last two days of trading in WN Shares immediately before the despatch of the Bidder's Statement to FRS), the Implied Offer Value of a FRS Share is approximately AUD1.29, which represents:

- (1) a premium of 52.2% over the closing price of FRS Shares as quoted on the ASX on 9 November 2010 (being the last day of trading in FRS Shares before the Announcement Date);
- (2) a premium of 63.2% over the VWAP of FRS Shares for the 30 days to 9 November 2010;
- (3) a premium of 62.3% over the VWAP of FRS Shares for the 60 days to 9 November 2010;
- (4) a premium of 59.9% over the VWAP of FRS Shares for the 90 days to 9 November 2010; and
- (5) a premium of 44.4% over the VWAP of FRS Shares for the 180 days to 9 November 2010.

For reference purposes, the implied offer value of a FRS Share based on the VWAP of WN Shares for the two consecutive trading days on 23 and 24 November 2010 (being the

LETTER FROM THE BOARD

last two days of trading in WN Shares up to and including the Latest Practicable Date) of approximately HK\$1.68 represents a premium of 13.9% over the closing price of FRS Shares as quoted on the ASX on the Latest Practicable Date.

Having considered the market value of the BRM Shares, the FRS Shares and the WN Shares prior to the Announcement Date, the amount of estimated ore reserves of BRM's principal project of Marillana Project (as set out in the paragraph headed "Information on BRM" below) as published by BRM and the estimated ore reserves and mineral resources of FRS's principal project of FerrAus Pilbara Project (as set out in the paragraph headed "Information on FRS" below) as published by FRS, and the reasons for and benefits of the Conditional Offers as stated below in this circular, the Directors (including the independent non-executive Directors) consider that the terms of the Conditional Offers are fair and reasonable based on current market conditions and that the Conditional Offers are in the interests of the Company and the Shareholders as a whole. When assessing the terms of the Conditional Offers, the Company has only taken into account publicly available information on BRM and FRS, in particular the Marillana Project and the FerrAus Pilbara Project as mentioned above. The Company believes that these two major principal projects of BRM and FRS constitute a key component of the valuation of the two companies.

Revised offer

Subject to the applicable laws and regulations in Australia, WN Australia reserves its right to revise the terms of the Conditional Offers. Should the terms of the Conditional Offers be revised materially, the Company will issue further announcements and re-comply with the then applicable requirements of the Listing Rules (including seeking Shareholders' approval if required).

Offer Periods

The Offer Periods will commence on the date when the Bidder's Statements are despatched to BRM Shareholders and FRS Shareholders (as the case may be) and are expected to close one month after, unless among other things being happened extended by WN Australia. The Company will issue further announcements when the Offer Periods are determined.

LETTER FROM THE BOARD

If within the last 7 days of the relevant Offer Period, either of the following events occurs:

- (1) the BRM Conditional Offer or the FRS Conditional Offer (as the case may be) is varied to improve the consideration offered; or
- (2) WN Australia's Voting Power in BRM or FRS (as the case may be) increases to more than 50%,

then the relevant Offer Period will be automatically extended so that it ends 14 days after the relevant event. Further announcements will be made by the Company regarding the Offer Period as and when appropriate.

Conditions

The Conditional Offers and any contract that results from acceptances of the Conditional Offers will be subject to the following conditions:

1. The requisite majority of Shareholders approving:
 - a. the acquisition by WN Australia of all of the BRM Shares not already owned by WN Australia in the case of the BRM Conditional Offer, and all of the FRS Shares not already owned by WN Australia in the case of the FRS Conditional Offer; and
 - b. the allotment and issue of the Consideration WN Shares; and

where WN Australia has announced a variation in the Conditional Offers pursuant to section 650B of the Corporations Act:

- c. the acquisition of all of the BRM Shares and/or FRS Shares (as the case may be) by WN Australia on those varied terms; and
 - d. the allotment and issue of the Consideration WN Shares,

at general meeting by poll.
2. An application being made to the Stock Exchange for admission to quotation of (i.e. the grant of the listing of, and permission to deal in), the Consideration WN Shares within 7 days after the start of the Bid Period.

LETTER FROM THE BOARD

3. An application being made to the ASX for admission to quotation of all WN Shares within 7 days after the start of the Bid Period.
4. Permission for admission to quotation of (i.e. the grant of the listing of, and permission to deal in) the Consideration WN Shares on the Stock Exchange and permission for admission to quotation of all the WN Shares on the ASX is granted no later than 7 days after the end of the Bid Period.
5. At the end of the relevant Offer Period, WN Australia having a Relevant Interest in more than 50% of all BRM Shares in issue in respect of the BRM Conditional Offer and at least 90% of all FRS Shares in issue in respect of the FRS Conditional Offer.
6. Between the Announcement Date and the end of the Offer Period (each inclusive), no prescribed occurrence occurring. Prescribed occurrence means any of the following events:
 - (a) BRM, in the case of the BRM Conditional Offer, or FRS, in the case of the FRS Conditional Offer, converts all or any of its shares into a larger or smaller number of shares;
 - (b) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) resolves to reduce its capital in any way;
 - (c) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer):
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
 - (d) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
 - (e) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) issue, or agrees to issue, convertible notes;

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- (f) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (g) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) charges, or agrees to charge the whole, or a substantial part, of its business or property;
 - (h) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) resolves to be wound up;
 - (i) a liquidator or provisional liquidator of BRM or of a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) is appointed;
 - (j) a court makes an order for the winding up of BRM or of a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer);
 - (k) an administrator of BRM or of a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (l) BRM or a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer) executes a deed of company arrangement; or
 - (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of BRM or of a subsidiary of BRM (in the case of BRM Conditional Offer) or FRS or a subsidiary of FRS (in the case of the FRS Conditional Offer).
7. Between the Announcement Date and the end of the Offer Period (each inclusive):
- a. there is not in effect any preliminary or final decision, order or decree issued by a government agency;

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- b. no action or investigation is announced, commenced or threatened by any government agency; and
- c. no application is made to any government agency (other than by the Company or any of its Associates),

in consequence of or in connection with the Conditional Offers (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Conditional Offers or the acquisition of BRM Shares in the case of the BRM Conditional Offer, or the acquisition of FRS Shares in the case of the FRS Conditional Offer, or the completion of any transaction contemplated by each of the Bidder's Statements, or seeks to require the divestiture by WN Australia of any BRM Shares in the case of the BRM Conditional Offer, or of any FRS Shares in the case of the FRS Conditional Offer, or the divestiture of any material assets of BRM in the case of the BRM Conditional Offer, or of FRS in the case of the FRS Conditional Offer or the Group.

- 8. Between the Announcement Date and the end of the Offer Period (each inclusive), neither BRM nor any subsidiary of BRM, in the case of the BRM Conditional Offer, or FRS nor any subsidiary of FRS, in the case of the FRS Conditional Offer:
 - a. acquiring, offering to acquire or agreeing to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than AUD5 million (equivalent to approximately HK\$39.1 million) or makes an announcement about such a transaction;
 - b. disposing, offering to dispose or agreeing to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than AUD5 million (equivalent to approximately HK\$39.1 million) or makes an announcement about such a disposal;
 - c. entering into, offering to enter into or announcing that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than AUD5 million (equivalent to approximately HK\$39.1 million), other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;

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- d. incurring or committing to, or granting to another person a right the exercise of which would involve BRM in the case of the BRM Conditional Offer, or FRS in the case of the FRS Conditional Offer, incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than AUD5 million (equivalent to approximately HK\$39.1 million) or makes an announcement about such a commitment; or
 - e. disclosing (without having disclosed to the ASX prior to the Announcement Date) the existence of any matter described in this condition, or announcing an intention or proposal to do anything described in this condition.
9. Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to WN Australia (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:
- a. the business, assets, liabilities, financial or trading position, profitability or prospects of BRM (in the case of the BRM Conditional Offer), or of FRS (in the case of the FRS Conditional Offer), since 30 June 2010;
 - b. the status or terms of arrangements entered into by the BRM (in the case of the BRM Conditional Offer), or by FRS (in the case of the FRS Conditional Offer); or
 - c. the status or terms of any approvals, licences or permits from government agencies applicable to BRM (in the case of the BRM Conditional Offer), or to FRS (in the case of the FRS Conditional Offer),

except for events, changes and conditions publicly announced by BRM in the case of the BRM Conditional Offer, or by FRS in the case of the FRS Conditional Offer or otherwise disclosed in public filings by BRM or any of its subsidiaries in the case of the BRM Conditional Offer, or by FRS or any of its subsidiaries in the case of the FRS Conditional Offer, prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

10. No person (other than a member of the Group) has or will have any right (whether subject to conditions or not) as a result of WN Australia acquiring BRM Shares under the BRM Conditional Offer or FRS Shares under the FRS Conditional Offer to:

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- a. acquire, or require the disposal of, or require BRM or its subsidiaries in the case of the BRM Conditional Offer, or FRS or its subsidiaries in the case of the FRS Conditional Offer, to offer to dispose of, any material asset of BRM or any of its subsidiaries in the case of the BRM Conditional Offer, or FRS or its subsidiaries in the case of the FRS Conditional Offer; or
 - b. terminate, or vary the terms of performance of, any material agreement of BRM or any of its subsidiaries in the case of the BRM Conditional Offer, or FRS or its any of its subsidiaries in the case of the FRS Conditional Offer.
11. Between the Announcement Date and the end of the Offer Period (each inclusive), neither BRM nor any subsidiary of BRM in the case of the BRM Conditional Offer, or FRS or any of its subsidiaries in the case of the FRS Conditional Offer, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.
 12. Between the Announcement Date and the end of the Offer Period (each inclusive), BRM in the case of the BRM Conditional Offer, or FRS in the case of the FRS Conditional Offer, does not enter into or otherwise become a party to any transaction with a related party or related entity (as those terms are defined in the Corporations Act).
 13. Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the Announcement Date at any time on any ASX trading day.
 14. Between the Announcement Date and the end of the Offer Period (each inclusive), WN Australia does not become aware that any document filed by or on behalf of BRM in the case of the BRM Conditional Offer, or FRS in the case of the FRS Conditional Offer, with the ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.
 15. Between the Announcement Date and the end of the Offer Period (each inclusive), the exchange rate of AUD to HK\$ does not appreciate more than 10% from the closing level of that rate on the day before the Announcement Date.

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Of the above conditions, conditions 2 and 3 have been fulfilled for each of the Conditional Offers. The Company has made an application to the ASX for admission to quotation of all WN Shares, including the Consideration WN Shares and has made an application to the Stock Exchange for the grant of listing of, and permission to deal in, the Consideration WN Shares. Save for the above, no other conditions to the Conditional Offers have been satisfied or waived.

Subject to the Corporations Act, WN Australia may, at any time and at its sole and absolute discretion, waive any of the above conditions (except conditions 1, 2, 3 and 4) and declare the Conditional Offers free from those conditions and in relation to any specific occurrence or any specific entity by giving notice in writing to BRM in the case of the BRM Conditional Offer, or to FRS in the case of the FRS Conditional Offer, not less than seven days before the end of the relevant Offer Period. Save for conditions 1, 2, 3 and 4 which are required by specific laws, rules or regulations, the other conditions to the Conditional Offers are voluntary conditions for the benefit of the offeror i.e. WN Australia and thus can be waived by WN Australia. The Company will consider the risks and benefits to the Company when considering whether to waive any of such conditions. It will only waive a condition if the Board (including the independent non-executive Directors) considers it to be in the interests of the Company and the Shareholders as a whole.

In view of the requirements under the Listing Rules, the Company will only consider waiving condition 5 in respect of the level of acceptance of the Conditional Offers if it is able to set out in its supplemental circular to be issued (as detailed in the paragraph headed "Listing Requirements" below) the disclosures as required by Rules 14.66, 14.67 and 18.09 of the Listing Rules after closing of the relevant Conditional Offer.

The BRM Conditional Offer and the FRS Conditional Offer are independent from each other.

To the extent not accepted at the relevant time, WN Australia may withdraw the relevant Conditional Offer at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

If the BRM Conditional Offer or the FRS Conditional Offer is withdrawn and at the time of withdrawal, the conditions of such Conditional Offer have been satisfied or waived, all contracts arising from acceptance of such Conditional Offer before it was withdrawn will remain enforceable.

If the BRM Conditional Offer or the FRS Conditional Offer is withdrawn and at the time of withdrawal, not all of the conditions of such Conditional Offer have been satisfied or waived, all contracts arising from its acceptance will become void.

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Compulsory acquisition

If at the end of the Offer Period WN Australia and its Associates have a Relevant Interest in at least 90% of the BRM Shares or FRS Shares (as the case may be) in issue and WN Australia and its Associates have acquired at least 75% (by number) of BRM Shares or FRS Shares (as the case may be) that WN Australia offered to acquire under the Conditional Offers, WN Australia will be entitled to acquire the remaining BRM Shares or FRS Shares (as the case may be) through a compulsory acquisition procedure. Should this compulsory acquisition right become available to WN Australia, WN Australia intends to exercise its right to acquire any remaining BRM Shares and/or FRS Shares not acquired during the Offer Period; following which the BRM Shares and/or FRS Shares (as the case may be) would be delisted from the ASX.

Responses from the BRM Board and FRS Board

On 18 November 2010, BRM issued an announcement where the BRM Board recommended that the BRM Shareholders take no action and do not accept the BRM Conditional Offer. On 25 November 2010, FRS issued an announcement where the FRS Board recommended that the FRS Shareholders do not accept the FRS Conditional Offer. Despite that, the Company considers that the terms of the Conditional Offers are fair and reasonable, and offer an attractive opportunity for BRM Shareholders and FRS Shareholders to tender their respective BRM Shares and FRS Shares in exchange for WN Shares. The Company will continue to launch the Conditional Offers for BRM Shareholders and FRS Shareholders to consider. The Company will issue further announcements on any further material development on the Conditional Offers.

DUAL LISTING APPLICATION ON ASX AND THE OFFER FOR SUBSCRIPTION

Dual listing

In connection with the Conditional Offers, the Company has applied for the listing of all of the WN Shares (including all WN Shares in issue, the Consideration WN Shares and the Offer Shares) and the WN Options on the ASX. On 11 November 2010, the Prospectus for the purposes of offering the Offer Shares and obtaining Australian shareholder spread for the listing on the ASX was lodged by the Company with the ASIC.

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The Company believes that the listing of the WN Shares on the ASX will help further (1) enhance the attractiveness of the Conditional Offers to BRM Shareholders and FRS Shareholders, and (2) broaden the shareholders base and enhance the profile of the Company in Australia which may in turn facilitate the Enlarged Group in pursuing its development in the Australian mining sector after successful completion of the Conditional Offers and BRM and/or FRS become subsidiaries of the Company.

WN Shares will continue to be listed on the Stock Exchange. The Company has made an application to the Stock Exchange for the grant of the listing of, and permission to deal in, the Offer Shares, the WN Option Shares and the Consideration WN Shares.

If the Company's application for admission to the ASX's Official List is approved, WN Shares will be listed on the Stock Exchange and the ASX on a dual primary basis and the Company will have to comply with the requirements under the Listing Rules and the ASX Listing Rules.

The Company's application for the listing of all the WN Shares and the WN Options on the ASX is not subject to the completion of the Conditional Offers. But each of the BRM Conditional Offer and the FRS Conditional Offer is conditional on, among other conditions, the dual listing of all the WN Shares on the ASX which will be subject to (among other things) the completion of the Offer for Subscription (as set out below).

Trading on the ASX and the Stock Exchange

Subject to the dual listing of WN Shares on the ASX and the Stock Exchange, Shareholders may shunt (or remove) their WN Shares between the Company's Hong Kong share register and Australian share register according to the following procedure:

- (1) when a Shareholder wishes to shunt WN Shares from one of the two registers (the "Home Register") to the other register (the "Destination Register"), the Shareholder must provide the Home Register with a written direction to that effect. The Home Register will then remove the WN Shares from their holding, and place those WN Shares into the control of the Destination Register. A confirmation will then be sent to the Destination Register, which will place the WN Shares into a holding in exactly the same name of the delivering Shareholder; and
- (2) periodically (usually at the time of each shunt (or removal)) the two registers will compare their respective control accounts to confirm that they are synchronised.

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It is customary for the Hong Kong registrar to charge Shareholders (and prospective Shareholders coming from the Australian share register) administrative fees for processing shunts (or removals). The following table identifies the costs for each of those administrative fees.

To/From	Australian fee	Hong Kong removal fee	Hong Kong certificate cancellation/creation fee (per certificate)
Australia/Hong Kong	Nil	HK\$350.00	HK\$2.50 (cancellation)
Hong Kong/Australia	Nil	HK\$350.00	HK\$2.50 (creation)

The ASX requires trades to be settled on a “T+3” basis while the Stock Exchange requires trades to be settled on a “T+2” basis. The period of time required to shunt WN Shares between the Australian share register and the Hong Kong share register may vary and there is no certainty of when shunted WN Shares will be available for trading or settlement.

WN Shares shunted from the Australian share register to the Hong Kong share register may not be allocated to CCASS as the Stock Exchange requires a physical share certificate to be issued and then delivered to the appropriate CCASS participant for transfer to CCASS. WN Shares shunted from the Hong Kong share register can be sponsored by either the Company or CHESS, as per the request of the Shareholder initiating the shunt. For further information, Shareholders are advised to contact their nominated market (or CCASS) participant.

The Offer for Subscription

In connection with the proposed application for listing of WN Shares on the ASX, the Company is inviting subscriptions from the Australian public for 10 million Offer Shares (with an aggregate nominal value of HK\$1 million) (with one free attaching WN Option for each Offer Share subscribed for) with provision to accept oversubscriptions of up to a further 5 million Offer Shares (with an aggregate nominal value of HK\$500,000), at the Issue Price of AUD0.20 (equivalent to approximately HK\$1.56) per Offer Share. The minimum level of subscription amount under the Offer for Subscription is AUD1 million (equivalent to approximately HK\$7.8 million).

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On 10 November 2010, the Company entered into a mandate letter with the Lead Manager, pursuant to which the Lead Manager has agreed to act as Lead Manager of the Offer for Subscription and to assist on a best endeavours basis in the raising of capital for the Company under the Offer for Subscription. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Lead Manager and its ultimate beneficial owners are Independent Third Parties. The Lead Manager is entitled to receive a placement fee of 5% of the amount raised under the Offer for Subscription which was determined after arm's length negotiations between the parties having regard to the structure of the Offer for Subscription and the prevailing market rates in Australia.

As stated above, the Company has lodged the Prospectus with the ASIC on 11 November 2010. The offer of the Offer Shares commenced on 19 November 2010 and is expected to close on 17 December 2010.

The Company has made an application to the Stock Exchange for the grant of the listing of, and permission to deal in, the Offer Shares and the WN Option Shares.

WN Options

To promote the subscription of the Offer Shares, the WN Options will be issued on the basis of one WN Option for each Offer Share subscribed for. Each WN Option will entitle the holder thereof to subscribe for one new WN Share at an exercise price of AUD0.20 (equivalent to approximately HK\$1.56) per WN Share (subject to adjustment pursuant to the terms of the WN Options) at any time from the date of issue of the WN Options until the expiry date of 30 September 2014. The initial exercise price of AUD0.20 (equivalent to approximately HK\$1.56) per WN Share was determined with reference to the prevailing market price and the recent trading volume of the WN Shares, as well as the minimum exercise price imposed under the listing requirements of the ASX Listing Rules.

The Company has made an application to the ASX for the listing of the WN Options on the ASX. The Company currently does not have any plan to list the WN Options on the Stock Exchange or any other stock exchange (other than the ASX).

The maximum number of WN Option Shares to be issued upon exercise of the subscription rights attaching on the WN Options at the initial exercise price of AUD0.20 (equivalent to approximately HK\$1.56) per WN Share (subject to adjustment pursuant to the terms of the WN Options) is 15 million WN Option Shares (with an aggregate nominal value of HK\$1,500,000), which represents:

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- (1) approximately 0.38% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (2) approximately 0.38% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the allotment and issue of the maximum number of Offer Shares;
- (3) approximately 0.38% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the allotment and issue of the maximum number of Offer Shares and such number of WN Option Shares; and
- (4) approximately 0.18% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the allotment and issue of the maximum number of Offer Shares, such number of WN Option Shares and the Consideration WN Shares (assuming full acceptance of the Conditional Offers but no exercise of the BRM Options and FRS Options outstanding as at the Latest Practicable Date).

The issue of the WN Options will comply with the applicable requirements under Chapter 15 of the Listing Rules. The proposed principal terms of the WN Options which comply with the applicable requirements under the ASX Listing Rules and Chapter 15 of the Listing Rules are set out in Appendix IX to this circular.

Terms of the Offer for Subscription

Selling restrictions

The Offer for Subscription does not constitute a public offer in any jurisdiction other than Australia.

Issue Price

The Issue Price of AUD0.20 (equivalent to approximately HK\$1.56) per Offer Share represents:

- (1) a discount of approximately 4.3% to the closing price of HK\$1.63 per WN Share as quoted on the Stock Exchange on 9 November 2010 (being the last day of trading in WN Shares prior to the date of the Lead Manager Mandate);

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- (2) a discount of approximately 6.6% to the average of the closing prices per WN Share of HK\$1.67 as quoted on the Stock Exchange for the five consecutive trading days up to and including 9 November 2010; and
- (3) a discount of approximately 5.5% to the closing price of HK\$1.65 per WN Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Issue Price was determined with reference to the prevailing market price and the recent trading volume of the WN Shares, as well as the minimum issue price imposed under the listing requirements of the ASX Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Offer for Subscription are fair and reasonable based on current market conditions and that the Offer for Subscription is in the interests of the Company and the Shareholders as a whole.

Number of Offer Shares

The minimum number of Offer Shares to be issued under the Offer for Subscription pursuant to the Prospectus in order to raise the minimum subscription amount of AUD1 million (equivalent to approximately HK\$7.8 million) is 5 million Offer Shares (with an aggregate nominal value of HK\$500,000) which represents:

- (1) approximately 0.13% of the issued share capital of the Company as at the Latest Practicable Date;
- (2) approximately 0.13% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the allotment and issue of such number of Offer Shares; and
- (3) approximately 0.06% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the issue of such number of Offer Shares, WN Option Shares and the Consideration WN Shares (assuming full acceptance of the Conditional Offers but no exercise of the BRM Options and FRS Options outstanding as at the Latest Practicable Date).

The maximum number of Offer Shares to be issued pursuant under the Offer for Subscription pursuant to the Prospectus is 15 million Offer Shares (with an aggregate nominal value of HK\$1,500,000) which represents:

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- (1) approximately 0.38% of the issued share capital of the Company as at the Latest Practicable Date;
- (2) approximately 0.38% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the allotment and issue of such number of Offer Shares; and
- (3) approximately 0.18% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the issue of such number of Offer Shares, WN Option Shares and Consideration WN Shares (assuming full acceptance of the Conditional Offers but no exercise of the BRM Options and FRS Options outstanding as at the Latest Practicable Date).

Conditions of the Offer for Subscription

Completion of the Offer for Subscription is conditional upon:

- (1) the Stock Exchange granting or agreeing to grant listing of and permission to deal in all of the Offer Shares and WN Option Shares;
- (2) the ASX granting or agreeing to grant listing of the WN Shares (including, among others, the Offer Shares) and WN Options on ASX; and
- (3) the passing of necessary resolution(s) by Shareholders to approve the Offer for Subscription and the transactions contemplated thereunder, including but not limited to the issue and allotment of the Offer Shares and the WN Option Shares.

The Offer for Subscription is not underwritten. If the minimum subscription amount of AUD1 million is not reached or if the Offer for Subscription fails for any other reason, the listing of WN Shares and WN Options on ASX will also not proceed and the Conditional Offers will not become unconditional and will lapse.

Completion of the Offer for Subscription

The Offer for Subscription is expected to close on 17 December 2010 and the Offer Shares and WN Options are expected to commence trading on the ASX on 10 January 2011. Trading of the Offer Shares on the Stock Exchange is also expected to commence concurrently on 10 January 2011.

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Rights of Offer Shares

The Offer Shares, as well as the WN Option Shares, will rank, upon issue, pari passu in all respect with WN Shares in issue on the date of allotment and issue of the Offer Shares.

Fund raising activities in the past 12 months

The following equity fund raising activities have been conducted by the Group in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual application of the net proceeds
9 February 2010	Placing of existing WN Shares and subscription of new WN Shares	Approximately HK\$297 million	Not more than HK\$10 million for general working capital and not less than HK\$287 million for potential acquisitions or investment in mineral-related businesses.	Approximately HK\$289 million has been used to invest in mineral-related companies and approximately HK\$8 million has been used for general working capital.
19 June 2010	Placing of existing WN Shares and subscription of new WN Shares	Approximately HK\$199 million	Not more than HK\$29 million for general working capital and not less than HK\$170 million for potential acquisitions or investment in mineral-related businesses.	Approximately HK\$188 million has been used to invest in mineral-related companies and approximately HK\$11 million has been used for general working capital.

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Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual application of the net proceeds
17 September 2010	Placing of existing WN Shares and subscription of new WN Shares	Approximately HK\$200 million	Not more than HK\$20 million for general working capital and not less than HK\$180 million for potential acquisitions or investment in mineral-related businesses.	Approximately HK\$95 million has been used to invest in mineral-related companies (including related transaction costs) and approximately HK\$5 million has been used for general working capital. The Company intends to use the remaining proceeds to invest in mineral-related businesses (including related transaction costs) and not more than HK\$15 million for general working capital of the Group. In the interim, the remaining net proceeds have been placed in bank deposits.

ISSUE MANDATE

The Company proposes to seek the Issue Mandate from the Shareholders for the placement of up to 600,000,000 HK Placing Shares (with an aggregate nominal value of HK\$60,000,000) to placees which are Independent Third Parties.

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The Company expects that there will be more than six placees under any share placement pursuant to the Issue Mandate. Such placees are expected to be independent individuals, corporate and/or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties, none of which are expected to become a substantial Shareholder.

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, such HK Placing Shares to be issued.

HK Placing Price

The HK Placing Price shall be equal to or higher than the higher of (A) HK\$1.30 or (B) an amount which is not less than 70% of the average closing price for the 20 trading days immediately prior to the date of the agreement in respect of the placing of the HK Placing Shares.

The HK Placing Price of HK\$1.30 represents:

- (1) a discount of approximately 20.2% to the closing price of HK\$1.63 per WN Share as quoted on the Stock Exchange on 9 November 2010 (being the last day of trading in WN Shares prior to the date the Board resolved to seek the Issue Mandate);
- (2) a discount of approximately 22.2% to the average of the closing prices per WN Share of HK\$1.67 as quoted on the Stock Exchange for the five consecutive trading days up to and including 9 November 2010; and
- (3) a discount of approximately 21.2% to the closing price of HK\$1.65 per WN Share as quoted on the Stock Exchange as at the Latest Practicable Date.

In determining the parameters for fixing the HK Placing Price, the Company considers the references to an average closing price for a longer trading period and a larger discount limit are in the interests of the Company in view of recent fluctuation of the trading prices and volume of the WN Shares on the Stock Exchange preceding the date the Board resolved to seek the Issue Mandate. The minimum HK Placing Price of HK\$1.30 was determined with reference to the prevailing market price and the recent trading volume of the WN Shares when the Board resolved to seek the Issue Mandate. The actual placing price will be determined based on the above conditions and negotiations between the Company and the placees then.

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Taking into account, among other things, the parameters for determining the HK Placing Price and the reasons for the Issue Mandate and use of proceeds set out below in this circular, the Directors (including the independent non-executive Directors) consider that the terms of the Issue Mandate are fair and reasonable based on current market conditions and that the Issue Mandate is in the interests of the Company and the Shareholders as a whole.

Maximum number of HK Placing Shares

600,000,000 HK Placing Shares (with an aggregate nominal value of HK\$60,000,000) represent:

- (1) approximately 15.4% of the issued share capital of the Company as at the Latest Practicable Date;
- (2) approximately 13.3% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the allotment and issue of such number of HK Placing Shares; and
- (3) approximately 6.8% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by such number of HK Placing Shares, the maximum number of Offer Shares and WN Option Shares, and the Consideration WN Shares (assuming full acceptance of the Conditional Offers but no exercise of the BRM Options and FRS Options outstanding as at the Latest Practicable Date).

Conditions of the Issue Mandate

The Issue Mandate is subject to:

- (1) the BRM Conditional Offer and/or the FRS Conditional Offer becoming unconditional;
- (2) the Stock Exchange granting or agreeing to grant listing of and permission to deal in all of the HK Placing Shares; and
- (3) the passing of necessary resolution(s) by the Shareholders to approve the Issue Mandate and the transactions contemplated thereunder, including but not limited to the issue and allotment of the HK Placing Shares.

The Issue Mandate will be valid for a period of six months from the date the BRM Conditional Offer and/or the FRS Conditional Offer is declared unconditional.

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Rights of HK Placing Shares

The HK Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them. The HK Placing Shares will rank, upon issue, pari passu in all respect with WN Shares in issue on the date of allotment and issue of the HK Placing Shares.

PROPOSED REFRESHMENT OF GENERAL MANDATE

At the SGM, an ordinary resolution will be proposed to the Independent Shareholders for approving the grant of the New General Mandate to authorise the Directors to allot, issue and deal with WN Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM. The New General Mandate will be in force during the Relevant Period until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the authority given under the relevant resolution being passed by the Shareholders in general meeting; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held.

On the basis of a total of 3,907,435,485 WN Shares in issue as at the Latest Practicable Date, not taking into consideration the Consideration WN Shares, Offer Shares, WN Option Shares and HK Placing Shares to be issued, and assuming no WN Shares will be repurchased between the Latest Practicable Date and the SGM, the New General Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 781,487,097 new WN Shares, being 20% of the WN Shares in issue as at the Latest Practicable Date.

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SHAREHOLDING OF THE COMPANY

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the Conditional Offers, the Offer for Subscription and the issue of the HK Placing Shares under the Issue Mandate based on the assumptions stated below:

	As at the Latest Practicable Date		Immediately after the Conditional Offers (i) assuming there are no BRM Shares or FRS Shares issued as a result of the exercise of BRM Options or FRS Options outstanding as at the Latest Practicable Date before the end of the Offer Period, (ii) the maximum number of Offer Shares is issued, and (iii) the maximum number of HK Placing Shares is issued				Immediately after the Conditional Offers (i) assuming all BRM Options and FRS Options outstanding as at the Latest Practicable Date are exercised before the end of the Offer Period, (ii) the maximum number of Offer Shares is issued, and (iii) the maximum number of HK Placing Shares is issued			
			Assuming acceptances under the Conditional Offers resulting in WN Australia holding (i) just over 50% of all BRM Shares and (ii) 90% of all FRS Shares (and WN Australia proceeds to compulsorily acquire any remaining FRS Shares not acquired during the Offer Period)		Assuming the Conditional Offers are fully accepted		Assuming acceptances under the Conditional Offers resulting in WN Australia holding (i) just over 50% of all BRM Shares and (ii) 90% of all FRS Shares (and WN Australia proceeds to compulsorily acquire any remaining FRS Shares not acquired during the Offer Period)		Assuming the Conditional Offers are fully accepted	
			No. of WN Shares	%	No. of WN Shares	%	No. of WN Shares	%	No. of WN Shares	%
Leading Highway Limited (note 1)	440,500,000	11.3%	440,500,000	6.6%	440,500,000	5.0%	440,500,000	6.5%	440,500,000	4.9%
Shimmer Expert Investments Limited (note 2)	279,548,000	7.2%	279,548,000	4.2%	279,548,000	3.2%	279,548,000	4.1%	279,548,000	3.1%
Parklane International Holdings Limited (note 3)	140,592,592	3.6%	140,592,592	2.1%	140,592,592	1.6%	140,592,592	2.1%	140,592,592	1.6%
Equity Valley Investments Limited and Pridelful Future Investments Limited (note 4)	199,456,276	5.1%	199,456,276	3.0%	199,456,276	2.2%	199,456,276	2.9%	199,456,276	2.2%
Public Shareholders										
Gracious Fortune Investments Limited	157,000,000	4.0%	157,000,000	2.3%	157,000,000	1.8%	157,000,000	2.3%	157,000,000	1.7%
Villas Green Investments Limited	257,760,000	6.6%	257,760,000	3.9%	257,760,000	2.9%	257,760,000	3.8%	257,760,000	2.8%
Smartpath Investments Limited	204,752,000	5.2%	204,752,000	3.1%	204,752,000	2.3%	204,752,000	3.0%	204,752,000	2.3%
BRM Shareholders who accept the BRM Conditional Offer	—	—	1,174,025,130	17.5%	3,318,472,380	37.6%	1,269,125,115	18.6%	3,508,672,380	38.7%
FRS Shareholders who accept the FRS Conditional Offer	—	—	988,598,940	14.8%	988,598,940	11.2%	1,021,448,940	15.0%	1,021,448,940	11.3%
Holders of the Offer Shares	—	—	15,000,000	0.2%	15,000,000	0.2%	15,000,000	0.2%	15,000,000	0.2%
Holders of the HK Placing Shares	—	—	600,000,000	9.0%	600,000,000	6.8%	600,000,000	8.8%	600,000,000	6.6%
Other existing public Shareholders	2,227,826,617	57.0%	2,227,826,617	33.3%	2,227,826,617	25.2%	2,227,826,617	32.7%	2,227,826,617	24.6%
	<u>3,907,435,485</u>	<u>100.0%</u>	<u>6,685,059,555</u>	<u>100.0%</u>	<u>8,829,506,805</u>	<u>100.0%</u>	<u>6,813,009,540</u>	<u>100.0%</u>	<u>9,052,556,805</u>	<u>100.0%</u>

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Notes:

1. These WN Shares are held by Leading Highway Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Mr. Cheng Yung Pun, a former Director who resigned on 16 February 2009.
2. These WN Shares are held by Shimmer Expert Investments Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Groom High Investments Limited. Groom High Investments Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Ms. Zhang Li, a director of a subsidiary of the Company.
3. These WN Shares are held by Parklane International, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Mr. Leung Chi Yan, a director of certain subsidiaries of the Company.
4. 96,008,000 WN Shares are held by Equity Valley Investments Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Mr. Luk Kin Peter Joseph, an executive Director, and 103,448,276 WN Shares are held by Pridedeful Future Investments Limited, a company controlled by Mr. Luk's spouse.

Based on publicly available information, the Company understands that WN Australia is the single largest shareholder (as detailed below) of BRM and FRS and that (1) the second largest shareholder of BRM holds 9.4% of the BRM Shares in issue as at the Latest Practicable Date and (2) the second largest shareholder of FRS holds 12.6% of the FRS Shares in issue as at the Latest Practicable Date. Assuming (1) none of the outstanding BRM Options and FRS Options outstanding as at the Latest Practicable Date are exercised; (2) acceptances under the Conditional Offers resulting in WN Australia holding just over 50% of all BRM Shares and 90% of all FRS Shares (and WN Australia proceeds to compulsorily acquire any remaining FRS Shares not acquired during the Offer Period) are received; (3) such second largest shareholder of BRM accepts the BRM Conditional Offer; and (4) such second largest shareholder of FRS accepts the FRS Conditional Offer, such second largest shareholder of BRM and FRS will hold approximately 6.1% and 0.4% of the issued share capital of the Company respectively as enlarged by the issue of the Consideration WN Shares, the issue of the maximum number of Offer Shares under the Offer for Subscription and the issue of the maximum number of HK Placing Shares under the Issue Mandate.

Assuming that only the BRM Conditional Offer completes where (1) all BRM Options outstanding as at the Latest Practicable Date are exercised, (2) the BRM Conditional Offer is fully accepted, (3) the maximum number of Offer Shares are issued, and (4) the maximum number of HK Placing Shares are issued, the Company's issued share capital will increase to 8,031,107,865 WN Shares, of which 43.7% will be held by BRM Shareholders.

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Assuming that only the FRS Conditional Offer completes where (1) all FRS Options outstanding as at the Latest Practicable Date are exercised, (2) the FRS Conditional Offer is fully accepted, (3) the maximum number of Offer Shares are issued, and (4) the maximum number of HK Placing Shares are issued, the Company's issued share capital will increase to 5,543,884,425 WN Shares, of which 18.4% will be held by FRS Shareholders.

In any case, the Company is not aware that any individual shareholder of BRM or FRS will become a substantial shareholder of the Company upon completion of the Conditional Offers.

THE GROUP'S SHAREHOLDING IN BRM AND FRS

The Company refers to its announcements dated 24 June 2009, 29 June 2009, 18 February 2010, 1 March 2010, 22 June 2010 and 16 September 2010. As at the Latest Practicable Date, WN Australia held (1) 32,347,405 BRM Shares, representing 22.6% of all BRM Shares in issue and (2) 40,934,400 FRS Shares, representing 19.9% of all FRS Shares in issue. Save for the above, to the best of the Director's knowledge, information and belief and having made all reasonable enquiries, (1) BRM and the ultimate beneficial owners of BRM and (2) FRS and the ultimate beneficial owners of FRS are Independent Third Parties.

Based on the present terms and conditions of the Conditional Offers, BRM and FRS may become subsidiaries of the Company after completion of the Conditional Offers, with the Group holding a minimum of just over 50% equity interest in BRM and 90% equity interest in FRS (unless waived by WN Australia).

All BRM Shares, including those held by WN Australia and those which may be acquired by WN Australia under the BRM Conditional Offer, rank *pari passu*.

All FRS Shares, including those held by WN Australia and those which may be acquired by WN Australia under the FRS Conditional Offer, rank *pari passu*.

INFORMATION ON BRM

Information on BRM in this sub-section is extracted from various public sources of information published by BRM.

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Overview

BRM is an ASX-listed Australian iron ore development company with a market capitalisation of approximately AUD647.4 million as at 9 November 2010 (being the last day of trading in BRM Shares before the Announcement Date) and AUD872.1 million as at the Latest Practicable Date.

BRM was originally listed on the ASX on 17 August 2004 as Yilgarn Mining Ltd and was renamed BRM to reflect the company's strategic decision to position itself as an iron ore developer. BRM's main focus is the development of the Marillana Project (as described below).

Overview of BRM's projects

(a) *Marillana Project*

Background

The Marillana Project is BRM's principal project and is located in the Hamersley Iron Province, 100 kilometres north west of Newman, Western Australia. The Marillana Project covers an area of 96 square kilometres and is held by a wholly owned subsidiary of BRM (see Figure 1). BRM has reported that the Marillana Project contains a JORC Code compliant ore reserve of 1,001.2 million tonnes of detrital ore grading 42.36% iron ("Fe") (Table 1) and 48.5 million tonnes of channel iron deposit ("CID") ore grading 55.5% Fe (Table 3).

