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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)

PROPOSED EXTENSION OF THE FRS CONDITIONAL OFFER AND NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser

OSK Capital Hong Kong Limited

A letter from the Board is set out on pages 6 to 24 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 Friday, 8 April 2011 at Hong Kong time 10:30 a.m. is set out on pages 45 to 47 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 relevant enclosed form of proxy in accordance with the instructions printed thereon. **If your shares in the Company are recorded under the Company's Hong Kong branch registrar or the Company's Bermuda principal registrar, please complete the Hong Kong proxy form and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited. Please read and follow the instructions, including the deadline, on the Hong Kong proxy form to lodge the form. If your shares in the Company are recorded under the Company's Australia branch registrar, please complete the Australia proxy form and return it to the Company's branch share registrar in Australia, Computershare Investor Services Pty Limited. Please read and follow the instructions, including the deadline, on the Australia proxy form to lodge the form.** 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

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	25
APPENDIX II — FINANCIAL INFORMATION OF THE FRS GROUP	27
APPENDIX III — PUBLIC INFORMATION ON FRS'S PRINCIPAL PROJECT	31
APPENDIX IV — GENERAL INFORMATION	38
NOTICE OF SGM	45

DEFINITIONS

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

“2010 Circular”	the Company’s circular dated 26 November 2010
“Announcement Date”	the day on which 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)
“AUD”	Australian dollars, the lawful currency of Australia
“Bid Period”	the period starting when the Bidder’s Statement was given to BRM or FRS (as the case may be) on 10 November 2010 and ending at the end of the Offer Period
“Bidder’s Statement(s)”	each of, and where the case requires it, both, the offer documents issued by WN Australia in respect of each of the Conditional Offers dated 15 December 2010
“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 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
“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

DEFINITIONS

“Company”	Wah Nam International Holdings Limited, the shares of which are dually listed on the Stock Exchange and on ASX
“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
“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 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 Fundraising Shares”	40,697,675 new FRS Shares issued by FRS on 21 February 2011 raising an amount of AUD35 million
“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 Shares”	up to 600,000,000 new WN Shares to be issued by the Company pursuant to the Issue Mandate

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 granted by Shareholders on 13 December 2010, 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 2010 Circular
“JORC Code”	the Australasia Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (4th Edition)
“Latest Practicable Date”	10 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mtpa”	million tonnes per annum
“New FRS Options”	1 million FRS Options granted pursuant to the Options Grant and 710,000 FRS Options which may be granted to employees of FRS
“New FRS Option Shares”	the new FRS Shares falling to be issued pursuant to the exercise of the New FRS Options
“New FRS Shares”	the FRS Fundraising Shares, the Top-up Shares and the New FRS Option Shares

DEFINITIONS

“Offer Period”	the period during which the Conditional Offers remain open which commenced on 15 December 2010, being the date when the Bidder’s Statement was despatched to BRM Shareholders and FRS Shareholders, and is scheduled to end on 15 April 2011 (unless further extended)
“Options Grant”	the grant by FRS of 1 million FRS Options to the nominee of Mr Bryan Oliver (an executive director of FRS) on 27 January 2011
“PRC”	the People’s Republic of China
“Proposed Extension”	the proposed extension of the FRS Conditional Offer to cover the FRS Fundraising Shares, and, if issued before the end of the Offer Period, the Top-up Shares and the New FRS Option Shares
“Register Date”	the day set by WN Australia under section 633(2) of the Corporations Act, being 7 December 2010
“Relevant Interest”	has the meaning given in sections 608 and 609 of the Corporations Act
“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 approval from Shareholders for the Proposed Extension
“Shareholders”	holders of any WN Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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
“Top-up Right”	the right granted to UPC pursuant to the subscription agreement entered into between FRS and UPC on 7 September 2009 whereby if FRS issues further FRS Shares, subject to the conditions set out in the subscription agreement, UPC shall have the right to subscribe for an additional number of FRS Shares equal to 12% of the number of FRS Shares issued in such further issue of FRS Shares at the same issue price as that under the said further issue of FRS Shares
“Top-up Shares”	4,883,721 new FRS Shares to be issued upon exercise of the Top-up Right by UPC
“UPC”	Union Park Company Limited
“VWAP”	volume weighted average price
“WST”	Australian Western Standard Time
“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

AUD is converted into HK\$ at an exchange rate of AUD1.00 = HK\$7.9 for illustrative purposes in this circular.

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:

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18 March 2011

To the Shareholders

Dear Sirs,

PROPOSED EXTENSION OF THE FRS CONDITIONAL OFFER

INTRODUCTION

On 21 February 2011, the Company announced that the Board on even date approved the Proposed Extension pursuant to which after obtaining Shareholders' approval for the Proposed Extension and subject to compliance with applicable rules and regulations in Australia, the Company intends to extend the FRS Conditional Offer to cover the FRS Fundraising Shares, and the Top-up Shares and any New FRS Option Shares if they are issued before the end of the Offer Period.