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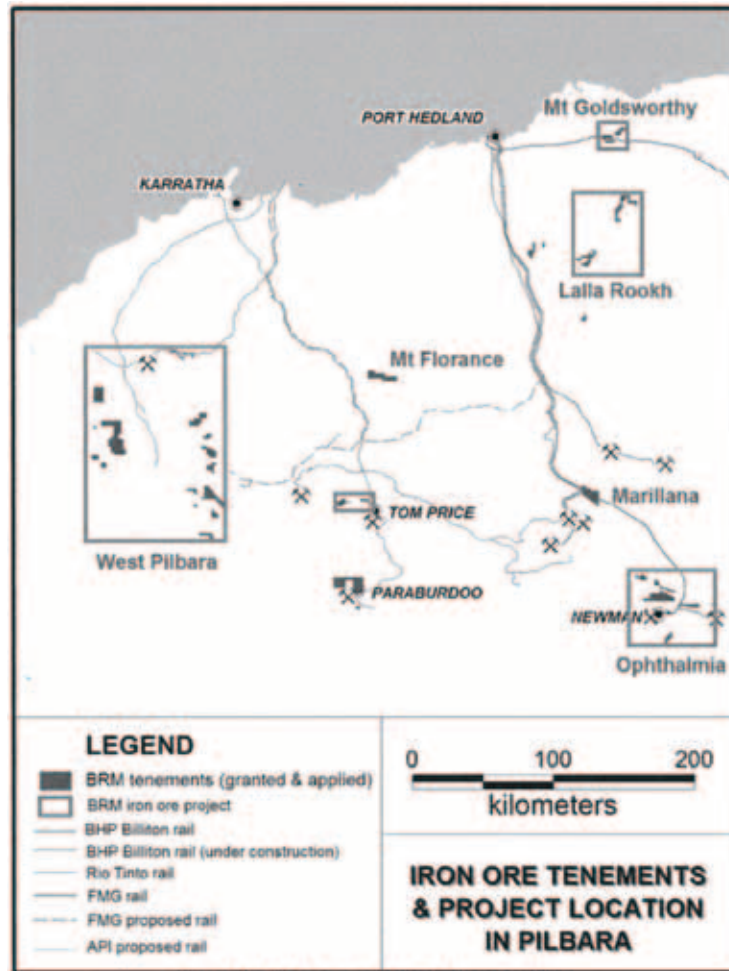


Figure 1: Marillana Project – Location Plan

Development of the project

The BRM Board decided to progress the Marillana Project as a long-life operation to achieve economies of scale. In December 2008, BRM contracted Ausenco Ltd, an engineering, project management and operations solutions consultant to the resources and energy industries, for the purposes of completing a pre-feasibility study (“PFS”) on the development of the Marillana Project. The PFS was completed on 10 August 2009 and confirmed the technical and financial robustness of a conventional mining and processing operation at the Marillana Project. According to the PFS, mining at the Marillana Project was assumed to be performed by conventional truck and shovel open pit mining methods.

As a result of the positive PFS, a definitive feasibility study (“DFS”) for the Marillana Project commenced in September 2009 and was completed and announced on the ASX on 29 September 2010.

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Based on BRM's announcement dated 29 September 2010, the DFS confirmed that the Marillana Project is an economically robust, long-life iron ore project that will generate substantial returns for BRM and its shareholders – paving the way for the commencement of a bankable feasibility study ("BFS") as the next stage of project development. The key outcomes of the DFS include:

- An ore reserve totalling 1.05 billion tonnes.
- The ore reserves support a 25-year mine life, with potential to increase production output or mine life.
- An estimated net present value in the range of AUD2.3 billion to AUD2.6 billion calculated on a post-tax (existing tax regime) real basis at a discount cash flow rate of 10%.
- An internal rate of return in the range of 27.7% to 37.9% estimated on an un-g geared basis.
- An improved waste to ore stripping ratio of 0.85 was confirmed following the development of the definitive mine plan and pit design and confirmation of the upgradability of the ore (at a 38% Fe head grade cut-off) to a marketable final product quality.
- The ore reserve (post beneficiation) supports the production of over 419 million tonnes of final product at an average grade of 60.5% to 61.5% Fe, with impurity levels comparable with other Direct Shipping Ores exported from the Pilbara.
- The life-of-mine average production rate for the Marillana Project will be 17 Mtpa, but will peak to a maximum of 21 Mtpa in various years of the mine plan.
- Pre-production mine and rail capital expenditures in the range of AUD1.3 billion to AUD1.9 billion.

Development schedule

With the completion of the DFS, the BRM Board will move to undertake a detailed review of its outcomes with a view to securing the optimal rail access and infrastructure solution. This will enable progression into the BFS stage as the foundation for project financing and strategic partner discussions during the first half of 2011. The BFS will establish the overall economics of the Marillana Project

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design and costings within an accuracy provision of $\pm 10\%$, which will be used by the BRM Board to assess and establish the basis and conditions for the Marillana Project's funding arrangements. BRM has been proceeding with discussions with potential project financing groups and interested parties seeking off-take and/or joint venture interests in the Marillana Project.

BRM plans to progress with the front end engineering design ("FEED") phase of the Marillana Project in the fourth quarter of 2010. The implementation plan for the Marillana Project will proceed initially on an engineering, procurement, construction and management ("EPCM") basis, but will be converted to an engineering, procurement and construction ("EPC") basis during detailed design. Under this arrangement, the EPC contractor undertakes the cost and time-related risks via a fixed-price agreement for delivery to a target timeframe. All project management, design and procurement work will be carried out by the EPC contractor, with this contractor managing other consultants, suppliers and contractors as necessary to deliver the defined scope of works. During the quarter ended 30 September 2010, engineering and construction contractors were engaged by BRM for the development of an EPC delivery contract for the process plant, stockyards, and train load-out and site infrastructure for the Marillana Project. Tender proposals have been received by BRM and a detailed review of the submissions is underway with a final recommendation expected to be made in the fourth quarter of 2010. FEED will commence immediately following the award of the contract.

The key milestones and targeted dates of the Marillana Project are set out in BRM's DFS announcement dated 29 September 2010, a copy of which has been reproduced and set out on page 167 of this circular.

Subject to a positive BFS and final investment decision, which are targeted for the third quarter of 2011, site construction is targeted to commence in November 2011, culminating in mining commencing in 2013 and plant commissioning late in that year followed by first ore shipment anticipated in early 2014.

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Project approvals

BRM has completed the environmental scoping document as required by law in Australia and the public review period was closed in June 2010. Following the closure of the public review period, BRM has now finalised its responses to all public submissions with the Office of the Environmental Protection Authority (“OEPA”).

In consideration of this, the OEPA has notified BRM that the project proposal will now be advanced to the OEPA board. Upon successful conclusion of the OEPA board review process, the OEPA will prepare a bulletin for public issue. Subject to an appeals process the OEPA will make its final assessment report and recommendations to the Minister for Environment. The Minister will then make the final approval decision with final government approval for the Marillana Project expected in the second quarter of 2011.

After the execution of Native Title mining agreements in December 2009, the mining lease was granted for the Marillana Project in January 2010. Based on BRM’s annual financial report for the year ended 30 June 2010, agreements are now in place with all associated native title claimant groups covering the entire Marillana Project site.

Ore Reserves

Following completion of mine planning and detailed mine design activities, an initial Ore Reserve Statement was prepared by Golder Associates Pty Ltd, a ground engineering and environmental company, in accordance with the JORC Code, as detailed in the following tables. Based on BRM’s announcement on the completion of the DFS, the information relating to ore reserves were compiled by employees of Golden Associates Pty Ltd and of BRM, all of whom are competent persons.

Table 1: Marillana Detrital Ore Reserves

Reserve Classification	Tonnes <i>(Mt)</i>	Fe <i>(%)</i>
Proven	133.2	41.55
Probable	868.0	42.48
Total	1,001.2	42.36

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Table 2: Marillana Post Beneficiation Final Product Specification

Final Product Grades for Marillana Detrital Ore Reserves						
Average Plant						
Feed Grade	Final Product Grade Ranges					
Fe (%)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)	LOI 1000C (%)
42.4	60.5–61.5	6.0–6.5	2.5–3.0	<0.02	<0.08	2.0–3.0

Table 3: Marillana CID Ore Reserves

Reserve						
Classification	Tonnes (Mt)	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	P (%)	LOI (%)
Probable	48.5	55.5	3.7	5.3	0.09	9.7
Total	48.5	55.5	3.7	5.3	0.09	9.7

Port and rail infrastructure required to progress development of the Marillana Project

The development and success of the Marillana Project is heavily dependent on access to rail and port infrastructure to economically transport the ore to future customers. For port infrastructure, BRM has partnered with FRS and Atlas Iron Limited to form the North West Iron Ore Alliance (“NWIOA”), a group that has secured the rights to construct a 50 Mtpa berth at Port Hedland (the “NWIOA Port”). A pre-feasibility study was completed for the development of multi-user berths and associated infrastructure at Port Hedland, which confirmed the viability and capability of development plans to accommodate the NWIOA members’ projected 50 Mtpa of iron ore exports by 2014.

The NWIOA has also been successful with regard to progressing rail infrastructure access, with the Australian Competition and Consumer Commission granting NWIOA interim authorization to engage in collective negotiations with the providers of rail infrastructure in the Pilbara region. The rail infrastructure options available to BRM are:

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- (a) the negotiation of haulage on BHP Billiton Limited's rail infrastructure;
- (b) the construction of a spur line to, and negotiation of access to or haulage on, Fortescue Metals Group Limited's rail infrastructure; and
- (c) construction of an independent, "end-to-end" rail line.

Marketing

According to BRM's annual financial report for the year ended 30 June 2010, a Memorandum of Understanding was signed with Sinosteel, China's largest importer of iron ore, for the purchase of up to 50% of total forecast production, to a maximum of 10 Mtpa, from the Marillana Project over an initial 5-year off-take period.

Outlook

Successful development and commercialisation of the Marillana Project will require the achievement of a number of successful milestones, including:

- a positive bankable feasibility study;
- ministerial environmental approval;
- completion of the NWIOA Port definitive feasibility study; and
- commercial agreements with owners of key infrastructure providers or the development of an independent, 'end-to-end' rail line.

Given the early stage of development of the Marillana Project, BRM will require a significant amount of capital to advance it to eventual production. Current estimates from the DFS announced on 29 September 2010 indicate capital costs of up to AUD1.9 billion which is significantly more than BRM's cash balance of approximately AUD78 million (as disclosed in BRM's Mining Exploration Entity Quarterly Report for the quarter ended 30 September 2010). The DFS did not consider an independent 'end-to-end' railway option – this capital expenditure would be in addition to the estimates released by BRM.

Further information in respect of the Marillana Project is set out in Appendix VII to this circular.

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(b) Other iron ore projects

Whilst the Company considered mainly the potential and prospect of the Marillana Project of the BRM Group when deciding the benefits of the BRM Conditional Offer, BRM also owns the Duck Creek, West Hamersley, Mt Stuart and Ophthalmia iron ore projects in the West Pilbara region of Western Australia. BRM has planned exploration programs for a number of these projects but to date has not delineated any JORC Mineral Resources or JORC Ore Reserves at these projects.

West Pilbara

BRM's West Pilbara project hub (the "Project Hub") comprises the Duck Creek, Mt Stuart and West Hamersley tenements. A brief description of these tenements based on public information published by BRM on ASX is as follows:

- Duck Creek

The Duck Creek iron ore project is located 115 kilometres WNW of Paraburdoo in the West Pilbara region. In late 2008, BRM reported that an assessment of results received from helicopter-supported surface rock-chip sampling has highlighted exploration targets at Duck Creek of iron ore grading 56% – 59% Fe.

- West Hamersley

The West Hamersley tenement is located in the West Pilbara region, Western Australia and is approximately 50 kilometres north of the Duck Creek iron ore project. West Hamersley comprises two granted Exploration Licences covering 120km² and on 1 June 2010 BRM reported that it has identified 5 new zones of hematite mineralisation grading 56% – 64% Fe. The recent work supports an exploration target of 20Mt – 30Mt grading 58% – 61% Fe for the West Hamersley tenement.

- Mt Stuart

The Mt Stuart project comprises two priority exploration licence applications. Previous reconnaissance sampling by BRM has identified direct shipping grade CID iron ore mineralisation, with 4 samples from a CID mesa averaging 58% Fe (calcined Fe = 64.3%), with low contaminants (4% SiO₂ and 2.7% Al₂O₃).

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The Project Hub is conveniently located within 30 kilometres of the proposed West Pilbara railway to be constructed by API Management Pty Ltd, a joint venture between Aquila Resources Limited (a company listed on ASX) and American Metals and Coal International Inc. (a private global mining, investment and trading corporation), to service its West Pilbara operations. The Project Hub is also located within 60 kilometres of the Rio Tinto Iron Ore Robe River Railway, which was recently declared open for rail access by the Australian Competition Tribunal.

There is also a proposal by Fortescue Metals Group Limited (“FMG”) to extend its Solomon rail spur to the west, to support the future development potential of FMG projects, which are located just 15 kilometres from Duck Creek. All three railway systems (proposed or existing) have the potential to link up to the recently approved Anketell Port development. This provides BRM with an opportunity to fast-track the development of the tenements within the Project Hub, utilising these rail lines and supporting the future development of the new port.

All requisite heritage surveys over the proposed drilling programmes at Duck Creek and West Hamersley have been completed. Site access tracks into Duck Creek and West Hamersley were established and drill pad preparation is complete at Duck Creek.

Reverse circulation drilling commenced at Duck Creek on 9 October 2010 and is planned to continue through to early November, followed sequentially by reconnaissance drilling programmes at the West Hamersley project. The approved drill programmes allow for in-fill drilling either late this year or early next year to permit rapid follow-up of encouraging first pass drill intercepts.

Ophthalmia

The Ophthalmia tenements are located within a 30 kilometres radius from the town of Newman and close to existing and planned operations by BHP Billiton Limited and Rio Tinto. Reconnaissance mapping and sampling at the Ophthalmia project has identified 2 new zones of hematite mineralisation grading up to 64% Fe. BRM has completed the requisite heritage survey over the proposed drilling programme at the Ophthalmia project and is planning an initial drilling program to test the identified targets at Ophthalmia once the drill rig completes first pass drilling at the West Pilbara tenements.

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(c) *Other projects*

Irwin-Coglia Nickel-Cobalt Laterite Project

BRM has a 40% interest in the Irwin–Coglia nickel-cobalt laterite joint venture (the “JV”) located 150 kilometres south east of Laverton in Western Australia. The remaining 60% interest in the JV is held by Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd. Since establishing the JV, the co-venturers have completed extensive drilling programs and reported an indicated mineral resource at Irwin-Coglia of 16.8Mt grading 1.07% Ni and 0.14% Co.

The above-mentioned amounts in respect of BRM’s mineral resources are prepared in compliance with the JORC Code.

Information on the directors of BRM

Barry Cusack, BE (Hons) M Eng Sci, FTSE, FAusIMM, FAIM, MAICD
Independent, Non-Executive Chairman

Mr. Cusack was appointed on 10 June 2010 with over 40 years of experience in the minerals industry including a career with the Rio Tinto (previously CRA Limited) group. Mr. Cusack held a number of key executive roles with Rio Tinto, including Managing Director of HiSmelt Corporation in the early 1990s, Managing Director Operations with Hamersley Iron from 1993 to 1997, and Managing Director of Rio Tinto Australia until 2001.

He also held numerous high profile Board positions including Chairman of Coal and Allied Industries Limited (1997-2002), Chairman of Bougainville Copper Limited (1997-2003), Chairman of Energy Resources Australia Limited (1997-2003), Director of Smorgon Steel Group Limited (2002-2007) and Chairman of Oz Minerals Limited (2002-April 2010).

He is currently Deputy Chairman of Macmahon Holdings Limited (since 2002) and Non-Executive Director of Toll Holdings Limited (since 2007). He is past President of the Minerals Council of Australia and the WA Chamber of Minerals and Energy, of which he is a Life Member.

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Ross Norgard, FCA

Non-Executive Deputy Chairman

Mr. Norgard is a chartered accountant and former managing partner of KMG Hungerfords and its successor firms in Perth, Western Australia. For the past 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses. He has held positions on industry committees including past Chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a current member of the National Disciplinary Committee, a former member of Lionel Bowens National Corporations Law Reform Committee, Chairman of the Duke of Edinburghs Awards Scheme and a former member of the University of Western Australia's Graduate School of Management (MBA Program). Mr. Norgard is also a Director of Ipernica Limited (Chairman since 1987) and Ammtec Ltd (since 1994).

Wayne Richards, BSc, Grad Dip of Management, GAICD

Managing Director

Mr. Richards has over 25 years experience in the mining and mineral processing industry, with extensive experience in the development and operation of nickel/cobalt and iron ore businesses. He commenced his career at Queensland Nickel Pty Ltd in 1985 and moved to Western Australia in 1997 as the Refinery Manager of the Murrin Murrin Nickel-Cobalt Project. He has been involved in the design, construction, commissioning and ramp-up of several significant Brownfield and Greenfield Projects within Australia. Prior to joining BRM, Mr. Richards fulfilled senior executive roles within BHP Billiton Iron Ore Pty Ltd. Mr Richards has been the Managing Director of BRM for the past two years and has been instrumental in the development of the Marillana Project.

Colin Paterson, BSc (Hons)

Executive Director

Mr. Paterson has over 25 years experience in the resources sector covering a diverse range of geological environments throughout Australia, but principally in iron ore, gold and nickel exploration in the Pre Cambrian of Western Australia. He has extensive experience in the technical supervision of exploration projects, resource development, project generation and project evaluations. Mr. Paterson was a founding Director of BRM and previously held the position of Principal Geologist with Asarco Australia Ltd and held a similar position with Mining Project Investors Pty Ltd (subsequently MPI Mines Limited).

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Ross Ashton, BSc MAusIMM

Independent, Non-Executive Director

Mr. Ashton has been involved in the exploration, consulting, financing and development of international mining projects since 1972 and is a founding Director of BRM. Mr. Ashton was a Director of GB Energy from 2004 to August 2010.

J David Nixon, BSc Eng, MAICD

Independent, Non-Executive Director — appointed 23 March 2009

Mr. Nixon has over 40 years experience in the mining and construction industries in Australia, Canada, Indonesia, New Zealand, and South Africa. His initial training was with De Beers in the diamond mining industry in South Africa. Mr. Nixon was a founding executive of Signet Engineering in 1990, and was a director of that company until its acquisition by Fluor Australia in 1996.

From 2001 to 2004, Mr. Nixon was project director of Fluor/SKM joint venture for the AUD1.0 billion BHP Billiton Iron Ore Asset Development projects, comprising the new Area C mine, extension of the rail from Yandi to Area C, and the expansion of the port facilities at Port Hedland. Between May 2006 and February 2008 Mr. Nixon was a Non-Executive Director of Atlas Iron Limited, and Non-Executive Chairman from February 2007 until November 2008. Mr. Nixon is currently a Non-Executive Director of Swick Mining Services Limited and of Moly Mines Limited. He also consults to MYR Consulting in the resources industry in Western Australia.

Financial information

Based on BRM's annual financial report for the year ended 30 June 2010, it recorded audited net assets of approximately AUD81.7 million (equivalent to approximately HK\$638.9 million) as at 30 June 2010. BRM's projects were under exploration development stage and did not generate any turnover for the years ended 30 June 2009 and 2010. The table below sets out the loss before and after taxation of BRM for the years ended 30 June 2009 and 2010.

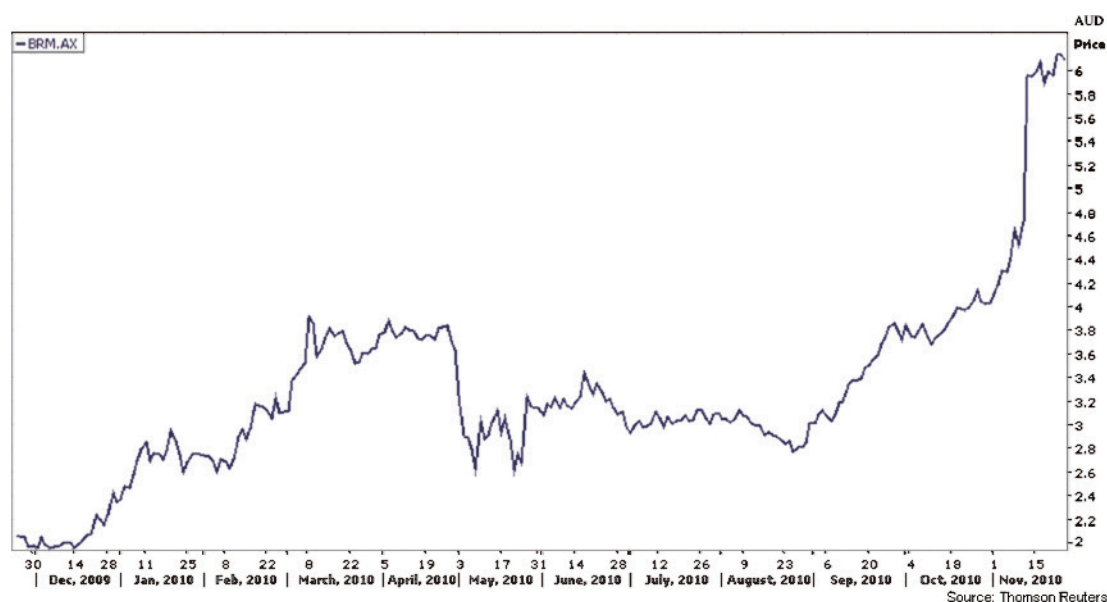
	For the year ended 30 June 2009		For the year ended 30 June 2010	
	Audited		Audited	
	<i>AUD '000</i>	<i>HK\$ '000</i>	<i>AUD '000</i>	<i>HK\$ '000</i>
Loss before taxation	15,212	118,958	24,239	189,549
Loss after taxation	14,751	115,353	24,239	189,549

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Please refer to Appendix V to this circular for the published financial information of the BRM Group for the three years ended 30 June 2010 and the relevant management discussion and analysis as extracted from the published annual reports of BRM for further information on the financial position and performance of the BRM Group.

Share price of BRM

The chart below shows the closing price per BRM Share from 25 November 2007 to the Latest Practicable Date.



INFORMATION ON FRS

Information on FRS in this sub-section is extracted from various public sources of information published by FRS.

Overview

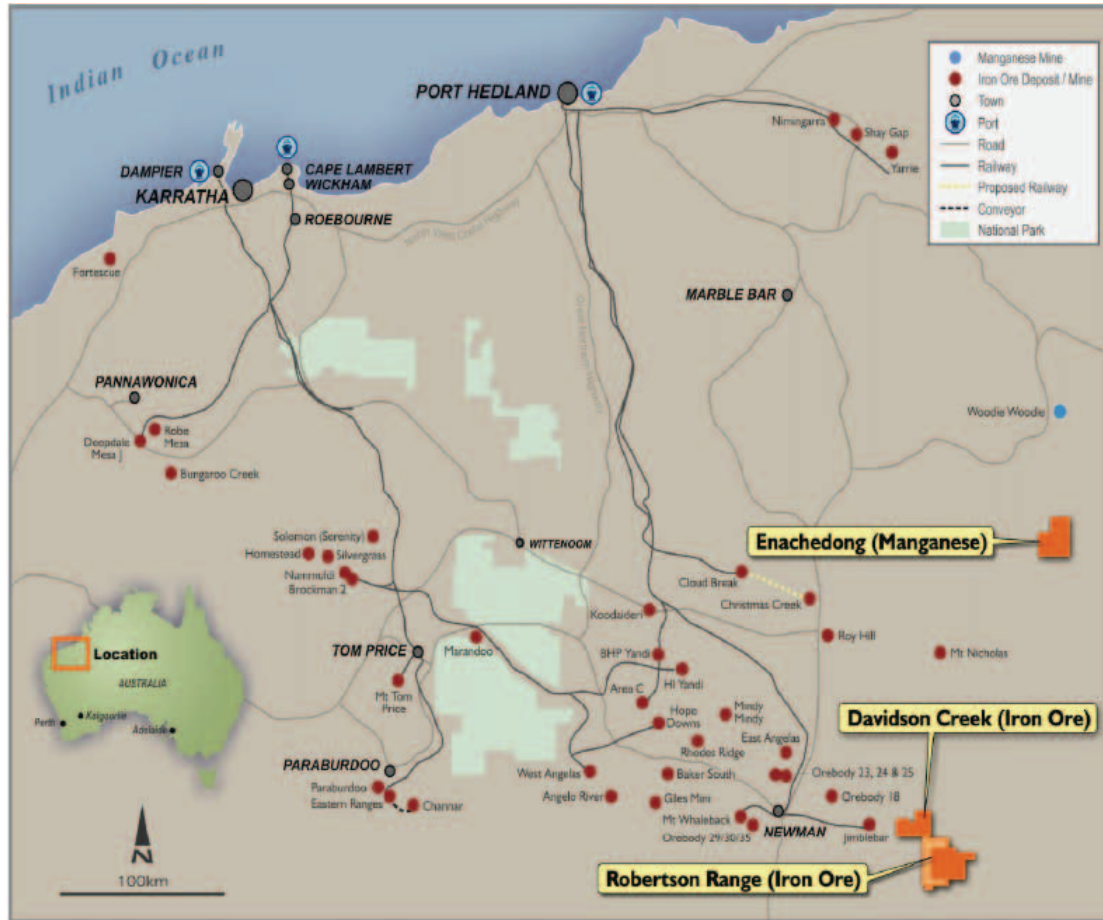
FRS is an ASX-listed Australian iron ore development company with a market capitalisation of approximately AUD174.8 million as at 9 November 2010 (being the last day of trading in FRS Shares before the Announcement Date) and AUD232.4 million as at the Latest Practicable Date.

FRS was incorporated on 6 July 2001 as Metals Quest Australia Limited for the purpose of compiling a portfolio of gold and base metals projects for exploration. On 10 November 2003, the company changed its name to NiQuest Limited. On 21 December 2005, following the acquisition of its current iron ore projects the company changed its name to FRS. FRS's main focus is the development of the FerrAus Pilbara Project (as described below) which is currently under exploration and evaluation stage.

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Overview of FRS's projects

The locations of FRS's projects are illustrated below:



(a) *FerrAus Pilbara Project*

Background

The FerrAus Pilbara Project is located northwest of Robertson Range and 35 kilometres east of BHP Billiton Limited's mining operations and rail infrastructure at Jumblebar. The FerrAus Pilbara Project is a combination of the Davidson Creek Iron Ore Project, the Robertson Range Iron Ore Project and the Murramunda Iron Ore Project. FRS has reported that the FerrAus Pilbara Project contains a JORC Code compliant ore reserves of 126 million tonnes (Table 4) and the current mineral resource at the FerrAus Pilbara Project totals 328.7 million tonnes with 217.8 million tonnes of higher grade resource (Table 5) and 110.8 million tonnes of medium grade resource (Table 6).

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Development of the project

On 24 February 2010, FRS completed a positive scoping study on the FerrAus Pilbara Project and as a result, commenced the pre-feasibility study (“PFS”). Sinclair Knight Merz, an engineering, sciences and project delivery firm, was the lead engineering company appointed by the Company for the PFS which was completed and announced on the ASX on 15 November 2010. Based on FRS’s 2009 annual report, the company’s development plans for the FerrAus Pilbara Project includes plans for a large scale open pit mining operations.

Based on FRS’s announcement dated 15 November 2010, the PFS confirms that the FerrAus Pilbara Project is financially robust and technically viable. The PFS estimates that the net present value of the project, using an 8% discount rate (real, after tax), ranges from AUD1,120 million to AUD1,340 million, with an after tax internal rate of return of between 24% and 26% and a discounted payback of 4 years.

The PFS is driven by two separate rail outcomes via either:

- (a) the construction of a spur line to, and negotiation of haulage on, BHP Billiton Limited’s rail infrastructure i.e. the Mount Newman railway system (the “Mount Newman Railroad”); or
- (b) the construction of a spur line to, and negotiation of access to or haulage on FMG’s rail infrastructure (the “TPI Railroad”).

The two rail infrastructure options available to FRS are further elaborated in the paragraph headed “Port and rail infrastructure required to progress the FerrAus Pilbara Project” of this sub-section below.

The initial capital cost estimated for the project is approximately AUD960 million which includes mine and plant infrastructure, rolling stock and a capital contribution for port development. The PFS is based upon certain key parameters, including:

- The final product grade is approximately 59% Fe, 2.3% Al₂O₃, 4% SiO₂, 0.09% P, 8.3% LOI;
- Product specification is comparable to Fortescue Metals Group Rocket fines and Rio Tinto Iron Ore Pilbara Blend fines;
- An average life of mine waste strip ratio of 4.32; and
- Production ramping up to 15 Mtpa of fines.

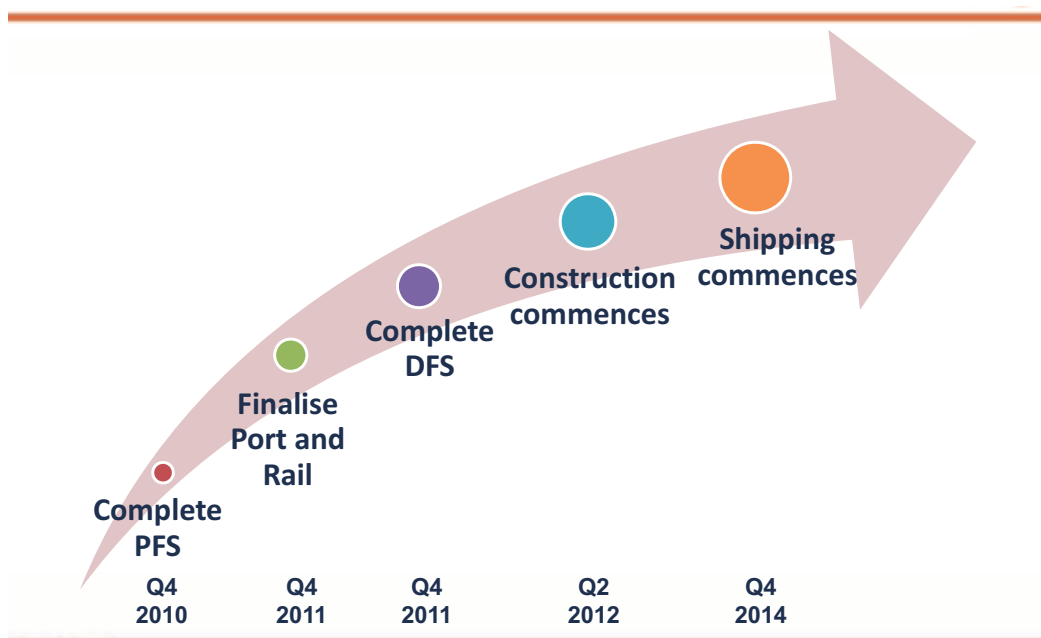
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Please refer to FRS's announcement dated 15 November 2010, a copy of which has been reproduced and set out on page 171 of this circular, for more information on the PFS carried out by FRS on the FerrAus Pilbara Project.

Development schedule

The PFS is only an estimate and is subject to completion of a positive definitive feasibility study ("DFS"), which FRS will now proceed with in order to be ready to commence construction of the mine in 2012 and achieve first shipment in 2014. During the next study stage, the focus will be on optimising the mine plan, enhancing the resource base, as well as reducing capital and operating costs, before finalising a DFS.

According to FRS the key milestones for the development of the FerrAus Pilbara Project are as follows:



In FRS's company presentation dated 15 September 2009, it was stated that FRS engaged ANZ to make preparations for project funding. Save as disclosed, the Company is not aware of any funding plans published by FRS.

Project approvals

According to FRS's announcement dated 24 February 2009, following a recommendation and agreement of support for mining by the relevant indigenous stakeholder groups (i.e. the Jigalong Community and the Nyiyaparli Native Title Claimant Group), the Western Australia government has granted FRS the consent to

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mine on its tenements located within the Jigalong Aboriginal Reserve. The consent to mine enabled FRS to progress with the development of an initial mining operation at its Robertson Range Iron Ore Project which forms part of the FerrAus Pilbara Project.

Ore Reserves and Mineral Resources

FRS announced on 15 November 2010 that the FerrAus Pilbara Project contains ore reserves of 126 million tonnes and that the total mineral resources for the FerrAus Pilbara Project has reached 328.7 million tonnes, details as set out in the following tables. The resources have been classified and reported in accordance with the JORC Code by Snowden Mining Industry Consultants, a provider of consulting services, technology solutions and technical training to the mining and related sectors. Based on FRS's announcement dated 15 November 2010, the information relating to mineral resources were compiled by an employee of FRS who qualifies as a competent person.

Table 4: Total Robertson Range and Davidson Creek Ore Reserve Estimate

Resource Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Proved	—	—	—	—	—	—
Probable	126.0	57.3	5.5	3.2	0.1	8.5
Total	126.0	57.3	5.5	3.2	0.1	8.5

Table 5: High Grade Mineral Resources (+55% Fe)

Area	Resource Classification	Resource						
		Tonnes (Mt)	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	P (%)	LOI (%)	CaFe (%)
Robertson Range	Measured	23.4	58.93	2.71	4.54	0.11	7.69	63.84
	Indicated	20.7	58.98	2.99	5.40	0.10	6.48	63.07
	Inferred	10.6	58.11	3.37	6.56	0.10	6.15	61.93
	Total	54.6	58.79	2.94	5.26	0.11	6.93	63.18
Davidson Creek	Measured	9.5	58.10	2.83	4.31	0.08	9.12	63.90
	Indicated	91.6	58.70	2.43	4.44	0.08	8.63	64.20
	Inferred	62.1	58.00	2.69	4.94	0.10	8.63	63.48
	Total	163.2	58.40	2.54	4.60	0.09	8.66	63.91
Total (+55% Fe)		217.8						

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Table 6: Medium Grade Inferred Mineral Resources (50-55% Fe)

Area	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	CaFe (%)
Robertson Range	16.2	53.00	8.51	5.40	0.12	8.85	58.20
Davidson Creek	94.6	53.20	8.41	5.11	0.09	9.28	58.60
Total	110.8						

Port and rail infrastructure required to progress the FerrAus Pilbara Project

The development and success of the FerrAus Pilbara Project is heavily dependent on access to rail and port infrastructure to economically transport the ore to future customers. As stated above, FRS is also a member of the NWIOA that has secured the rights to construct the NWIOA Port and has been granted authorisation to engage in collective negotiations with the providers of rail infrastructure in the Pilbara region. As stated above, the two rail infrastructure options available to FRS are the Mount Newman Railroad and the TPI Railroad.

On 18 November 2010, FRS announced that BHP Billiton Minerals Pty Ltd, Mitsui-Itochu Iron Pty Ltd and ITOCHU Minerals & Energy of Australia Pty Ltd (together, the “Mount Newman Participants”) commenced legal proceedings on the same date against FRS and the President of Engineers Australia in the Supreme Court of Western Australia.

FRS previously sought to reach an agreement with the Mount Newman Participants on the terms of rail haulage of FRS’s iron ore on the Mount Newman Railroad but has been unable to do so. As a consequence, FRS sought agreement with the Mount Newman Participants to appoint Professor Allan Fels AO as an independent expert to determine the terms of the rail haulage in accordance with the dispute mechanism resolution under the 1987 Rail Transport Agreement between the Western Australian Government and the Mount Newman Participants (the “State Agreement”).

As the Mount Newman Participants declined to agree to the appointment of Professor Fels, FRS exercised a right under the State Agreement to request the President of Engineers Australia to appoint an independent expert to determine the contractual arrangements of rail haulage. Under the State Agreement, the independent expert’s decision is final and binding on the Mount Newman Participants and FRS.

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The Mount Newman Participants are seeking from the Supreme Court of Western Australia declarations and injunctive relief in respect to these possible further steps leading to the appointment of an independent expert by the President of Engineers Australia.

FRS subsequently announced on 22 November 2010 that it was in discussions with the Mount Newman Participants in relation to the legal proceedings. On 24 November 2010, FRS announced that, subject to the finalisation of a confidentiality agreement with the Mount Newman Participants, it will seek to finalise the terms of an agreement for rail haulage of its iron ore product on the Mount Newman Railroad as soon as possible and would provide updates in due course.

If these discussions do not resolve the legal proceedings, the litigation may result in FRS ultimately being prevented access to the Mount Newman Railroad (and result in FRS incurring legal and other costs associated with defending the proceedings).

The Company does not consider this to be material and will not change its plan regarding the FRS Conditional Offer as the use of rail haulage on the Mount Newman Railroad only represents one of the rail infrastructure options available to FRS. The Company will issue further announcements on any further material development in this regard.

Outlook

Successful development and commercialisation of the FerrAus Pilbara Project will require the achievement of a number of successful milestones, including:

- a positive definitive feasibility study; and
- finalisation of port and rail infrastructure.

Given the early stage of development of the FerrAus Pilbara Project, FRS will require a significant amount of capital to advance it to eventual production. Current estimates from FRS's pre-feasibility study announced on 15 November 2010 indicate capital costs of AUD960 million, which is significantly greater than FRS's cash balance of approximately AUD22 million (as disclosed in FRS's Mining Exploration Entity Quarterly Report for the quarter ended 30 September 2010). The pre-feasibility study did not consider an independent "end-to-end" railway option – this capital expenditure would be addition to the estimates released by FRS.

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Further information in respect of FRS's principal project of FerrAus Pilbara Project is set out in Appendix VIII to this circular.

(b) Other projects

Whilst the Company evaluated the terms and prospects of the FRS Conditional Offer based on the FerrAus Pilbara Project, the FRS Group also owns some other projects as follows.

Enachedong Project

Enachedong is located approximately 200 kilometres north east of Newman and 60 kilometres south of the manganese mining operation at Woodie Woodie, Western Australia. The project is prospective for manganese mineralisation.

Lawson Gold Project

Formerly known as the Silver Swan Project, this project is located approximately 45 kilometres north west of Kalgoorlie, Western Australia. According to FRS's announcement dated 30 July 2010, the Lawson Gold Project has several significant gold deposits and mines located nearby, including the Paddington Gold Mine and Barrick Gold Corporation's Kanowna Belle Gold Mine. On 25 May 2010, FRS announced its proposal to spin-off the Lawson Gold Project. The project was officially handed over to Lawson Gold Limited in July 2010, with FRS holding approximately a 6% equity interest therein.

Information on the directors of FRS

John Nyvit

Non-Executive, Chairman (Bachelor of Science — Honours)

Mr. Nyvit is responsible for Penfold Limited's business development and acquisitions. Penfold Limited is a major shareholder of FRS. Prior to joining Penfold in 2000, Mr. Nyvit worked with Normandy Mining Group for eight years, where he was responsible for sales and marketing of the group's mine production and for supplying services and materials to the group's operations. Mr. Nyvit worked previously as a geologist and in various commercial roles with EZ Industries, North Broken Hill and Pasminco.

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Robert Greenslade

Non-Executive Director (Bachelor of Economics)

Mr. Greenslade is a founding Director of Adelaide-based boutique investment bank Gryphon Partners Pty Limited specialising in resource transactions in the public and private sectors. Prior to 2002, Mr. Greenslade was Group Executive Corporate for Normandy Mining Limited heading up the company's corporate division. Following the takeover of Normandy Mining Limited by Newmont Mining Corporation Inc, he was appointed Vice President of Newmont Capital Limited responsible for the Group's Australian and Asian Pacific corporate and business development activities. Mr. Greenslade is also a non-executive Director of ASX listed company Oaks Hotel and Resorts Limited and Innovance Limited.

Guoping Liu

Non-Executive Director

Mr. Liu is the Vice President of China Railway Materials Commercial Corporation (CRM) and Chairman to the Board of its wholly owned subsidiary Union Park Company (UPC). He has extensive international experience and relationships within USA, Europe and South America.

James Wall

Non-Executive Director (Bachelor of Engineering)

Mr. James Wall has a Bachelor of Engineering from the University of Western Australia. In the 90s he was Managing Director of Savage Resources Limited. From 2000 until 2009 he was a Director of CBH Resources Limited and for most of that period was the Executive Chairman. He is currently the Executive Chairman of Kimberley Metals Limited. During his extensive mining history he has field experience in iron ore, nickel laterite, coal, copper, gold, lead and zinc. He is a fellow in the Australian Institute of Mining and Metallurgy.

Joe Singer

Non-Executive Director (Bachelor of Science and Engineering, MBA, International Business and Finance)

Mr. Singer is the founding Director of Penfold Limited, a major shareholder of FRS, and is involved in marketing, trading and investment in minerals and metals industries. Prior to establishing Penfold Limited, Mr. Singer held senior roles with international trading and investment companies, Itouchu, Marc Rich & Co and Glencore. The bulk of his experiences

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deals with physical trading of base metals and concentrates and is predominantly Asia focused. He also served five years as a Director of China Western Mining Co. Ltd (WMC), the first foreign Director of a Shanghai listed Chinese mining company. Mr. Singer is trained as a civil engineer and graduated from the University of Chicago with a MBA in 1986. Through his work experiences and travels he has gained some fluency in Chinese, Japanese, Spanish and English.