The purpose of this circular is to provide you with further details on the Proposed Extension, information on the Company and FRS and to provide a notice of the SGM at which a resolution will be proposed to consider and, if thought fit, approve the Proposed Extension.

* *for identification purpose only*

LETTER FROM THE BOARD

BACKGROUND OF THE PROPOSED EXTENSION

According to FRS's announcement dated 21 February 2011 and up to the Latest Practicable Date, FRS has issued the FRS Fundraising Shares. FRS may or may not further issue the Top-up Shares and the New FRS Option Shares before the end of the Offer Period. Set out below is further information regarding the New FRS Shares:

(1) 40,697,675 FRS Fundraising Shares

According to FRS's announcement dated 21 February 2011, it has issued 40,697,675 FRS Fundraising Shares at AUD0.86 per FRS Share.

(2) 4,883,721 Top-up Shares

According to FRS's target statement dated 20 December 2010 in relation to the FRS Conditional Offer, pursuant to the subscription agreement entered into between FRS and UPC on 7 September 2009, UPC subscribed for certain FRS Shares and was granted the Top-up Right. If UPC exercises the Top-up Right, 4,883,721 Top-up Shares representing 12% of 40,697,675 FRS Fundraising Shares will be issued. As at the Latest Practicable Date, FRS had not published any information regarding the exercise of the Top-up Right.

(3) 1 million new FRS Shares falling to be issued upon exercise of the FRS Options granted under the Options Grant

As set out in the Company's announcement dated 24 January 2011, the FRS Shareholders approved the grant of 1 million FRS Options with an exercise price of AUD1.00 each to Mr Bryan Oliver (a director of FRS). Based on FRS's published information, such FRS Options were granted by FRS on 27 January 2011.

(4) 710,000 new FRS Shares falling to be issued upon the exercise of the FRS Options which may be granted to FRS's employees

Based on information provided by FRS, FRS may grant 710,000 FRS Options with an exercise price of AUD1.00 each to certain employees of FRS. As at the Latest Practicable Date, FRS has not published information that such FRS Options have been granted.

LETTER FROM THE BOARD

Under its present terms, the FRS Conditional Offer does not extend to the New FRS Shares. The Company has sought and obtained a relief from ASIC to extend the FRS Conditional Offer to the New FRS Shares. On 21 February 2011 the Board approved the Proposed Extension as set out below.

REVISED TERMS OF THE FRS CONDITIONAL OFFER

Save for the Proposed Extension and the extension of the Offer Period to 15 April 2011 (as announced by the Company on 4 March 2011), all other terms and conditions of the FRS Conditional Offer remain unchanged.

Under the FRS Conditional Offer, WN Australia has offered to acquire all FRS Shares in issue not already owned by WN Australia before the end of the Offer Period for a consideration of 6 Consideration WN Shares for each FRS Share held. The present terms of the FRS Conditional Offer cover:

- (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 in issue as at the Register Date.

As contemplated under the Proposed Extension, after obtaining Shareholders' approval on the Proposed Extension and subject to compliance with applicable rules and regulations in Australia, in addition to the above-mentioned FRS Shares, the Company intends to extend the FRS Conditional Offer to:

- (3) the FRS Fundraising Shares;
- (4) the Top-up Shares (if and when they are issued before the end of the Offer Period);
and
- (5) the New FRS Option Shares (if and when they are issued before the end of the Offer Period).

In accordance with the Corporation Act (as amended by ASIC instrument number 11/0143 which modified the Corporation Act so as to permit the Company to extend the FRS Conditional Offer to the New FRS Shares), any extension of the FRS Conditional Offer to the Top-up Shares and the New FRS Option Shares will only take place after they are issued and if they are issued before the end of the Offer Period, being 4:00 p.m. (WST) on 15 April 2011 (unless further extended).

LETTER FROM THE BOARD

However, if the Top-up Shares and any New FRS Option Shares (the “Extension Securities”) are issued within 14 days before the end of the Offer Period, to extend the FRS Conditional Offer to the Extension Securities, the Company will need to extend the Offer Period to comply with the aforesaid ASIC’s instrument requiring that certain documents be sent to the holders of the Extension Securities not less than 14 days before the end of the Offer Period. If the Extension Securities are issued within 7 days before the end of the Offer Period and a condition (other than that relating to prescribed occurrences) of the FRS Conditional Offer remains unfulfilled or not waived, the Company will not be allowed to extend the Offer Period within 7 days before the end of the Offer Period (unless another party makes a bid for FRS or the consideration of the FRS Conditional Offer is improved). In such circumstances that the Offer Period cannot be extended, the FRS Conditional Offer will not be extended to the Top-up Shares and any New FRS Option Shares issued. The Top-up Shares and the New FRS Option Shares in aggregate represent approximately 2.6% of the total issued FRS Shares as at the Latest Practicable Date. If the FRS Conditional Offer is not extended to the Top-up Shares and the New FRS Option Shares (assuming that they are issued), the Company would still be able to meet the condition of the FRS Conditional Offer of obtaining a Relevant Interest in at least 90% of all FRS Shares.

If all conditions (other than that relating to prescribed occurrences) have been fulfilled or waived, the Company will be allowed to extend the FRS Conditional Offer to those Extension Securities issued within the last 7 days of the Offer Period, provided that the Company waives the prescribed occurrence condition (if it has not already been waived) and extends the Offer Period to comply with the aforesaid ASIC’s instrument (which requires that certain documents be sent to the holders of the Extension Securities not less than 14 days before the end of the Offer Period).

As at the Register Date, there were 205,700,890 FRS Shares and 5,975,000 FRS Options in issue, of which 40,934,400 FRS Shares were held by WN Australia. After the Register Date and up to the Latest Practicable Date, 40,697,675 FRS Fundraising Shares and 1,000,000 FRS Options have been issued and 2,785,710 FRS Options in issue as at the Register Date have been exercised pursuant to which 2,785,710 FRS Shares have been issued. As at the Latest Practicable Date, there were 249,184,275 FRS Shares and 4,189,290 FRS Options in issue, of which 40,934,400 FRS Shares were held by WN Australia. Up to the Latest Practicable Date, WN Australia had received acceptances in relation to 398,455 FRS Shares under the FRS Conditional Offer.

On the bases that WN Australia acquires: (1) all FRS Shares in issue not already owned by WN Australia as at the Latest Practicable Date, (2) all FRS Shares that are issued before the end of the Offer Period pursuant to the full exercise of the FRS Options outstanding as at the Register Date, and (3) 4,883,721 Top-up Shares and 1.71 million New FRS Option Shares (assuming they are issued before the end of the Offer Period), the Company will have to issue approximately 1,308.2 million Consideration WN Shares, representing approximately 33.4% of the number of WN Shares in issue as at the Latest Practicable Date; and approximately 25.0% of the number of WN Shares which will be in issue

LETTER FROM THE BOARD

as enlarged by the issue of such Consideration WN Shares. Such maximum number of Consideration WN Shares which may be issued by the Company represents an additional of approximately 286.8 million Consideration WN Shares (an increase of approximately 28.1%) as compared with the maximum number of Consideration WN Shares under the existing terms of the FRS Conditional Offer as set out in the 2010 Circular.

Based on the relevant regulations in Australia, the implied offer value of the FRS Conditional Offer was fixed at approximately AUD1.29 (equivalent to approximately HK\$10.2) per FRS Share based on the VWAP of WN Shares on 8 and 9 November 2010 (being two consecutive trading days before the Announcement Date) of approximately HK\$1.69, which represented:

- (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.

Based on the above VWAP of WN Shares, the aggregate value of the revised maximum number of Consideration WN Shares is approximately HK\$2,210.9 million (equivalent to approximately AUD279.9 million).

For reference purposes, the aggregate value of the maximum number of Consideration WN Shares based on the VWAP of WN Shares for the two consecutive trading days on 8 and 9 March 2011 (being the last two consecutive trading days prior to the Latest Practicable Date) is approximately HK\$2,070.9 million (equivalent to approximately AUD262.1 million). Based on such value, the FRS Conditional Offer equates to an implied offer value of approximately AUD1.20 (equivalent to approximately HK\$9.48) per FRS Share, which represents:

- (1) a premium of 37.9% over the closing price of FRS Shares (excluding the FRS Fundraising Shares traded under a separate ASX code) as quoted on the ASX on 9 March 2011 (being the last day of trading in FRS Shares before the Latest Practicable Date);

LETTER FROM THE BOARD

- (2) a premium of 31.8% over the VWAP of FRS Shares (excluding the FRS Fundraising Shares traded under a separate ASX code) for the 30 days to 9 March 2011;
- (3) a premium of 29.8% over the VWAP of FRS Shares (excluding the FRS Fundraising Shares traded under a separate ASX code) for the 60 days to 9 March 2011;
- (4) a premium of 29.0% over the VWAP of FRS Shares (excluding the FRS Fundraising Shares traded under a separate ASX code) for the 90 days to 9 March 2011; and
- (5) a premium of 24.6% over the VWAP of FRS Shares (excluding the FRS Fundraising Shares traded under a separate ASX code) for the 180 days to 9 March 2011.