James Li

Non-Executive Director — Alternate for Mr Guoping Liu (Master of Engineering)

Mr. Li is the President of China Railway Materials (Australia) Pty Limited, the Australian branch of China Railway Materials. He held an engineering role with Ministry of Railways in China and has a Master of Engineering from University of New South Wales. He has also been an Alternate Director of Mount Gibson, and an Alternate Director of Yilgarn Infrastructure Limited which was involved the Oakajee Project in the Mid-West of Western Australia.

Bryan Oliver

Executive Director (Associateship in Civil Engineering, Graduate Stanford Executive Program)

Mr. Oliver, who joined FRS in early September 2010, has more than 30 years experience as a senior executive in the iron ore industry for organisations including Midwest Corporation, Robe River Mining and Iron Ore Company of Canada.

His responsibilities have included the management of complex mining and resource operations, many of which have delivered significant increases in shareholder value over sustained periods of time.

Mr. Oliver's recent experience at Midwest Corporation included overall responsibility for development of projects at Weld Range, Jack Hills, and Robinson Range hematite projects and Koolanooka magnetite project in the Mid West of Western Australia. In addition Mr. Oliver progressed the small scale start up (1 to 2 Mtpa hematite) at Koolanooka and Blue Hills and completed capital raisings for Bankable Feasibility Studies for Weld Range and the Jack Hills projects.

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Financial information

Based on FRS's annual financial report for the year ended 30 June 2010, it recorded audited net assets of approximately AUD84.9 million (equivalent to approximately HK\$663.9 million) as at 30 June 2010. FRS's projects were under exploration development stage and did not generate any turnover for the years ended 30 June 2009 and 2010 apart from interest income, fuel sales and other income. The table below sets out the loss before and after taxation of FRS for the years ended 30 June 2009 and 2010.

	For the year ended		For the year ended	
	30 June 2009		30 June 2010	
	Audited		Audited	
	<i>AUD '000</i>	<i>HK\$ '000</i>	<i>AUD '000</i>	<i>HK\$ '000</i>
Loss before taxation	3,151	24,641	8,325	65,102
Loss after taxation	2,918	22,819	8,290	64,828

Please refer to Appendix VI to this circular for the published financial information of the FRS Group for the three years ended 30 June 2010 and the relevant management discussion and analysis as extracted from the published annual reports of FRS for further information on the financial position and performance of the FRS Group.

Share price of FRS

The chart below shows the closing price per FRS Share from 25 November 2007 to the Latest Practicable Date.



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DUE DILIGENCE

Set out below is a summary of the due diligence work carried out by the Company in assessing and evaluating the Conditional Offers:

- The Company considers the ASX a reputable stock exchange with an established track record of listing of mineral resources companies, promoting good corporate governance, shareholders' communications and information disclosures. BRM and FRS are companies listed on the ASX and consequently are subject to the disclosure requirements of the ASX Listing Rules. Information on resources published by BRM and FRS is required to be compiled in accordance with the JORC Code and certified by competent persons. The Company is not aware of any alleged information misstatements of BRM and FRS in the past two years. The Board has studied the information published by BRM and FRS, including but not limited to the results of the various feasibility studies, in order to assess their respective development, mineral resources and reserves, financial conditions and prospects. The Company has internally reviewed the feasibility of the business of BRM and FRS based on their published information and plans, information published by peer companies (such as the quality of their iron ore output, reported investments and costs of some iron ore mining projects close to the Marillana Project and the FerrAus Pilbara Project) and research report by external analysts. The Company has also considered the expected synergies of acquiring BRM and FRS together, which own the closely located iron ore projects in Marillana and Pilbara, including the possible benefits of economies of scale on production and marketing, the resulting improved position in respect of rail and port infrastructure (where BRM and FRS are two of the three members of NWIOA (please refer to the paragraphs headed "Information on BRM" and "Information on FRS" above for more information on the infrastructure plans of BRM and FRS)) and additional financing sources from the Company.
- The Company has studied the iron ore market in Australia and the world through, among other things, reviewing information published by the various governments (including Australia and China) regarding iron ore trading, available research reports in this regard and discussions with its financial advisers in Australia. The Company has also carried out independent litigation searches on each of BRM and FRS and is satisfied with the results of the searches prior to the announcement of the Conditional Offers.
- Before the announcement of the Conditional Offers, the Group has already acquired a significant shareholding interest in each of BRM and FRS. The significant shareholding position has facilitated the Company's communications with the management of BRM and FRS and allowed the Company to obtain a better understanding on the directors and management of the two companies.

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- The Company has studied the valuations of BRM and FRS based on, among other things, their respective reported resources and peer comparisons. The Company considers that the Implied Offer Value is fair and reasonable.
- The Company visited the project site of FerrAus Pilbara Project in June 2010 in connection with FRS's share placement exercise to the Company, as announced by the Company on 22 June 2010.

Based on the review and other due diligence work of the Company, the Company is not aware of any finding contrary to the information published by BRM and FRS. The Company considers that the Marillana Project of BRM and the FerrAus Pilbara Project of FRS are economically feasible based on their business plans and possible synergies and benefits if the Company obtained a controlling shareholding interest in each of the two companies upon completion of the Conditional Offers. The Company also concluded that the valuations under the Conditional Offers are fair and reasonable.

Based on the published information of BRM and FRS and the due diligence work performed by the Company as set out above, the Company is not aware of any non-compliance by BRM and FRS with any laws and regulations in relation to iron ore mining in Australia (as set out in detail in Appendix II to this circular).

In addition, with regard to the details of the licences/approvals obtained and to be obtained by BRM and FRS for its mining operations, including their validity periods and conditions to renewal (if any), as the Company currently does not have access to non-public information of BRM and FRS, such information will be set out in the supplemental circular to be issued by the Company (as further elaborated in the section headed "Listing Rules Requirements and the SGM" below) after completion of the Conditional Offers.

Under the relevant laws and regulations of Australia, once an application for tenement is approved and the tenement granted, a mining company can proceed with exploration work followed by feasibility studies and obtaining a mining licence, finalising the capital expenditure and infrastructure needs for the mining project and finally commercial production. As set out in the paragraphs headed "Information on BRM" and "Information on FRS" above, each of BRM and FRS is already in the feasibility studies stage in respect of their principal projects of Marillana Project and FerrAus Pilbara Project respectively. Accordingly, the Company believes that the BRM Group and the FRS Group have been granted the necessary tenements for their exploration work in the Marillana Project and the FerrAus Pilbara Project.

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Based on information published by BRM and FRS, the Company is of the understanding that the relevant licences for the mining operations of BRM and FRS are held by operating subsidiaries and not the listed entities. As such, the Conditional Offers, which involves the acquisition of the listed entities i.e. BRM and FRS, would not constitute a transfer of mining licences subject to prior consent of the minister responsible for the administration of the Mining Act 1978 (WA).

FINANCIAL EFFECTS OF THE CONDITIONAL OFFERS

Effect on assets and liabilities

The Group currently holds approximately 22.6% and 19.9% equity interests in BRM and FRS respectively. The Group's investments in BRM and FRS are presently accounted for as available-for-sale investments in the Company's consolidated financial statements.

The consideration for the Conditional Offers will be satisfied by the issue of Consideration WN Shares. Assuming full acceptance of the Conditional Offers, BRM and FRS will become subsidiaries of the Company and will be consolidated into the Company's consolidated financial statements upon completion of the Conditional Offers. On this basis, the net assets of the Group is expected to increase upon completion of the Conditional Offers by an amount representing the Group's share of the fair value of the net assets of the BRM Group and the FRS Group.

Based on the unaudited condensed consolidated financial information of the Group for the 6 months ended 30 June 2010, the Group had total assets of approximately HK\$1,840,174,000 and total liabilities of approximately HK\$201,552,000. Based on the audited consolidated financial statements of BRM for the year ended 30 June 2010, BRM's major assets were cash and cash equivalents of approximately AUD84.2 million (equivalent to approximately HK\$658.4 million) and other receivables of approximately AUD0.8 million (equivalent to approximately HK\$6.3 million); whilst the major assets of FRS based on its audited consolidated financial statements for the year ended 30 June 2010 were exploration and evaluation assets of approximately AUD55.2 million (equivalent to approximately HK\$431.7 million) and cash and cash equivalents of approximately AUD29.6 million (equivalent to approximately HK\$231.5 million). Both BRM Group and FRS Group were debt-free as at 30 June 2010.

Accordingly, assuming BRM and FRS become subsidiaries of the Company upon completion of the Conditional Offers, the total assets of the Group is expected to increase by an amount representing the Group's share of the fair value of BRM's and FRS's assets. As both the BRM Group and the FRS Group were debt-free (save for some accruals and payables) and the consideration for the Conditional Offers will be satisfied in the form of equity, the total liabilities of the Group is not expected to have any material increase upon completion of the Conditional Offers.

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Effect on earnings

Both BRM and FRS are still in the exploration stage and have not yet commenced production. The BRM Group and the FRS Group have not yet been profit making and recorded net loss for the last three years ended 30 June 2010. The Company believes the exploration and evaluation works of the BRM Group and the FRS Group have been progressing and that the estimated ore reserves of BRM and the estimated mineral resources of FRS will help strengthen the earnings prospect of the Enlarged Group in the long-run when BRM and FRS start exploitation, production and sale.

Assuming that BRM and FRS will become subsidiaries of the Group after completion of the Conditional Offers, any expenditures and loss of the BRM Group and the FRS Group will be consolidated into the income statement of the Enlarged Group.

Effect on gearing and working capital

As mentioned above, both BRM and FRS have not yet commenced production. As at 30 June 2010, the BRM Group had cash and cash equivalent of AUD84.2 million and was debt free; and the FRS Group had cash and cash equivalent of AUD29.6 million and was debt free. The Conditional Offers are financed by the issue of Consideration WN Shares. The Company does not expect any material adverse impact on the Enlarged Group's gearing and working capital position upon completion of the Conditional Offers. BRM will require approximately up to AUD1.9 billion to advance its Marillana Project to eventual production whilst FRS's pre-feasibility study announcement estimated capital costs of AUD960 million. As the estimated capital costs are significantly more than BRM's and FRS's respective cash balances, upon completion of the Conditional Offers and assuming BRM and/or FRS become subsidiaries of the Company, the Group may support the financing requirements of the BRM Group and/or the FRS Group through debt and/or equity financing as considered appropriate by the Board and the respective management of BRM and FRS as and when required. The Group may support the financing requirements of the BRM Group and the FRS Group by the issue of new WN Shares under the Issue Mandate. Further information on the Group's intention of funding the development of BRM and FRS (after completion of the Conditional Offers) is set out in the paragraph headed "Reasons for and benefits of the Conditional Offers" below.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$400,000,000 divided into 4,000,000,000 WN Shares, of which 3,907,435,485 WN Shares were in issue as at the Latest Practicable Date.

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In order to accommodate the issue of the maximum number of Consideration WN Shares under the Conditional Offer, and the maximum number of Offer Shares and WN Option Shares under the Offer for Subscription, the Board proposes to increase the authorised share capital of the Company to HK\$1,000,000,000 divided into 10,000,000,000 WN Shares, by the creation of an additional 6,000,000,000 WN Shares. As at the Latest Practicable Date, the Company may issue: (1) up to 4,530,121,320 WN Shares under the Conditional Offers, (2) 15,000,000 WN Shares under the Offer for Subscription and (3) 600,000,000 WN Shares under the Issue Mandate which may utilise part of the authorised share capital to be increased.

Immediately after the completion of the Proposed Increase in Authorised Share Capital and assuming no new WN Shares are issued or repurchased from the Latest Practicable Date up to the SGM, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 10,000,000,000 WN Shares, with 3,907,435,485 issued WN Shares and 6,092,564,515 unissued WN Shares.

The Proposed Increase in Authorised Share Capital is subject to the approval of Shareholders at general meeting. In connection with the Conditional Offers, the Company will seek approval from the Shareholders for, among other things, the allotment and issue of the Consideration WN Shares. The resolution in respect of the allotment and issue of the Consideration WN Shares will in turn be subject to the Shareholders' approval of a separate resolution for the Proposed Increase in Authorised Share Capital. Accordingly, if the Shareholders do not approve the Proposed Increase in Authorised Share Capital, any approval of the Shareholders for the allotment of and issue of the Consideration WN Shares will not become effective and thus the Conditional Offers will not become unconditional and will lapse.

REMUNERATION OF DIRECTORS

The Bye-laws provide that the Directors' remuneration shall be determined by the Company in general meeting. The Shareholders passed the resolution at the 2009 AGM to authorise the Board to fix the Directors' remuneration. The Company intends to fix a maximum sum of AUD2 million (equivalent to approximately HK\$15.6 million) in aggregate for executive Directors and AUD1 million (equivalent to approximately HK\$7.8 million) in aggregate for non-executive Directors, per annum. Such maximum Directors' remuneration will be subject to Shareholders' approval at the SGM. The Directors and their respective associates shall abstain from voting on the resolution in connection with the maximum Directors' remuneration at the SGM.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Background information on the Group

The Company, through its subsidiaries, is principally engaged in:

- (a) the exploitation, processing and sales of mineral resources, including copper, zinc and lead ore concentrates in the PRC;
- (b) the provision of limousine rental and airport shuttle bus transportation services in Hong Kong and the PRC; and
- (c) the investment of funds in equity securities.

Mining business

Luchun Xingtai Mining Company Limited (“Luchun Xingtai”), a Sino-foreign equity joint venture enterprise established in February 2004 in the PRC which is indirectly 90% owned by the Company, is engaged in the exploitation, processing and sale of copper ore concentrate. Luchun Xingtai owns 100% of the Damajianshan Mine. In the financial year ended 31 December 2009 (“FY2009”) and the 6 months ended 30 June 2010 (“FP2010”), Luchun Xingtai’s production volume of copper concentrate was approximately 340 tonnes and 125 tonnes respectively, and its sales of copper concentrate was amounted to approximately 410 tonnes and 74 tonnes. For FY2009, and FP2010, the Company recorded a turnover of approximately HK\$14.8 million and HK\$3.4 million respectively from Luchun Xingtai.

During FY2009 and FP2010, production was relatively low as the emphasis was on exploration and the delineation of additional resources to support an expanded operation. Subject to the progress of further exploration and the production plan, the Company plans to increase the production volume to meet the growing demand in the PRC market and thus improve the present production efficiency as the scale of production increases. The Company will continue to develop its existing mine in the PRC with a view to increasing the Group’s copper production and revenue.

The Company plans to be a developer of strategic mining assets in politically stable, mineral resource-rich countries. Over the past two years, the Group has restructured its business to focus on strategic acquisitions of iron ore projects and, to augment this objective, the development of its copper operation. The Company will continue to develop the Damajianshan Mine through further exploration in order to delineate and upgrade mineral resources and subsequently increase copper metal production of the mine.

LETTER FROM THE BOARD

Following the Conditional Offers, the Directors will pursue additional strategic acquisitions in order to realise their plan. It is expected these future assets will continue to enhance shareholder value, above the anticipated benefit provided by the assets of BRM and FRS.

Other business of the Group

The limousine rental and airport shuttle bus business is carried through another wholly-owned subsidiary of the Company, Perryville Group Limited.

This business segment provides high end limousine rental services in Hong Kong and the PRC (including Shenzhen, Guangzhou, Shanghai and Beijing) and airport shuttle bus services in Hong Kong. Currently, the Group has a fleet of 133 limousine cars serving major hotels, corporate and individual customers. The Group recorded a total turnover of HK\$80.6 million from its limousine and airport shuttle business in Hong Kong and the PRC for the FY2009 and HK\$51.8 million for the FP2010. The Company believes that this business segment will continue to provide a stable revenue and income source to the Group.

Save for disclosed on page 139 of this circular, whereby the Group plans to gradually phase out its limousine business in Beijing the PRC, the Company does not have any current intention to downsize its existing business, nor are there any agreement, arrangement, understanding or negotiation for the disposal or termination of the Group's existing business.

Reasons for and benefits of the Conditional Offers

The Conditional Offers represent a significant step for the Company in achieving its plan to become a developer of strategic mining assets. If the Conditional Offers are successful, to the Company's knowledge, the Company will become the only listed company on the Stock Exchange developing significant Australian hematite iron ore projects. The Enlarged Group's JORC Code compliant iron ore mineral resource currently totals more than 1.8 billion tonnes. With such a large resource base, the Enlarged Group will be able to position itself as a meaningful iron ore producer both in the Pilbara region, and globally.

Through the Conditional Offers, the Company is seeking to maximise benefits to its current and future shareholders. The Enlarged Group expects to progress its Australian iron ore projects to production and aims to be a significant iron ore producer by global standards. In order to ensure the continuation of the Marillana Project and the FerrAus Pilbara Project, the Group intends to retain some, or possibly all, of the key management and members of the boards of BRM and FRS respectively. In addition, the Company has recently appointed Mr. Warren Talbot Beckwith as a director of WN Australia.

LETTER FROM THE BOARD

Mr. Beckwith is a Chartered Accountant with many years experience as a partner in international firms within Australia and overseas, and is currently a corporate financial adviser predominantly within the mining, technology, and property sectors. He held directorships or executive positions in listed companies in Australia, Hong Kong and the United Kingdom and is currently the chairman of Westralian Group Pty Ltd (a Western Australian investment company), the chairman of Gondwana Resources Limited (an ASX-listed mineral exploration company principally focused on gold, iron ore, uranium and nickel in Western Australia), and an independent non-executive director of China Properties Group Limited (a property development and investment company listed on the Stock Exchange). In addition, the Company has identified and been in close communication with two senior mining executives, both are qualified mining professionals and are currently members of the Australasian Institute of Mining and Metallurgy with a view to recruiting them under WN Australia. They have extensive mining experience of more than 30 years and knowledge about Pilbara iron ore.

Of the mining experience of the Board members, Mr. Luk Kin Peter Joseph, the chairman of the Company and an executive Director, has extensive experience in the mining industry, having previously served as the chief executive director and deputy chairman of China Mining Resources Group Limited (a company listed on the Stock Exchange and principally engaged in, among other things, mining and processing of molybdenum, copper and zinc in the PRC). In addition, the Company intends to invite appropriate board members and key management of BRM and FRS to join the Board. The Company may also extend its invitation to other suitably experienced mining professionals to join the Board.

Further details on the Group's intentions after the completion of the Conditional Offers are set out in the following paragraphs.

The Enlarged Group will be a larger, more financially secure and growth focused company with an expanded multi-mine asset base. Accordingly, the Directors believe that investing in the BRM Shares and the FRS Shares through the Conditional Offers represents a good investment and business opportunity.

Following the close of the Conditional Offers, the Company intends to conduct a review of the operations, assets, structure and employees of BRM and FRS (the "Review") to identify:

- (1) business opportunities and areas of revenue generation which may provide overall strategic operational benefit;
- (2) areas of costs saving which may provide overall strategic and operational benefit;
and

LETTER FROM THE BOARD

- (3) any business or businesses which do not fit into the strategic plan for BRM and/or FRS and to evaluate the best and most appropriate way of organising such business or businesses.

Final decisions will only be reached after the Review and in light of all material facts and circumstances.

BRM Conditional Offer

It is the Company's current intention to continue the operation of BRM's existing business and in particular to focus on the rapid development of the Marillana Project. Although not finalised at the time of this circular, if WN Australia is successful in gaining a 90% or more interest in BRM through acceptances of the BRM Conditional Offer and then compulsorily acquires any minority interests, the Company's focus is likely to include:

- completing the bankable feasibility study on the Marillana Project;
- progressing the NWIOA Port definitive feasibility study;
- negotiating rail agreements necessary to support the Marillana Project;
- on completion of the feasibility studies, proceeding to secure the development capital and/or project finance required to develop the Marillana Project and related infrastructure;
- targeting the development of the Marillana Project to achieve first production (with a production rate of 17 Mtpa) as soon as practicable; and
- assessing BRM's assets to determine the prospectivity of exploration potential and determining how best to assign resources to undertake such exploration.

The Company may appoint its own nominees to join the BRM Board. The Company currently intends to keep some, or possibly all, of the members of the BRM Board and the board of directors of any company in respect of which BRM has nominee directors.

If upon completion of the BRM Conditional Offer, WN Australia obtains ownership of less than 90% of BRM but gains effective control of BRM, the Company will, through its nominees on the BRM Board, participate in the board deliberations and decision making on the funding requirements for the Marillana Project and for BRM generally. The funding alternatives may include debt, equity or a combination of both. In the event of

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any debt fund raising by BRM, the Company will use its reasonable endeavours to assist BRM in procuring funds required for the short and long term development of its projects. In the event of any equity fund raising by BRM, it is the Company's current intention to participate in the fund raising by, (1) if the fundraising is by way of a placement, subscribing for shares or, (2) if the fundraising is by way of a rights issue, by taking up its rights and offering to act as underwriter or sub-underwriter to the issue.

FRS Conditional Offer

It is the Company's current intention to continue the operation of FRS's existing business and in particular to focus on the development of the FerrAus Pilbara Project. Although not finalised at the time of this circular, if WN Australia is successful in gaining a 90% or more interest in FRS through acceptances of the FRS Conditional Offer and then compulsorily acquires any minority interests, the Company's focus is likely to include:

- completing the definitive feasibility study on the FerrAus Pilbara Project;
- progressing the NWIOA Port definitive feasibility study;
- negotiating rail agreements necessary to support the FerrAus Pilbara Project;
- on completion of the definitive feasibility studies, proceeding to secure the development capital and/or project finance required to develop the FerrAus Pilbara Project and related infrastructure;
- targeting the development of the FerrAus Pilbara Project to achieve first production (with a production rate of 15 Mtpa) as soon as practicable; and
- assessing FRS's assets to determine the prospectivity of exploration potential and determining how best to assign resources to undertake such exploration.

The Company may appoint its own nominees to join the FRS Board. The Company currently intends to keep some, or possibly all, of the members of the FRS Board and the board of directors of any company in respect of which FRS has nominee directors.

If upon completion of the FRS Conditional Offer, WN Australia obtains ownership of less than 90% of FRS but gains effective control of FRS, the Company will, through its nominees on the FRS Board, participate in the board deliberations and decision making on the funding requirements for the FerrAus Pilbara Project and for FRS generally. The funding alternatives may include debt, equity or a combination of both. In the event of

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any debt fund raising by FRS, the Company will use its reasonable endeavours to assist FRS in procuring funds required for the short and long term development of its projects. In the event of any equity fund raising by FRS, it is the Company's current intention to participate in the fund raising by, (1) if the fundraising is by way of placement, subscribing for shares or, (2) if the fundraising is by way of a rights issue, by taking up its rights and offering to act as underwriter or sub-underwriter to the issue.

The Company will issue further announcements and comply with the then applicable requirements under the Listing Rules if the Company decides to provide any financial support to BRM and/or FRS after completion of the Conditional Offers.

Reasons for the Offer for Subscription and use of proceeds

The purposes of the Offer for Subscription are to:

- (1) list the Company on the ASX, which will provide the Company with additional financial flexibility to pursue growth opportunities and improve its access to capital markets;
- (2) provide a sufficient shareholder spread in Australia for the Company's ASX listing application;
- (3) finance the transaction costs incurred by the Group in connection with the Offer for Subscription and the Conditional Offers; and
- (4) provide certain level of market liquidity for trading in the WN Shares on the ASX.

The gross proceeds of the Offer for Subscription will be up to AUD3 million (equivalent to approximately HK\$23.5 million). The estimated net proceeds, after the deduction of all related expenses, will be up to approximately AUD2.2 million (equivalent to approximately HK\$17.2 million), representing a net issue price of approximately AUD0.15 (equivalent to approximately HK\$1.17) per Offer Share. The proceeds will be used to finance the transaction costs incurred by the Group, as detailed above. Any proceeds from the exercise of the WN Options will be used as general working capital for the Group.

For illustrative purposes, if the maximum number of WN Options are issued pursuant to the Offer for Subscription and are exercised in full, the maximum gross and net proceeds would be approximately AUD3 million (equivalent to approximately HK\$23.5 million; representing a net issue price of AUD0.20 (equivalent to approximately HK\$1.56 per WN Share).

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Reasons for the Issue Mandate and use of proceeds

For illustration purposes only, based on the average closing price of the WN Shares for the 20 trading days immediately prior to the Latest Practicable Date of HK\$1.66 and the above conditions on determining the HK Placing Price, the minimum issue price per new WN Share under the Issue Mandate would be HK\$1.30. If the Issue Mandate is utilised in full, based on the above illustrative HK Placing Price, the maximum gross proceeds would be approximately HK\$780 million; and the estimated net proceeds, after the deduction of commission and other related expenses, is estimated to be approximately HK\$741 million (equivalent to a net issue price of approximately HK\$1.24).

It is intended that the net proceeds will be used to support any financing of capital expenditure of the projects of BRM and/or FRS after completion of the Conditional Offers. As mentioned above, BRM and FRS may require more funding to finance their respective exploration and development activities. The Company considers that this Issue Mandate will allow the Company additional flexibility in supporting the development of BRM and/or FRS after the Group has acquired further significant interests in each of BRM and FRS via the Conditional Offers.

The Issue Mandate, if approved by the Shareholders, will allow the Company to allot and issue up to 600,000,000 new WN Shares. The Company considers that it is in its interests to save the available general mandate for possible future fund raising should any attractive business opportunity arise. The Company is also of the view that the Issue Mandate will allow it to issue new WN Shares for fund raising within a relatively short period of time after completion of the Conditional Offers as compared with other equity fund raising means, including rights issue and open offer which involve a longer timeframe to complete. The Company believes that this will allow them better flexibility in providing quick financial support (if necessary) to BRM and/or FRS with a view to facilitating and expediting their development and growth.

Reasons for and benefits of the Proposed Refreshment of General Mandate

At the 2009 AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate under which the Directors were authorised to allot, issue and deal with up to 708,887,097 WN Shares, which is equivalent to the then 20% issued share capital of the Company as at the date on which the said resolution was passed.

The Existing General Mandate was utilised for the allotment and issue of (1) 185,000,000 new WN Shares pursuant to a placing and subscription agreement dated 17 June 2010 (and subsequently amended) and (2) 178,000,000 new WN Shares pursuant to a placing

LETTER FROM THE BOARD

agreement dated 17 September 2010, details of which are set out in the Company's announcements dated 19 June 2010 and 17 September 2010 respectively and in the table headed "Fund raising activities in the past 12 months" above in this letter from the Board.

As at the Latest Practicable Date, the Company may issue up to 345,887,097 new WN Shares under the Existing General Mandate after the abovementioned placings. The reasons for and use of proceeds raised from the said placings are set out in the paragraph headed "Fund raising activities in the past 12 months" above in this letter from the Board. If the Shareholders approve the New General Mandate, the Existing General Mandate will be revoked.

The New General Mandate will empower the Directors to issue new WN Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. This could provide the Company with flexibility and ability to capture any appropriate capital raising or investment or business opportunity when they arise. The Company will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the New General Mandate. As at the Latest Practicable Date, the Company did not have any specific plan which may utilise any part of the New General Mandate. If the Company proposes to issue any new WN Shares under the New General Mandate, it will make further announcements as and when required. The Directors consider that the proposed grant of the New General Mandate is fair and reasonable and is in the interests and for the benefit of the Company and the Shareholders as a whole.

LISTING RULES REQUIREMENTS AND THE SGM

Under the Listing Rules, based on implied offer value of the Conditional Offers, the acquisition of BRM Shares under the BRM Conditional Offer and the acquisition of FRS Shares under the FRS Conditional Offer, together with the acquisitions of BRM Shares and FRS Shares by the Group in the 12 months prior to the Announcement Date, in aggregate, constitutes very substantial acquisitions for the Company as some of the size tests, calculated pursuant to Rule 14.07 of the Listing Rules, exceed 100%. Accordingly, the Conditional Offers are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The transactions under the Conditional Offers, the Offer for Subscription and the Issue Mandate are conditional on, among other things, Shareholders' approval at general meeting, voting by poll. No Shareholder is required to abstain from voting at the SGM on the resolutions pertaining to the Conditional Offers, the Offer for Subscription and the Issue Mandate, unless such Shareholder has a material interest in the Conditional Offers, the Offer for Subscription or the Issue Mandate (as the case may be), other than being a

LETTER FROM THE BOARD

Shareholder. The Company is not aware of any Shareholder who is required to abstain from voting at the SGM on the resolutions pertaining to the Conditional Offers, the Offer for Subscription and the Issue Mandate.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting shall be subject to the Independent Shareholders' approval at a general meeting of the Company and any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution in connection with the New General Mandate at the SGM. As at the Latest Practicable Date, the Company has no controlling Shareholder; and Mr. Luk Kin Peter Joseph, the Chairman of the Company and an executive Director, through Equity Valley Investments Limited and Prideful Future Investments Limited, was interested in 199,456,276 WN Shares, being approximately 5.1% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Mr. Luk Kin Peter Joseph and his associates (including Equity Valley Investments Limited and Prideful Future Investments Limited) will abstain from voting in favour of the resolution in connection with the New General Mandate as set out in the notice of the SGM. Mr. Luk Kin Peter Joseph and his associates (including Equity Valley Investments Limited and Prideful Future Investments Limited) have indicated that they will not vote against the resolution. Further, pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Independent Shareholders at the SGM on the resolution pertaining to the New General Mandate will be taken by poll.

Pursuant to the Listing Rules, the Company is required to set out in this circular, among other things, accountants' reports on BRM and FRS setting out financial information for at least the last three completed financial years and any additional interim period ended within 6 months from the date of the circular, an indebtedness statement of the Enlarged Group, a working capital sufficiency statement of the Enlarged Group, competent person's reports on the estimated mineral reserves owned by the BRM Group and the FRS Group, details of any litigation and claims of the BRM Group or the FRS Group which are of material importance and any material contracts of the BRM Group and the FRS Group. BRM and FRS are listed companies on the ASX. As the Conditional Offers are not invited by the BRM Board and FRS Board, and in view of the restriction on purchasing BRM Shares and FRS Shares which BRM and FRS required in connection with the Company's request for non-publicly available information the Company does not have the co-operation of the respective boards of directors of BRM and FRS and thus does not have access to non-public information and records necessary for the preparation of the above reports and disclosures.

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Pursuant to a letter issued by the Stock Exchange and Rule 14.67A of the Listing Rules, the Company will, after the completion of the Conditional Offers, issue a supplemental circular to Shareholders in the manner described in Rule 14.67A(3) which will contain all the disclosures required under Rules 14.66, 14.67 and 18.09 of the Listing Rules, including the above reports and disclosures, that have been excluded from this circular. Pursuant to Rule 14.67A(3), the Company is required to despatch the supplemental circular to Shareholders within 45 days of the earlier of (1) the Group being able to gain access to the necessary books and records of the BRM Group or the FRS Group and (2) the Group being able to exercise control over BRM or FRS. Should the Company require more time to prepare the supplemental circular, the Company will apply to the Stock Exchange for an extension for the despatch of the supplemental circular and make an announcement in this regard.

RECOMMENDATION

The Board considers that the terms of the Conditional Offers, the Offer for Subscription and the Issue Mandate are on normal commercial terms and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

Further, as the Proposed Increase in Authorised Share Capital is to facilitate the Conditional Offers, the Offer for Subscription and the Issue Mandate, the Board is of the view that it is in the interests of the Company and its Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the Conditional Offers, the Offer for Subscription, the Issue Mandate and the Proposed Increase in Authorised Share Capital. The Company is not aware that any Shareholders have a material interest in the aforesaid transactions (other than being Shareholders) and that any Shareholders are required to abstain from voting on the ordinary resolutions in this regard.

As for the Proposed Refreshment of General Mandate, your attention is drawn to the letter from the Independent Board Committee set out on page 77 of this circular which contains its recommendation to the Independent Shareholders on the New General Mandate. Your attention is also drawn to the letter from KBC Bank set out on pages 78 to 84 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the New General Mandate.

The Directors consider that the proposed grant of the New General Mandate is fair and reasonable and is in the interests of the Group and Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in connection with the New General Mandate to be proposed at the SGM.

LETTER FROM THE BOARD

GENERAL

The Company will issue further announcements informing Shareholders and potential investors the progress on the Conditional Offers, the Offer for Subscription and/or the Issue Mandate as and when appropriate or required.

Shareholders and potential investors should note that the Conditional Offers, the Offer for Subscription and the listing of the WN Shares on the ASX and the Issue Mandate are conditional on and subject to various terms and conditions and may or may not be completed. You are advised to be cautious when dealing in the Company's securities.

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Wah Nam International Holdings Limited
Luk Kin Peter Joseph
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders which has been prepared for the purpose of inclusion in this circular:



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 159)

26 November 2010

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 26 November 2010 (the “Circular”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the New General Mandate. KBC Bank has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 78 to 84 of this Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the New General Mandate and the advice of KBC Bank, in particular the principal factors and reasons set out in its letter on pages 80 to 83 of the Circular, we consider that the terms of the New General Mandate are fair and reasonable so far as the Company and the Shareholders are concerned, and the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the grant of the New General Mandate.

Yours faithfully,
Independent Board Committee

Lau Kwok Kuen, Eddie
Independent
non-executive Director

Uwe Henke Von Parpart
Independent
non-executive Director

Yip Kwok Cheung, Danny
Independent
non-executive Director

* *for identification purpose only*

LETTER FROM KBC BANK

The following is the text of a letter of advice from KBC Bank, the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Proposed Refreshment of General Mandate which has been prepared for the purpose of incorporation into this circular.



39/F Central Plaza
18 Harbour Road
Hong Kong

26 November 2010

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir/Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Refreshment of General Mandate, details of which, among other things, are set out in the section headed “Letter from the Board” as contained in the circular dated 26 November 2010 (the “Circular”), of which this letter forms a part. Unless otherwise defined herein, terms used in this letter shall have the same meanings as those defined in the Circular.

Since the Proposed Refreshment of General Mandate is put forward to the Shareholders prior to the Company’s next annual general meeting such that the Directors will be granted the authority to allot, issue and otherwise deal with new WN Shares not exceeding 20% of the total issued share capital of the Company as at the date of the passing of the relevant resolution at the SGM, it will be subject to Independent Shareholders’ approval at the SGM. In addition, pursuant to Rule 13.36(4) of the Listing Rules, any controlling shareholders and their respective associates, or where there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of

LETTER FROM KBC BANK

the Company and their respective associates shall abstain from voting in favour of the resolution to approve the Proposed Refreshment of General Mandate. Given that there was no controlling Shareholder as at the Latest Practicable Date, all Directors (excluding the independent non-executive Directors), namely Mr. Luk Kin Peter Joseph and Mr. Chan Kam Kwan, Jason, together with their respective associates are required to abstain from voting in favour of the resolution in respect of the Proposed Refreshment of General Mandate at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny, has been established to advise the Independent Shareholders on the Proposed Refreshment of General Mandate. We, KBC Bank N.V. Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposed Refreshment of General Mandate is fair and reasonable in so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Circular; and (ii) the Company's annual report for the year ended 31 December 2009 and interim report for the six months ended 30 June 2010 (collectively, the "Financial Reports"). We have assumed that all information and facts supplied to us by the Company are true, complete and accurate in all material aspects and we have relied on the same. Also, we have relied on the representations made by the management of the Company that having made all due enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which it is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company and its respective associates.

LETTER FROM KBC BANK

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation in relation to the Proposed Refreshment of General Mandate and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Company and the Proposed Refreshment of General Mandate

The Company is an investment holding company and, through its subsidiaries, is principally engaged in (i) the exploitation, processing and sales of mineral resources (such as copper, zinc and lead ore concentrates) in the PRC; (ii) the provision of limousine rental and airport shuttle bus transportation services in Hong Kong and PRC; and (iii) investments in equity securities.

At the 2009 AGM, the then Shareholders passed the resolutions in approving, among other things, the Existing General Mandate, pursuant to which the Directors were authorised to allot, issue and otherwise deal with up to 708,887,097 new WN Shares, representing 20% of the total issued share capital of the Company as at the date of the 2009 AGM. The Existing General Mandate has not been refreshed since the 2009 AGM.

As disclosed in the Circular, an aggregate of 363,000,000 new WN Shares were issued as a result of the Company's two top-up placements since the granting of the Existing General Mandate, utilising approximately 51.2% of the Existing General Mandate and, therefore, only 345,887,097 new WN Shares may be issued under the Existing General Mandate as at the Latest Practicable Date.

Given that more than 50% of the Existing General Mandate has been utilised subsequent to the abovementioned fund-raising activities, the executive Directors propose to seek approval from the Independent Shareholders for the refreshment of the Existing General Mandate so that the Directors will be authorised to allot, issue and otherwise deal with new WN Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM.

LETTER FROM KBC BANK

2. Reasons for and benefits of the Proposed Refreshment of General Mandate

(i) *Business needs of the Group*

Since the acquisition of 90% equity interest in Luchun Xingtai Mining Company Limited, a company engaged in the exploitation, processing and sale of copper ore concentrate and owns 100% interest in the Damajianshan Mine, in 2008, the Group has focused itself as a mining resources developer. In 2010, the Company completed a number of share placements to raise funds for the Group's mining operations in the PRC and investments in two iron ore development companies listed on the ASX. With a view to stepping up its investments in its iron ore business in Australia, on 10 November 2010, the Company announced the Conditional Offers to acquire the shares of BRM and FRS, in which the Group currently holds approximately 22.6% and 19.9% equity interest, respectively. We noted that the Company has proposed the Offer for Subscription for, among other things, financing the transaction costs incurred in connection with the Offer for Subscription and the Conditional Offers. Since the iron ore development projects of both BRM and FRS are still at exploration development stage and had not generated any turnover for the last two years, substantial capital expenditures are expected to incur prior to reaching the revenue-generating stage. In addition, the unused proceeds from the top-up placing conducted in September 2010 amounted to only approximately HK\$100 million, the fund to be raised under the Offer for Subscription amounted to only approximately AUD3 million (assuming WN Options are not being exercised) and the Issue Mandate, even if fully utilised, will raise only approximately HK\$780 million (assuming the HK Placing Price shall be HK\$1.30). As such, we concur with the view of the executive Directors that the New General Mandate will provide the Company with greater flexibility to raise funds for purposes of, among other things, financing the capital expenditure of the projects of BRM and FRS (given the capital intensive nature of mining business) after the Group's acquisition of further significant interests in each of BRM and FRS via the Conditional Offers and/or future business opportunities.

LETTER FROM KBC BANK

(ii) *Flexibility in financing*

The executive Directors consider that the Proposed Refreshment of General Mandate would provide the Company with the flexibility to raise funds for its future business development by issuing equity capital, such as placing of new WN Shares, or as consideration for potential investments as and when such opportunities arise. In particular, if investment or acquisition opportunities arise, it would be possible that decisions may have to be made within a limited period of time. Therefore, the additional amount of equity which may be raised after the refreshment of the Existing General Mandate would provide the Group with more financing options when assessing and negotiating potential investments in a timely manner.

(iii) *Other financing alternatives*

In addition to issuing share capital, we understand that the Company would also consider other financing alternatives to raise funds such as bank borrowings and debt financing to meet its financing requirements arising from future development of the Company. However, the ability of the Company to obtain bank borrowings usually depends on the Company's profitability, financial position and the then prevailing market condition. Furthermore, such alternatives may be subject to lengthy due diligence and negotiation with banks. Given also that debt financing will usually incur interest burden on the Company, debt financing is relatively uncertain, costly and time-consuming as compared to equity financing for the Company to obtain additional funding.