Note:

The FRS Fundraising Shares are currently traded under a separate ASX code (different from other existing FRS Shares). For reference purposes only, the implied offer value of the FRS Conditional Offer of AUD1.20 (as calculated above) represents: (1) a premium of 42.9% over the closing price of the FRS Fundraising Shares as quoted on ASX on 9 March 2011 and (2) a premium of 42.8% over the VWAP of FRS Fundraising Shares during the period from 21 February 2011 (the date of issue of the FRS Fundraising Shares) to 9 March 2011.

With reference to the 2010 Circular, the Company is concurrently making the BRM Conditional Offer. The terms of the BRM Conditional Offer are set out in the 2010 Circular and remain unchanged. As a result of the cancellation of 50,000 BRM Options on 2 December 2010, the maximum number of Consideration WN Shares to be issued under the BRM Conditional Offer has reduced from approximately 3,508.7 million Consideration WN Shares to approximately 3,507.2 million Consideration WN Shares. As set out in the Company's announcement dated 4 March 2011, the BRM Conditional Offer is scheduled to close on 15 April 2011 (unless further extended).

As stated in the 2010 Circular, the terms of the FRS Conditional Offer were determined based on the market value of FRS Shares and WN Shares prior to the Announcement Date, the estimated ore reserves and mineral resources of FRS's principal project of the FerrAus Pilbara Project as published by FRS and the reasons for and benefits of the FRS Conditional Offer as stated in the 2010 Circular. The FRS Shares proposed to be covered under the Proposed Extension will be offered the same consideration as for other FRS Shares (i.e., 6 Consideration WN Shares for each FRS Share) and the Directors (including the independent non-executive Directors) consider the terms of the Proposed Extension to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OFFER PERIOD

As announced by the Company on 4 March 2011, the Offer Period in respect of the FRS Conditional Offer has been extended to 4:00 p.m. (WST) on 15 April 2011 to provide more time for FRS Shareholders to consider and accept the FRS Conditional Offer and in view of the time required to implement the Proposed Extension (including seeking Shareholders' approval).

LETTER FROM THE BOARD

CONDITIONS

The FRS Conditional Offer and any contract that results from acceptances of the FRS Conditional Offer are subject to the conditions as set out in the Company's announcement dated 10 November 2010 and the 2010 Circular. The remaining unfulfilled conditions of the FRS Conditional Offer are stated below:

1. At the end of the Offer Period, WN Australia having a Relevant Interest in at least 90% of all FRS Shares in issue.
2. No prescribed occurrence occurring before the end of the Offer Period. The definition of prescribed occurrence is as set out in the 2010 Circular.
3. Before the end of the Offer Period:
 - a. there is not in effect any preliminary or final decision, order or decree issued by a government agency;
 - 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 FRS Conditional Offer (other than an application to, or a decision or order of, ASIC or the Australian 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 FRS Conditional Offer, or the acquisition of FRS Shares, or the completion of any transaction contemplated by the Bidder's Statement, or seeks to require the divestiture by WN Australia of any FRS Shares, or the divestiture of any material assets of FRS or the Group.

4. Before the end of the Offer Period, neither FRS nor any subsidiary of FRS:
 - 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\$39.5 million) or makes an announcement about such a transaction;

LETTER FROM THE BOARD

- 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\$39.5 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\$39.5 million), other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;
 - d. incurring or committing to, or granting to another person a right the exercise of which would involve FRS 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\$39.5 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.
5. Before the end of the Offer Period, 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 FRS since 30 June 2010;
 - b. the status or terms of arrangements entered into by FRS; or
 - c. the status or terms of any approvals, licences or permits from government agencies applicable to FRS,

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

LETTER FROM THE BOARD

6. 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 FRS Shares under the FRS Conditional Offer to:
 - a. acquire, or require the disposal of, or require FRS or its subsidiaries, to offer to dispose of, any material asset of FRS or any of its subsidiaries; or
 - b. terminate, or vary the terms of performance of, any material agreement of FRS or any of its subsidiaries.
7. Before the end of the Offer Period, neither FRS nor any of its subsidiaries, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.
8. Before the end of the Offer Period, FRS 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).
9. Before the end of the Offer Period, 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.
10. Before the end of the Offer Period, WN Australia does not become aware that any document filed by or on behalf of FRS 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.
11. Before the end of the Offer Period, 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.
12. 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.

With respect to condition 12, as announced by the Company on 7 January 2011, permission for admission to quotation of all WN Shares (including the Consideration WN Shares under the original terms of the Conditional Offers) on the ASX has been granted but is still subject to obtaining the permission for the listing of the Consideration WN Shares on the Stock Exchange. The Company will apply to the Stock Exchange for the grant of the

LETTER FROM THE BOARD

listing of, and permission to deal in the increased number of Consideration WN Shares as and when appropriate. The Company will also make the applicable filing with the ASX for the quotation of the increased number of Consideration WN Shares as and when appropriate.

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 condition 12) and declare the FRS Conditional Offer free from those conditions and in relation to any specific occurrence or any specific entity by giving notice in writing to FRS not less than seven days before the end of the Offer Period.

In view of the requirements under the Listing Rules, the Company will only consider waiving condition 1 in respect of the level of acceptance of the FRS Conditional Offer if it is able to set out in its supplemental circular to be issued the disclosures as required by Rules 14.66, 14.67 and 18.09 of the Listing Rules after closing of the FRS Conditional Offer.

As announced by the Company on 2 and 21 February 2011, the Company does not intend to rely on condition 2 above in respect of FRS issuing the FRS Fundraising Shares, the Top-up Shares and the New FRS Option Shares before the end of the Offer Period to defeat the FRS Conditional Offer.

LETTER FROM THE BOARD

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 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 assuming that (i) there are no further new BRM Shares or FRS Shares issued after the Latest Practicable Date and before the end of the Offer Period, (ii) the maximum number of HK Placing Shares is issued and (iii) the FRS Conditional Offer is extended to the FRS Fundraising Shares				Immediately after the Conditional Offers assuming that (i) all BRM Options and FRS Options outstanding as at the Latest Practicable Date are exercised, (ii) the maximum number of HK Placing Shares is issued, (iii) the FRS Conditional Offer is extended to the FRS Fundraising Shares and (iv) the Top-up Shares and the New FRS Option Shares are issued and the FRS Conditional Offer is extended to them			
			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	%	No. of WN Shares	%
Leading Highway Limited (note 1)	440,500,000	11.2%	440,500,000	6.3%	440,500,000	4.8%	440,500,000	6.2%	440,500,000	4.7%
Shimmer Expert Investments Limited (note 2)	279,548,000	7.1%	279,548,000	4.0%	279,548,000	3.1%	279,548,000	3.9%	279,548,000	3.0%
Parklane International Holdings Limited (note 3)	140,592,592	3.6%	140,592,592	2.0%	140,592,592	1.5%	140,592,592	2.0%	140,592,592	1.5%
Equity Valley Investments Limited and Pridelful Future Investments Limited (note 4)	199,456,276	5.1%	199,456,276	2.9%	199,456,276	2.2%	199,456,276	2.8%	199,456,276	2.1%
Public Shareholders										
Gracious Fortune Investments Limited	157,000,000	4.0%	157,000,000	2.3%	157,000,000	1.7%	157,000,000	2.2%	157,000,000	1.7%
Villas Green Investments Limited	257,760,000	6.6%	257,760,000	3.7%	257,760,000	2.8%	257,760,000	3.6%	257,760,000	2.8%
Smartpath Investments Limited	204,752,000	5.2%	204,752,000	2.9%	204,752,000	2.2%	204,752,000	2.9%	204,752,000	2.2%
BRM Shareholders who accept the BRM Conditional Offer (note 5)	—	—	1,201,625,130	17.2%	3,373,672,380	36.9%	1,268,375,130	17.9%	3,507,172,380	37.6%
FRS Shareholders who accept the FRS Conditional Offer	—	—	1,249,499,250	17.9%	1,249,499,250	13.7%	1,308,197,316	18.4%	1,308,197,316	14.0%
Holders of the HK Placing Shares (note 6)	—	—	600,000,000	8.6%	600,000,000	6.6%	600,000,000	8.5%	600,000,000	6.4%
Other existing public Shareholders	2,242,826,617	57.2%	2,242,826,617	32.2%	2,242,826,617	24.5%	2,242,826,617	31.6%	2,242,826,617	24.0%
	3,922,435,485	100.0%	6,973,559,865	100.0%	9,145,607,115	100.0%	7,099,007,931	100.0%	9,337,805,181	100.0%

LETTER FROM THE BOARD

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 Pridelful Future Investments Limited, a company controlled by Mr. Luk's spouse.
5. Save for the BRM Shares held by WN Australia as at the Latest Practicable Date, to the best of the Director's knowledge, information and belief and having made all reasonable enquiries, BRM and the ultimate beneficial owners of BRM are Independent Third Parties.
6. Pursuant to the Issue Mandate approved by the Shareholders on 13 December 2010, the Company proposes to issue and place up to 600,000,000 HK Placing Shares to placees which are Independent Third Parties. As at the Latest Practicable Date, none of the HK Placing Shares have been issued yet. Details of the Issue Mandate are set out in the 2010 Circular.