With respect to other forms of pro-rata equity financing such as rights issue and open offer, the executive Directors consider that such equity financing would incur additional costs such as placing commission and underwriting commission. Despite the pro-rata equity financing may allow the Shareholders to maintain their respective interests in the Company, the non-participating Shareholders may suffer an even greater dilutive effect under these types of fund-raising activities as it is not unusual that the new WN Shares would be issued at a substantial discount to its market price in order to make the rights issue/open offer attractive. In addition, such fund-raising alternatives are relatively uncertain and time-consuming as compared to equity financing through the issue of new WN Shares under the New General Mandate. As further advised by the executive Directors, the potential increase in the equity capital of the Company upon utilisation of the Existing General Mandate to be refreshed can improve the Company's financial position and hence the possibilities of raising funds from banking borrowings or debt financing.

LETTER FROM KBC BANK

The executive Directors have confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Company. Having this being the case, along with the fact that the refreshment of the Existing General Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development, we are of the view that the Proposed Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

3. Potential dilution to shareholding interests of the Independent Shareholders

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the New General Mandate:

	Shareholding in the Company as at the Latest Practicable Date		Shareholding in the Company upon full utilisation of the New General Mandate (assuming no other WN Shares are issued or repurchased by the Company)	
	<i>Number of WN Shares</i>	<i>%</i>	<i>Number of WN Shares</i>	<i>%</i>
Leading Highway Limited	440,500,000	11.3	440,500,000	9.4
Shimmer Expert Investments Limited	279,548,000	7.2	279,548,000	6.0
Parklane International Holdings Limited	140,592,592	3.6	140,592,592	3.0
Equity Valley Investments Limited and Prideful Future Investments Limited	199,456,276	5.1	199,456,276	4.2
Existing public Shareholders	2,847,338,617	72.8	2,847,338,617	60.7
WN Shares to be issued under New General Mandate	—	—	781,487,097	16.7
Total	<u>3,907,435,485</u>	<u>100</u>	<u>4,688,922,582</u>	<u>100</u>

LETTER FROM KBC BANK

As illustrated above, the shareholding of the existing public Shareholders would decrease from approximately 72.8% as at the Latest Practicable Date to approximately 60.7% upon full utilisation of the New General Mandate (assuming no other WN Shares are issued or repurchased by the Company), resulting in a potential dilution of approximately 12.1% to the shareholding of the existing public Shareholders.

Taking into consideration that the Proposed Refreshment of General Mandate would strengthen the capital base of the Company and provide more financing alternatives to the Company for its future business development as well as other potential investments as and when such opportunities arise, along with the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilisation of the New General Mandate, we are of the view that the potential dilution to the shareholding of the Shareholders is acceptable.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Proposed Refreshment of General Mandate is fair and reasonable in so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution in respect of the Proposed Refreshment of General Mandate at the SGM.

Yours faithfully,

For and on behalf of

KBC Bank N.V. Hong Kong Branch

Kenneth Chan

Head of Corporate Finance, Greater China

Gaston Lam

Corporate Finance

BRM and FRS are metal mineral exploration companies in Australia with a focus on iron ore assets. This section contains information and statistics on the industry in which BRM and FRS operate. The Company and its Directors have exercised reasonable care in compiling and reproducing information and statistics in this section about the iron ore industry. The Company has reviewed the information sources and has considered the background and/or expertise of the sources before quoting such information in this section. The Company and its Directors are not aware of any information quoted in this section below which is inconsistent with their knowledge and expertise.

INTRODUCTION TO IRON ORE

An extensive usage of steel accelerates iron ore demand causing the spot price to rebound strongly after the global financial crisis to a level near the record high in 2008. As the result, the iron ore sector became an exceptional performer in 2009 when compared to other commodities, the performance of which may continue in 2010 and beyond.

Iron ore overview

Iron is a metallic element and composes about 5% of the Earth's crust. It was formed naturally over geological periods in the ground and within rocks. The inner core of the Earth is believed to be a solid iron-nickel alloy. Iron-nickel meteorites are believed to represent the earliest material formed at the beginning of the universe. Rocks containing iron ore often date to more than 2,500 million years old. When pure it is a dark, silvery-gray metal. It is a very reactive element and oxidizes very easily. The reds, oranges and yellows seen in some soils and on rocks are iron oxides. Iron ore usually ends up in blast furnaces and steel mills, where it is burned into iron and steel through smelting and refining. At present, 98% of the mined iron ore is used to make steel.

Iron ore mining process

As Graph 1 presents, iron ore mining process refers to the whole production procedure of 3 stages: resource development, mine operation, and transportation operation. Within the mine operation, iron ore process includes beneficiation, pelletizing and sintering. Beneficiation refers to various processes to extract ore from mining by separating it into mineral and waste. Mineral will be delivered for further process and/or direct usage. Pelletizing refers to a process of using fine iron ore particles and other products to form pellets. The end product quality of pelletizing is influenced by the addition of specific additives and their methods of addition. Sintering refers to same process of pelletizing while using ultra-fines iron ore.



Major types of iron ore

The primary mineral ores of iron are the oxides and the carbonates, chief among them being the oxides hematite, magnetite and the hydroxide goethite.

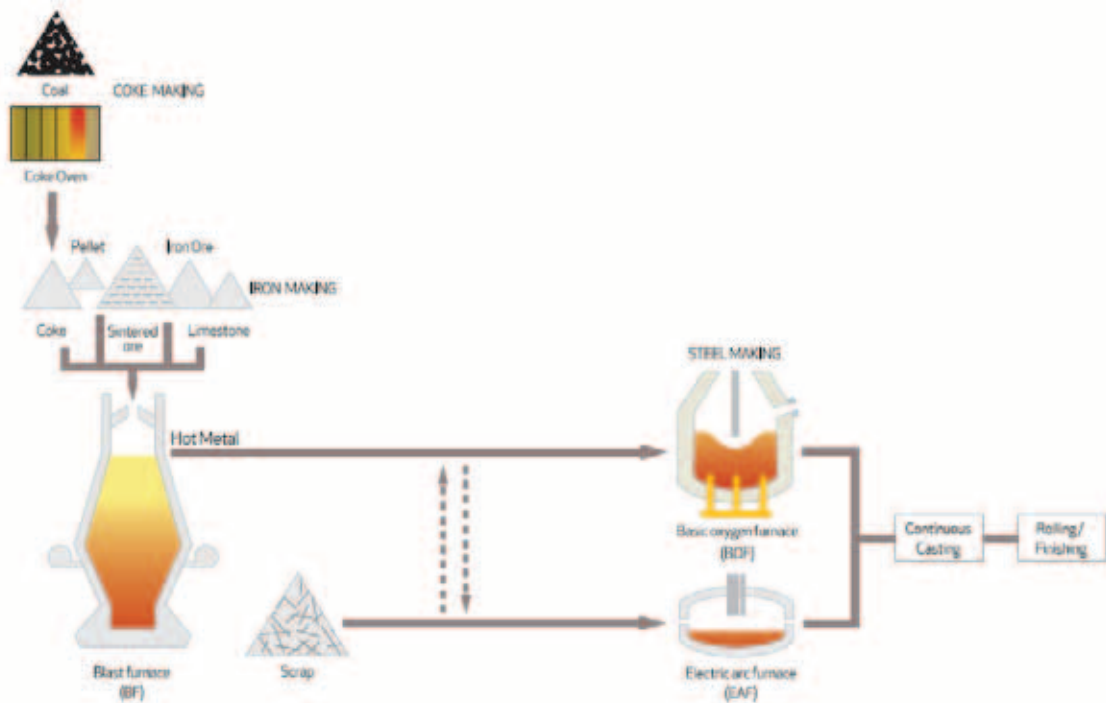
- Hematite (Fe_2O_3) Ore
 - It is cheaper and rarer than magnetite ore.
 - High — grade hematite is referred to as direct shipping ore (DSO) with above 55% Fe because it is easily mined and beneficiated using simple crushing and screening process.
 - It is mined mainly in Pilbara region of West Australia.
- Magnetite (Fe_3O_4) Ore
 - It normally contains only 35-50% Fe.
 - It requires beneficiation to increase iron content before being sent to furnace.
 - Magnetite ore exists widely on earth.

- Goethite/Limonite (HFeO_2) Ore
 - Goethite and limonite cannot be beneficiated the same way as Magnetite and Hematite.
 - They can be upgraded by using calcinations or sintering processes.

Iron ore products

Tradable iron ore products are lumps, fines and pellets. Main difference of these products is the variation in size and how they are fed into the furnace: fines need to be sintered before sending to furnace, but lumps can be fed to furnace directly. Pellets are normally made from ultra-fines, which usually refer to magnetite concentrate after beneficiation. The larger particle size in lumps allows oxygen to circulate around them easily, hence is efficient to melt. Fines easily block the oxygen movement due to smaller size that lead to inefficiencies. As illustrated in Graph 2 below, steel mills use different combination of lumps, fines and pellets to achieve desire output.

Graph 2

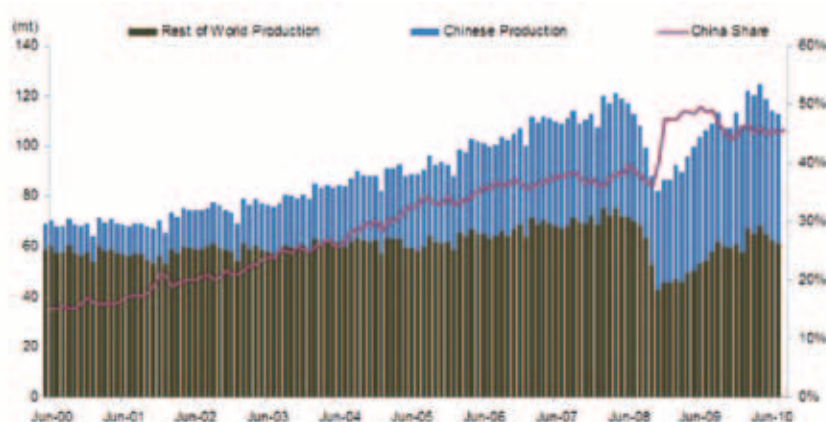


Source: World Coal Institute

Current global iron ore market

2009 and 2010 performance

Graph 3



Source: World Steel Association

As a result of a recovery in the global economy and the PRC's continued economic growth, world production of steel has significantly recovered from low production levels in 2009 and is now on par with the pre global financial crisis peak reached during 2008 (Graph 3).

Table 1

2010 First 9 months Seaborne Iron Ore Export Market Share ^(*)	
Vale	30.06%
BHP	12.47%
RIO	17.77%
Sub-total	60.31%
Others	39.69%
Total	100.00%

In terms of seaborne iron ore market, Vale, BHP and RIO continue to dominate the world seaborne market by taking up more than 60% market share in the first 9 months of 2010.

(*) Figures in Table 1 are calculated according to 2010 estimated total seaborne iron ore supply from UBS Investment Research on 8 November 2010, multiplied by 0.75. And first 9 months production figures of Vale, BHP and RIO are sourced from their published quarterly results.

Australia Iron Ore

There are four main types of hematite ores mined in the Pilbara as follows:

- Brockman ore, which can be further classified as low phosphorous or high phosphorous Brockman ore
- Marra Mamba ore
- Detrital iron deposits
- Channel iron deposits, also known as pisolite, which is a mixture of hematite and goethite.

Benefiting from the recovery of Chinese economy, Australia's mining sector rebounded soon after the global financial crisis, and is expanding fast. To meet the rapid demand growth, more iron ore miners are stepping into the supplier market. Western Australia Pilbara area, the current production base for BHP Billiton and Rio Tinto, is developing into a larger production hub. Some smaller iron ore miners like Fortescue Metals Group Limited (FMG), BC Iron Limited (BCI) and Mount Gibson Iron Limited (MGX), have started their production while a large number of iron ore miners are in the midst of preparing for their future production. Railway and port access are the key successes for these iron ore miners.

Port

Iron ores mined in Pilbara are shipped from three ports, Dampier, Cape Lambert and Port Hedland, predominantly deliver to Asian customers. The Dampier and Port Hedland ports are owned by the State Government of Western Australia (State Government). Rio Tinto has operations at Dampier and Cape Lambert. Hamersley Iron Pty Ltd, a subsidiary of Rio Tinto, operates the East Intercourse and Parker Point berths and owns the port infrastructure facilities at Dampier. Robe River Iron Associates (Robe River), an unincorporated joint venture which is 53% owned by Rio Tinto, owns and operates the Cape Lambert port facilities. BHP Billiton and FMG operate out of Port Hedland and own their own port infrastructure facilities, which include berths at the port. The State Government has acknowledged that the three existing ports will not meet the forecast demand for export facilities over the medium to long term and that an alternative port or an expansion of existing port facilities is required in the Pilbara. Recently Port Hedland Port Authority completed the development of the Utah Point multi-user berth at Port Hedland providing 18 Mtpa of capacity for several iron ore mining companies in the Pilbara.

Concurrently, North West Iron Ore Alliance (NWIOA), whose member includes Altas Iron Limited (AGO), BRM and FRS, is in the process of completing Bankable Feasibility Study by end of 2010 for development of its port at Port Hedland. The NWIOA's port engineering Pre-Feasibility Study completed end of 2009 detailed a two-stage approach to the port development with Stage 1 (40 Mtpa handling capacity) to be completed by 3rd quarter 2013 and Stage 2 (80 Mtpa handling capacity) to proceed thereafter.

Railway

Currently there are five railways in Pilbara:

1. Mt. Newman, owned and operated by BHP Billiton and related parties;
2. Goldsworthy, also owned and operated by BHP Billiton and related parties;
3. Hamersley, owned and operated by Rio Tinto and associated parties;
4. Robe River, owned and operated by Rio Tinto and associated parties;
5. Cloud Break, owned and operated by FMG through the Pilbara Infrastructure Pty Ltd (TPI).

The 4 railways owned and operated by BHP Billiton and Rio Tinto are currently for private use only and not accessible to third parties. The TPI rail is accessible to third parties subject to bilateral negotiations.

Railways network:

- Mt. Newman, 426km (539km with the spur lines) long from Mt. Whaleback to Nelson Point, Port Hedland. These spur lines to Mt. Newman main line are:
 - BHP Yandi spur is 32km;
 - Mining Area C spur is 39km;
 - Jimblebar spur is 32km;
 - Orebody spur is 8km;
 - Orebodies 23 & 25 spur is 2km

- Goldsworthy, 210km long from Yarrie to Finucane Island, Port Hedland.
- Hamersley, 868km (1,249.6km with the spur lines) long from To Price to Dampier. These spur lines to Hamersley main line are:
 - Nammuldi spur is 34.5km;
 - Paraburdoo spur is 97.2km;
 - Yandicoogna spur is 140.8km;
 - West Angeles spur is 54.6km;
 - Marandoo spur is 54.5km
- Robe River, 316km long from Pannawonica to Cape Lambert.
- TPI Rail, 280km long from Cloud Break to Port Hedland.

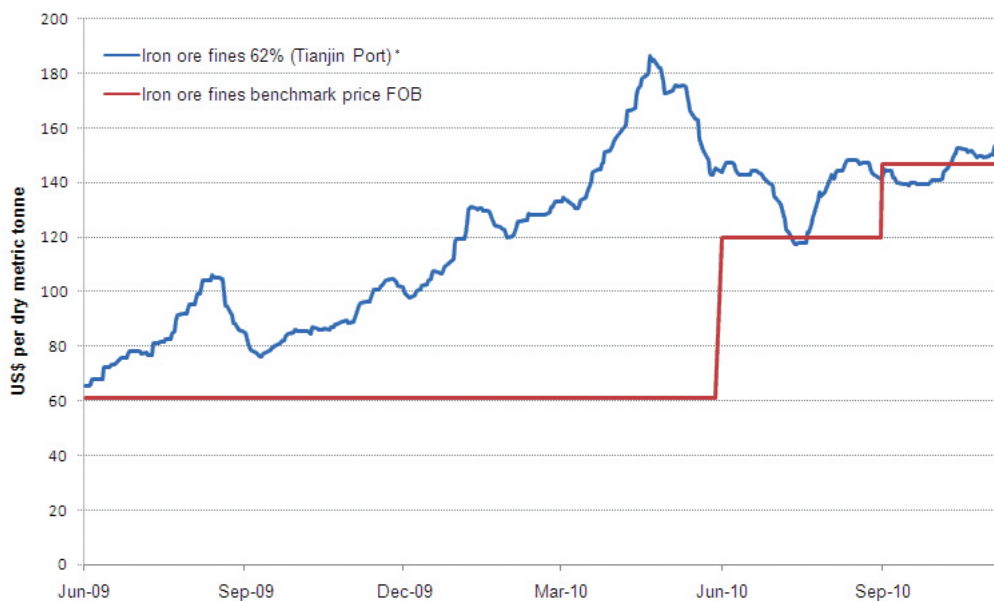
Australian Competition Tribunal is currently reviewing a third party access to Rio Tinto's and BHP Billiton's Pilbara Rail. Also, reflecting government concern for other iron ore mining companies access to the railway, in March 2010, the Australian Competition and Consumer Commission (ACCC) proposes to grant conditional authorisation to NWIOA to engage in collective negotiations with the providers of rail infrastructure in the Pilbara region. The ACCC proposes to grant authorisation for a period of 15 years.

2010-2011 World Steel Outlook

According to World Steel Association, the apparent steel demand will increase by 13.1% to 1,272 million tonnes in 2010 after contracting by 6.6% in 2009. This improved outlook is due to a better than expected forecast for the developed economies, particularly the European Union, North American Free Trade Agreement, and Commonwealth of Independent States. Based on this estimated revised demand, it is forecast that the world steel demand will grow by 5.3% to reach a record of 1,340 million tonnes in 2011. World crude steel production was 112 million tonnes in September 2010, which was 0.9% higher than September 2009. From January 2010 to September 2010, the world crude steel production was 1,047 million tonnes.

Spot price and benchmark price

Graph 4



Source: Bloomberg

* Being iron ore price (free-on-board price plus freight) at Tianjin Port, a major iron ore shipping port in the PRC.

Up to 2010, there are two pricing mechanism in iron ore market, one is spot price and the other is annual benchmark price. (See Graph 4)

Spot price reflects iron ore supply and demand directly in the market. Since collapsing to US\$65/tonne in 1 June 2009, iron ore spot price has been on an increasing trend. Metal Bulletin Iron Ore Index reported that 62% Fe iron ore CIF (being all cost, insurance and freight inclusive) spot price broke through US\$185/tonne on 21 April 2010 and was at US\$167/tonne as at the Latest Practicable Date.

Annual benchmark price has been set 40 years ago between miners and steelmakers, allowing both parties to plan their production more effective under a stable price. Regularly, miners are represented by companies who have the largest seaborne iron ore market shares: Vale, Rio Tinto, and BHP Billiton; whilst steel mills are usually represented by Baosteel Group Corporation before replaced by China Steel Industry Association (CISA) in 2009, Nippon Steel Corporation, POSCO Steel Group and European Confederation of Iron and Steel Industries (Eurofer).

OVERVIEW OF THE AUSTRALIAN MINING LAW REGIME

General

The Mining Act 1978 (WA) (the “Mining Act”) regulates the assessment, development and utilisation of mineral resources in Western Australia. In Western Australia, the Crown owns all minerals on or below the surface of the land, except in certain limited circumstances (relating to limited categories of land and minerals). As the owner of the minerals, the Crown is entitled to grant mining tenements that confer rights on lessees or licensees to explore for and mine minerals. The grant of a tenement is generally at the discretion of the minister responsible for administration of the Mining Act (the “Minister”).

Conditions are imposed on the grant of most tenements pursuant to the Mining Act. These include conditions relating to the environment, payment of annual rent, required minimum expenditure and other standard exclusions and conditions established pursuant to the Mining Act. In addition, more particular conditions are imposed on specific tenements. If the tenement conditions are not complied with, the tenement may be liable to forfeiture. The transfer of certain tenements may require the consent of the Minister.

The main types of tenements granted under the Mining Act are (i) mining leases; (ii) exploration licences; (iii) prospecting licences; (iv) miscellaneous licences; and (v) general purpose leases. BRM and FRS currently hold exploration licences and mining leases in respect of the Marillana Project and the FerrAus Pilbara Project.

Exploration Licences

The holder of an exploration licence is authorised to carry out exploratory operations of a kind set out in the Mining Act with respect to its area. An exploration licence granted or applied for before 10 February 2006 is for a term of five years from the date of grant and may be renewed by the Minister, in certain circumstances, for up to a total further period of four years. An exploration licence applied for on or after 10 February 2006 is for a term of five years from the date of grant and may be renewed by the Minister for five years.

In respect of exploration licences granted or applied for before 10 February 2006, the area covered by the exploration licence is required to be reduced by not less than 50% after the first three years of its term and again after the fourth year of its term. For exploration licences applied for on or after 10 February 2006, the area covered by the exploration licence is required to be reduced by at least 40% at the expiration of the initial five year term (assuming the initial term has been extended or an application for extension has been made).

The holder of an exploration licence generally has a right to convert the licence to a mining lease, provided it has complied with the Mining Act and tenement conditions and obtained the necessary approvals, by making a conversion application during the term of the exploration licence.

Mining Leases

Subject to the provisions of the Mining Act, the holder of a mining lease is entitled to work and mine the land, take and remove any minerals (except iron ore, unless expressly authorized by the Minister), take and divert water subject to the Rights in Water and Irrigation Act 1914 (Western Australia) and do all things necessary to effectively carry out mining operations in, on or under the land.

However, the grant of a mining lease does not in itself confer authority to produce minerals. Further approvals are generally required before production may commence, including approvals in respect of environmental impact and Aboriginal heritage. The holder of a mining lease owns all minerals lawfully mined from the land in accordance with the mining lease.

A mining lease is granted for an initial term of 21 years and may be renewed for a further term of 21 years as of right and further successive periods of 21 years each upon application to the Minister.

Any assignment, subletting or other parting with possession of a mining lease must not be made without the prior written consent of the Minister.

State Mineral Royalties

Under the Mining Act, royalties are payable on all minerals in Western Australia. When a mineral is obtained from a mining tenement, or from land the subject of an application for a mining tenement, royalties must be paid by the holder of, or applicant for, the mining tenement at the rate prescribed for the relevant commodity. A mineral is defined as a naturally occurring substance, including evaporites, limestone, rock, gravel, sand and clay.

Applications for Tenements

Whether a tenement application is successful is dependent upon a recommendation made by the mining registrar or warden to the Minister and the Minister's decision whether to grant or refuse the application. If a tenement is granted under the Mining Act then it will be issued on terms and conditions reasonable to the Minister.

An application for a tenement cannot generally be transferred because, while it is still pending, the application does not amount to any property or title in the tenement.

Crown Land, Reserves, Protected Land and Private Land

Specific conditions and restrictions may apply under the Mining Act to Crown land which is not already subject to a tenement, land subject to a pastoral lease, reserves, land protected under the Environment Protection and Biodiversity Conservation Act 1999 (Commonwealth of Australia) and private land. The owners and occupiers of any land where mining takes place are entitled according to their respective interests to compensation for certain loss and damage suffered or likely to be suffered by them resulting or arising from mining.

OVERVIEW OF NATIVE TITLE IN AUSTRALIA

General

Australian law recognises a form of native title which reflects the rights, interests and entitlements of Australia's indigenous inhabitants to their traditional lands in circumstances where such title has not been extinguished ("Native Title"). Native Title is regulated in Western Australia by the Native Title Act 1993 (Commonwealth of Australia) (the "NTA") and the Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 (Western Australia).

Under the NTA, a group of persons may apply to the Federal Court for a determination that native title exists over an area. The Federal Court provides a copy of any claim to the Native Title Registrar, who applies the "registration test" set out in the NTA. The registration test applies a variety of criteria to establish that the Native Title claimants in question have a bona fide Native Title claim. If the Native Title Registrar considers that a claim satisfies the registration test, the claim is entered on the Register of Native Title Claims. If a claim is registered, the registered Native Title claimants obtain certain procedural rights under the NTA including the right to negotiate in respect of future grants of interests in land. If the claim is not registered, then the claimants will not have the benefit of such rights. It is important to note that whether or not a claim is registered, the claim will continue as a proceeding (for the determination of Native Title) in the Federal Court.

If the Federal Court determines that Native Title exists, the Court must determine the nature and extent of the Native Title, the holders of the Native Title and whether the Native Title is to be held by a prescribed body corporate in trust for the Native Title holders or as the agent or representative of the Native Title holders.

Right to Negotiate

Upon registration of a claim, the claimant is entitled to the “right to negotiate” (the “RTN”) with respect to certain “acts” that may affect Native Title. If the right to negotiate procedures are not complied with, the relevant “act” will be invalid to the extent that it affects Native Title.

The grant of a mining tenement is an “act” that may affect Native Title and may attract the RTN procedure (although an expedited ‘consultation’ procedure, which does not require the Native Title claimants’ ultimate consent to the doing of the “act”, may apply in relation to certain types of mining tenements for infrastructure necessary to support mining operations).

The RTN procedure requires the State to give notice of its intention to grant a mining tenement including by giving a written notice to any registered Native Title claimants, and notifying the public. The State, the applicant for the tenement and the Native Title party (the “Negotiation Parties”) must negotiate in good faith with a view to obtaining the agreement of the Native Title party to the grant of the tenement.

If within 6 months no agreement is reached, any of the parties can apply to the National Native Title Tribunal (the “NNTT”) for a determination as to whether the grant should be made, with or without conditions. A determination that the grant may be made subject to conditions being complied with by the parties has effect, if the grant proceeds, as if the conditions were terms of a contract among the Negotiation Parties. The Minister has the power to overrule a determination by the NNTT, in the interests of the State.

Expedited procedure

The expedited procedure is a procedure under the NTA which, if applicable, removes the requirement to comply with the right to negotiate.

In Western Australia, exploration and prospecting licences are processed under the expedited procedure if the tenement applicant signs a Regional Standard Heritage Agreement and sends it to the relevant native title representative body (the “NTRB”) or native title party if not represented by the NTRB; or has an alternative heritage agreement in place with the NTRB/native title party.

If the native title party fails or refuses to execute a Regional Standard Heritage Agreement and makes an objection to the expedited procedure within 4 months of the notification day, the NNTT will determine whether the expedited procedure applies (based on the criteria set out above). If the NNTT determines that the expedited procedure applies, the State may grant the tenement; conversely if the NNTT determines that the expedited procedure does not apply, the RTN procedure will apply. The RTN procedure will also apply if the tenement applicant fails or refuses to enter a Regional Standard Heritage Agreement or an alternative heritage agreement.

Validation of granted of tenements

Pursuant to the NTA, the validity of the grant of a mining tenement is determined in accordance with the date of grant of the mining tenement. In general terms: (i) the grant of exploration or mining tenements prior to 1 January 1994 will have been validated as “past acts”; and (ii) the grant of certain exploration or mining tenements between 1 January 1994 and 23 December 1996 will have been validated as “intermediate period acts”, and the tenement holder may exercise its rights and interests under the tenement without being impaired by the existence of, or a claim for determination of, Native Title. However, the grant of an exploration or mining tenement will not have the effect of extinguishing Native Title, only “suspending” native title to the extent of any inconsistency with the rights and interests conferred under the exploration or mining tenement. On expiration or surrender of the exploration or mining tenement, Native Title will revive.

Aboriginal Heritage

The Aboriginal Heritage Act 1972 (Western Australia) (the “Aboriginal Heritage Act”) seeks to protect Aboriginal sites and objects and is particularly relevant to exploration and mining activity. The terms of grant of exploration and mining tenements commonly include an endorsement drawing the attention of the holders of such tenements to the provisions of the Aboriginal Heritage Act.

The Aboriginal Heritage Act provides a wide definition of Aboriginal “site” being (i) any place of importance and significance where persons of Aboriginal descent have left any object, natural or artificial, used for any purpose connected with the traditional cultural life of Aboriginal people; (ii) any sacred, ritual or ceremonial site; (iii) any place which, in the opinion of the Aboriginal Cultural Material Committee, is or was associated with Aboriginal people and which is of historical, anthropological, archaeological or ethnographical interest; and (iv) any place where objects to which the Aboriginal Heritage Act applies are traditionally stored, or to which such objects have been taken or removed.

The Aboriginal Heritage Act also defines Aboriginal “objects” broadly as all objects, whether natural or artificial and irrespective of where found or situated in the State, which are or have been of sacred, ritual or ceremonial significance to persons of Aboriginal descent, or which are or were used for, or made or adapted for use for, any purpose connected with the traditional cultural life of Aboriginal people past or present.

It is an offence under the Aboriginal Heritage Act for a person to excavate, destroy, damage, conceal or in any way alter any Aboriginal site; or act in a manner not sanctioned by relevant custom, or assume the possession, custody or control of, any object on or under an Aboriginal site, without obtaining the consent of the relevant Minister under the Aboriginal Heritage Act.

ENVIRONMENTAL REGULATORY REGIME IN WESTERN AUSTRALIA

All phases of mining operations are subject to environmental laws and regulations in Western Australia, including laws regulating the removal of natural resources from the ground and the discharge of materials to the environment.

The principal piece of legislation which regulates environmental law in Western Australia is the Environmental Protection Act 1986 (WA) (the “EP Act”). Companies undertaking mining operations in Western Australia should be aware of their obligations under the EP Act. Many mineral rights, interests or agreements will be subject to government approvals, licenses and permits, which may include:

- **Environmental impact assessment:** To be prepared where a proposed mining activity presents a significant impact on the environment. After review by the Environmental Protection Authority, the Minister for the Environment will issue a statement of conditions binding upon the company.
- **Works approvals and licenses:** Mining operations may require a licence. Failure to comply with conditions of a licence may lead to significant monetary penalties.
- **General obligations:** There is a general obligation under the EP Act not to pollute or cause serious or material environmental harm. There is also an obligation to report pollution.

The EP Act is supported by the Environmental Protection Regulations 1987 (WA), and additional regulations including those relating to noise, pollution, controlled wastes, unauthorised discharges and clearing of native vegetation.

A number of other statutes regulate particular environmental issues in Western Australia, and including Contaminated Sites Act 2003 (WA); Dangerous Goods Safety Act 2004 (WA); Rights in Water and Irrigation Act 1914 (WA); and Radiation Safety Act 1975 (WA).

Mining companies should also be aware of the environmental provisions found in the Mining Act 1978 (WA), which requires companies to ensure that, upon cessation of their activities, the mine site is returned as far as possible to its previous natural condition. This may include operational environmental obligations imposed on mining tenements, environmental performance bonds, and participation in environmental inspections.

Western Australia is also subject to Commonwealth environmental legislation. This legislation includes the Environment Protection and Biodiversity Conservation Act 1999 (Cth) which provides a regime to assess activities which may significantly impact matters of national environmental significance, and the National Greenhouse and Energy Reporting Act 2007 (Cth) which imposes monitoring, recording and reporting obligations on entities with regards to greenhouse gas emissions, energy consumption and energy generation.

In addition, the Commonwealth Government is considering establishing a greenhouse gas emissions trading scheme, which may have a potentially significant financial impact for companies in the future.

While State and Commonwealth legislation has for the most part amended or superseded the common law position, several common law rights are specifically preserved under Western Australian environmental legislation. In particular common law proprietary rights in relation to trespass, nuisance and negligence are available to persons with relevant proprietary interests or standing.

Failure to comply with the applicable laws and regulations set out above, or any agreements and permitting requirements, may result in enforcement action. Compensation may also be required in some instances to compensate those suffering loss or damage, and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Such fines and penalties may, in some instances, be levied personally against directors and managers.

AUSTRALIAN LAWS RELATING TO HEALTH AND SAFETY

Pursuant to the Mines Safety and Inspection Act 1994 (WA) (the “MSIA”) and the Mines Safety and Inspection Regulations 1995 (WA) (the “Regulations”), the employer has the obligation to so far as is practicable, provide and maintain at a mine a working operation in which that employer’s employees (and contractors) are not exposed to hazards and without limiting that obligation the employer must, (i) provide and maintain workplace, plant and systems of work that do not expose employees to hazards; (ii) provide information, instruction, training and supervision as is necessary to ensure the employees are not exposed to hazards; (iii) consult and co-operate with employees regarding health and safety; and (iv) provide, at no cost to the employee, relevant personal protective clothing and equipment.

The MSIA and the Regulations, also impose numerous specific obligations, many of which create an offence for non-compliance. Some of the more notable obligations include, (i) notifying the Mines Inspector of all accidents and serious occurrences at the Mine; (ii) ensuring a registered mine manager is appointed and that those required to hold certificates of competency do so; (iii) responding as directed under any Improvement Notice or Prohibition Notice issued by a Mines Inspector; and (iv) ensuring that any residential premises on a mining lease (or on another property outside a gazetted town or outside the metropolitan area) provided by the employer are, so far as is practicable, free of hazards. The penalties under the MSIA and Regulations are tiered according to the gravity of the offence committed.

The obligations under the MSIA relate to “mining operations” which is significantly wider than a “mining lease” and can include the loading and handling of mining products at road, rail and port loading facilities. In addition, the Regulations contain many very specific obligations particularly in regards to plant and equipment, explosives, dust and atmospheric contaminants, health surveillance, radiation, shafts, lowering and raising equipment.

The MSIA and Regulations do not require the preparation of specific safety and health management systems however most mines do so to ensure that they meet the general requirements to provide a safe place of work.

FOREIGN INVESTMENTS IN AUSTRALIA

Foreign investments into Australian companies are reviewed by the Foreign Investment Review Board on behalf of the Treasurer, the Federal Government Minister responsible for investment decisions, pursuant to the Foreign Acquisitions and Takeovers Act (the “FATA”).

The FATA does not provide the Treasurer with the power to approve investment proposals. Rather, it empowers the Treasurer to prohibit certain proposals that he decides would be contrary to the national interest or to raise no objections, subject to conditions considered necessary to remove national interest concerns.

The national interest, and what might be contrary to it, is not defined in the FATA. Instead, it confers upon the Treasurer the power to decide in each case whether a particular proposal would be contrary to the national interest.

The FATA requires the prior notification of certain proposals, for instance, where a foreign person proposes to acquire a substantial shareholding in a prescribed Australian corporation under section 26 of the FATA.

A foreign person includes:

- (a) a corporation in which either an individual who is not ordinarily resident in Australia or a foreign corporation holds a substantial interest; or
- (b) a corporation in which two or more persons, each of whom is either an individual not ordinarily resident in Australia, or a foreign corporation (together with their respective associates) hold an aggregate substantial interest.

A person is taken to hold a substantial interest in a corporation if the person, alone or together with any associate or associates of the person, is in a position to control not less than 15% of the voting power or potential voting power in the corporation, or holds interests in not less than 15% of the issued shares in the corporation or would hold interests in not less than 15% of the issued shares in the corporation if shares in the corporation were issued as a result of the exercise of all rights to acquire a share or an interest in a share (for instance, under an option or a convertible note).

Two or more persons are taken to hold an aggregate substantial interest in a corporation if they, together with any associate or associates of any of them, are in a position to control not less than 40% of the voting power or potential voting power in the corporation, or hold interests in not less than 40% of the issued shares in the corporation or would hold interests in not less than 40% of the issued shares in the corporation if shares in the corporation were issued as a result of the exercise of all rights to acquire a share or an interest in a share.

Section 26 of the FATA makes it compulsory for a foreign person to notify the Treasurer of a proposal to acquire or increase a substantial shareholding in a prescribed Australian corporation where the total assets exceed, or the transaction values it above, the threshold set under the Foreign Acquisitions and Takeovers Regulations (the “FATA Regulations”). The FATA Regulations provide the value to be AUD219,000,000 (indexed annually). Currently, this threshold is AUD231,000,000. A higher threshold applies to United States investors.

Substantial penalties apply for non-compliance with the notification provision of section 26 of the FATA.

Section 25 of the FATA applies where the Treasurer has receives a notice from a person, including a notice required under section 26. It also provides an avenue for the notification of proposals falling within the scope of the FATA or the policy, but which are not subject to compulsory notification under the FATA.

Receipt of a valid section 25 notice activates the commencement of the 30-day statutory examination period. If the Treasurer does not take action within this period, the power to prohibit the proposal or to impose conditions expires. A further period of 10 days is available to publish any order in the Commonwealth of Australia Gazette and to notify the parties. The 30 day examination period may be extended by up to a further 90 days by the issue of an Interim Order which prohibits the proposal for that period.

Formal notification of a proposal under section 26 of the FATA must be made in accordance with the Forms prescribed by the Foreign Acquisitions and Takeovers (Notices) Regulations. Receipt of a valid notice activates the commencement of the 30 day statutory examination period. If the Treasurer does not take action within this period, the power to prohibit the proposal or to impose conditions expires.

The Group has obtained clearance from the Foreign Investment Review Board on behalf of the Treasurer, the Federal Government Minister under the FATA in respect of the making of the Conditional Offers where the clearance for the FRS Conditional Offer was given on the basis that the then value of the proposed FRS Conditional Offer did not exceed the threshold prescribed under the FATA (as described above). However, after the lodgement of the Bidder’s Statement for the FRS Conditional Offer, the Foreign Investment Review Board has asked the Group to seek written confirmation of the previous clearance it has received based on the terms and conditions of the FRS Conditional Offer. The Group has lodged an application to seek written confirmation and is awaiting such confirmation from the Foreign Investment Review Board which it expects to receive expeditiously and within 30 days. The Foreign Investment Review Board has not asked for such confirmation for the BRM Conditional Offer.

TAXATION IMPLICATIONS FOR AUSTRALIAN COMPANIES AND SHAREHOLDERS IN AUSTRALIAN COMPANIES

The taxes applying to Australian companies include goods and services tax, income tax, withholding tax and other indirect taxes. A general summary of the major aspects of the Australian tax system is provided below. **This summary is not exhaustive of all Australian tax considerations.**

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any foreign resident.

Goods and Services Tax

A goods and services tax (“GST”) of 10% is imposed on the supply of most goods and services consumed in Australia. Businesses generally can claim back GST on most business inputs. The tax is designed essentially as an end user tax.

Companies within a corporate group (where ownership interests are 90% or greater within the group) can elect to form a GST group. Transactions between members of the GST group are ignored and the external GST liabilities of the group will be managed by a representative member. Assuming full acceptance of the Conditional Offers and BRM and FRS become wholly-owned subsidiaries of the Group, WN Australia, BRM and FRS could form such a GST group.

Income Tax

A company in Australia is subject to income tax on its non-exempt worldwide taxable income at a flat rate of 30%. Taxable income equals assessable income less allowable deductions. Assessable income includes income as it is traditionally understood, including sales, income, interest, hedging, profits, rent and royalties. All losses or outgoings incurred in producing such assessable income are allowable deductions except where they are capital in nature. Separate capital allowances are available in respect of capital expenditure, including depreciation and amortisation of mine development costs.

With reference to mining operations, the cost of depreciating assets, including plant and equipment, may be deducted over the asset’s economic or effective life. Other capital expenditures incurred in carrying on mining operations is deductible over the life of the mining project concerned and exploration expenditure is deductible in the year in which it was incurred.

Companies within a wholly-owned group can elect to adopt tax consolidation. Under tax consolidation, all members of the wholly-owned group are taxed as a single tax payer. Specific transitional rules apply to corporate groups on entering consolidation. Assuming full acceptance of the Conditional Offers and BRM and FRS become wholly-owned subsidiaries of the Group, the Enlarged Group would be able to elect for such consolidation regime whereby only one tax return would be required to be prepared in Australia for WN Australia, BRM and FRS.

Income tax losses incurred by Australian companies or a consolidated group, as the case may be, can be carried forward and utilised in future years subject to the satisfaction of specific statutory tests.

State Mineral Royalties

Under the Mining Act 1978 (WA), royalties are payable on all minerals in Western Australia. When a mineral is obtained from a mining tenement, or from land the subject of an application for a mining tenement, royalties must be paid by the holder of, or applicant for, the mining tenement. A mineral is defined as a naturally occurring substance, including evaporites, limestone, rock, gravel, sand and clay.

Mining royalties are payable under the relevant legislation in all other Australian states and territories.

In Western Australia (where BRM's principal project of Marillana Project and FRS's principal project of the FerrAus Pilbara Project are located), there are two collection systems of mineral royalty:

(1) *Specific rate – flat rate per tonne*

Generally, specific rate royalties are used for low value construction materials. A specific rate or quantity-based royalty is calculated on tonnes produced. The current rates applicable on minerals produced during the period from 1 July 2010 to 30 June 2015 are AUD0.62 per tonne (in respect of minerals for construction use) and AUD1.00 per tonne (in respect of minerals used for its metallurgical content). These rates will be reviewed in 2015.

(2) *Ad Valorem – percentage of value*

An ad valorem or value-based royalty is calculated as a proportion of the 'royalty value' of the mineral. The royalty value in relation to a mineral other than gold means the gross invoice value of the mineral less any allowable deductions for the

mineral. In general, allowance deductions include transportation and packaging costs. The royalty rates applicable for (i) bulk material (subject to limited treatment) is 7.5% of the royalty value, (ii) concentrate material is 5.0% of the royalty value, and (iii) metal is 2.5% of the royalty value.

As BRM and FRS have not yet commenced production, they are not subject to any payment of royalties yet. Assuming BRM and FRS become subsidiaries of the Group upon completion of the Conditional Offers, the Enlarged Group will be subject to the abovementioned state mineral royalties regime when BRM and FRS commence production of iron ore.

Proposed Minerals Resource Rent Tax

The current Australian Commonwealth Government announced on 2 July 2010 that it intends to introduce a Minerals Resource Rent Tax (“MRRT”) from 1 July 2012, payable at the rate of 30% on profits made from the exploitation of a limited number of Australia’s non-renewable resources. As currently proposed, the MRRT would only extend to iron ore and coal mining activities.

At this stage, further details concerning the MRRT remain uncertain, and the Australian Commonwealth Government has formed a Policy Transition Group (“PTG”) to analyse and review the technical issues surrounding the MRRT. The PTG has been consulting directly with industry members with a view to finalising the MRRT however the extent to which the MRRT may impact on the Enlarged Group and/or its operations is therefore yet to be determined.

Thin Capitalisation Rules

Thin capitalisation rules impose certain limitations on allowable deductions for interest and other debt expenses, based on acceptable levels of debt and equity. The measures apply to foreign entities investing directly in Australia, foreign-controlled Australian entities, as well as Australian enterprises with controlled foreign investments.

Where applicable, the rules disallow a deduction for a portion of specified expenses an entity incurs in relation to its debt finance; that is, its debt deductions. The rules apply when the entity’s debt-to-equity ratio exceeds certain limits. Depending on the type of entity, different rules apply for the calculation of the maximum allowable debt. Broadly, the safe harbour debt amount is set at a ratio of 3:1 debt-to-equity. Where the maximum allowable debt is exceeded, the rules limit interest deductions on a proportional basis to the extent that the maximum allowable debt is exceeded.

Where a consolidated group is involved, the thin capitalisation rules apply to the head company of the consolidated group. As such, assuming BRM and FRS become subsidiaries of the Group upon completion of the Conditional Offers, the thin capitalisation rules would apply to WN Australia.

Disposal of Capital Assets

Capital assets (“CGT assets”) are subject to capital gains tax where a taxable event occurs and a capital gain or loss is recognised. Capital gains of foreign residents are only recognised in Australia in relation to certain Australian assets. From 2006 the categories of CGT assets relevant to foreign residents are: taxable Australian real property, indirect interests in Australian real property, the business assets of an Australian permanent establishment, and any options or rights to acquire such assets.

Capital gains are offset against any capital losses (current or prior year) and the net capital gain for the year is included in the company’s assessable income. A net capital loss may be carried forward to a later tax year, but may be offset only against a capital gain in a later year. The net capital gain of a corporate taxpayer is taxed at the general corporate tax rate of 30%.

The Australian Tax Laws provide that if 50% or more of a foreign resident’s assets are attributable to real property located in Australia, the holders of at least a 10% direct or indirect interest in an Australian Company may be subject to CGT upon disposal of shares in an Australian Company.

Withholding Tax on Repatriation of Returns to Overseas Investors

If an Australian company declares and pays dividends to an overseas investor which is not fully franked, tax would be withheld. The rates vary depending on the country in which such overseas investor is domiciled and whether any tax treaty exists between Australia and such country of domicile. However, if such dividends paid are fully franked, no withholding tax will be payable.

A fully franked dividend means a dividend paid out to shareholders where the company has chosen to pay the tax on the dividend. When an investor receives a fully franked dividend, the investor receives a tax credit for the amount of tax that the company paid on the dividend.

Upon completion of the Conditional Offers, when dividends (not fully franked) are distributed to the Company by BRM and/or FRS (through WN Australia), tax would be withheld at a rate of 30%. If fully franked dividends are distributed to the Company, the relevant tax credit would not be able to be utilised as the Company is a foreign investor.

Set out below are some risk factors in relation to the Group's proposed investments in BRM and FRS which the Directors consider that the Shareholders may wish to consider when deciding whether or not to vote for the resolution regarding the Conditional Offers at the SGM.

INACCURACY IN INFORMATION ON BRM AND FRS

The Company has relied on publicly available information released by BRM and FRS. Any inaccuracy in this information could adversely affect the anticipated prospects and benefits of the Conditional Offers and results of the Enlarged Group. In addition, it is possible that additional risks may exist in relation to BRM's and/or FRS's businesses which are not known to the Company.

UNCERTAINTY REGARDING THE LEVEL OF INTEGRATION THAT MAY BE ACHIEVABLE

After completion of the Conditional Offers, Company will seek, to the extent possible, to integrate BRM's and/or FRS's operations within the Group with a view to maximising operational synergies as well as eliminating a range of duplicated effort and costs. The extent to which these synergies of benefits and cost savings are realisable depends upon a range of factors including the level of acceptances received under the Conditional Offers.

There is a risk that the synergies expected to arise from the combination of the Group and BRM and/or FRS fail to materialise or take longer than expected to materialise. The Group may incur greater than anticipated implementation costs during the integration of the businesses of the Group and BRM and/or FRS. This may affect the future earnings performance of the Enlarged Group.

UNCERTAINTY IN DEALING IN THE AUSTRALIAN OPERATING ENVIRONMENT

The Group has been operating exclusively in the PRC and Hong Kong whilst BRM and FRS operate only in Australia. The operating environment in Australia is significantly different from that in the PRC and Hong Kong. The Group may incur greater than anticipated problems in adjusting to the operating environment in Australia and it may take longer than anticipated to become familiar with the Australian operating environment. This may affect the future earnings performance of the Enlarged Group.

EXCHANGE RATE RISKS

Australian dollars is the functional currency of BRM and FRS whilst the reporting currency of the Group is Hong Kong dollars. Any material fluctuation of the exchange rate of Australian dollars against Hong Kong dollars may affect the consolidated results and financial position of the Enlarged Group after the Conditional Offers.

FINANCING

The business of the BRM Group and the FRS Group requires significant and continuous investments. The net funds of the Enlarged Group may not be sufficient for expenditure that may be required to integrate the operations of the Group and BRM and/or FRS or to expand its operations or projects or for other capital expenditure, further exploration or feasibility studies or otherwise in the Enlarged Group's operations.

The Enlarged Group may need to raise additional debt or equity funds in the future. There is no assurance that the Enlarged Group will be able to obtain additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Enlarged Group, particularly having regard to the current uncertain economic environment and the effect that metal prices may have on future production and earnings performance. This may have an adverse effect on the Enlarged Group's financial results.

ACCOUNTING

The Enlarged Group will be required to perform a fair value assessment of BRM's and/or FRS's assets and liabilities following the acquisition by the Company of the BRM Shares and/or FRS's Shares. This assessment may result in increased depreciation and amortisation charges. These charges may be substantially greater than those that would exist in the Group and BRM and/or FRS as separate businesses. This may reduce future earnings of the Enlarged Group. Goodwill and other intangible assets may be recorded by the Enlarged Group as a result of the Conditional Offers depending on the fair value of the assets and liabilities of the BRM Group and the FRS Group to be assessed by the Company. Any such goodwill and intangible assets would be subject to future impairment test. Any impairment would adversely affect the results of the Enlarged Group.

FLUCTUATION IN IRON ORE DEMAND AND PRICES

Following the completion of the Conditional Offers, the future profitability of the Enlarged Group will also be dependent on the price of iron ore. Prices for iron ore are subject to fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, global and regional supply of and demand for iron ore, demand for products using iron ore as a raw material and the prices of such products, increased supply from new projects, expansion of existing operations, or substitution with alternative products in downstream markets, technological advancements, competitors that supply iron ore reducing their prices, and the political and economic conditions of major iron ore-producing and consuming countries throughout the world.

Although based on the estimations projected by BRM and FRS, their operating expenditures in respect of the Marillana Project and the FerrAus Pilbara Projects are comparatively lower than other iron ore producers, any decrease in iron ore price will still adversely affect BRM's and/or FRS's business and profitability.

ACTUAL ORE RESERVES AND MINERAL RESOURCES MAY BE LOWER THAN CURRENT ESTIMATES

BRM and FRS report mineral resources and ore reserves in accordance with the JORC Code. Mineral resource and ore reserve estimates are subject to independent third party review on at least a one year cycle. The methodology for estimating ore reserves may be updated over time and is reliant on certain assumptions being made. Declared mineral resources and ore reserves are best estimates that may change as new information becomes available. Consequently, BRM's and FRS's mineral resource and ore reserves may be revised up or down. Actual ore reserves may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below the estimated levels. Mineral resource and ore reserve data is not indicative of the future results of operations. If BRM's or FRS's actual mineral resources and ore reserves are less than current estimates, the Enlarged Group's business, results of operations and financial condition may be materially and adversely affected.

UNCERTAINTY RELATED TO EXPLORATION

Exploration of new and potential resources is crucial to the business of the BRM Group and the FRS Group. Resources exploration is unpredictable in nature. There is no assurance that any exploration will result in the discovery of valuable reserves or profitable mining operation as substantial expenses may be incurred for the exploitation of identified reserves. The ability of the BRM Group and the FRS Group to roll out their respective production plans is dependent to some extent on their reserves and resources.

PROJECTS MAY NOT BE COMPLETED AS PLANNED, COSTS MAY EXCEED ORIGINAL BUDGETS AND MAY NOT ACHIEVE THE INTENDED ECONOMIC RESULTS OR COMMERCIAL VIABILITY

The businesses of the BRM Group and the FRS Group depend largely, on the Marillana Project and the FerrAus Pilbara Project. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of mineral resources and environmental protection. The feasibility of these projects may not be established as planned. If BRM or FRS are unable to develop all or any of their projects into a commercial working mine, their business, financial condition and results of operations will be materially and adversely affected.

Their projects are subject to technical risk in that they may not perform as designed. Increased development costs, lower output or higher operating costs may all combine to make a project less profitable than expected at the time of the development decision. This would have a negative impact on their business and results of operations. No assurance can be given that we would be adequately compensated by third party project design and construction companies (if not performed by us) in the event that a project did not meet its expected design specification.

As with all exploration properties or projects taken on by mining companies, there is a risk that exploration projects cannot be converted to commercially viable mines, in part because actual costs from capital projects may exceed the original budgets. As a result of project delays, cost overruns, changes in market circumstances or other reasons, BRM and/or FRS may not be able to achieve the intended economic benefits or demonstrate the commercial feasibility of these projects, which in turn may materially and adversely affect our business, results of operations and growth prospects.

ENVIRONMENT AND OTHER REGULATORY REQUIREMENTS

The activities of operators in the iron ore industry are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibition on spills, releases or emissions of various substances produced in association with certain mining industry operations which would result in environmental pollution. Exploration and mining activities generally require permits from various governmental authorities and such operations are and will be governed by laws and regulations regarding prospecting, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters.

There can be no assurance that compliance with these laws and regulations or changes thereto or the cost of rehabilitation of site operations or the failure to obtain necessary permits, approvals or prospecting or mining rights or successful challenges to the grant of such permits, approvals and rights will not adversely affect the results of operations or the financial condition of the Enlarged Group.

HEALTH AND SAFETY

The businesses of BRM and FRS are subject to strict health and safety laws and regulations. The Enlarged Group may become liable for past and current conduct of BRM and/or FRS which violates such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against the Enlarged Group. These events might not be insured by the Enlarged Group or may be uninsurable. In addition, any changes in health and safety laws and regulations may increase compliance costs for the Enlarged Group. Such an event would negatively impact the financial results of the Enlarged Group.

PROSPECTS DEPEND ON BRM'S AND FRS'S ABILITY TO ATTRACT, RETAIN AND TRAIN KEY PERSONNEL AND OTHER WORKFORCE

Recruiting, retaining and training qualified personnel is critical to the operation. The number of persons skilled in the acquisition, exploration and development of mining properties is limited of the BRM Group and the FRS Group. As business activities of BRM and FRS grow, they will require additional financial, administrative, mining, marketing and public relations personnel. If they are not successful in retaining and attracting such right key personnel, and workforce, their business and results of operations could be materially and adversely affected.

RISK THAT THE BRM GROUP AND THE FRS GROUP FAIL TO IDENTIFY SUITABLE CUSTOMERS

Both the BRM Group and the FRS Group are in the exploration stage and have not yet reached production stage. Accordingly no sales of iron ore have been recorded by the two groups.

Both BRM and FRS through their Definitive Feasibility Study, Pre-Feasibility Study, and metallurgical tests, have shown iron ore products with quality comparable to another sizeable iron ore producer in the region. The Company understands that both companies are in discussions with steel mills from China, Japan and Korea for potential cooperation. Part of BRM's future production may potentially be sold to Sinosteel Corporation of China, subject to the execution of detailed off-take agreements upon the satisfaction of certain terms and conditions. Part of FRS's future production may potentially be sold to China Railway Materials Commercial Corporation of China, subject to the execution of detailed off-take agreements upon the satisfaction of certain terms and conditions. Whilst it is believed that BRM and FRS will be able to secure suitable customers, there is no guarantee that they will be able to reach any final agreements with the above perspective and other customers or that the terms of any agreement will be favorable to the BRM Group and/or the FRS Group. If BRM and/or FRS fail to identify and/or reach agreements on acceptable terms with suitable customers, the commercial viability of the business of the BRM Group and/or the FRS Group would adversely be affected.

LITIGATION

The Enlarged Group may be subject to litigation and other claims based on the conduct of BRM and/or FRS that occurred prior to the acquisition by the Company of the BRM Shares and FRS Shares (as the case may be). On 18 November 2010, FRS announced that BHP Billiton Minerals Pty Ltd, Mitsui-Itochu Iron Pty Ltd and Itochu Minerals & Energy of Australia Pty Ltd (the "Mount Newman Participants") commenced legal proceedings on the same date against FRS and the President of Engineers in Australia in the Supreme Court of Western Australia in respect of the process for reaching an agreement on the rights of rail haulage on the Mount Newman railway system. Further details in relation to the legal action taken by the Mount Newman Participants are set out in the paragraph headed "Information on FRS" in the letter from the Board set out in this circular. The Company does not consider this to be material and will not change its plan regarding the FRS Conditional Offer. Save for the above, the Company is not aware of any other material litigation which any members of the BRM Group or the FRS Group is involved.

INSURANCE

The Enlarged Group has various insurances covering its business. However, certain risks are not covered by insurance due to limitations or exclusions in insurance policies or because the Enlarged Group will have decided not to insure against certain risks because of high premiums or for other reasons. Mining accidents, cave-ins, business interruption, compensation claims, environmental effects, fires, floods, earthquakes and various other events may not be adequately covered by insurance. Such events, to the extent not covered by insurance, could significantly increase the costs of the Enlarged Group.

COMPETITION

The Enlarged Group may be subject to increased competition from other iron ore miners. Competitors include current miners and future entrants into the market. Other companies may have competitive advantages such as new technology and new production processes. Whilst the Group will assist the BRM Group and the FRS Group after completion of the Conditional Offers in securing off-take agreements with strategic steel producers and infrastructure groups and the estimated lower production cost will put the BRM Group and the FRS Group in a relatively competitive position, the Enlarged Group may be unable to successfully compete and may suffer material adverse consequences such as loss of market share and customers and reduction in revenue when facing increasing competition.

COUNTERPARTY RISK

There is a risk that contracts and other arrangements to which BRM and/or FRS is a party and obtain a benefit (such as concentrate sales, currency and metal price hedging agreements) will not be performed by the relevant counterparties if those counterparties become insolvent or are otherwise unable to perform their obligations.

REGULATORY APPROVAL

BRM's and FRS's exploration and mining activities are dependent upon the timely granting of appropriate licences, permits and regulatory consents which may be granted for a defined period of time, or may not be granted or may be withdrawn subject to a regulatory process, or may be subject to statutory restrictions. BRM and FRS may require further licences, permits and regulatory consent for the conduct of any new mining operations. There can be no assurance that such authorisations will be granted or renewed (as the case may be) or as to the terms of such grants or renewals. If the BRM Group and/or the FRS Group are unable to renew such rights upon their expiries, the operation and performance may be adversely affected.

RISK REGARDING NATIVE TITLE IN AUSTRALIA

As more detailed in Appendix II to this circular regarding laws and regulations relating to iron ore mining Australia, Australian law recognises a form of native title which reflects the rights, interests and entitlements of Australia's Indigenous inhabitants to their traditional lands in circumstances where such title has not been extinguished. In respect of a land where a native title has been registered, the applicant for an exploration or mining tenement over such piece of land has to negotiate with the party holding the native title with a view to reaching an agreement in respect of the granting of the tenement. If no

agreement is reached within 6 months, any of the parties may apply to the National Native Title Tribunal for a determination as to whether the grant should be made, with or without conditions.

The BRM Group has already obtained native title agreements in December 2009 in respect of its Marillana Project. The FRS Group has also obtained an agreement of support for mining by the relevant Indigenous stakeholder groups in respect of the FerrAus Pilbara Project.

There is no assurance that the BRM Group and/or the FRS Group will be able to reach any agreement with parties holding native titles (if any) in respect of their mining projects and the terms of any agreements reached may not be favourable to the BRM Group or the FRS Group. In those circumstances, the prospects of the BRM Group and/or the FRS Group will adversely be affected.

CHANGES TO GOVERNMENT AND LEGISLATION

Exploration and exploitation activities in Australia are governed by various rules and regulations. Changes to government, legislation, government or regulatory regulations and policy may affect the repatriation of returns to overseas investors, including the Group.

NEW BUSINESS SEGMENT OF THE GROUP

The Group's existing mining business is located in the PRC. Save for the Group's investments in BRM and FRS, the Group does not have any existing operations in Australia. Iron ore mining business in Australia represents a new business segment to the Group. The new business, coupled with a different regulatory and operating environment, may pose significant challenges to the Company's administrative, financial and operational resources. The corporate and staff culture of BRM and FRS may be significantly different from that of the Group. The Company does not have significant experience in this new segment. The management of the Group may not have all necessary knowledge to manage this new business segment.

To prudently implement this diversification strategy, the Company has carried out due diligence on the two companies and the business environment in Australia. Please refer to the paragraph headed "Due diligence" in the letter from the Board for further information on the work carried out by the Group. The Company has engaged a reputable legal counsel, accountant and financial adviser in Australia with experience in Australian mining industry with a view to familiarising with the business and regulatory environment. It is also the intention of the Company to retain some if not all the present board members and key management of BRM and FRS to continue to manage the daily business and operation.

After completion of the Conditional Offers, the Company will work closely with the management of BRM and FRS and review the development, business plan and financial conditions of BRM and FRS. If appropriate, the Company will seek independent advice from professionals, including bankers, financial advisers, lawyers, accountants, geologists, engineers, surveyors, valuers, other experts or consultants which are knowledgeable and experienced in iron ore exploration, mining, production and/or trading in Australia.

As stated in the paragraph headed “Reasons for and benefits of the Conditional Offers” in the letter from the Board set out in this circular, the Company has recently appointed Mr. Warren Talbot Beckwith as a director of WN Australia and has further identified (with a view to recruiting them to join the Group) other senior mining executives who are qualified mining professionals and are currently members of the Australasian Institute of Mining and Metallurgy, and who have extensive mining experience of more than 30 years and knowledge about Pilbara iron ore. In addition, the Company intends to invite appropriate board members and key management of BRM and FRS to join the Board. The Company may also extend its invitation to other suitably experienced mining professionals to join the Board. The Company believes that these steps will help the implementation of its diversification strategy in connection with this new business segment.

Nevertheless, the Company may not be able to fully understand, monitor, review and manage the business development of the BRM Group and the FRS Group, changes to the operating environment, market and the related laws and regulations. Accordingly, return of the Group’s investment in BRM and FRS may adversely be affected. This is particularly the case if the Company is not able to work smoothly with the management of BRM and FRS after completion of the Conditional Offers. The implementation of the Enlarged Group’s business strategy would be adversely affected.

SIGNIFICANT AND CONTINUOUS CAPITAL INVESTMENT

The business of the BRM Group and the FRS Group requires significant and continuous capital investment. The investment plans drawn up by the BRM Group or the FRS Group may not be completed as planned, may exceed the original budgets and may not achieve the intended economic results or commercial viability. Actual capital expenditures for the projects of the BRM Group and/or the FRS Group may significantly exceed the Company’s budgets because of various factors beyond the Company’s control, which in turn may affect the Company’s financial condition.

COUNTRY RISK

The Company is entering into a new business in Australia, in which the Company does not have any business presence. There can be a risk relating to possible changes in the business environment in Australia which may affect the profitability of doing business in Australia. The change of political and economic conditions in Australia may also adversely affect the Company.

PRODUCTION SAFETY

Operations of the BRM Group and the FRS Group may be affected by accidents, technical difficulties, mechanical failure or plant breakdown encountered in the exploration and possibly mining in future. Such technical difficulties, mechanical failure or plant breakdown may result in disruptions to the operation of the BRM Group and the FRS Group, increases in their operating costs.

There is no assurance that accidents will not occur which may disrupt the business operation of the BRM Group and the FRS Group and may result in mandatory suspension of operation, financial losses, compensatory claims, fines, penalties or damage to their respective reputation.

By its nature, exploration and mining involve significant risks, for example, heavy rain may lead to land subsidence and the improper handling and storage of dangerous articles such as explosive and sodium cyanide may lead to explosions or toxication which could lead to injury or death or economic loss. Should accident(s) occur or should we be liable for such accident(s), it may result in economic loss to and penalty for the BRM Group and/or the FRS Group and criminal liabilities for the BRM Group and/or the FRS Group and/or employees.

NATURAL DISASTERS OR SEVERE WEATHER CONDITIONS COULD MATERIALLY AND ADVERSELY AFFECT THE OPERATIONS OF THE BRM GROUP AND/OR THE FRS GROUP

Any unpredictable severe weather conditions may require the BRM Group and/or the FRS Group to evacuate personnel or curtail natural disasters and may result in damage to their resources locations, which could result in temporary suspension of their operations. During periods of curtailed activity due to natural disasters or adverse weather conditions, the BRM Group and/or the FRS Group may continue to incur operating expenses. Any damage to their resources locations could materially and adversely affect their business and operating results.

MINING OPERATIONS HAVE A FINITE LIFE AND EVENTUAL CLOSURE OF THESE OPERATIONS WILL ENTAIL COSTS AND RISKS REGARDING ONGOING MONITORING, REHABILITATION AND COMPLIANCE WITH ENVIRONMENTAL STANDARDS

The key risks for mine closure are (i) long-term management of permanent engineered structures (dam walls, spillways, wetlands, roads, waste dumps) and acid rock drainage; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these tasks is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and corporate reputation damage if desired outcomes cannot be achieved, which could materially and adversely affect the BRM Group's and/or the FRS Group's business and results of operations.

RISK THAT THE CONDITIONAL OFFERS MAY NOT BE COMPLETED

The Group has obtained clearance from the Foreign Investment Review Board on behalf of the Treasurer, the Federal Government Minister under the Foreign Acquisitions and Takeovers Act in respect of the making of the Conditional Offers, as further elaborated in the paragraph headed "Foreign Investments in Australia" in Appendix II to this circular. However, after the lodgement of the Bidder's Statement for the FRS Conditional Offer, the Foreign Investment Review Board has asked the Group to seek written confirmation of the previous clearance it has received based on the terms and conditions of the FRS Conditional Offer. The Group has lodged an application to seek written confirmation and is awaiting such confirmation from the Foreign Investment Review Board which it expects to receive expeditiously and within 30 days. The Foreign Investment Review Board has not asked for such confirmation for the BRM Conditional Offer. The Conditional Offers are subject to many conditions, including among other things, the approval for the listing of WN Shares on the ASX, approval for the listing of the Consideration WN Shares on the Stock Exchange and are subject to the response of the holders of BRM Shares and FRS Shares. On 18 November 2010, BRM issued an announcement where the BRM Board recommended that the BRM Shareholders take no action and do not accept the BRM Conditional Offer. On 25 November 2010, FRS issued an announcement where the FRS Board recommended that the FRS Shareholders do not accept the FRS Conditional Offer. Although the Company considers that the terms of the Conditional Offers are fair and reasonable, and offer an attractive opportunity for BRM Shareholders and FRS Shareholders to tender their respective BRM Shares and FRS Shares in exchange for

WN Shares, the response of BRM Shareholders and FRS Shareholders to the Conditional Offers is not certain. Furthermore, there are risks that the Group may not be able to get all necessary approvals for the closing of the Conditional Offers and the Conditional Offers may not proceed. Shareholders and perspective investors should deal in WN Shares with caution.

RISK MANAGEMENT AND CONTROL

The acquisition of BRM and FRS under the Conditional Offers and the development of BRM's and FRS's business involve various company related and industry specific risks as summarised above.

To better manage and control the risks, the Company has carried out its internal review of the financial conditions, business plans and development progress of BRM and FRS and the industry environment. The Company considers that the risks involved are acceptable and manageable.

After completion of the Conditional Offers, the Company will meet and discuss with the directors and management of BRM and/or FRS with a view to reviewing the development progress and plans of the BRM and/or FRS. It is the intention of the Company to retain the present senior management of BRM and FRS who are familiar with the operation of BRM and FRS and experienced in the iron ore mining industry. If there is any loss of board or key management member of BRM and/or FRS after completion of the Conditional Offers, the Company will best endeavour to procure appropriate replacement of such member. However, there is a risk that appropriate replacement may not be identified timeously as described in more details above.

After completion of the Conditional Offers, a technical report will be commissioned by the Company on the resources owned by BRM and/or FRS. As part of the technical report, the Company will again review the various development risks faced by BRM and/or FRS with a view to mitigating such risks. Results of the technical report will be included in a supplemental circular that the Company will send to the Shareholders if any of the Conditional Offers completes. Things that the Company may consider reviewing include further technical review of the resources data and development, production, costing, selling, marketing and financing plans, human resources policies, compliance measures and functions operational standards sufficiency of insurance coverage and hedging policies, etc. The Company believes that this process will help it better understand, monitor and control the various risks summarised above as well as the planning and implementation of the integration of the Enlarged Group.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the consolidated statements of comprehensive income and consolidated balance sheets of the Group for the financial years ended 31 December 2007, 2008 and 2009 which are based on the annual reports of the Company for the years ended 31 December 2008 and 2009 and for the 6 months ended 30 June 2009 and 30 June 2010 which are based on the interim report of the Company for the 6 months ended 30 June 2010.

Consolidated Statements of Comprehensive Income

	Six months ended		For the year ended		
	30 June		31 December		
	2010	2009	2009	2008	2007
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations					
Revenue	55,189	41,988	95,374	88,837	18,948
Direct costs	(45,349)	(41,710)	(84,729)	(80,384)	(14,867)
Gross profit	9,840	278	10,645	8,453	4,081
Other income	295	10,166	300	1,561	319
Selling and administrative expenses	(26,377)	(15,059)	(31,618)	(30,058)	(5,853)
Impairment losses	(153,000)	—	(38,314)	(118,414)	—
Excess payment on asset acquisition	—	—	—	(167,481)	—
Other (losses)/gains, net	(210)	(126)	505	(14,501)	—
Finance costs	(3,286)	(14,940)	(20,914)	(15,692)	(1,718)
Loss before income tax	(172,738)	(19,681)	(79,396)	(336,132)	(3,171)
Income tax (expense)/credit	(264)	165	(608)	15,886	(459)
Loss for the period/ year from continuing operations	(173,002)	(19,516)	(80,004)	(320,246)	(3,630)
Profit/(loss) for the year from discontinued operation	—	—	—	37,784	(2,399)
Loss for the period/year	<u>(173,002)</u>	<u>(19,516)</u>	<u>(80,004)</u>	<u>(282,462)</u>	<u>(6,029)</u>

APPENDIX IV
FINANCIAL INFORMATION OF THE GROUP

	Six months ended		For the year ended		
	30 June		31 December		
	2010	2009	2009	2008	2007
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive income/(loss):					
Exchange differences arising on translation of foreign operations	11,403	(1,182)	(285)	4,165	<i>Note</i>
Change in fair value on available-for-sale investments, net of tax	(35)	9,882	133,644	—	<i>Note</i>
Reserve released upon disposal of subsidiaries	—	—	—	(32,214)	<i>Note</i>
Other comprehensive income/(loss) for the period/year, net of tax	<u>11,368</u>	<u>8,700</u>	<u>133,359</u>	<u>(28,049)</u>	<i>Note</i>
Total comprehensive (loss)/income for the period/year	<u>(161,634)</u>	<u>(10,816)</u>	<u>53,355</u>	<u>(310,511)</u>	<i>Note</i>
(Loss)/income for the period/year attributable to:					
Equity holders of the Company	(157,363)	(18,902)	(78,935)	(296,660)	(5,243)
Minority interests	(15,639)	(614)	(1,069)	14,198	(786)
	<u>(173,002)</u>	<u>(19,516)</u>	<u>(80,004)</u>	<u>(282,462)</u>	<u>(6,029)</u>
Total comprehensive income/(loss) for the period/year attributable to:					
Equity holders of the Company	(147,045)	(10,088)	54,433	(323,807)	<i>Note</i>
Minority interests	(14,589)	(728)	(1,078)	13,296	<i>Note</i>
	<u>(161,634)</u>	<u>(10,816)</u>	<u>53,355</u>	<u>(310,511)</u>	<i>Note</i>

Note:

Information not available due to change in the requirements of the financial reporting standards on the presentation of financial statements which previously did not require such disclosures.

Consolidated Balance Sheets

	As at 30 June 2010 (Unaudited) <i>HK\$'000</i>	As at 31 December		
	2009 (Audited) <i>HK\$'000</i>	2008 (Audited) <i>HK\$'000</i>	2007 (Audited) <i>HK\$'000</i>	
Non-current assets				
Toll road operation rights	—	—	—	82,203
Mining right	835,671	980,568	987,005	—
Property, plant and equipment	83,552	81,726	86,024	51,148
Goodwill	11,405	11,405	49,719	91,872
Intangible asset	12,018	12,819	14,421	100,977
Available-for-sale investments	707,689	309,929	—	—
Amounts due from minority shareholders of a former subsidiary	—	—	—	52,674
Deferred income tax assets	337	337	966	5,754
Other non-current assets	8,997	8,900	8,419	—
	<u>1,659,669</u>	<u>1,405,684</u>	<u>1,146,554</u>	<u>384,628</u>
Current assets				
Inventories	8,590	4,516	7,379	—
Trade receivables	26,530	21,456	12,246	13,455
Other receivables, deposits and prepayments	10,781	7,470	7,232	4,265
Amount due from a related party	1,783	1,139	1,500	—
Financial assets at fair value through profit or loss	3,187	3,397	2,894	—
Restricted cash	5,200	5,200	—	—
Cash and cash equivalents	124,434	16,758	59,757	40,027
	<u>180,505</u>	<u>59,936</u>	<u>91,008</u>	<u>57,747</u>

	As at 30 June 2010 (Unaudited) <i>HK\$'000</i>	As at 31 December		
	2009 (Audited) <i>HK\$'000</i>	2008 (Audited) <i>HK\$'000</i>	2007 (Audited) <i>HK\$'000</i>	
Current liabilities				
Trade payables	9,195	9,738	10,667	6,159
Other payables and accrued charges	39,542	44,529	40,008	8,650
Amounts due to directors	—	—	305	—
Amounts due to related companies	7,107	1,363	—	—
Bank borrowings due within one year	43,241	39,258	30,131	26,183
Obligations under finance leases	2,211	1,965	1,739	1,507
	<u>101,296</u>	<u>96,853</u>	<u>82,850</u>	<u>42,499</u>
Net current assets/(liabilities)	<u>79,209</u>	<u>(36,917)</u>	<u>8,158</u>	<u>15,248</u>
Total assets less current liabilities	<u>1,738,878</u>	<u>1,368,767</u>	<u>1,154,712</u>	<u>399,876</u>
Capital and reserves				
Share Capital	372,944	278,226	151,534	78,474
Reserves	<u>1,184,842</u>	<u>844,930</u>	<u>610,018</u>	<u>129,835</u>
Equity attributable to equity holders of the Company	1,557,786	1,123,156	761,552	208,309
Minority interest	<u>80,836</u>	<u>95,425</u>	<u>96,503</u>	<u>77,878</u>
Total equity	<u>1,638,622</u>	<u>1,218,581</u>	<u>858,055</u>	<u>286,187</u>
Non-current liabilities				
Bank borrowings due after one year	—	—	—	1,647
Obligations under finance leases	1,612	1,168	2,230	3,719
Amount due to a related party	28,745	21,353	23,829	—
Convertible notes	—	74,119	262,828	84,058
Deferred income tax liabilities	69,422	53,074	7,298	24,265
Provision for restoration costs	477	472	472	—
	<u>100,256</u>	<u>150,186</u>	<u>296,657</u>	<u>113,689</u>
	<u>1,738,878</u>	<u>1,368,767</u>	<u>1,154,712</u>	<u>399,876</u>

2. CONSOLIDATED FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 December 2007, 2008 and 2009 together with the relevant notes to the consolidated financial statements of the Group can be found on pages 23 to 87 of the annual report of the Company for the year ended 31 December 2008 and pages 22 to 79 of the annual report of the Company for the year ended 31 December 2009.

The unaudited condensed consolidated financial information of the Group for the 6 months ended 30 June 2010 (“FP2010”) and 2009 together with the relevant notes to the financial statements of the Group can be found from pages 2 to 19 of the interim report of the Company for the 6 months ended 30 June 2010.

The said annual reports and interim report of the Company are available on the Company’s websites at www.wnintl.com and www.irasia.com/listco/hk/wahnam and the website of the Stock Exchange at www.hkexnews.hk.

3. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

For the year ended 31 December 2007

Business review

The Group recorded total consolidated revenue for the financial year ended 31 December 2007 (“FY2007”) of HK\$25.4 million from its toll road operations and limousine and airport shuttle rental services. This represents a significant increase of 1.7 times as compared to last year’s total consolidated revenue of HK\$15.2 million.

During FY2007, the gross toll road receipts of the Group amounted to approximately HK\$6.4 million, representing a decrease of approximately 14%, compared to HK\$7.4 million reported last year, not including the balance of HK\$7.8 million, being the compensation income from Hangzhou City government. The toll road operation rights is owned and operated by Hangzhou Huanan Engineering Development Co. Ltd (“HHED”). Since 2004, an agreement was entered into between HHED and Hangzhou City government (the “Government”), granting HHED receipt of daily compensation from the Government for the loss of toll receipts as a result of the Government’s intra city toll free collection policy, exempting all Hangzhou locally-registered vehicles from toll payment. From 2006 onward, the Government has yet to renew the agreement with HHED to agree on the compensation. No such compensation income was recognised in FY2007’s results. The Group pursued legal

action against the Government to claim for such compensation. Apart from the compensation income of HK\$7.8 million paid by the Government in that year, no further compensation income has been received or recognized by the Group.

The reduction in both revenue and profitability of the toll road operations is mainly attributable to the competition of emerging new roads and diversion of non-Hangzhou registered automobiles to adjacent alternate roads, and reduced toll fare in light of direct competition. Yearly traffic volume of non-locally registered vehicles saw a reduction of approximately 19%, whilst traffic volume for the locally-registered vehicles increased by approximately 7% from previous year.

The non-receipt of the compensation income from the Government led to a loss of approximately HK\$2.8 million compared to that of a profit of HK\$6.9 million as achieved in 2006 for the toll road operation segment.

A civil petition was submitted to the PRC court against the Government seeking judgement on the amount of government compensation. As of the date of this report, outcome of the civil petition is still pending and no agreement has yet been reached with the Government.

During FY2007, the Group completed the acquisition of Perryville Group Limited and its subsidiaries (“Perryville Group”) in October 2007. The principal operation of Perryville Group is provision of limousine and airport shuttle rental services, Perryville Group is a well established and leading operator in the market. Since the completion of the acquisition, Perryville Group contributed approximately HK\$18.9 million to the Group’s overall revenue for the year, and a profit before amortisation of approximately HK\$2.6 million.

Capital structure, liquidity and financial resources

During FY2007, the Company had the following movements in share capital:

- (a) Pursuant to obtaining shareholders' approval at the special general meeting held on 18 September 2007, the authorised share capital of the Company was increased from 800,000,000 WN Shares to 2,000,000,000 WN Shares.
- (b) Pursuant to a placing and subscription agreement executed by the Company on 15 May 2007, a total of 118,900,000 WN Shares were issued at an issue price of HK\$0.35 per WN Share, raising net proceeds of approximately HK\$40.3 million.
- (c) Pursuant to a placing and subscription agreement executed by the Company on 16 October 2007, a total of 71,000,000 WN Shares were issued at an issue price of HK\$0.54 per WN Share, raising net proceeds of approximately HK\$37.4 million.

To facilitate the acquisition of Perryville Group and to inject new funding for expansion and working capital needs, the Group raised net proceeds of HK\$40.3 million and HK\$37.4 million through the placements of 118.9 million and 71 million new WN Shares respectively during FY2007, as described above.

The placement of new WN Shares and the acquisition of Perryville Group resulted in an improvement in the Group's consolidated net asset value and led to significant changes to the structure of the working capital of the Group. As at the balance sheet date, consolidated net asset value of the Group stood at HK\$286.2 million, representing a marked increase of more than two folds over that of HK\$141.4 million recorded in 2006. Owing to the characteristics of operation of the limousine and airport shuttle rental service of Perryville Group, with more current term financing, the current ratio as at 31 December 2007 measured at 1.4 times as compared to that of 5 times as at 31 December 2006.

The gearing ratio as at 31 December 2007 (being long term debts over total equity and long term debts) was measured at 0.24, and there were no long term debts as at 31 December 2006. As at the balance sheet date, the Group had total bank and other borrowings amounted to approximately HK\$33 million, all of which were secured, approximately HK\$27.7 million due within one year and the balance of HK\$5.3 million due more than one year. All of the borrowings were denominated in Hong Kong dollars.

During FY2007, the Group did not engage in the use of any other financial instruments for hedging purposes, and there is no hedging instrument outstanding as at 31 December 2007.

Contingent liabilities

As at 31 December 2007, the Group had commitments for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks and counters in the international airport of Hong Kong amounting to HK\$3,612,000.

Save as disclosed above, the Group did not have any contingent liabilities as at 31 December 2007.

Human resources

As at 31 December 2007, the Group employed approximately 198 full time employees, of which approximately 63 were in the PRC. The total staff costs incurred by the Group for FY2007 amounted to HK\$7,613,000. The remuneration of employees included salary and discretionary bonus. The Group also adopted the Share Option Scheme to provide an incentive to the employees.

The remuneration policy and package, including the share options, of the Group's employees were maintained at market level and reviewed annually by the management.