Assuming that only the FRS Conditional Offer completes where (1) all FRS Options outstanding as at the Latest Practicable Date are exercised, and the Top-up Shares and the New FRS Option Shares are issued (2) the FRS Conditional Offer is extended to the New FRS Shares and is fully accepted, and (3) the maximum number of HK Placing Shares are issued, the Company's issued share capital will increase to 5,830,632,801 WN Shares, of which 22.4% will be held by the FRS Shareholders.

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

THE GROUP'S SHAREHOLDING IN FRS

As at the Latest Practicable Date, WN Australia held 40,934,400 FRS Shares, representing 16.4% of all FRS Shares in issue. Up to the Latest Practicable Date, WN Australia had received acceptances in relation to 398,455 FRS Shares under the FRS Conditional Offer. Save for the above, to the best of the Director's knowledge, information and belief and having made all reasonable enquiries, FRS and the ultimate beneficial owners of FRS (save for the FRS Shares held by WN Australia) are Independent Third Parties.

LETTER FROM THE BOARD

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

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 FRS

Overview

FRS is an ASX-listed Australian iron ore development company with a market capitalisation of approximately AUD174.8 million (equivalent to approximately HK\$1,380.9 million) as at 9 November 2010 (being the last day of trading in FRS Shares before the Announcement Date). As stated in FRS's announcement dated 16 February 2011, the FRS Fundraising Shares are traded under a separate ASX code (different from other existing FRS Shares) until the FRS Conditional Offer is extended to the FRS Fundraising Shares or the FRS Conditional Offer expires or is withdrawn. As at the Latest Practicable Date, the market capitalisation of the FRS Shares (excluding the FRS Fundraising Shares amounted to AUD175.1 million (equivalent to approximately HK\$1,383.3 million) while the market capitalisation of the FRS Fundraising Shares amounted to AUD33.8 million (equivalent to approximately HK\$267 million).

The 2010 Circular sets out information on FRS giving details on its principal FerrAus Pilbara Project (including the ore reserves, mineral resources, development and prospect of the project) and other projects, the key financial information of FRS for the two years ended 30 June 2010 and the board composition of FRS (with information on each FRS director). Based on information published by FRS after the 2010 Circular and up to the Latest Practicable Date, relevant updates on FRS are set out below (which should be read in conjunction with the information on FRS set out in the 2010 Circular).

Mineral resources update

FRS on 8 March 2011 announced update on the mineral resources of the FerrAus Pilbara Project. FRS stated that the total mineral resources for the FerrAus Pilbara Project has reached 331 million tonnes, whose details are set out in the following table. The resource update was carried out by Snowden Mining Industry Consultants, a provider of consulting services, technology solutions and technical training to the mining and related sectors, and the resources have been classified and reported in accordance with the JORC Code. Based on FRS's announcement dated 8 March 2011, the information relating to mineral resources in the announcement was based on information compiled by an employee of FRS who qualifies as a competent person.

LETTER FROM THE BOARD

Resource Table – FerrAus Pilbara Project

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	0.109	7.69	63.84
	Indicated	20.70	58.98	5.40	2.99	0.104	6.48	63.07
	Inferred	10.60	58.11	6.56	3.37	0.097	6.15	61.93
	Total	54.60	58.79	5.26	2.94	0.105	6.93	63.18
Davidson Creek	Measured	9.50	58.10	4.31	2.83	0.078	9.12	63.90
	Indicated	91.60	58.70	4.44	2.43	0.082	8.63	64.20
	Inferred	24.20	57.50	5.24	3.16	0.098	8.39	62.80
	Total	125.30	58.40	4.58	2.60	0.085	8.62	63.90
Mirrin Mirrin	Indicated	33.90	58.94	4.16	2.26	0.101	8.75	64.59
	Inferred	4.80	56.67	6.81	3.42	0.109	8.04	61.64
	Total	38.70	58.66	4.49	2.41	0.102	8.66	64.22
Total (High Grade)		218.60	58.56	4.74	2.65	0.093	8.21	63.78
Medium Grade Resources (between 53% Fe and 55% Fe for RR, between 52% Fe and 55% Fe for DC and MM)								
Robertson Range	Indicated	6.50	54.00	7.61	4.95	0.122	8.86	59.30
	Inferred	2.30	54.10	8.96	5.20	0.096	7.57	58.50
Davidson Creek	Indicated	32.90	53.60	7.99	4.94	0.063	9.29	59.10
	Inferred	23.70	53.60	7.72	4.99	0.093	9.33	59.10
Mirrin Mirrin	Indicated	12.00	53.52	8.43	4.97	0.086	9.23	58.98
	Inferred	8.10	53.62	9.26	4.27	0.123	8.50	58.61
Total (Medium Grade)		85.50	53.63	8.09	4.90	0.086	9.14	59.04
Low Grade Resources (between 50% Fe and 53% Fe for RR, between 50% Fe and 52% Fe for DC and MM)								
Robertson Range	Inferred	7.40	51.80	9.17	5.87	0.132	9.23	57.10
Davidson Creek	Inferred	14.60	51.20	9.53	6.28	0.074	9.86	56.80
Mirrin Mirrin	Inferred	4.80	51.25	10.39	6.01	0.080	8.98	56.32
Total (Low Grade)		26.80	51.37	9.58	6.12	0.09	9.53	56.80
MEASURED RESOURCES (Mt)		32.90						
INDICATED RESOURCES (Mt)		197.60						
INFERRED RESOURCES (Mt)		100.50						
TOTAL (Mt)		331.00						

LETTER FROM THE BOARD

FRS fundraising

According to FRS's announcement on 21 February 2011, it issued 40,697,675 FRS Fundraising Shares and raised AUD35 million. FRS stated that the proceeds from the fundraising are intended to assist FRS in funding, among other things, the definitive feasibility study for the FerrAus Pilbara Project which is expected to be completed in December 2011.

Port and rail infrastructure update

As previously stated in the 2010 Circular, the development and success of the FerrAus Pilbara Project is heavily dependent on access to rail and port infrastructure and the two rail infrastructure options available to FRS are:

- (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, Fortescue Metals Group Limited's rail infrastructure.

As stated in the 2010 Circular, FRS and the Mount Newman Participants (comprising BHP Billiton Minerals Pty Ltd, Mitsui-Itochu Iron Pty Ltd and ITOCHU Minerals & Energy of Australia Pty Ltd) were in dispute in relation to the use of the Mount Newman Railroad. It was stated that subject to the finalisation of a confidentiality agreement with the Mount Newman Participants, FRS will seek to finalise the terms of an agreement for rail haulage of its iron ore product on the Mount Newman Railroad. Subsequently, FRS in its second quarter activity report for the period ended 31 December 2010 announced that it and the Mount Newman Participants have agreed on the terms of a confidentiality agreement for the purposes of negotiating contractual arrangements for rail haulage on the Mount Newman Railroad. The Company will issue further announcements on any material development in this regard as disclosed by FRS.

Appointment of CEO and Managing Director

On 10 January 2011, FRS announced that it has agreed to appoint Mr. Cliff Lawrenson as Chief Executive Officer and Managing Director of FRS, subject to FRS Shareholders appointing him as a director of FRS and approving certain elements of his proposed remuneration package. Until FRS Shareholders' approval is obtained, Mr. Lawrenson's services will be engaged on a short term consulting contract. As at the Latest Practicable Date, such FRS Shareholders' approval has yet to be obtained.

LETTER FROM THE BOARD

According to FRS's announcement, Mr. Lawrenson has more than 20 years experience as a senior executive across a range of industry sectors and most recently held the position of Group Chief Executive for GRD Limited. He holds postgraduate qualifications in commerce and finance and has worked extensively in project development and investment banking around the world, including in Australia, United States of America and Singapore.

Share price of FRS up to the Latest Practicable Date

The chart below shows the closing price of the FRS Shares (excluding the FRS Fundraising Shares) from 11 March 2008 to the Latest Practicable Date.



Financial information

The audited net assets of FRS as at 30 June 2010 and the loss before and after taxation of FRS for the years ended 30 June 2009 and 2010 have been set out in the 2010 Circular. Financial information in relation to FRS including the consolidated statements of comprehensive income, consolidated statements of financial position and consolidated statements of cash flows of the FRS Group for the financial years ended 30 June 2008, 2009 and 2010 and the corresponding review of FRS's results have been set out in Section 1 of Appendix VI to the 2010 Circular. After the 2010 Circular, FRS has published a half year report for the half year ended 31 December 2010. FRS stated that for the six months ended 31 December 2010, it reported loss before and after taxation of approximately AUD1.9 million. FRS reported that it had net assets of approximately AUD85.9 million as at 31 December 2010. As stated in the paragraph headed "FRS fundraising" above, FRS completed the placing of shares in February 2011 raising AUD35 million.

The FRS Group's consolidated statement of comprehensive income for the half years ended 31 December 2009 and 2010, the consolidated statement of financial position as at 31 December 2009 and 2010 and the consolidated statement of cash flows for the half years ended 31 December 2009 and 2010 are set out in Appendix II to this circular.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE PROPOSED EXTENSION

The New FRS Shares proposed to be covered under the Proposed Extension will be offered the same equity form of consideration as for other FRS Shares (i.e., 6 Consideration WN Shares for each FRS Share). Save for the Proposed Extension and the extension of the Offer Period to 15 April 2011 (as announced by the Company on 4 March 2011), all other terms and conditions of the FRS Conditional Offer remain unchanged.