Charge of assets

As at 31 December 2007, motor vehicles with an aggregate carrying value of HK\$33,476,000 of a subsidiary of the Company were pledged to a bank to secure general banking facilities granted to the subsidiary.

Material investment, acquisitions and disposals

During FY2007, the Group successfully completed the acquisition of Perryville Group in October 2007.

Performance and prospects of significant investments of the Group

As stated above, during FY2007, the Group successfully acquired Perryville Group and since the completion of the acquisition, Perryville Group contributed positively to the Group's revenue and profits.

At that time, Perryville Group's Hong Kong business was expected to be stable. The Group had contracts with over 40 hotels to supply its services. Perryville Group was establishing footsteps in Shenzhen, Guangzhou, Shanghai and Beijing to capture the market shares in these unexplored markets.

For the year ended 31 December 2008

Business review

The Group recorded total consolidated revenue for the financial year ended 31 December 2008 ("FY2008") of HK\$142.2 million which consisted of HK\$53.4 million from the discontinued toll road operation, HK\$87.2 million from the limousine rental and airport shuttle bus services, and HK\$1.6 million from the newly acquired subsidiaries which engaged in the sales of copper, lead and zinc ore concentrates. Overall, the Group's total consolidated revenue represented a significant increase of 4.6 times compared to last year's total consolidated revenue of HK\$25.4 million.

Loss attributable to Shareholders significantly increased by HK\$291.5 million to HK\$296.7 million as compared to the loss of HK\$5.2 million in 2007, mainly due to the impairment of goodwill and intangible asset of HK\$118.4 million and the excess payment on asset acquisition of HK\$167.5 million.

Toll road operation

During the year of 2008, the gross toll road receipts of the group amounted to HK\$5.4 million, representing a decrease of approximately 16.6%, as compared to HK\$6.4 million reported in 2007. An amount of approximately HK\$48 million, representing a compensation income from the Government, was received in 2008 in respect of the compensation for the loss of toll receipts as a result of the Government's intra city toll free collection policy, exempting all Hangzhou locally-registered vehicles from toll payment.

On 26 September 2008, the Group discontinued and disposed of such business operation.

Provision of limousine and airport shuttle transportation services

The Group acquired Perryville Group in October 2007.

During the year of 2008, limousine rental and airport shuttle bus operations contributed HK\$87.2 million to the Group's overall revenue, and recorded segment operating profit, before amortisation and impairment of goodwill and intangible asset from the limousine rental and airport shuttle bus services, of HK\$2.8 million.

Due to the global financial crisis, the business growth and expansion plan of airport shuttle bus and limousine rental services in both Hong Kong and the PRC were seriously affected.

In Hong Kong, the Group recorded reduction in the number of passengers from approximately 235,000 to 192,000 in the airport shuttle bus service, and a decrease in the number of trips from approximately 142,000 to 128,000 in the limousine rental services as compared to 2007.

In the PRC, due to the lower-than-expected occupancy rate of the hotels in four key areas namely, Beijing, Shanghai, Guangzhou and Shenzhen, the Group's expansion plan in the PRC was slowed down and the Group recorded a loss of HK\$4.8 million during the year in this segment.

Mining operation

The Group completed the acquisition of Smart Year Investments Limited and its subsidiary ("Smart Year Group") in September 2008.

Based on the valuation, the mining right acquired as part of the acquisition had a value of HK\$987 million as at 31 December 2008.

Smart Year Group is principally engaged in exploitation, processing and sales of copper, lead, zinc, arsenic, silver and other mineral resources. Smart Year Group was in its preliminary stage of production. Since the completion of the acquisition of Smart Year Group, Smart Year Group contributed HK\$1.6 million to the Group's overall revenue for the year 2008, and a loss, before amortisation of mining right and excess payment on asset acquisition, of approximately HK\$2.6 million.

Capital structure, liquidity and financial resources

During FY2008, the Company had the following movements in share capital:

- (a) Pursuant to Shareholders' approval at the special general meeting held on 18 July 2008, the authorised share capital of the Company increased from 2,000,000,000 WN Shares to 4,000,000,000 WN Shares.
- (b) Pursuant to a placing and subscription agreement executed on 10 September 2008, a total of 240,000,000 WN Shares were issued at an issue price of HK\$0.50 per WN Share, raising net proceeds of approximately HK\$118.8 million.
- (c) Pursuant to a sale and purchase agreement executed on 19 September 2008, a total of 315,666,000 WN Shares of HK\$0.10 per WN Share, and convertible notes with an aggregate principle amount of HK\$435.5 million and conversion price of HK\$0.30 (subject to adjustments) were issued for the acquisition of Smart Year Group.
- (d) Convertible notes with principal amounts of HK\$42,000,000 and HK\$28,350,000 were converted into WN Shares at the conversion price of HK\$0.42 and HK\$0.405 per WN Share respectively. Accordingly, a total of 170,000,000 WN Shares were issued.
- (e) Convertible notes with a total principal amount of HK\$1,481,400 were converted into WN Shares at the conversion price of HK\$0.30 per WN Share. Accordingly, a total of 4,938,000 WN Shares were issued.

During FY2008, the Group also generated cash from the following activities:

- (a) To facilitate the acquisition of Smart Year Group and to inject new funding for expansion and working capital needs, the Group raised net proceeds of HK\$118.8 million through the placement of 240 million new WN Shares.
- (b) The Group disposed of Cableport Holdings Limited which held 100% of the Group's toll road operation business, and received cash consideration of HK\$60,000,000.

Save as above, there is no significant change in the working capital structure for the year. The current ratio as at balance sheet date was measured at 1.10 times as compared to 1.36 times as recorded as at 31 December 2007.

The gearing ratio (being long term debts over total equity and long term debts) was measured at 0.25 compared to 0.24 recorded in 2007. As at the balance sheet date, the Group had total bank and other borrowings amounted to approximately HK\$34.1 million, of which approximately HK\$31.9 million would be due within one year and the balance of HK\$2.2 million would be due more than one year. All of the borrowings were secured and denominated in Hong Kong dollars.

During the year, the Group did not engage in the use of any other financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 31 December 2008.

Contingent liabilities

As at 31 December 2008, the Group had commitments for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks and counters in the international airport of Hong Kong amounting to HK\$4,428,000 and capital commitments for property, plant and equipment contracted for but not yet incurred of HK\$5,229,000.

Save as disclosed above, the Group did not have any contingent liabilities as at 31 December 2008.

Human resources

As at 31 December, 2008, the Group employed approximately 496 full time employees, of which approximately 387 were in the PRC. The total staff costs incurred by the Group for FY2008 amounted to HK\$29,726,000. The remuneration of employees included salary and discretionary bonus. The Group also adopted the Share Option Scheme to provide an incentive to the employees.

The remuneration policy and package, including the share options, of the Group's employees were maintained at market level and reviewed annually by the management.

Charge of assets

As at 31 December 2008, motor vehicles with an aggregate carrying value of HK\$30,612,000 of a subsidiary of the Company were pledged to a bank to secure general banking facilities granted to the subsidiary.

Material investment, acquisitions and disposals

The Group completed the acquisition of Smart Year Group in September 2008.

The Group disposed of Cableport Holdings Limited and received cash of HK\$60,000,000.

Performance and prospects of significant investments of the Group

The performance of Perryville Group and Smart Year Group are set out in the paragraph headed “Business review” of this sub-section above.

Looking ahead, the management expected growth in the business of the Perryville Group following the recovery of the overall economy. The management also reviewed the operation in the PRC from time to time and adjusted the business strategy when necessary.

For the year ended 31 December 2009*Business review*

For the year ended 31 December 2009 (“FY2009”), the Group recorded total consolidated revenue of approximately HK\$95.4 million from its continuing operations, representing an increase of 7.4% as compared to that of 2008. The consolidated revenue from continuing operations consisted of HK\$80.6 million from the provision of limousine rental and airport shuttle bus services, and HK\$14.8 million from the sales of copper, lead and zinc ore concentrates. As at 31 December 2009, the Group’s net asset value amounted to HK\$1,219 million (2008: HK\$858 million) and cash and bank balances, including restricted cash, amounted to HK\$22 million (2008: HK\$59.8 million).

Loss attributable to equity holders of the Company decreased to approximately HK\$78.9 million from HK\$296.7 million as recorded in 2008. Basic loss per share is HK\$3.44 cents, as compared to a loss of HK\$28.06 cents of previous year. The decrease in loss was mainly due to the decrease in the impairment losses for the intangible asset and goodwill, and there was no excess payment on asset acquisition recorded during 2009 (2008: approximately HK\$167.5 million).

Provision of limousine rental and airport shuttle bus services

During the year, this segment, operated by Perryville Group, recorded a revenue of approximately HK\$80.6 million, representing a decrease of 7.6% as compared to the revenue of HK\$87.2 million recorded in previous year. Profit before amortisation and impairment from this segment was HK\$3.1 million, representing an increase of 12% as compared to that of previous year. Hong Kong remained the largest market of this segment and contributed over 82% revenue recorded under this segment. The Group continued to face keen competition in the Hong Kong Market as more companies offered similar services at competitive price. While the Group was trying to maintain its leading position as a high-end limousine rental service provider by providing the best quality services to customers at a reasonable price, the Group adopted a stringent costs control scheme. Overall cost in the Hong Kong operation was reduced by 12% as compared to that of 2008.

In Mainland China, the Group continued to provide limousine rental services to four cities namely Shenzhen, Guangzhou, Shanghai and Beijing. Turnover from the China operations was HK\$14.3 million, representing an increase of 74% as compared to that of 2008.

The Group recorded a steady growth in Shenzhen, Guangzhou and Shanghai while the Beijing operation was underperformed. As at 31 December 2009, the Group had service contracts with 36 hotels in the 4 cities (2008: 9 hotels) to provide its limousine rental services.

Mining Operation

The Group completed the acquisition of Smart Year Group in September 2008. The consolidated results of the Group for the year ended 2008 only recorded the 3-month performance of the mining operation while for the year ended 2009, full year performance of the mining operation was recorded.

The Group's mining business mainly comprises the exploitation, processing and sales of copper, lead, zinc, arsenic, silver and other mineral resources, through a 90% subsidiary of the Group, Luchun Xingtai Mining Co., Ltd. ("Luchun").

In 2009, the revenue of this segment was approximately HK\$14.8 million, and the loss before amortisation of mining right was approximately HK\$4.5 million. The production volume of copper ore concentrates was approximately 340 tonnes and sales of the copper ore concentrates were approximately 410 tonnes. In 2009, the

Group spent plenty of time in conducting geographical and geological exploration of copper deposits and research on mineralisation across the Group's mine site, thus the Group postponed our original production plan. As quoted in the Shanghai Metal Exchange Market ("SHMET"), the copper price per tonne, as of 31 December 2009 was approximately RMB59,000, representing an increase of approximately 119% as compared to approximately RMB27,000 as recorded in the beginning of 2009. Such increase reflected the shortage of supply of copper in China and the recovery of the economy following the global financial crisis.

During the year, the Group acquired 18,739,631 BRM Shares for a total consideration of approximately HK\$129.5 million. As at 31 December 2009, the Group owned an approximately 13.5% equity interest in BRM. The fair value gain of such investment and the exchange gain due to the appreciation of Australian dollars of HK\$133.6 million (net of tax) in aggregate, was accounted for in the available-for-sale investment reserve, thus no profit and loss effect relating to such investment was recorded.

Capital structure, liquidity and financial resources

During FY2009, the Company had the following movements in share capital:

- (a) Pursuant to a placing and subscription agreement executed on 17 June 2009, a total of 111,500,000 WN Shares were issued at an issue price of HK\$0.90 per WN Share, raising net proceeds of approximately HK\$99.1 million.
- (b) Convertible notes of aggregate principal amounts of HK\$49,650,000 were converted into WN Shares at the conversion price of HK\$0.405 per WN Share. Accordingly, a total of 122,592,592 WN Shares were issued.
- (c) Convertible notes of aggregate principal amounts of HK\$309,847,200 were converted into WN Shares at the conversion price of HK\$0.30 per WN Share. Accordingly, a total of 1,032,824,000 WN Shares were issued.

The Group generally financed its short term funding requirements with cash generated from operations, credit facilities from suppliers and banking facilities.

The gearing ratio as at 31 December 2009 (being long term debts over total equity and long term debts) of the Group amounted to 0.07 as compared with the gearing ratio of the Group as at 31 December 2008 of 0.25. As at 31 December 2009, the Group had total bank and other borrowings amounted to HK\$42.4 million, all of which were secured, approximately HK\$41.2 million was due within one year and the balance of HK\$1.2 million was due in more than one year. All the borrowings are denominated in Hong Kong dollars.

As at 31 December 2009, the Group's current ratio amounted to 0.62 times as compared with the Group's current ratio of 1.10 times as at 31 December 2008.

During FY2009, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 31 December 2009.

Contingent liabilities

As at 31 December 2009, the Group had commitments for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks and counters in the international airport of Hong Kong amounting to HK\$2,848,000 and capital commitments for property, plant and equipment contracted for but not yet incurred of HK\$5,925,000.

Save as disclosed above, the Group did not have any contingent liabilities as at 31 December 2009.

Human resources

As at 31 December 2009, the Group employed 552 full time employees of which 440 employees were in the PRC. The total staff costs incurred by the Group for FY2009 amounted to HK\$30,612,000. The remuneration of employees includes salary and discretionary bonus. The Group also adopted the Share Option Scheme to provide incentives to the employees.

The remuneration policy and packages, including the share options, of the Group's employees, senior management and directors were maintained at market level and reviewed periodically by the management and the remuneration committee, whichever appropriate.

Charge of assets

As at 31 December 2009, motor vehicles with an aggregate carrying value of HK\$23,438,000 of certain subsidiaries of the Company were charged to secure general banking facilities granted to a subsidiary of the Company.

Material investment, acquisitions and disposals

During the year, the Group acquired 18,739,631 BRM Shares for a total consideration of approximately HK\$129.5 million.

Performance and prospects of significant investments of the Group

The performance of Perryville Group and Smart Year Group are set out in the paragraph headed “Business Review” of this sub-section above.

The Group was confident in the China market in the long-term, however, certain existing regulations created an unfavourable environment for the Group to expand the business. The Group reviewed the market condition and relevant policies from time to time and formulated suitable business strategies for the expansion. The Group planned to shift more resources from the Beijing operation to the other three cities, especially in Shanghai where the World Expo would be held in 2010, and Guangzhou where the Group saw a better track record of growth.

Subject to the progress of the Group’s exploration and production plan of its copper mine in the PRC, the Group would gradually increase the production volume to meet the growing demand in the local market. With a larger scale of production, the Group would be able to have cost efficiency and the profit margin would increase.

The fair value gain of the Group’s investment in BRM Shares for FY2009 is as set out in the paragraph headed “Business Review” of this sub-section above. Please refer to Appendix V to this circular for details of the performance of BRM.

The Company considered that the Group’s investment in BRM a good investment as it represented a step of the Group in achieving its global platform expansion strategy. The Company also noted that the development of the Marillana Project

of BRM was progressing satisfactorily towards its production plans. The Company believed that BRM would be able to commence commercial production subject to further feasibility studies, infrastructure development and financing plans.

For the six months ended 30 June 2010

Business review

The consolidated revenue of the Group for FP2010 increased by 31.4% to approximately HK\$55.2 million as compared to the corresponding period in 2009, of which approximately HK\$51.8 million was contributed by the provision of limousine rental and airport shuttle bus services and approximately HK\$3.4 million was contributed by the sales of copper ore concentrates.

Loss attributable to equity holders of the Company for FP2010 increased to HK\$157.4 million as compared to HK\$18.9 million for the same period recorded in 2009 mainly due to the impairment loss on the valuation of mining right recorded during FP2010 of approximately HK\$153.0 million. The impairment to the fair value of the Group's mine was a result of the adjustment to the long-term copper price projection. Such impairment loss, however, did not have any impact on the operating cash flow of the Group.

The limousine rental and airport shuttle bus services segments of the Group, operated by Perryville Group, recorded revenue for FP2010 of approximately HK\$51.8 million, an increase of 42.0% over the same period in 2009. The segment reported an operating profit, before amortisation of intangible asset, of HK\$3.1 million, representing an increase of 110.6% over the corresponding period in 2009. The increase in revenue is attributable to the surging demand for limousine rental services in both Hong Kong and the PRC as a result of the significant growth in the travel industry in Hong Kong and the PRC region.

The mining business of the Group, operated by Smart Year Group, recorded revenue of approximately HK\$3.4 million and a loss before amortisation and impairment of mining right was approximately HK\$2.1 million. The production volume of copper ore concentrates was approximately 125 metal tonnes and sales of copper ore concentrates was approximately 74 tonnes.

The mining of 22,364 tonnes of copper ore recorded from the Group's Damajianshan Mine during FP2010 represented a decrease of 7.89% compared to the corresponding period in 2009. As the Group focused more on exploration activities during FP2010, more resources were allocated to this aspect, hence resulting in lower production volume. The Damajianshan Mine in aggregate consumed only approximately 154,000 tonnes out of 7.798 million tonnes of its ore reserves.

Capital structure, liquidity and financial resources

During FP2010, the Company had the following movements in the share capital:

- (a) Pursuant to a placing and subscription agreement executed on 9 February 2010, a total of 334,000,000 WN Shares were issued at an issued price of HK\$0.90 per WN Share, raising net proceeds of approximately HK\$297 million.
- (b) Pursuant to a placing and subscription agreement executed on 17 June 2010, a total of 185,000,000 WN Shares were issued at an issued price of HK\$1.11 per WN Share, raising net proceeds of approximately HK\$199 million.
- (c) Convertible notes of aggregate principal amounts of HK\$124,171,400 were converted into WN Shares at a conversion price of HK\$0.29 per WN Share. Accordingly, a total of 428,177,241 WN Shares were issued.

During FP2010, the Group raised net proceeds of approximately HK\$496 million through placements of new shares. The current ratio as at 30 June 2010 was measured at 1.78 times as compared to 0.62 times as reported as at 31 December 2009. The gearing ratio as at 30 June 2010 (long term debts over equity and long term debts) was measured at 0.02 as compared to 0.07 recorded as at 31 December 2009. As at 30 June 2010, the Group had total bank and other borrowings amounted to approximately HK\$47.1 million, all of which were secured, approximately HK\$45.5 million was due within one year and the balance of HK\$1.6 million was due in more than one year. All of the borrowings were denominated in Hong Kong dollars.

During FP2010, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2010.

Contingent liabilities

As at 30 June 2010, the Group had commitments for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks and counters in the international airport of Hong Kong amounting to HK\$8,591,000 and capital commitments for property, plant and equipment contracted for but not yet incurred of HK\$6,626,000.

Save as disclosed above, the Group did not have any contingent liabilities as at 30 June 2010.

Human resources

As at 30 June 2010, the Group employed 385 full time employees, of which approximately 264 employees were in the PRC. The total staff costs incurred by the Group for FP2010 amounted to HK\$19,255,000.

The remuneration of employees includes salary and discretionary bonus. The Group has adopted the Share Option Scheme to provide incentives to the employees.

The remuneration policy and packages, including the share options, of the Group's employees, senior management and directors were maintained at market level and reviewed periodically by the management and the remuneration committee, whichever appropriate.

Charge of assets

As at 30 June 2010, motor vehicles with an aggregate carrying value of HK\$20,541,000 of certain subsidiaries of the Company were charged to secure general banking facilities granted to a subsidiary of the Company.

Material investment, acquisitions and disposals

During FP2010, the Group further acquired equity stakes in BRM and also added a new investment in Australian iron ore sector through the subscription of FRS Shares.

As at 30 June 2010, the Group has acquired 27,833,505 of BRM Shares, representing approximately 19.67% of the total issued share capital of BRM.

During the period, the Group acquired in aggregate 30,201,575 FRS Shares, representing approximately 14.90% of the total issued FRS Shares as at 30 June 2010.

Performance and prospects of significant investments of the Group

The performance of Perryville Group and Smart Year Group are set out in the paragraph headed “Business Review” of this sub-section above.

The Group continued to provide limousine rental services in the PRC and a steady growth was expected from this sector. Nevertheless, the limousine business in Beijing would gradually be downsized and resources would be reallocated to focus on more profitable locations such as Shanghai, Guangzhou and Shenzhen.

The Group put a majority of its focus at the Group’s mining operation for further exploration, hence the Group’s mine was not operating at a full capacity. The Group would gradually increase its production capacity once the Group has achieved satisfactory results from the Group’s further exploration activities. During FP2010, the expenditure associated with the mining exploration activities amounted to approximately RMB0.4 million and the total accumulative expenditure incurred for exploration activities was approximately RMB1.0 million since September 2009.

The market value of the Group’s investment in BRM Shares as at 30 June 2010 amounted to approximately HK\$551.2 million whilst the market value of the Group’s investment in FRS Shares as at 30 June 2010 amounted to approximately HK\$156.5 million.

The change in fair value on available-for-sale investments, together with the corresponding exchange loss due to depreciation of AUD, of approximately HK\$16.8 million was recorded in the available-for-sale investment reserve during FP2010 for the investments in BRM and FRS.

Please refer to Appendices V and VI to this circular for details of the performance of BRM and FRS respectively.

The Company considered that the Group’s investments in BRM and FRS a good investment as they represented a step of the Group in achieving its global platform expansion strategy. The Company also noted that the development of the Marillana Project of BRM and that of the FerrAus Pilbara Project of FRS were progressing satisfactorily towards their production plans. The Company believed that BRM and FRS would be able to commence commercial production subject to further feasibility studies, infrastructure development and financing plans.

4. MARKET RISK

The Group is exposed to various types of market risks, including fluctuations in copper price and exchange rates.

(a) Copper concentrate price risk

The Group's revenue and results of the mining business during the period, and the fair value of the Group's mining rights were affected by fluctuations in the copper concentrate price. All of our mining products were sold at the market price. The Group has not used any commodity derivative instruments or futures for speculation or hedging purpose. The management will review the market condition from time to time and determine appropriate strategies to deal with the fluctuation of copper concentrate price.

(b) Exchange rate risk

The Group is exposed to exchange rate risk primarily because the Group's available-for-sale investments (BRM Shares and FRS Shares) are denominated in Australian dollars. If Australian dollar depreciates, it may adversely affect the Group's net asset value and earnings when the value of such investments are converted to Hong Kong dollars. The Group does not carry out any hedging activities. After completion of the Conditional Offers, the management will reassess the overall exchange rate risk to which the Enlarged Group may be exposed and carry out necessary hedging transactions it considers necessary and appropriate.

5. PROSPECT

Going forward, the Group will continue to focus its resources in the mining business. While continuing the activities of the Group's existing Damajianshan Mine, The Group will continue to carry out further exploration of its Damajianshan Mine with a view to increasing the reserves and resources base, production capacity and volume of its Damajianshan Mine. The Group will also review the operational and costing structure of its mining operations. The Group believes that the profitability of the Damajianshan Mine operation will be enhanced through the above efforts.

The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province in the PRC. It is near the border between the PRC and Vietnam.

Map of Damajianshan Mine



In the 3.67 km² covered by the mining right there are Ore Reserves of over 7.8 million tonnes of ore with an average copper (“Cu”) grade of 1.46% and Mineral Resources of over 15.5 million tonnes of ore with an average Cu grade of 1.68%. The mine operation has the potential to produce over 429,000 tonnes per annum for more than 18 years. The mine site is accessible by gravel road. After beneficiation, copper concentrate is trucked to customers throughout the PRC. Please refer to the tables below for a breakdown of the Group’s Ore Reserves and Mineral Resources.

Damajianshan Mine Ore Reserves

JORC Code		Grading				Contained Metals			
Ore Reserve		Cu	As	Pb	Ag	Cu	As	Pb	Ag
Category	Tonnage (kt)	%	%	%	g/t	kt	kt	kt	t
Proved	4,648	1.49	5.7	1.28	42.6	69.3	265	59.7	198
Probable	3,150	1.42	6.28	1.49	47.9	44.6	198	47.1	151
Total	<u>7,798</u>	<u>1.46</u>	<u>5.94</u>	<u>1.37</u>	<u>44.8</u>	<u>113.9</u>	<u>463</u>	<u>106.8</u>	<u>349</u>

Damajianshan Mine Mineral Resources

JORC Code

Mineral Resource Category	Tonnage (kt)	Grading						Contained Metals					
		Cu %	As %	Pb %	Zn %	Bi %	Ag g/t	Cu kt	As kt	Pb kt	Zn kt	Bi kt	Ag t
Measured	4,652	1.79	6.83	1.54	0.37	0.24	51.1	83.1	318	71.6	17.1	10.9	237
Indicated	3,153	1.7	7.52	1.79	0.52	0.25	57.4	53.5	237	56.4	16.5	8.0	181
Subtotal	7,805	1.75	7.11	1.64	0.43	0.24	53.6	136.5	555	128	33.6	18.9	418
Inferred	7,678	1.61	6.48	2.18	0.48	0.24	63.1	123.9	498	167.2	36.9	18.3	484
Total	15,483	1.68	6.8	1.91	0.46	0.24	58.3	260.4	1,053	295.2	70.5	37.2	903

Note: These tables were part of a Damajianshan Mine Independent Technical Report (ITR) prepared by Behre Dolbear (a competent person) in accordance with the JORC Code and the VALMIN Code on 30 June 2008. Based on Behre Dolbear's site visit and information review of the Damajianshan Mine on April 2010, Behre Dolbear believes that no material changes or upgrades occurred in the mineral resources and ore reserves for the Damajianshan Mine as they were stated in the 30 June 2008 Behre Dolbear ITR. Behre Dolbear is a subsidiary of Behre Dolbear & Company Inc.

Plant and equipment at the Damajianshan Mine includes a ball grinder and flotation mill, capable of producing 429,000 tonnes of ore per annum.

Ball Grinder and Flotation Mill at Damajianshan Mine Beneficiation Plant

Mining Right

The Department of Land and Resources of the Yunnan Province issued the mining right certificate to Luchun Xingtai in January 2005 which was renewed in September 2007 for a period of 5 years. It will expire in September 2012. The Directors have no reason to believe that Luchun Xingtai will not be able to renew the mining right with the relevant government authority at the appropriate time.

The Conditional Offers

With a view to becoming a globally competitive mining company, the Group also plans to develop into a platform with strategic investments in global mining assets. Please refer to the letter from the Board in respect of the intention of the Company after completion of the Conditional Offers. Other than the above, the Company does not have any other plans for material investments or capital assets in the coming year. The Conditional Offers represent a part of the Group's effort in rolling out its plan.

6. INDEBTEDNESS STATEMENT OF THE GROUP AS AT 31 OCTOBER 2010

As at 31 October 2010, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had secured bank borrowings of approximately HK\$40,636,000 and finance lease obligations of approximately HK\$4,803,000. The secured bank borrowings and the finance lease obligations of the Group were secured by the motor vehicles with net book value of approximately HK\$16,961,000 and cash deposit of approximately HK\$5,200,000 as at 31 October 2010. The secured bank borrowings of the Group were guaranteed by the Group and a related party of Perryville Group's former shareholder.

Save as aforesaid and apart from intra-group liabilities, the Group did not have, at close of business on 31 October 2010, any bank borrowings, bank overdrafts, liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance lease, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors are not aware of any material adverse change in the Group's indebtedness and contingent liabilities since the close of business on 31 October 2010.

7. WORKING CAPITAL SUFFICIENCY STATEMENT OF THE GROUP FOR THE 12 MONTHS AFTER THE DATE OF THIS CIRCULAR

The Directors, after due and careful enquiry, are of the opinion that following the Conditional Offers, after taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group will have sufficient working capital for its present requirements for a period of 12 months from the date of this circular.

8. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Group since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

APPENDIX V FINANCIAL INFORMATION OF THE BRM GROUP

1. PUBLISHED FINANCIAL INFORMATION ON THE BRM GROUP FOR THE THREE YEARS ENDED 30 JUNE 2010

The financial information of the BRM Group is prepared in compliance with International Financial Reporting Standards which are materially consistent with Hong Kong Financial Reporting Standards. BDO Corporate Finance (WA) Pty Ltd, a Chartered Accounting firm in Australia and the Company's investigating accountant appointed in connection with the Conditional Offers, has reviewed the accounting standards adopted by the BRM Group based on the annual reports of BRM for each of the three years ended 30 June 2010 and are of the view that there are no principal differences between BRM's accounting standards and those of the Company's which may have a material impact on the financial statements of the BRM Group. However, after gaining access to the books and records of BRM, the Company can carry out a more in-depth comparison between the accounting standards adopted by BRM and the Company. Should any material differences in accounting standards are noted, the Company will set out such finding in the supplemental circular.

BRM's auditors, KPMG, have not issued any qualified or modified opinion on the BRM Group's financial statements for the three financial years ended 30 June 2010.

Consolidated Statements of Comprehensive Income

	For the year ended 30 June		
	2010	2009	2008
	<i>AUD</i>	<i>AUD</i>	<i>AUD</i>
Other income	110,000	—	—
Exploration and evaluation expenditure	(19,941,343)	(17,422,373)	(8,901,781)
Administration expenditure			
— general	(3,351,816)	(2,780,581)	(1,416,810)
— share-based payments transactions	(5,477,921)	(1,109,097)	(1,508,821)
Results from operating activities	(28,661,080)	(21,312,051)	(11,827,412)
Finance income	4,422,563	6,099,759	568,509
Loss before tax	(24,238,517)	(15,212,292)	(11,258,903)
Income tax benefit	—	460,771	20,637
Loss for the year attributable to owners of the Company	(24,238,517)	(14,751,521)	(11,238,266)
Other comprehensive income for the year, net of tax	—	—	<i>Note</i>
Total comprehensive income for the year attributable to owners of the Company	(24,238,517)	(14,751,521)	<i>Note</i>

Note:

Information not available due to change in the requirements of the financial reporting standards on the presentation of financial statements which previously did not require such disclosures.

APPENDIX V FINANCIAL INFORMATION OF THE BRM GROUP

Consolidated Statements of Financial Position

	As at 30 June		
	2010	2009	2008
	<i>AUD</i>	<i>AUD</i>	<i>AUD</i>
Current assets			
Cash and cash equivalents	84,233,523	100,868,784	35,725,548
Other receivables	783,496	1,158,920	765,649
Financial assets	110,000	—	—
	<u>85,127,019</u>	<u>102,027,704</u>	<u>36,491,197</u>
Total current assets			
Non-current assets			
Plant and equipment	324,099	208,702	104,611
Other	308,410	503,167	374,389
	<u>632,509</u>	<u>711,869</u>	<u>479,000</u>
Total non-current assets			
	<u>632,509</u>	<u>711,869</u>	<u>479,000</u>
Total assets	<u>85,759,528</u>	<u>102,739,573</u>	<u>36,970,197</u>
Current liabilities			
Other payables	3,805,081	3,626,870	2,039,517
Provisions	198,980	114,959	63,305
	<u>4,004,061</u>	<u>3,741,829</u>	<u>2,102,822</u>
Total current liabilities			
	<u>4,004,061</u>	<u>3,741,829</u>	<u>2,102,822</u>
Non-current liabilities			
Provisions	99,546	50,575	30,960
	<u>99,546</u>	<u>50,575</u>	<u>30,960</u>
Total liabilities	<u>4,103,607</u>	<u>3,792,404</u>	<u>2,133,782</u>
Net assets	<u>81,655,921</u>	<u>98,947,169</u>	<u>34,836,415</u>
Equity			
Issued capital	128,640,442	127,171,094	49,101,913
Reserves	7,812,003	2,334,082	1,540,988
Accumulated losses	(54,796,524)	(30,558,007)	(15,806,486)
	<u>81,655,921</u>	<u>98,947,169</u>	<u>34,836,415</u>
Total equity			
	<u>81,655,921</u>	<u>98,947,169</u>	<u>34,836,415</u>

2. REVIEW OF OPERATIONS OF THE BRM GROUP

The BRM Group did not record any revenue for the three years ended 30 June 2010 as it has not yet commenced production and is still in the exploration stage. For the year ended 30 June 2010, it recorded other income of AUD110,000. Financial assets of AUD110,000 were recorded on the consolidated statement of financial position of BRM as at 30 June 2010.

So far as the Company is aware, the major activities of the BRM Group during the three years ended 30 June 2010 were the development of the Marillana Project. It is the accounting policy of BRM to expend all exploration and evaluation expenditure, except for acquisition of tenement costs, in the financial year in which it is incurred, unless its recoupment out of revenue to be derived from the successful development of the prospect, or from sale of that prospect, is assured beyond reasonable doubt (as considered by BRM). For the three years ended 30 June 2008, 2009 and 2010, BRM expended AUD8.9 million, AUD17.4 million and AUD19.9 million respectively as exploration and evaluation expenditures. The Company is not aware of any material amount of exploration and evaluation expenditure being capitalised by the BRM Group during the three years ended 30 June 2010 and believes that the increasing exploration and evaluation expenditures of the BRM Group during the three years ended 30 June 2010 was mainly a result of the BRM Group's increasing scale and efforts in resources exploration development as the project progressed.

For the three years ended 30 June 2008, 2009 and 2010, the BRM Group recorded general administration expenditures of AUD1.4 million, AUD2.8 million and AUD3.4 million respectively. According to the annual report of BRM for the year ended 30 June 2009, the number of full time personnel of the BRM Group increased from 12 to 16 during the financial year, as a result of the appointment of, among others, the Chief Financial Officer, the General Manager – Operations and the Corporate Services Manager.

During the said three years, employment expenses (excluding the share-based payments as described below) increased from AUD1.4 million for the year ended 30 June 2008 to AUD2.8 million for the year ended 30 June 2009 and to AUD3.8 million for the year ended 30 June 2010.

For the three years ended 30 June 2008, 2009 and 2010, the BRM Group also recorded share-based payments of AUD1.5 million, AUD1.1 million and AUD5.5 million. Based on the notes to the audited financial statements of BRM, those share-based payments represented the value of options granted to the key management and other staff members of the BRM Group during the said periods.

APPENDIX V FINANCIAL INFORMATION OF THE BRM GROUP

The BRM Group had a relatively strong cash position. Its cash and cash equivalents increased from AUD3.4 million as at the end of the financial year ended 30 June 2007 to AUD35.7 million as at 30 June 2008, and further to AUD100.9 million as at 30 June 2009. The increase in cash and cash equivalents of the BRM Group was mainly the result of a share placement during the period. The BRM Group had cash inflow from the issue of new shares of AUD42.9 million for the year ended 30 June 2008 and AUD81.9 million for the year ended 30 June 2009. As at 30 June 2010, BRM Group's cash and cash equivalents decreased to AUD84.2 million mainly after the payments to suppliers and employees amounting to AUD22.7 million during the year ended 30 June 2010.

The BRM Group recorded interest income from its bank deposits of AUD0.6 million, AUD6.1 million and AUD4.4 million for each of the three years ended 30 June 2008, 2009 and 2010 respectively.

Cash and cash equivalents accounted for most of the assets on the BRM Group's consolidated statement of financial position, representing 97% of the total assets as at 30 June 2008, 98% of the total assets as at 30 June 2009 and 98% of the total assets as at 30 June 2010. The other assets of the BRM Group as at 30 June 2010 included other receivables, plant and equipment and other assets.

The total liabilities of the BRM Group, comprising trade payables and accruals and provision for employees' benefits, only accounted for a relatively small portion of its total assets, being 5.8%, 3.7% and 4.8% as at each of 30 June 2008, 2009 and 2010 respectively. The BRM Group was debt-free as at each of 30 June 2008, 2009 and 2010.

Based on the audited financial statements of BRM for the two years ended 30 June 2009 and 2010, the Company is not aware of any major foreign currency exchange income or loss, contingent liabilities or capital commitment being recorded by the BRM Group.

The audited consolidated financial statements of BRM and details of the review of operations for the years ended 30 June 2008, 2009 and 2010 together with the relevant notes to the financial statements of the BRM Group can be found in the annual financial reports of BRM for the years ended 30 June 2009 and 2010. The said annual financial reports are available on BRM's website at www.brockman.com.au and the website of the ASX at www.asx.com.au.

APPENDIX VI FINANCIAL INFORMATION ON THE FRS GROUP

1. PUBLISHED FINANCIAL INFORMATION ON THE FRS GROUP FOR THE THREE YEARS ENDED 30 JUNE 2010

The financial information of the FRS Group is prepared in compliance with International Financial Reporting Standards which are materially consistent with Hong Kong Financial Reporting Standards. BDO Corporate Finance (WA) Pty Ltd, a Chartered Accounting firm in Australia and the Company's investigating accountant appointed in connection with the Conditional Offers, has reviewed the accounting standards adopted by the FRS Group based on the annual reports of FRS for each of the three years ended 30 June 2010 and are of the view that save as disclosed in the following paragraph, there are no principal differences between FRS's accounting standards and those of the Company's which may have a material impact on the financial statements of the FRS Group.

Based on the annual reports of FRS for each of the three years ended 30 June 2010, FRS under its accounting policies capitalised exploration and evaluation expenditure, with a balance of AUD55.2 million (equivalent to approximately HK\$431.7 million) of exploration and evaluation assets as at 30 June 2010. The Group does not capitalise such expenditure under its accounting policies and such expenditure is recognised as an expense when it is incurred. If FRS applied the policies of the Group, its exploration and evaluation assets would reduce by AUD55.2 million (equivalent to approximately HK\$431.7 million) and its accumulated losses would be increased by the same amount.

However, after gaining access to the books and records of FRS, the Company can carry out a more in-depth comparison between the accounting standards adopted by FRS and the Company. Should any further material differences in accounting standards are noted, the Company will set out such finding in the supplemental circular.

APPENDIX VI FINANCIAL INFORMATION ON THE FRS GROUP

FRS's auditors, Grant Thornton, have not issued any qualified or modified opinion on the FRS Group's financial statements for the three financial years ended 30 June 2010.

Consolidated Statements of Comprehensive Income

	For the year ended 30 June		
	2010 <i>AUD</i>	2009 <i>AUD</i>	2008 <i>AUD</i>
Revenue	905,957	1,264,284	712,978
Impairment of non-current assets	(2,715,116)	—	—
Consultancy fees	(1,022,015)	(573,931)	(392,709)
Share of loss of joint venture	(1,730,750)	—	—
Employee benefits expense	(1,601,526)	(2,092,637)	(1,751,356)
Depreciation expense	(180,806)	(273,439)	(63,227)
Administration expenses	<u>(1,980,276)</u>	<u>(1,475,819)</u>	<u>(1,206,488)</u>
Loss before income tax expense	<u>(8,324,532)</u>	<u>(3,151,542)</u>	<u>(2,700,806)</u>
Income tax benefit/(expense)	<u>34,611</u>	<u>233,169</u>	<u>(355,830)</u>
Loss for the year	<u>(8,289,921)</u>	<u>(2,918,373)</u>	<u>(3,056,636)</u>
Loss attributable to members of the parent entity	(8,289,921)	(2,918,373)	(3,056,636)
Other comprehensive income	<u>—</u>	<u>—</u>	<u>Note</u>
Total comprehensive loss	<u><u>(8,289,921)</u></u>	<u><u>(2,918,373)</u></u>	<u>Note</u>

Note:

Information not available due to change in the requirements of the financial reporting standards on the presentation of financial statements which previously did not require such disclosures.

APPENDIX VI FINANCIAL INFORMATION ON THE FRS GROUP

Consolidated Statements of Financial Position

	As at 30 June		
	2010	2009	2008
	<i>AUD</i>	<i>AUD</i>	<i>AUD</i>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	29,612,090	14,568,574	16,915,988
Trade and other receivables	1,411,256	193,741	1,201,470
Inventories	—	—	17,941
Other	16,954	13,389	8,081
TOTAL CURRENT ASSETS	<u>31,040,300</u>	<u>14,775,704</u>	<u>18,143,480</u>
NON-CURRENT ASSETS			
Property, plant and equipment	1,967,775	2,087,457	1,957,408
Exploration and evaluation assets	55,239,513	41,544,076	24,312,163
TOTAL NON-CURRENT ASSETS	<u>57,207,288</u>	<u>43,631,533</u>	<u>26,269,571</u>
TOTAL ASSETS	<u>88,247,588</u>	<u>58,407,237</u>	<u>44,413,051</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3,217,925	698,439	3,342,677
Provisions	132,699	126,361	266,637
TOTAL CURRENT LIABILITIES	<u>3,350,624</u>	<u>824,800</u>	<u>3,609,314</u>
NON-CURRENT LIABILITIES			
Provisions	11,173	4,732	5,639
TOTAL NON-CURRENT LIABILITIES	<u>11,173</u>	<u>4,732</u>	<u>5,639</u>
TOTAL LIABILITIES	<u>3,361,797</u>	<u>829,532</u>	<u>3,614,953</u>
NET ASSETS	<u>84,885,791</u>	<u>57,577,705</u>	<u>40,798,098</u>
EQUITY			
Issued Capital	98,595,731	63,271,371	44,892,322
Reserves	2,976,392	2,702,745	1,383,814
Accumulated Losses	(16,686,332)	(8,396,411)	(5,478,038)
TOTAL EQUITY	<u>84,885,791</u>	<u>57,577,705</u>	<u>40,798,098</u>

APPENDIX VI FINANCIAL INFORMATION ON THE FRS GROUP

Consolidated Statements of Cash Flows

	For the year ended 30 June		
	2010	2009	2008
	<i>AUD</i>	<i>AUD</i>	<i>AUD</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	159,595	91,592	146,019
Payments to suppliers and employees	(4,817,601)	(1,778,382)	(3,431,534)
Interest received	726,185	1,181,439	509,348
	<u> </u>	<u> </u>	<u> </u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(3,931,821)</u>	<u>(505,351)</u>	<u>(2,776,167)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property plant and equipment	(60,953)	(403,489)	(2,006,647)
Payments for joint venture contributions	(1,622,491)	—	—
Payments for exploration activities	(14,161,763)	(19,817,620)	(13,327,859)
	<u> </u>	<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(15,845,207)</u>	<u>(20,221,109)</u>	<u>(15,334,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	35,721,093	18,484,066	24,863,715
Transaction costs of issue of shares	(900,548)	(105,020)	(1,186,098)
Repayment of borrowings	—	—	(317,270)
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>34,820,545</u>	<u>18,379,046</u>	<u>23,360,347</u>
Net increase/(decrease) in cash and cash equivalents	15,043,516	(2,347,414)	5,249,674
Cash at the beginning of the reporting period	14,568,574	16,915,988	11,666,314
	<u> </u>	<u> </u>	<u> </u>
CASH AT THE END OF THE REPORTING PERIOD	<u><u>29,612,090</u></u>	<u><u>14,568,574</u></u>	<u><u>16,915,988</u></u>

2. REVIEW OF OPERATIONS OF THE FRS GROUP

The FRS Group has also not yet commenced production and is still in its exploration and development stage in respect of its mineral projects.

Based on the audited financial statements of the FRS Group for the years ended 30 June 2009 and 2010, the FRS Group recorded revenue of AUD0.7 million for the year ended 30 June 2008, AUD1.3 million for the year ended 30 June 2009 and AUD0.9 million for the year ended 30 June 2010. Revenue of the FRS Group was primarily bank interest income and, to a small proportion, fuel sales and other income.

The major expenses of the FRS Group for the three years ended 30 June 2008, 2009 and 2010 were employee benefits expenses, consultancy fees, depreciation and administrative expenses. The above expenses amounted to AUD3.4 million, AUD4.4 million and AUD4.8 million. The increase in the above expenses was mainly a result of the increased consultancy fees and administrative expenses.

For the year ended 30 June 2010, the FRS Group also recorded an impairment of non-current assets of AUD2.7 million and a share of loss of a joint venture AUD1.7 million.

It is the accounting policy of FRS that exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and are carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessments of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. For the years ended 30 June 2008, 2009 and 2010, the FRS Group capitalised AUD15.8 million, AUD17.2 million and AUD16.4 million respectively of its exploration costs spent. For the year ended 30 June 2010, the FRS Group made an impairment of AUD2.7 million against its capitalised exploration assets. As at 30 June 2010, the FRS Group had capitalised exploration and evaluation assets with a carrying value of AUD55.2 million, representing approximately 62.6% of the group's total assets.

Among the expenses of the FRS Group, employee benefit expenses amounted to AUD1.8 million, AUD2.1 million and AUD1.6 million for the three years ended 30 June 2008, 2009 and 2010 respectively, among which AUD0.5 million, AUD1.3 million and AUD0.5 million were share-based payments in respect of grant of options to management, employees and consultants.

APPENDIX VI FINANCIAL INFORMATION ON THE FRS GROUP

The FRS Group had a joint venture interest (33.33%) in each of NWIOA Ops Pty Ltd and North West Infrastructure Pty Ltd and records these interests using the equity method of accounting in its consolidated financial statements. NWIOA Ops Pty Ltd and North West Infrastructure Pty Ltd are companies established to develop ports and related infrastructure on behalf of the NWIOA members (as further described in the letter from the Board set out in this circular). The FRS Group's contributions to the two companies above were recorded as share of loss of joint venture in FRS's statement of comprehensive income.

Apart from the exploration and evaluation assets capitalised from the exploration and evaluation expenditures as described above, cash and cash equivalents were the next major assets of the FRS Group. As at each of 30 June 2008, 2009 and 2010, the FRS Group had cash and cash equivalents of AUD16.9 million, AUD14.6 million and AUD29.6 million respectively, representing approximately 38.1%, 24.9% and 33.6% of the group's total assets as at each of the relevant balance sheet dates.

Issue of new shares was the principal mean of financing. For the year ended 30 June 2008, 2009 and 2010, the FRS Group raised net proceeds from the issue of new shares of AUD23.7 million, AUD18.4 million and AUD34.8 million respectively.

Apart from exploration and evaluation assets and cash and cash equivalents, other assets of the FRS Group comprised mainly of trade and other receivables, property, plant and equipment.

As at 30 June 2010, the FRS Group was debt free. Liabilities of the FRS Group as at 30 June 2010 comprised trade and other payables and provisions of employees' benefits.

Save for some operating leases and hire purchase commitments as disclosed in note 16 to FRS's financial statements for the year ended 30 June 2010, the Company is not aware of any major contingent liabilities or capital commitment being recorded by the FRS Group. The Company is also not aware of any material foreign exchange exposure being faced by the FRS Group as at 30 June 2010.

The audited consolidated financial statements of FRS and details of the review of operations for the years ended 30 June 2008, 2009 and 2010 together with the relevant notes to the financial statements of the FRS Group can be found in the annual financial reports of FRS for the years ended 30 June 2009 and 2010. The said annual financial reports are available on FRS's website at www.ferraus.com and the website of the ASX at www.asx.com.au.

The following are copies of relevant announcements published by BRM on the development of its principal project of the Marillana Project as extracted from the ASX's website. Other announcements published by BRM are available on BRM's website at www.brockman.com.au and the website of the ASX at www.asx.com.au.

ASX Release: 2 December 2009



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BROCKMAN SECURES FINAL KEY NATIVE TITLE MINING AGREEMENT FOR MARILLANA PROJECT

AGREEMENT WITH NYIYAPARLI PEOPLE CLEARS THE WAY FOR GRANT OF THE MARILLANA MINING LEASE

Western Australian iron ore company Brockman Resources Limited (**ASX: BRM – “Brockman”**) is pleased to announce that it has signed the second and final **Native Title Agreement** covering its 100%-owned **Marillana Iron Ore Project** in the Pilbara region of Western Australia.

Brockman now has agreements in place with all native title claimant groups covering the entire Marillana Project site. As a result, the final Mining Lease for the Marillana Project should be granted within the next 6 to 8 weeks.

“I would like to take this opportunity to acknowledge and thank the Nyiyaparli people for the collaborative manner in which they approached our discussions. During the period of negotiation, both parties worked constructively to finalise an agreement which will create synergies associated with the future development and long-term operation of the Marillana Project”, said Mr Wayne Richards, Brockman's Managing Director.

“The agreement takes into consideration the Nyiyaparli people's interests with regard to the management of Cultural Heritage and Protection of the lands and environment at the Marillana Project, as well as providing education and training opportunities for the group”.

“This is another very important milestone for Brockman following the successful completion of the Pre-Feasibility Study on the Marillana Project in August this year and commencement of the Definitive Feasibility Study in November 2009”.

“The timely signing of this native title agreement maintains our overall timetable for the Marillana Project, with the Definitive Feasibility Study scheduled to be completed in Q3 2010 and the first production targeted for late 2012.”

“It is great that the Nyiyaparli people, as key stakeholders, will play a contributory role to the successful development of the Marillana Project,” Mr Richards added.

About Brockman Resources

Located 100km north-west of Newman in the Pilbara region with close proximity to existing rail, road and port infrastructure, the Marillana Project is moving towards initial production in 2012.

Level 1, 117 Stirling Highway Nedlands WA 6009
PO Box 141 Nedlands WA 6909
Address
+61 8 9389 3000 +61 8 9389 3033
Phone Fax
brockman@brockman.com.au
E-mail
www.brockman.com.au
Web
73 009 372 150
ABN

Award of the key Definitive Feasibility Study Contract (DFS) for the Marillana Iron Ore Project was made to Ausenco Limited in November. Ausenco will assume the Lead Study Management role for the DFS, working closely with specialist mining consultants, Golder Associates Pty Ltd, to develop the optimum mining methodology and schedule. The final DFS is forecasted to be completed in Q3 2010 and will enable Brockman to confidently finalise its financial investment decisions associated with the development of the Project.

Having cash reserves of approximately \$91 million, Brockman is well positioned to progress the DFS without a requirement to raise additional funds.

The North West Iron Ore Alliance (NWIOA), of which Brockman is a founding member, has recently commenced a Pre-Feasibility Study into the construction of two multi-user berths and associated infrastructure in the Port Hedland inner harbour. The PFS is scheduled for completion in December 2009.

—ENDS—

Released by:
Nicholas Read / Kate Bell
Read Corporate
Phone: +61 8 9388 1474

On behalf of:
Wayne Richards
Managing Director
Brockman Resources
Phone: +61 8 9389 3000

For personal use only

ASX Release: 5 January 2010



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BROCKMAN'S MARILLANA IRON ORE PROJECT ON TRACK WITH GRANT OF MINING LEASE

Brockman Resources Limited (**ASX: BRM – “Brockman”**) is pleased to announce that Mining Lease M47/1414 at Marillana has been granted by the Department of Mines and Petroleum. The granting of this Mining Lease means Brockman has taken a significant leap forward towards realising its objective of becoming the fourth largest iron ore (hematite) producing company in Australia.

The granting of the Mining Lease paves the way for future mining activities on the Marillana tenement, and concludes two years of field surveys, discussions and negotiations with the traditional land owners – The Martu Idja Banyjima Group and the Nyiyaparli Group.

The development of the Marillana Iron Ore Project, 100% owned by Brockman in the Pilbara region of Western Australia, is progressing well, with all drilling (metallurgical and resource definition) to support the Definitive Feasibility Study (“DFS”) now completed.

“It’s a great kick-start to the new year,” said Mr Wayne Richards, Managing Director of Brockman Resources. “This coincides with the market forecast for a solid start to 2010 with the implied iron ore FOB spot price now attracting an 80% premium to the 2009 contract price.” (refer Chart below)

“The Brockman team will continue to work in earnest to maintain the scheduled completion date of Q3 2010 for the DFS, with its principal engineering and design manager, Ausenco Limited.”

The Port Pre-feasibility Study (“PFS”) associated with the design, construction and operation of a multi-user Port facility in the inner harbour of Port Hedland, along with a progress report on the relevant environmental and legislative approvals, is scheduled to be completed early next month.

“Brockman is actively pursuing rail haulage arrangements with the relevant owner/ operators of the existing rail infrastructure”, added Mr Richards. “The Port PFS will provide a vital framework for the port development requirements to accommodate the NWIOA members’ projected 50 million tonnes per annum (Mtpa) of iron ore exports by 2013. This framework along with the achievement of a rail arrangement will support the ‘end-to-end’ infrastructure pre-requisites for the development of the Marillana Project.”

About Brockman Resources

With its principal project, the Marillana Iron Ore Project, located 100km north-west of Newman in the Pilbara region with close proximity to existing rail, road and port infrastructure, Brockman Resources is an ASX300 Listed Company, potentially the largest “junior” iron ore (hematite) project in Australia.

Level 1, 117 Stirling Highway Nedlands WA 6009
PO Box 141 Nedlands WA 6909
Address
+61 8 9389 3000 +61 8 9389 3033
Phone Fax
brockman@brockman.com.au
E-mail
www.brockman.com.au
Web
73 009 372 150
ABN

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Brockman Resources Limited ASX Release: 5 January 2010

"Brockman's Marillana Iron Ore Project on Track with Grant of Mining Lease"

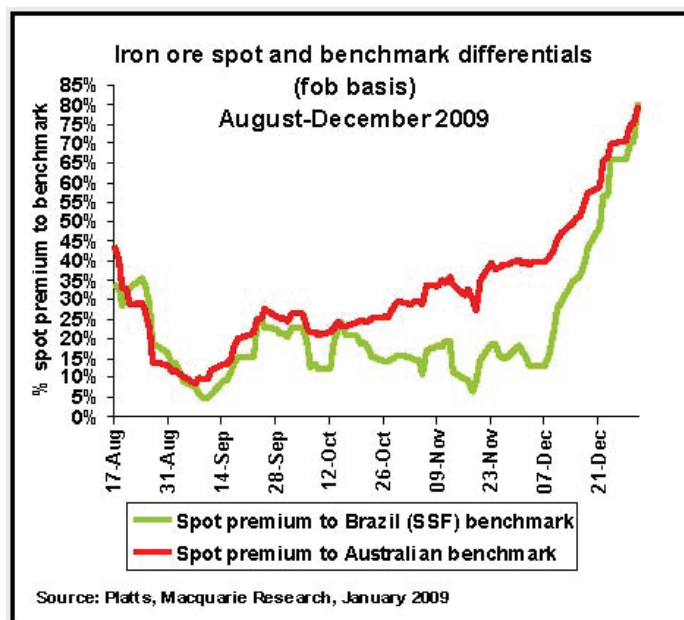
The Pre-Feasibility Study for the Marillana Iron Ore Project confirmed the technical and financial robustness of the Project with a potential NPV of A\$1.6 billion. Subject to port development timelines, production is forecasted at 17 Mtpa, producing a 57 – 62% Fe product. The Project is forecasted to produce revenue in excess of A\$1.2 billion per annum and a forecast EBITDA of greater than A\$400 million per annum.

The Lead Study Management role for the DFS on the development of the Marillana Iron Ore Project was awarded to Ausenco Limited. With a cash reserve of approximately \$90 million, Brockman will be well positioned to complete the DFS, commence Front End Engineering Design ("FEED") and long lead item procurement, while reviewing its financial investment options associated with the funding and development of the Project.

Brockman, as a founding member of the North West Iron Ore Alliance ("NWIOA"), will undertake a detailed review of the Port PFS in January 2010. Subject to a positive review of the PFS and joint Alliance member support, a Definitive Feasibility Study associated with the development of the two multi-user berths and materials handling infrastructure at Port Hedland, will proceed late in Q1 2010.

For further information, please contact:

Wayne Richards, Managing Director, Tel: +61 8 9389 3000





ASX Release: 10 May 2010

PUBLIC ENVIRONMENTAL REVIEW COMMENCES FOR MARILLANA IRON ORE PROJECT

KEY MILESTONE IN APPROVALS PROCESS FOLLOWING RECENT OFF-TAKE DEAL WITH SINOSTEEL

Australian iron ore company Brockman Resources Limited (ASX: BRM – “Brockman” or “the Company”) has moved another step closer towards the development of its Marillana Iron Ore Project (“Marillana Project” or “the Project”) in Western Australia’s Pilbara with the State’s Environmental Protection Authority (“EPA”) today approving the release of the Project’s Public Environmental Review (“PER”) for public comment.

The PER document has been through a comprehensive review process with Western Australia’s EPA prior to its release for public comment today. The public comment period will run for a 4-week period, with submissions open until Tuesday 8 June 2010.

The EPA will then consolidate the public submissions for Brockman’s response. Upon conclusion of this process, the EPA will make its final assessment report and recommendations to the Minister for Environment. Subject to an appeals period, the Minister will then make the final project approval decision based on environmental, social and economic considerations.

Commenting on the announcement, Brockman’s Managing Director, Mr Wayne Richards, said:

“We are very pleased to have achieved this important milestone in the approvals process for the Marillana Project. Brockman has already completed approximately 20 months of detailed surveys, studies, reports and discussions with key stakeholders and regulators, and we are now in a position to build this project with an extremely good understanding of the regional environmental, social and heritage values.”

“This public review process provides an important vehicle to ensure all conservation and management measures are integrated within our project implementation plan as we push forward into construction and, ultimately, operation.”

“The EPA’s approval of the PER for public comment represents another example of Brockman’s ability to deliver solid results and meet aggressive targets. We remain on track to complete a Definitive Feasibility Study for the Marillana Project before the end of the third quarter of 2010.”

The commencement of the PER public review period caps a busy month for Brockman, following the recent signing of a landmark non-binding Memorandum of Undertaking (“MoU”) with China’s largest iron ore importer, Sinosteel Australia Pty Ltd (“Sinosteel”), for the purchase of up to 50% of future production from the Marillana Project.

The MoU with Sinosteel considers the purchase of a maximum of 10 million tonnes per annum of production over an initial 5-year off-take period. Significantly, the MoU also contemplates the parties discussing wider strategic investment options by Sinosteel in the Marillana Project.

ABOUT BROCKMAN RESOURCES LIMITED

Brockman is an ASX300 listed Company with its principal project, the Marillana Iron Ore Project, located 100km north-west of Newman in the Pilbara region of Western Australia and lying close to existing rail, road and port infrastructure. The Marillana Project will potentially be the largest "junior" iron ore (hematite) project in Australia.

Brockman has built a portfolio of additional iron ore tenements throughout the Pilbara (predominately the West Pilbara) to develop a pipeline of future projects and expansions, thereby creating future value enhancement to the Company's shareholders.

Through our membership of the North West Iron Ore Alliance, the Company has been successful in formalising the "reservation" of two inner harbour berths and associated material handling infrastructure at Port Hedland which can accommodate an allocation of 50 million tonnes per annum of export capacity.

The Marillana Project is scheduled to commence production in 2013 at a nominal rate of 17-20 million tonnes per annum.

Wayne Richards
Managing Director

—ENDS—

Released by:
Nicholas Read / Kate Bell
Read Corporate
Phone: +61 8 9388 1474

On behalf of:
Wayne Richards
Managing Director
Brockman Resources Limited
Phone: +61 8 9389 3000

Competent Person's Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mr J Farrell and Mr A Zhang.

Mr J Farrell, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Golder Associates Pty Ltd, produced the Mineral Resource estimates based on the data and geological interpretations provided by Brockman. Mr Farrell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves". Mr Farrell consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman Resources Limited, provided the geological interpretations and the drill hole data used for the Mineral Resource estimation. Mr Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves". Mr Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.



ASX Release: 29 September 2010

BROCKMAN DELIVERS POSITIVE MARILLANA FEASIBILITY STUDY

LONG LIFE, IRON ORE PROJECT WITH STRONG PROJECTED RETURNS

KEY OUTCOMES

- ▶ Definitive Feasibility Study for the Marillana Iron Ore Project confirms the financial and technical viability of a world-scale Pilbara iron ore operation
- ▶ Forecast average production rate of 17 million dry tonnes per annum of a high-quality final product averaging 60.5% – 61.5% Fe grade
- ▶ Reserves support a 25 year mine life, with the potential to increase production output or mine life
- ▶ Estimated Net Present Value range of A\$2.3 - A\$2.6 billion calculated on a post-tax (existing Tax regime) real basis at a Discount Cash Flow (DCF) rate of 10%
- ▶ An Internal Rate of Return range of 27.7% - 37.9% estimated on an un-g geared basis
- ▶ Pre-production mine and rail capital expenditure range of A\$1.3 - A\$1.9 billion dependent upon the final rail solution adopted
- ▶ Payback projected to be achieved in less than four years
- ▶ Forecast A\$35.3 billion life-of-mine revenue, using independent iron ore price and foreign exchange forecasts
- ▶ Free On Board Port Hedland average life-of-mine cash operating cost (pre-royalties) range estimated at A\$35.6 - A\$36.9 / tonne
- ▶ Subject to the finalisation of a rail access agreement and the NWIOA Port Definitive Feasibility Study, a Final Investment Decision for the Marillana Project is forecast for Q3 of CY (calendar year) 2011
- ▶ Construction at the Marillana site is targeted to commence in November 2011 with first ore on ship anticipated in early CY 2014
- ▶ Results reinforce Brockman's potential to become a substantial Pilbara iron ore producer

Level 1, 117 Stirling Highway Nedlands WA 6009
 PO Box 141 Nedlands WA 6909
 Address
 +61 8 9389 3000 +61 8 9389 3033
 Phone Fax
 brockman@brockman.com.au
 E-mail
 www.brockman.com.au
 Web
 73 009 372 150
 ABN

BROCKMAN RESOURCES LIMITED ASX RELEASE

Brockman Resources Limited (**ASX: BRM – “Brockman” or “the Company”**) has taken a major step towards becoming a substantial iron ore producer in the Pilbara region of Western Australia, after delivering a positive Feasibility Study for its 100%-owned **Marillana Iron Ore Project** in Western Australia.

The thirteen month study lead by principal engineering group Ausenco Limited, incorporated a Definitive Feasibility Study (“DFS”) on the Marillana mine and processing plant and confirmed that the Marillana Project is an economically robust, long-life iron ore project that will generate substantial returns for the Company and its shareholders – paving the way for the commencement of a Bankable Feasibility Study (“BFS”) as the next stage of project development.

The Marillana DFS significantly enhances the key outcomes of the Pre-Feasibility Study (“PFS”) completed in August 2009, confirming that the Project has the potential to underpin a world-scale iron ore business for Brockman, with forecast average production of 17 million dry tonnes per annum (“Mtpa”) over a mine life of 25 years.

The Project is strategically located within the heart of the major iron ore mining region in Western Australia and is located close to established infrastructure including gazetted roads, port facilities and three current operating rail systems, with a potential fourth railway system to be developed – all within a 40km radius of the tenement.

KEY OUTCOMES OF THE MARILLANA DEFINITIVE FEASIBILITY STUDY

- A 1.6 billion tonne Mineral resource was converted to an **Ore Reserve totalling 1.05 billion tonnes**.
- An improved waste to ore stripping ratio of **0.85** (compared with 1.4 in the PFS) was confirmed following the development of the definitive mine plan and pit design and confirmation of the upgradability of the ore (at a 38% Fe head grade cut-off) to a marketable final product quality.
- The Ore Reserve (post beneficiation) supports the production of **over 419 million tonnes of final product at an average grade of 60.5% – 61.5% Fe**, with impurity levels comparable with other Direct Shipping Ores exported from the Pilbara.
- A **‘Fines’ only (-8mm) product** will be produced.
- Both the beneficiated Detrital Iron Deposit (“DID”) ore and the Channel Iron Deposit (“CID”) - Direct Shipping Ore will be blended to produce a **single product** at various times within the mine’s life.
- **The life-of-mine average production rate for the Project will be 17Mtpa**, but will peak to a maximum of 21Mtpa in various years of the mine plan.
- Pre-production mine capital costs of **A\$1.27 billion (including EPCM, Owners costs and Contingency)**.

Financial modelling of the DFS and of the rail and port studies has projected:

- A Rail spur option from Marillana is estimated to have a direct capital cost of up to A\$0.47 billion. Modelling has considered capital recovery and ownership alternatives for the rail spur option, in the form of reduced operating tariffs.
- Cash operating costs (before royalties) Free on Board Port Hedland of between **A\$35.6 - A\$36.9 / tonne**.
- **A NPV_{10%} after tax real estimate range of A\$2.3 - A\$2.6 billion**.
- An ungeared **Internal Rate of Return (“IRR”) range estimated at 27.7% - 37.9%**.
- **Life-of-mine revenue of greater than A\$35.3 billion**, utilising the long-term price and foreign exchange assumptions in the model
- Forecast capital payback of less than four years.

The Marillana rail studies encompassed a range of ore transportation scenarios, based upon the future finalisation of the optimal rail solution/agreements for the Marillana Project.

The Port DFS, under the management of the North West Iron Ore Alliance (“NWIOA”), for the development of 50Mtpa of port capacity is currently being undertaken by Sinclair Knight Merz (“SKM”) and Coffey Environmental, and is forecast to be completed in Q1 of CY 2011. A Final Investment Decision and financing package for the development is expected to be completed by late Q2 2011, which complements the forecast completion date for the Marillana BFS.

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"The completion of the DFS for the Marillana Project represents a major milestone for Brockman, confirming that it is a world-scale project with the potential to generate strong operating margins, robust financial returns and significant value for Brockman shareholders," said Brockman's Managing Director, Mr Wayne Richards.

"With a pre-production mine capital investment cost of A\$1.3 billion, it also represents a project of significance to Western Australia which will generate hundreds of long-term jobs, and contribute a projected A\$1.75 billion in State royalties over its estimated initial 25-year mine life," he added.

"With the DFS now complete, the Board will move to undertake a detailed review of its outcomes with a view to securing the optimal rail access and infrastructure solution. This will enable progression into the BFS stage as the foundation for project financing and strategic partner discussions during the first half of calendar 2011."

"Subject to a positive BFS and Final Investment Decision, which are targeted for Q3 CY 2011, site construction is forecast for the forth Quarter of next year, culminating in mining commencing in 2013 and plant commissioning late in that year."

MINERAL RESOURCES AND ORE RESERVES

The Mineral Resources for the Marillana Iron Ore Project have been estimated by Golder Associates Pty Ltd ("Golder") to be in excess of 1.6 billion tonnes as reported to the ASX on 9 February 2010.

Following completion of mine planning and detailed mine design activities, an initial Ore Reserve Statement was prepared by Golder, as detailed below:

Table 1 – Marillana Detrital Ore Reserves

Class	Tonnes (Mt)	Grade (% Fe)
Proven	133.2	41.55
Probable	868.0	42.48
Total Detrital Ore Reserve	1,001.2	42.36

Table 2 – Marillana Post Beneficiation Final Product Specification

Final Product Grades for Marillana Detrital Ore Reserves						
Avg Plant Feed Grade	Final Product Grade Ranges					
Fe (%)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)	LOI 1000C (%)
42.4	60.5 - 61.5	6.0 - 6.5	2.5 - 3.0	<0.02	<0.08	2.0 - 3.0

Table 3 – Marillana CID Ore Reserves

Reserve Classification	Mt	Fe (%)	CaFe* (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Probable	48.5	55.5	61.5	5.3	3.7	0.09	9.7
Total	48.5	55.5	61.5	5.3	3.7	0.09	9.7

* CaFe represents calcined Fe and is calculated by Brockman using the formula $CaFe = Fe\% / ((100-LOI\%)/100)$

KEY MINE AND PROCESSING METRICS – FIRST 25 YEARS OF PRODUCTION

- Ore mined: 1.028 billion tonnes.
- Average annualised production rate of 17Mtpa (dry).
- LOM stripping ratio of 0.85.
- CID ore recovery rate of 100%.
- Detrital average recovery of 37.8% - producing a final product grade of 60.5% - 61.5% Fe.
- Minimum total final product shipped of 419.4 million tonnes (dry).

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RAIL AND PORT INFRASTRUCTURE

During the completion of the Marillana DFS, Brockman has been actively engaged in the development of the proposed multi-user iron ore export facilities at South West Creek, within the 'inner harbour' at Port Hedland. A PFS for the design of the new port facilities – including supporting infrastructure and dedicated stockpiling space was completed by June 2010 on behalf of the NWIOA by global engineering company SKM in conjunction with engineering management consultants Evans and Peck.

The PFS report concluded that the proposed Port development is viable and, based on a staged development approach, could be operational as early as the second half of 2013. This completion date has been incorporated into the Master Schedule for the development, construction and commissioning of the Marillana Project.

The port project will incorporate train unloading and stockpiling facilities as well as new berths and ship-loading facilities for the export of up to 50Mtpa of iron ore. An estimate of the port facility's capital and operating costs per tonne of ore on a 'Free on Board' basis was developed as part of the PFS and was factored into the Marillana's DFS operating costs.

The DFS works for the Landside (non-dredging) Environmental Approvals are currently being carried out by Coffey International. The level of environmental assessment for the NWIOA port development is currently being defined. The Port Hedland Port Authority ("PHPA") has provided notification of the area allocated for NWIOA port infrastructure, as defined by the Port Ultimate Development Plan. This includes the rail unloading and stockyard facilities.

The environmental approvals process for dredging South West Creek is being managed by PHPA using the consulting services of SKM. The current forecast for approvals indicates that dredging can commence by April 2011 in line with the current port development schedule.

The Brockman team is also finalising detailed discussions with legislative authorities, government departments and existing and future railway owner/operators to finalise the optimal rail infrastructure solution for the Marillana Project.

The West Australian Government has provided support for Brockman's application for the development of a State Agreement to facilitate construction of the vital rail infrastructure required for the project. Brockman is now engaged with the Department of State Development to expedite the process required to gain the necessary land tenure for alternate rail corridors, from Marillana to the port of Port Hedland, should this be required.

The financial evaluation within the Marillana Project DFS considered two principle rail infrastructure solutions. One with a rail loop on the Marillana site, whilst the other with a rail spur from the Marillana site to an alternate rail head, owned and operated by an existing mining company. Operating charges and rates were calculated based upon publicly available information including determinations on Weighted Average Cost of Capital made by the Economic Regulatory Authority of Western Australia.

Both rail scenarios were modelled utilising the NWIOA port facility as the port of destination. Modelling assumed Brockman would be responsible for its pro-rata cost of capital for the NWIOA Port Hedland facility by way of a tariff per tonne secured by a 'take or pay' arrangement. Capital and operating costs were based on information supplied by the NWIOA Feasibility study into the development of the port facilities.

COST ESTIMATES

Capital cost estimates were prepared by Brockman in conjunction with Ausenco, with estimates based on two project scenarios:

Scenario	Mine Site	Rail	Port
1	Contract mining Life-of-mine ("LOM") On site processing	On site loading – Marillana Site	NWIOA port development
2	Contract mining LOM On site processing	One site loading and spur to Northern rail line	NWIOA port development

Scenario 1 is considered the base case.

Both Project scenarios have consistent financial and operational inputs other than the specific rail assumptions. Scenario 2 includes additional rail capital for a spur line to connect Marillana to a nominated point on an existing railway located due north of the Marillana tenement. The rail base operating cost assumptions are consistent

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between Scenario 1 and 2, other than in relation to the capital recovery allowance applied for sections of rail where Brockman will be responsible for the capital investment (for example between the third party railway and the NWIOA port or the rail spur from Marillana to a nominated rail head location).

CAPITAL COST ESTIMATE

The estimated upfront capital cost breakdown for the Project DFS for both scenarios is as follows:

Description	Unit of Measurement A\$M Rail Scenario 1 – Base Case	Unit of Measurement A\$M Rail Scenario 2 – Alternate Railway
Mine	85	85
Processing plant and utilities	435	435
Tailings dam	50	50
Stockyard and on site rail loop	256	256
Direct mine capital costs	826	826
Rail spur	-	474
Total direct capital costs	826	1,300
Indirects, Owner's costs and contingency at (10%)	440	635
Total Capital	1,266	1,935

- (1) Power generation, gas pipeline, and village capital have been modelled as build own operate (BOO) contracts. Port development capital will be funded independently by the NWIOA and recovered via an operating tariff.

OPERATING COST ESTIMATE

Operating costs were modelled employing contract mining and gas power. Extensive study into 'In-pit crushing and conveying' ("IPCC") was also conducted but has not been included in this assessment. IPCC offers the potential to significantly reduce the operating costs associated with mining and materials handling, from the time of implementation. The average life-of-mine annual operating cost estimate for the operations at full production is as follows:

Description	Unit of Measurement	LOM Costs
Mining and processing	A\$/dmt	21.8
Rail and Port (including demurrage)	A\$/dmt	13.8 – 15.1
Total FOB Cost (pre-royalties)	A\$/dmt	35.6 – 36.9
Corp o/head, marketing and closure costs	A\$/dmt	1.6
Royalties	A\$/dmt	5.0

FINANCIAL EVALUATION

The financial evaluation was completed using a discounted cash flow analysis on a real basis, using an after tax discount factor of 10%, with a range of discounts and sensitivities applied. The financial evaluation projected the following range of outcomes:

Description	Unit of Measurement	Range
Project NPV at 10% discount rate	A\$M	2,283 – 2,559
Project IRR	%	27.7 - 37.9
Life-of-mine revenue	A\$M	35,337
Life-of-mine EBITDA	A\$M	17,092 – 17,633
Life-of-mine cash flow (after tax)	A\$M	10,526 – 10,632

Revenue forecasts were based on iron ore and foreign exchange forecasts provided by ©Metalitics Iron Ore Briefing Service. The forecasts reflect strong current and future demand for Australian iron ore translating to continuing strong prices and a strong Australian dollar currency. The pricing applied in the model is presented in 30 June financial years on a real basis in the table below:

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Long Term
Iron ore fines FOB forecast price (USc/dmtu)	208.5	207.4	210.9	198.5	162.2	133.3	136.5	152.2	141.1	113.0	107.9	107.5	102.5	100.0.
USD/AUD	0.89	0.92	0.90	0.85	0.82	0.80	0.81	0.82	0.81	0.79	0.78	0.77	0.77	0.77

The Federal Government has proposed a Mineral Resource Rent Tax ("MRRT"). However, insufficient information is currently available for the Company to reliably evaluate its impact. The Corporate Company tax rate of 30% has been applied in the financial model.

DEVELOPMENT SCHEDULE

The completion of the DFS enables Brockman to move directly into a BFS for the Marillana Project. The BFS will establish the overall economics of the Project design and costings within an accuracy provision of $\pm 10\%$, which will be used by the Board to assess and establish the basis and conditions for the Project's funding arrangements.

Brockman is planning to progress with the Front End Engineering Design ("FEED") phase of the Marillana Project in Q4 2010 with the objective of making a Final Investment Decision in Q3 CY 2011.

The Implementation Plan for the Marillana Iron Ore Project assumes it will proceed initially on an engineering, procurement, construction and management ("EPCM") basis, but will be converted to an EPC basis during detailed design. Under this arrangement, the EPC Contractor undertakes the cost and time-related risks via a fixed-price agreement for delivery to a target timeframe. All project management, design and procurement work will be carried out by the EPC Contractor, with this Contractor managing other consultants, suppliers and contractors as necessary to deliver the defined scope of works.

Key Project Milestones – Targeted Dates

	CY 2010		CY 2011		CY 2012		CY 2013	
	H1	H2	H1	H2	H1	H2	H1	H2
Marillana Project – DFS Complete		✓						
Commencement of FEED for Marillana		✓						
Ministerial Environmental Approval			✓					
Marillana BFS Complete			✓					
Marillana Project Funding and FID					✓			
Marillana Project – Commence Construction					✓			
Marillana Project – Commence Commissioning								✓
Rail Loop or Spur – Commence Construction					✓			
Rail Loop or Spur – Construction Complete								✓
NWIOA Port DFS Complete			✓					
NWIOA Port FID and Construction Commencement					✓			
NWIOA Port Berth Development Complete								✓

Wayne Richards
Managing Director

BROCKMAN RESOURCES LIMITED ASX RELEASE

—ENDS—

Released by:
 Nicholas Read / Kate Bell
 Read Corporate
 Phone: +61 8 9388 1474

On behalf of:
 Wayne Richards
 Managing Director
 Brockman Resources
 Phone: +61 8 9389 3000

ABOUT BROCKMAN RESOURCES

Brockman is an ASX300 listed Company with its principal project, the Marillana Iron Ore Project, located 100km north-west of Newman in the Pilbara region of Western Australia and lying close to existing rail, road and port infrastructure. The Marillana Project will be one of the most significant hematite projects to be developed within Australia over the forthcoming years.

Brockman has built a portfolio of additional iron ore tenements throughout the Pilbara (predominantly the West Pilbara) to develop a pipeline of future projects and expansions, thereby creating future value enhancement to the Company's shareholders.

The Company is a founding member of the North West Iron Ore Alliance, which is completing a Definitive Feasibility Study into the development of two inner harbour berths and associated material handling infrastructure at Port Hedland to accommodate the Alliance's 50 million tonne per annum export capacity allocation.

The Marillana Project is forecast to commence commissioning at the mine in late 2013 at an average life-of-mine rate of 17 million dry tonnes per annum. First ore on ship is targeted for early 2014.

Competent Person's Statement

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr I Cooper, Mr J Farrell and Mr A Zhang.

The Ore Reserves statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2004 Edition). The Ore Reserves have been compiled by Mr Iain Cooper, who is a Member of Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Mr Cooper has sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Iain Cooper consents to the inclusion of the matters based on this information in public releases by Brockman, in the form and context in which it appears.

Mr J Farrell, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Golder Associates Pty Ltd, produced the Mineral Resource estimates based on the data and geological interpretations provided by Brockman. Mr Farrell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves". Mr Farrell consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr A Zhang, who is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Brockman, provided the geological interpretations and the drill hole data used for the Mineral Resource estimation. Mr Zhang has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves". Mr Zhang consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The following are copies of relevant announcements published by FRS on the development of its principal project of the FerrAus Pilbara Project as extracted from the ASX's website. Other announcements published by FRS are available on FRS's website at www.ferraus.com and the website of the ASX at www.asx.com.au.



ASX Announcement	
<p>24 April 2009</p>	<p>“CONSENT TO MINE” GRANTED FOR FERRAUS’ EAST PILBARA IRON ORE PROJECT IN WA</p>
<p>Current Capital Structure:</p> <p>151.6m Fully paid ordinary shares* 7.5m Class B Securities 8.4m Unlisted options</p> <p>Market Cap. – fully diluted \$ 52 mn @ 31c per share</p>	<p>FerrAus Limited (ASX: "FRS") is pleased to report a significant milestone in development of its iron ore projects in the East Pilbara region of Western Australia.</p> <p>The WA Government has granted FerrAus Limited the consent to mine on its tenements located within the Jigalong Aboriginal Reserve.</p> <p>The consent to mine was granted following a recommendation and agreement of support for mining by the relevant Indigenous stakeholder groups – the Jigalong Community and the Niyiyaparli Native Title Claimant Group.</p>
<p>Enquiries to:</p> <p>David Turvey Managing Director Tel: (08) 8232 8000 Mob: 0416 119 583</p> <p>Tony Marron Investor Relations Tel: (08) 8232 8000 Mob: 0409 855 126</p> <p>FerrAus Limited ABN 86 097 422 529</p> <p>64 Hindmarsh Square Adelaide SA 5000</p> <p>Tele: (08) 8232 8000 Fax: (08) 8232 0077</p> <p>Email: info@ferraus.com Web: www.ferraus.com</p>	<p>“A commitment has been made between FerrAus Limited and the Indigenous stakeholder groups towards a long and mutually beneficial relationship that supports community development and resource development”, the Company’s Managing Director, Mr David Turvey, said today.</p> <p>“By developing its iron ore assets, FerrAus Limited has a unique opportunity to provide employment, training and other benefits to indigenous residents at Jigalong Community – we are next door neighbours”, Mr Turvey said.</p> <p>“The Consent to Mine enables FerrAus to progress with development of an initial mining operation at its Robertson Range Project. We will immediately advance approvals of our Mining Proposal for iron ore production of 2 million tonnes per year that is currently with the WA Department of Mines and Energy”, said Mr Turvey.</p>
<p>ASX code: FRS</p>	



Photo 1: Signing the Letter of Support and Agreement at Jigalong Community



From Left to Right: Baker Lane (Jigalong Council Member), Peggy Peterson (Acting Chairperson, Jigalong Council), Pamela Jefferies (Jigalong Council Member) and Kate George (representative from WA Department of Indigenous Affairs)

Photo 2: Celebration of the Working Relationship at Jigalong Community



From Left to Right: Njaberu Landy (Jigalong Community resident), John Nyvlt (Chairman, FerrAus Limited), Peggy Peterson (Acting Chairperson, Jigalong Council), Brian Samson (Jigalong Community Elder and Nyiyaparli Native Title Claimant), Fred Taylor (CEO Jigalong Community Incorporated), David Turvey (Managing Director, FerrAus Limited)

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MEDIA STATEMENT



Monday 15 November 2010

PRE FEASIBILITY STUDY CONFIRMS FERRAUS PILBARA PROJECT IS ROBUST - WITH POTENTIAL TO DELIVER SUBSTANTIAL SHAREHOLDER VALUE

- **PFS confirms Project is financially robust and technically viable**
- **Key estimates from the PFS are:**
 - **NPV₈ Range from A\$1,120 to A\$1,340 million**
 - **IRR Range from 24 to 26 per cent**
- **Significant opportunities to further enhance value**
- **Board approves commencement of Definitive Feasibility Study**

FerrAus Limited (ASX: FRS) today released the results of the Pre Feasibility Study (PFS) of the FerrAus Pilbara Project in Western Australia and approved the commencement of a Definitive Feasibility Study (DFS).

The PFS estimates that, based on the key parameters described below, the Net Present Value (NPV₈) of the FerrAus Pilbara Project, using an 8 per cent discount rate (real, after tax), ranges from A\$1,120 million to A\$1,340 million, with an after tax Internal Rate of Return (IRR) return of between 24 and 26 per cent and a discounted payback of 4 years. Note that this is a PFS estimate only and is subject to completion of a positive DFS and if that occurs, to financing, development, operational and other risks associated with the Project.

Pre Feasibility Study

The NPV₈ range of A\$1,120 million to A\$1,340 million, is driven by two separate rail outcomes via either the Mt Newman JV railroad or The Pilbara Infrastructure Pty Ltd (TPI) Railroad, a 100% owned subsidiary of Fortescue Metals Group Limited.

The initial capital cost estimate of approximately A\$960 million, includes mine and plant infrastructure, rolling stock and a capital contribution for port development.

A tariff for a rail spur to link with existing rail infrastructure, as well as a tariff for port facilities, is included in the Operating Costs.

Key consultants engaged to complete the PFS included, SKM, Snowden, Aquaterra, Calibre Rail, LFJ Consulting, Metalytics, Ecologia, Phoenix, G&G and Eureka.

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MEDIA ENQUIRIES - Martin DeBelle Citadel T: (02) 9290 3033 M: 0409 911 189

Suite 10 100 Mill Point Road South Perth WA 6151 PO BOX 995 South Perth WA 6951
T: +61 (0) 8 9474 3770 F: + 61 (0) 8 9474 3700 E: info@ferraus.com W: www.ferraus.com

ABN 86 097 422 529

The PFS is based upon the following key parameters:

- life of mine production was assessed to be 227Mt (wet);
- the final product grade is approximately 59% Fe, 2.3% Al₂O₃, 4% SiO₂, 0.09% P, 8.3% LOI;
- product specification is comparable to Fortescue Metals Group Rocket Fines and Rio Tinto Iron Ore Pilbara Blend fines;
- average life of mine waste strip ratio of 4.32;
- pre strip costs included in operating cost;
- 75% of all ore and waste material is free dig;
- production ramping up to 15Mtpa of fines (wet);
- price and exchange rate forecast have been provided by industry experts Metalytics, with a long term fines price of US101 cents per dmtu from 2023 onwards and a long term exchange rate of US\$0.77 to A\$1.00;
- total operating costs are in the range A\$43.5 to A\$46.5 per wmt of ore sold, including the rail and port tariffs and excluding royalties, administration and marketing costs; and
- rail and port tariffs include operating costs, capital recovery and a return on capital to the funding party.

"The Pre Feasibility Study confirms the Project is robust and economically attractive with the potential to deliver substantial shareholder value," Executive Director, Bryan Oliver, said.

"FerrAus has the capacity to deliver a high quality product, which requires minimal beneficiation and there is considerable potential for further exploration success.

"The Study also examined a range of life of mine production scenarios with the rail transport component via either the Mt Newman JV railroad or the TPI railroad.

"As FerrAus is a founding member of the North West Iron Ore Alliance we expect to ship our ore through that new port development in Port Hedland," he said.

"We will now proceed with a Definitive Feasibility Study in order to be ready to commence construction of the mine in 2012 and achieve first shipments in 2014.

"During this next study stage the focus will be on optimising the mine plan, enhancing the resource base, as well as reducing capital and operating costs, before finalising a Definitive Feasibility Study.

"A number of opportunities have been identified to achieve these outcomes and we are confident we can deliver further value to the Project.

"The Board also considers it is important to maintain our exploration programs, so these will continue across all of the FerrAus Pilbara Project tenements to target additional resources.

"FerrAus is progressing a solution for rail transport between the mine and the North West Iron Ore Alliance port in Port Hedland on a number of fronts and expects to have an outcome prior to the completion of the Definitive Feasibility Study," Mr Oliver said.

*** ENDS ***

For further information contact:

Martin Debelle Citadel T - (02) 9290 3033

M - 0409 911 189

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Forward Looking and Exploration Target Statements

This release may include forward-looking statements that are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of FerrAus Limited, that could cause actual results to differ materially from such statements. Forward looking statements include, but are not limited to, statements concerning the Company's exploration program, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "substantial", "planned", "estimate", "possible", "future", "prospective", and similar expressions. The term "Direct Shipping Ore (DSO)", "Target", and "Exploration Target", where used in this announcement, should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. Also, FerrAus Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

List of Abbreviations:

M: Million

Mt: Million tonnes

Mtpa: Million tonnes per annum

dmtu: dry metric tonne unit

wmt: wet metric tonne

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MEDIA STATEMENT



Monday 15 November 2010

MAIDEN IRON ORE RESERVE OF 126 Mt

NEW MIRRIN MIRRIN RESULTS LIFT TOTAL RESOURCES TO 328.7 Mt

- **Maiden Iron Ore Reserve of 126 million tonnes**
- **23% increase in + 55% Fe Mirrin Mirrin resource; now 37.9 Mt**
- **Current Resource Total = 328.7 Mt Corporate Objective = 400 Mt**

FerrAus Limited (ASX: FRS) today announced its maiden iron ore reserve estimate of 126 million tonnes at 57.3 per cent Fe for the FerrAus Pilbara Project in Western Australia.

The Ore Reserve Statement provided by Snowden Mining Industry Consultants (Snowden), is a foundation component of FerrAus Limited's Pre Feasibility Study (PFS) for mining, which has determined that the FerrAus Pilbara Project contains Probable Ore Reserves contained within optimised pit designs.

Also, analysis of additional drilling results at the Mirrin Mirrin Prospect has led to a 23 per cent increase in the +55 per cent Fe resource, to 37.9 million tonnes. This takes the total resource for the FerrAus Pilbara Project to 328.7 million tonnes.

Iron Ore Reserve

Snowden has been a key consulting group driving the FerrAus PFS resources, geotechnical and mine planning evaluation activities. The FerrAus Pilbara Project total ore reserve estimate (Table 1.1) comprises iron ore material from both Davidson Creek (excluding Mirrin Mirrin) and Robertson Range Areas. This Ore Reserve estimate is inclusive of the total Mineral Resource for the FerrAus Pilbara Project.

Table 1.1 Total Robertson Range and Davidson Creek Ore Reserve Estimate

Ore Reserve Estimate Robertson Range and Davidson Creek Total Plant Feed Cut Off Grade = 52-53%						
	Tonnes	%Fe	%SiO ₂	%Al ₂ O ₃	%P	%LOI
Proved	-	-	-	-	-	-
Probable	126,000,000	57.3	5.5	3.2	0.1	8.5
Total	126,000,000	57.3	5.5	3.2	0.1	8.5

During the mining study, advanced metallurgical test work was completed and subsequently reported confirming the assumed metallurgical recoveries. Based on that report, the current Inferred Mineral Resource material for Robertson Range between 53 per cent and 55 per cent Fe and Davidson Creek between 52 per cent and 55 per cent Fe, was upgraded to an Indicated Mineral Resource.

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ENQUIRIES - Martin DeBelle Citadel T: (02) 9290 3033 M: 0409 911 189

Suite 10 100 Mill Point Road South Perth WA 6151 PO BOX 995 South Perth WA 6951
T: +61 (0) 8 9474 3770 F: + 61 (0) 8 9474 3700 E: info@ferraus.com W: www.ferraus.com

ABN 86 097 422 529

Table 1.2 Davidson Creek Ore Reserve Estimate

Ore Reserve Estimate Davidson Creek Total Feed Cut Off Grade: +52% Fe						
	Tonnes	%Fe	%SiO ₂	%Al ₂ O ₃	%P	%LOI
Proved	-	-	-	-	-	-
Probable	95,000,000	57.0	5.5	3.3	0.1	8.9
Total	95,000,000	57.0	5.5	3.3	0.1	8.9

Table 1.3 Robertson Range Ore Reserve Estimate

Ore Reserve Estimate Robertson Range High Grade (Wet Plant) Feed Cut Off Grade: +53% Fe						
	Tonnes	%Fe	%SiO ₂	%Al ₂ O ₃	%P	%LOI
Proved	-	-	-	-	-	-
Probable	31,000,000	58.1	5.5	3.1	0.1	7.4
Total	31,000,000	58.1	5.5	3.1	0.1	7.4

Comprehensive metallurgical test work has been conducted and reported by Sinclair Knight Merz (SKM) for the PFS and the assumptions used for the PFS and subsequently confirmed, are presented in Table 2.1. These assumptions form the basis for resource and mining studies conducted by Snowden.

Table 2.1 Metallurgical Assumptions Used For The PFS

Parameter	Units	Davidson Creek		Robertson Range
		High Grade	Medium Grade	High Grade
Cut-Off Grade	(% Fe)	+55% Fe	52% - 55% Fe	+53% Fe
Fe Upgrade	-	1.50%	2.80%	0.60%
Mass Yield	-	85.0%	70.0%	95.0%

This maiden probable reserve is a significant milestone for FerrAus as it progresses towards mine development.

Mirrin Mirrin

In addition the analysis of recent RC drilling results from the Mirrin Mirrin Prospect has lifted the total resource for the FerrAus Pilbara Project to 328.7 million tonnes.

The analysis of the results increased the +55 per cent Fe resource from 30.8 Mt to 37.9 Mt and the 50-55 per cent Fe resource from 18.1 Mt to 23.3 Mt, an overall increase in resources of 12.3Mt.

The Mirrin Mirrin Prospect is part of the Davidson Creek Area within the Project and this program of 200 metre x 50 metre spaced RC drilling was completed in late September.

The results from the new exploration holes, which are outside the defined resource area, continue to indicate that Fe mineralisation is continuous along strike to the east and west, as well as to the north.

"The announcement of a maiden iron ore reserve is a major milestone for FerrAus," the Executive Director, Bryan Oliver, said.

"Together with the new total resource this represents a very significant and exciting step as we continue to build toward our corporate goal to achieve a resource of 400 million tonnes.

"As our exploration programs continue and the drilling results are analysed Mirrin Mirrin is growing in importance and it could now be considered the cornerstone area within the FerrAus Pilbara Project.

"These recent Mirrin Mirrin results will be included, as part of the initial work on finalising and optimising the scope of the project, in the DFS," he said.

The total resource (JORC) for the FerrAus Pilbara Project is 328.7 million tonnes. FerrAus Limited has stated that its corporate objective is to achieve a resource total of 400 million tonnes which, depending on future drilling and development, may or may not be achieved.

*** ENDS ***

For further information contact:

Martin Debelle Citadel T - (02) 9290 3033 M - 0409 911 189

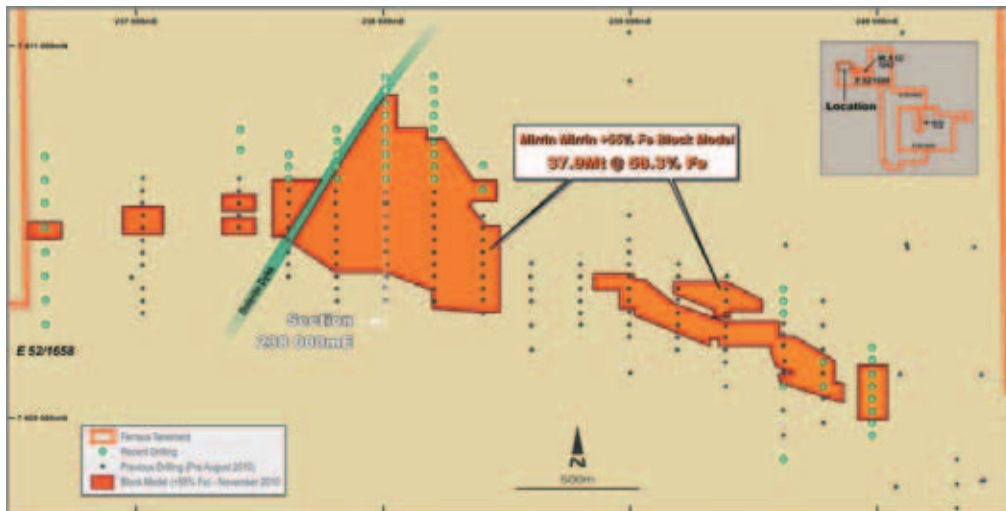
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Table 1: FerrAus Pilbara Project Resource Table

Area	JORC (2004) Resource Category	Tonnes Mt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	CaFe (%)
High Grade Resources (+55% Fe)								
Robertson Range	Measured	23.40	58.93	4.54	2.71	0.11	7.69	63.84
	Indicated	20.70	58.98	5.40	2.99	0.10	6.48	63.07
	Inferred	10.60	58.11	6.56	3.37	0.10	6.15	61.93
	Total	54.60	58.79	5.26	2.94	0.11	6.93	63.18
Davidson Creek	Measured	9.50	58.10	4.31	2.83	0.08	9.12	63.90
	Indicated	91.60	58.70	4.44	2.43	0.08	8.63	64.20
	Inferred	62.10	58.00	4.94	2.69	0.10	8.63	63.48
	Total	163.20	58.40	4.60	2.54	0.09	8.66	63.91
Total (+ 55% Fe)		217.80						
Medium Grade Resources (between 50-55% Fe)								
Robertson Range	Inferred	16.20	53.00	8.51	5.40	0.12	8.85	58.20
Davidson Creek	Inferred	94.60	53.20	8.41	5.11	0.09	9.28	58.60
Total (between 50-55% Fe)		110.80						
Total Resources		328.70						

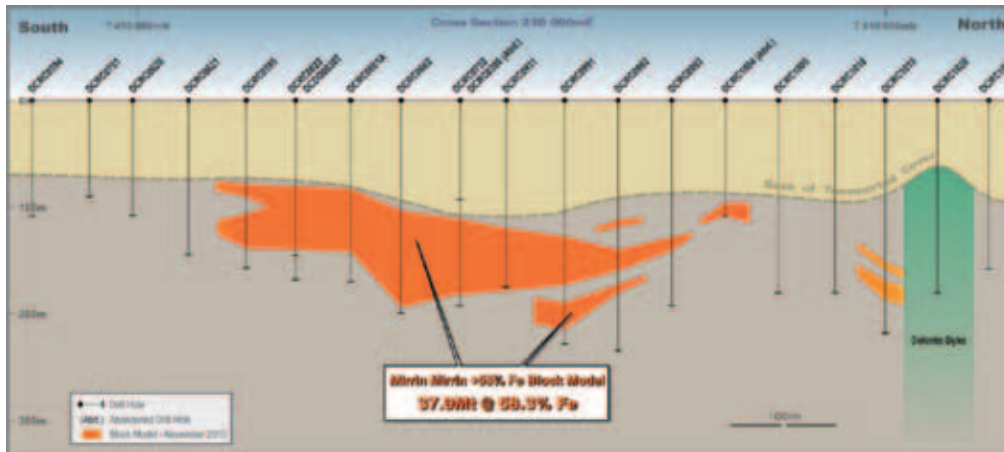
Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: $CaFe = (Fe \times 100) / (100 - LOI)$. Resources are reported above a 55% Fe cut-off grade, except for medium grade resources which are between 50-55% Fe. The above resources were classified and reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore reserves (the JORC Code). Snowden Mining Industry Consultants classified the mineral resources listed in the above table.

Figure 1: Drilling Results Plan View - Mirrin Mirrin Prospect, Davidson Creek Area



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Figure 2: Section 238,000mE - Mirrin Mirrin Prospect, Davidson Creek Area



Ore Reserve Statement

The Ore Reserve Statement has been prepared by Snowden Mining Industry Consultants ('Snowden') on behalf of FerrAus Ltd

The author of the report, Mr. Alan G Cooper, Principal Mining Consultant for Snowden Mining Industry Consultants, states that he is a Member of The Australasian Institute of Mining and Metallurgy (The AusIMM) and has more than five years mining experience applicable to the mining of Iron Ore. He consents to the public release of this Ore Reserve estimate, providing it remains in the context presented.

Competent Person Statement

Geological interpretation, exploration results, and mineral resource information contained in this report to which this statement is attached is based on information compiled by Mr Peter Brookes who is member of the Australian Institute of Geoscientists (AIG) and who is a full time employee of FerrAus Limited. Peter Brookes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves". Mr Brookes consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Forward Looking and Exploration Target Statements

This release may include forward-looking statements that are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of FerrAus Limited, that could cause actual results to differ materially from such statements. Forward looking statements include, but are not limited to, statements concerning the Company's exploration program, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "substantial", "planned", "estimate", "possible", "future", "prospective", and similar expressions. The term "Direct Shipping Ore (DSO)", "Target", and "Exploration Target", where used in this announcement, should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004) and therefore the terms have not been used in this context. Also, FerrAus Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

ASX ANNOUNCEMENT



18 November 2010

**MOUNT NEWMAN PARTICIPANTS COMMENCE LEGAL ACTION
IN THE WESTERN AUSTRALIAN SUPREME COURT DESIGNED
TO STOP FERRAUS FINALISING A RAIL HAULAGE
AGREEMENT WITH THEM**

FerrAus Limited announces that BHP Billiton Minerals Pty Ltd, Mitsui-Itochu Iron Pty Ltd and ITOCHU Minerals & Energy of Australia Pty Ltd (**Mount Newman Participants**) commenced legal proceedings today in the Supreme Court of Western Australia against FerrAus and the President of Engineers Australia.

FerrAus has previously sought to reach agreement with the Mount Newman Participants on the terms of rail haulage of FerrAus' iron ore on the Mount Newman railway system but has been unable to do so.

As a consequence, FerrAus had sought the agreement of the Mount Newman Participants to appoint Professor Allan Fels AO as the independent expert to determine the terms of rail haulage in accordance with the dispute resolution mechanism under clause 3 of the Schedule to the Mount Newman Participants' 1987 agreement with the Western Australian Government (**1987 State Agreement**).

As the Mount Newman Participants have declined to agree to the appointment of Professor Fels, under a further application of clause 3, FerrAus may request the President of Engineers Australia to appoint an independent expert to determine the detailed contractual arrangements of rail haulage. Pursuant to clause 3, the decision of an independent expert shall be final and binding on the Mount Newman Participants and FerrAus.

The proceedings commenced today by the Mount Newman Participants seek declarations and injunctive relief in respect of these possible further steps leading to the appointment of an independent expert by the President of Engineers Australia.

For any enquiries, please contact:

Martin Debelle
+61 (02) 9290 3023

Detailed information about FerrAus Limited can be found on the company's website www.ferraus.com.

Set out below are the terms and conditions of the WN Options.

- (a) Issue price: free, attaching to each Offer Share subscribed for.
- (b) Entitlement: Each WN Option entitles the WN Option holder to subscribe for one WN Share at the exercise price of AUD0.20 per WN Option in accordance with these terms.
- (c) Expiry Date: 30 September 2014
- (d) Time of exercise:
 - (i) A WN Option holder may exercise some or all of the WN Options at any time until the Expiry Date.
 - (ii) A WN Option holder may only exercise less than all of the WN Options held by that WN Option holder if the number of WN Shares to be issued on exercise would, when aggregated with the number of WN Shares already registered in the WN Option holder's name, be a Marketable Parcel if issued on the day of exercise.
 - (iii) A WN Option holder must exercise WN Options in multiples of 1,000, unless the holding is less than 1,000, in which case all WN Options must be exercised.
- (e) Notice of Expiry Date: The Company must give the WN Option holder a notice at least 20 Business Days before the Expiry Date with the information required by the ASX Listing Rules.
- (f) Transfer: Subject to the Companies Act, the ASX Listing Rules and the Listing Rules, the WN Option holders may transfer some or all of their WN Options at any time before the Expiry Date provided the transfer is by a proper ASX Settlement transfer or any other method permitted by the Companies Act, the ASX Listing Rules and the Listing Rules and is approved by the Board.

- (g) Issue of WN Option Shares:
- (i) The Company must issue to the WN Option holder the WN Option Shares to be issued on exercise of a WN Option within 15 Business Days of the date on which the notice of exercise in respect of the WN Option took effect.
 - (ii) Subject to the Companies Act, the ASX Listing Rules and the Listing Rules, the Company must deliver to the WN Option holder a holding statement or certificate (as the case may be) for the WN Option Shares issued on exercise of any WN Options within 5 Business Days of their issue.
- (h) Ranking: Subject to the Bye-laws, all WN Option Shares issued pursuant to the exercise of WN Options will rank in all respects (including rights to dividends) equally with the existing WN Shares as at the date of issue.
- (i) Participation rights:
- (i) A WN Option holder is not entitled to participate in new issues of WN Shares to existing Shareholders unless the WN Option holder exercises that WN Option and becomes the holder of WN Shares on or prior to the record date for the new issue of WN Shares and participates as a result of holding WN Option Shares.
 - (ii) The Company must give the WN Option holder at least 10 Business Days prior written notice of the record date for a new issue of WN Shares and the proposed terms of the issue.
- (j) Adjustments:
- (i) If the Company makes a pro rata issue, the Exercise Price of each WN Option will be reduced with the new exercise price of each WN Option to be calculated in accordance with the following formula:

$$NP = OP - \frac{E[P - (S+D)]}{N+1}$$

where:

NP = the new exercise price of the WN Option

OP = the old exercise price of the WN Option

E = the number of WN Shares into which one WN Option is exercisable

P = the average market price per WN Share (weighted by volume) of the WN Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date

S = the subscription price for a security to be issued under the pro rata issue

D = the amount of any dividend due but not yet paid on the existing WN Shares (except those securities to be issued under the pro rata issue)

N = the number of existing WN Shares with rights or entitlements that must be held to receive a right to one new security under the pro rata issue

No change will be made to the number of WN Option Shares to which the WN Option holder is entitled.

- (ii) If the Company makes a bonus issue, the number of WN Shares issued on exercise of each WN Option will be increased by the number of bonus WN Shares that the WN Option holder would have received if the WN Option had been exercised prior to the record date for the bonus issue. No change will be made to the Exercise Price.
- (iii) Any calculation or adjustments which are required to be made under paragraph (j) above will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the relevant WN Option holder.
- (iv) The Company must give at least 10 Business Days notice of any change to the Exercise Price of any WN Options made in accordance with paragraph (j) above.
- (k) Reorganisation: If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of WN Option holders in respect of any unexercised WN Options will be changed to the extent necessary to comply with the ASX Listing Rules and the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (l) Notices: Any notices to a WN Option holder regarding a WN Option will be sent to the address of the WN Option holder in the Australian share register.
- (m) The terms of the WN Options do not entitle their holders any right to participate in any distribution and any rights on the liquidation of the Company (save for the right to exercise the WN Options).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Proposed Increase in Authorised Share Capital, Conditional Offers, the Offer for Subscription and the Issue Mandate will be as follows:

Authorised	<i>HK\$</i>
4,000,000,000 WN Shares as at the Latest Practicable Date	400,000,000
Creation of 6,000,000,000 WN Shares pursuant to the Proposed Increase in Authorised Share Capital	600,000,000
	<u>1,000,000,000</u>
10,000,000,000 WN Shares	<u><u>1,000,000,000</u></u>
Issued and fully paid	<i>HK\$</i>
3,907,435,485 WN Shares as at the Latest Practicable Date	390,743,548.50
4,530,121,320 WN Shares to be issued under the Conditional Offers (assuming full acceptance of the Conditional Offers and exercise of all BRM Options and FRS Options outstanding as at the Latest Practicable Date)	453,012,132.00
	<u>843,755,680.50</u>
15,000,000 WN Shares to be issued under the Offer for Subscription (assuming the maximum number of Offer Shares are subscribed)	1,500,000.00
	<u>845,255,680.50</u>
15,000,000 WN Option Shares to be issued upon full exercise of the subscription rights attaching to the WN Options issued under the Offer for Subscription (assuming the maximum number of WN Options are issued)	1,500,000.00
	<u>846,755,680.50</u>
600,000,000 WN Shares to be issued under the Issue Mandate (assuming the maximum number of HK Placing Shares are issued under the Issue Mandate)	60,000,000.00
	<u>906,755,680.50</u>
	<u><u>906,755,680.50</u></u>

3. DISCLOSURE OF INTERESTS

(a) Disclosure of interests of Directors

As at the Latest Practicable Date, the interests of the Directors or chief executives of the Company in the WN Shares and the underlying WN Shares and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Nature of interest	Number of WN Shares held	Interest in underlying WN Shares pursuant to share options	Approximate % of the issued share capital of the Company as at the Latest Practicable Date
Mr. Luk Kin Peter Joseph ("Mr. Luk")	Direct	—	39,000,000	1.00%
	Controlled corporation ⁽¹⁾	199,456,276	—	5.10%
Mr. Chan Kam Kwan, Jason	Direct	—	1,500,000	0.04%
Mr. Lau Kwok Kuen, Eddie	Direct	—	1,000,000	0.03%
Mr. Uwe Henke Von Parpart	Direct	—	1,000,000	0.03%
Mr. Yip Kwok Cheung, Danny	Direct	—	1,000,000	0.03%

Note:

- (1) 96,008,000 WN Shares were held by Equity Valley Investments Limited, a company incorporated in the British Virgin Islands, and the entire issued share capital of which was beneficially owned by Mr. Luk (the Chairman of the Company and an Executive Director), and 103,448,276 WN Shares were held by Pridel Future Investments Limited, a company controlled by Mr. Luk's spouse. Mr. Luk is a director of Equity Valley Investments Limited.

Apart from the above, as at the Latest Practicable Date, there were no interest of the Directors or chief executives of the Company in the WN Shares and the underlying WN Shares of the Company and any shares and underlying shares of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the WN Shares and underlying WN Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in the WN Shares and the underlying WN Shares

Name	Capacity	Number of WN Shares or underlying WN Shares	Approximate % of the issued share capital of the Company as at the Latest Practicable Date
Leading Highway Limited (<i>Note 1</i>)	Beneficial owner	440,500,000	11.27%
Cheng Yung Pun (<i>Note 1</i>)	Interest held by controlled corporations	440,500,000	11.27%

Name	Capacity	Number of WN Shares or underlying WN Shares	Approximate % of the issued share capital of the Company as at the Latest Practicable Date
Shimmer Expert Investments Limited (<i>Note 2</i>)	Beneficial owner	279,548,000	7.15%
Groom High Investments Limited (<i>Note 2</i>)	Interest held by controlled corporations	279,548,000	7.15%
Zhang Li (<i>Note 2</i>)	Interest held by controlled corporations	279,548,000	7.15%
Smartpath Investments Limited (<i>Note 3</i>)	Beneficial owner	204,752,000	5.24%
Tan Lini (<i>Note 3</i>)	Interest held by controlled corporations	204,752,000	5.24%
Villa Green Investments Limited (<i>Note 4</i>)	Beneficial owner	257,760,000	6.60%
Chong Yee Kwan (<i>Note 4</i>)	Interest held by controlled corporations	257,760,000	6.60%

Notes:

- The 440,500,000 WN Shares were held by Leading Highway Limited, which was wholly-owned by Cheng Yung Pun.
- The 279,548,000 WN Shares were held by Shimmer Expert Investments Limited, a company wholly-owned by Groom High Investments Limited, which was wholly-owned by Zhang Li. Ms. Zhang Li also held a 10% equity interest in Luchun Xingtai Mining Company Limited, a 90%-owned subsidiary of the Company.
- The 204,752,000 WN Shares were held by Smartpath Investments Limited, which was wholly-owned by Tan Lini.
- The 257,760,000 underlying WN Shares were derived from the convertible notes of principal amount of HK\$74,750,400 held by Villas Green Investments Limited, which was wholly-owned by Chong Yee Kwan.

Save as disclosed above, there was no person (not being a Director or chief executive of the Company) known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the WN Shares and underlying WN Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group.

6. LITIGATION

So far as is known to the Directors, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the Group's businesses as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

8. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the Group within two years immediately preceding the date of this circular and are or may be material:

- (i) On 17 June 2009, the Company entered into a subscription agreement with Gracious Fortune Investments Limited (“Gracious Fortune”) in relation to a top-up placing of 111,500,000 new WN Shares and raised approximately HK\$99.1 million for potential acquisitions or investment opportunities in mineral related businesses.
- (ii) On 9 February 2010, the Company entered into a placing and subscription agreement with Parklane International Holdings Limited (“Parklane International”), Gracious Fortune and Sun Hung Kai Investment Services Limited in relation to a top-up placing of 334,000,000 new WN Shares and raised approximately HK\$297 million for potential acquisitions or investment opportunities in mineral related businesses.
- (iii) On 17 June 2010, the Company entered into a placing and subscription agreement with Parklane International, Gracious Fortune, Cantor Fitzgerald (Hong Kong) Capital Markets Limited and Sun Hung Kai Investment Services Limited in relation to a top-up placing of 185,000,000 new WN Shares and raised approximately HK\$199 million for potential acquisitions or investment opportunities in mineral related businesses.
- (iv) On 22 June 2010, WN Australia entered into a share subscription agreement with FRS in relation to the subscription by WN Australia of 25,047,939 FRS Shares for approximately HK\$147 million.
- (v) On 17 September 2010, the Company entered into (a) a subscription agreement with Parklane International and Gracious Fortune, (b) a placing agreement with Parklane International, Gracious Fortune and Cantor Fitzgerald (Hong Kong) Capital Markets Limited, and (c) a placing agreement with Parklane International, Gracious Fortune and Mansion House Securities (F.E.) Limited in relation to a top-up placing of 178,000,000 WN Shares and raised approximately HK\$200 million, after costs, for potential acquisitions or investment opportunities in mineral related businesses and to cover transactional costs.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given, or agreed to the inclusion of, its opinion or advice in this circular:

Name	Qualification
KBC Bank N.V. Hong Kong Branch	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for Type 6 (advising on corporate finance) regulated activities under the SFO

KBC Bank has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, KBC Bank was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any direct or indirect interest in any assets which had been acquired, disposed of by or leased to or which were proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of the Company at Room 2805, 28/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong for the period of 14 days from the date of this circular:

- (a) the memorandum of the Company and the Bye-laws;
- (b) the annual reports of the Company for each of the three years ended 31 December 2007, 2008 and 2009;

- (c) material contracts as referred to in the section headed “Material Contracts” above;
- (d) the terms of the WN Options;
- (e) KBC Bank’s letter of advice dated 26 November 2010; and
- (f) the Bidder’s Statements.

11. MISCELLANEOUS

- (a) The secretary of the Company is Chan Kam Kwan, Jason. Mr. Chan is a member of American Institute of Certified Public Accountants.
- (b) The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

NOTICE OF SGM



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 159)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Wah Nam International Holdings Limited (the “**Company**”) will be held at Room 2805, 28/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Monday, 13 December 2010 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the acquisition of the issued shares of Brockman Resources Limited (“**BRM**”) pursuant to the conditional securities exchange offer (the “**BRM Conditional Offer**”) by Wah Nam International Australia Pty Ltd (“**WN Australia**”) to acquire all the issued ordinary shares in the share capital of BRM (not already owned by WN Australia) as announced in the announcement of the Company dated 10 November 2010 and the allotment and issue of new ordinary shares (the “**Consideration WN Shares**”) of HK\$0.10 each in the share capital of the Company as consideration under the BRM Conditional Offer, details of which are set out in the circular (the “**Circular**”) to the shareholders of the Company dated 26 November 2010 be and are hereby ratified, confirmed and approved and the directors (the “**Directors**”) of the Company be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the BRM Conditional Offer and the transactions contemplated thereunder;
- (b) subject to the passing of ordinary resolution (4) below, the allotment and issue of the Consideration WN Shares to the shareholders of BRM who accept the BRM Conditional Offer be and is hereby approved and any Director be and is hereby authorised to allot and issue the Consideration WN Shares in accordance with the terms of the BRM Conditional Offer and to take all steps necessary, desirable or expedient in his opinion to implement or give effect to the allotment and issue of the Consideration WN Shares; and

* *for identification purpose only*

NOTICE OF SGM

- (c) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in the opinion of the Directors as may be necessary, appropriate, desirable or expedient to implement and/or give effect to the transactions (the “**BRM Conditional Offer Transactions**”) set out in this resolution and to agree to any variation, amendments, supplement or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company, to the extent that such variation, amendment, supplement or waiver do not constitute material changes to the material terms of the BRM Conditional Offer Transactions.”

2. “**THAT**

- (a) the acquisition of the issued shares of FerrAus Limited (“**FRS**”) pursuant to the conditional securities exchange offer (the “**FRS Conditional Offer**”) by WN Australia to acquire all the issued ordinary shares in the share capital of FRS (not already owned by WN Australia) as announced in the announcement of the Company dated 10 November 2010 and the allotment and issue of the Consideration WN Shares as consideration under the FRS Conditional Offer, details of which are set out in the Circular be and are hereby ratified, confirmed and approved and the Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the FRS Conditional Offer and the transactions contemplated thereunder;
- (b) subject to the passing of ordinary resolution (4) below, the allotment and issue of the Consideration WN Shares to the shareholders of FRS who accept the FRS Conditional Offer be and is hereby approved and any Director be and is hereby authorised to allot and issue the Consideration WN Shares in accordance with the terms of the FRS Conditional Offer and to take all steps necessary, desirable or expedient in his opinion to implement or give effect to the allotment and issue of the Consideration WN Shares; and
- (c) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in the opinion of the Directors as may be necessary, appropriate, desirable or expedient to implement and/or give effect to the transactions (the “**FRS Conditional Offer Transactions**”) set out in this resolution and to agree to any variation, amendments, supplement or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company, to the extent that

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such variation, amendment, supplement or waiver do not constitute material changes to the material terms of the FRS Conditional Offer Transactions.”

3. **“THAT**

- (a) the mandate letter (a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) dated 10 November 2010 and entered into between the Company and Capital Investment Partners Pty Ltd (the “**Lead Manager**”) pursuant to which the Lead Manager has agreed to act as Lead Manager to the Company’s invitation to the Australian public (the “**Offer for Subscription**”) to subscribe for 10 million new ordinary shares of HK\$0.10 each (the “**Offer Shares**”) with provision to accept up to a further 5 million Offer Shares (with one free attaching option (“**WN Option**”) for each Offer Share subscribed for) details of which are set out in the prospectus lodged by the Company with the Australian Securities and Investments Commission on 11 November 2010 (the “**Prospectus**”); and to assist on a ‘best endeavours’ basis in the raising of capital for the Company be and is hereby approved, ratified and confirmed;
- (b) the allotment and issue of up to 15 million Offer Shares be and is hereby approved and any Director be and is hereby authorised to allot and issue the Offer Shares in accordance with the terms of the Prospectus and to take all steps necessary, desirable or expedient in his opinion to implement or give effect to the allotment and issue of the Offer Shares;
- (c) the issue of up to 15 million WN Options be and is hereby approved and any Director be and is hereby authorised to issue the WN Options in accordance with the terms of the Prospectus and to take all steps necessary, desirable or expedient in his opinion to implement or give effect to the issue of the WN Options, including but not limited to the allotment and issue of the ordinary shares of HK\$0.10 each in the share capital of the Company which may fall to be issued upon the exercise of the subscription rights attached to the WN Options; and
- (d) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in the opinion of the Directors as may be necessary, appropriate, desirable or expedient to implement and/or give effect to the transactions (the “**Offer for Subscription Transactions**”) set out in this resolution and to agree to any variation, amendments, supplement or waiver of matters relating thereto as are, in the

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opinion of the Directors, in the interests of the Company, to the extent that such variation, amendment, supplement or waiver do not constitute material changes to the material terms of the Offer for Subscription Transactions.”

4. “**THAT** the authorised share capital of the Company be and is hereby increased from HK\$400,000,000 divided into 4,000,000,000 shares of HK\$0.10 each (“**WN Shares**”) to HK\$1,000,000,000 divided into 10,000,000,000 WN Shares by the creation of an additional 6,000,000,000 WN Shares.”

5. “**THAT**
 - (a) the Issue Mandate (as defined and described in the Circular) be and is hereby approved and the board of Directors (the “**Board**”) be and is hereby granted a specific mandate to allot and issue new WN Shares in connection with the Issue Mandate, which specific mandate can be exercised once or more than once for a period of six months from the date the BRM Conditional Offer and/or the FRS Conditional Offer is declared unconditional;

 - (b) contingent on the Board resolving to issue and allot WN Shares pursuant to paragraph (5)(a) above, the Board be and is hereby generally and unconditionally authorised to:
 - (i) determine and deal with at its discretion and with full authority, matters relating to the Issue Mandate (including but not limited to the specific timing of issue, final number of new WN Shares to be issued (in any event not more than 600,000,000 new WN Shares), offering mechanism, pricing mechanism, issue price (subject to the basis for determining the issue price described on page 32 in the Circular), target subscribers and the number and proportion of WN Shares to be issued to each subscriber); and

 - (ii) do all such acts and things, to sign and execute all such further documents for and on behalf of the Company by hand, or in case of execution of documents under seal, to do so jointly with any of a second director, a duly authorised representative of the director or the secretary of the Company and to take such steps as he/she may in his/her absolute discretion considers necessary, appropriate, desirable or expedient to give effect to or in connection with the Issue Mandate.”

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6. “THAT:

- (a) subject to paragraph 6(c) below, pursuant to the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the unissued WN Shares and to make or grant offers, agreements and options, including warrants to subscribe for WN Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for WN Shares, which might require the exercise of such powers after the expiry of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of WN Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into WN Shares shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly;

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- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution); and
- (e) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for WN Shares open for a period fixed by the Directors to holders of WN Shares whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

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7. “**THAT** the maximum remuneration per annum in aggregate for (a) executive Directors be fixed at AUD2 million (equivalent to approximately HK\$15.6 million); and (b) non-executive Directors be fixed at AUD1 million (equivalent to approximately HK\$7.8 million).”

By order of the board
Wah Nam International Holdings Limited
Luk Kin Peter Joseph
Chairman

Hong Kong, 26 November 2010

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place of business
in Hong Kong:*
Room 2805, 28/F., West Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of WN Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. In the case of joint holders of WN Shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such WN Share as if he was solely entitled thereto, but if more than one of such joint holder are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such WN Shares shall alone be entitled to vote in respect thereof.
5. In accordance with the Listing Rules, Mr. Luk Kin Peter Joseph and Mr. Chan Kam Kwan, Jason and their respective associates shall abstain from voting in favour in respect of ordinary resolution numbered 6 set out in the notice above.