The financial effects of the Conditional Offers (including the FRS Conditional Offer) set out in the 2010 Circular remain valid. As set out in the 2010 Circular, the Group's investment in FRS is accounted for as available-for-sale investment in the Company's consolidated financial statements. Assuming full acceptance of the FRS Conditional Offer, FRS will become a subsidiary of the Company and the results of FRS will be consolidated into the Company's consolidated financial statements on a line-by-line basis. Further information of the financial impacts of the Conditional Offers on the Group is set out in the 2010 Circular.

REASONS FOR AND BENEFITS OF THE PROPOSED EXTENSION

The Group is principally engaged in (i) exploitation, processing and sales of copper, zinc and lead ore concentrates, (ii) the provision of limousine rental services and airport shuttle bus services, and (iii) investment in equity securities, with focus on its mining business.

FRS is an ASX-listed Australian iron ore development company and its main focus is the development of the FerrAus Pilbara Project located in Western Australia. Details on FRS's projects and its mineral resources are set out in the paragraph headed "Information on FRS" above and in the 2010 Circular.

The FRS Conditional Offer, together with the BRM Conditional Offer (details of which are set out in the 2010 Circular), represent a significant step for the Company in achieving its plan to become a developer of strategic mining assets. Shareholders may refer to the Company's announcement dated 10 November 2010 and the 2010 Circular for more information on the business and prospects of FRS and detailed reasons for and benefits of the FRS Conditional Offer.

As stated in the paragraph headed "Conditions" above, one of the conditions of the FRS Conditional Offer is WN Australia being able to obtain a Relevant Interest in at least 90% of all FRS Shares in issue at the end of the Offer Period. Subsequent to the Company's announcement dated 10 November 2010, FRS has further issued 40,697,675 FRS Fundraising Shares. The FRS Fundraising Shares represent approximately 16.3% of the

LETTER FROM THE BOARD

FRS Shares in issue as at the Latest Practicable Date. If the FRS Conditional Offer is not extended to cover the FRS Fundraising Shares, the above condition of the FRS Conditional Offer in respect of the level of acceptance cannot be satisfied and the FRS Conditional Offer cannot become unconditional unless such condition is waived by WN Australia (at the discretion of the Company).

The Top-up Shares and the New FRS Option Shares could be issued anytime and in a number of occasions. The Directors consider that it would be overly burdensome to seek shareholders' approval to extend the FRS Conditional Offer each time when the Top-up Shares and the New FRS Option Shares are issued. With a view to successfully gaining control in FRS, the Company put forward the Proposed Extension to allow the FRS Conditional Offer to cover the FRS Fundraising Shares, and the Top-up Shares and any New FRS Option Shares if they are issued before the end of the Offer Period. The Directors consider that the Proposed Extension is in the interests of the Company and the Shareholders as a whole.

LISTING RULES REQUIREMENTS AND THE SGM

As set out in the Company's announcement dated 10 November 2010, the FRS Conditional Offer, in aggregate with the BRM Conditional Offer, constituted a very substantial acquisition for the Company under the Listing Rules and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company had issued the 2010 Circular and obtained Shareholders' approval in respect of the FRS Conditional Offer (and the BRM Conditional Offer) on 13 December 2010.

To seek Shareholders' approval for the Proposed Extension, the Company sets out herein information relating to the Proposed Extension and encloses the notice of the SGM.

RECOMMENDATION

The Board considers that the terms of the Proposed Extension are 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 resolution to be proposed at the SGM in relation to the Proposed Extension. The Company is not aware that any Shareholder has a material interest in the Proposed Extension (other than being a Shareholder) and that any Shareholder is required to abstain from voting on the ordinary resolution in this regard.

LETTER FROM THE BOARD

GENERAL

The Company will issue further announcement(s) informing Shareholders and potential investors of the progress on the FRS Conditional Offer as and when appropriate or required.

Shareholders and potential investors should note that the FRS Conditional Offer is 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

1. FINANCIAL INFORMATION OF THE GROUP

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 (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 (based on the interim report of the Company for the 6 months ended 30 June 2010) has been set out in section 1 of Appendix IV to the 2010 Circular. 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.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Section 3 of Appendix IV to the 2010 Circular sets out the management discussion and analysis of the Group's business for the years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010.

3. LISTING ON ASX

The Company completed the offer for subscription in Australia as set out in the 2010 Circular pursuant to which a total of 15,000,000 WN Shares and 15,000,000 options ("WN Options") were issued. The WN Shares and the WN Options commenced trading on ASX on 11 January 2011. The Company believes that the dual listing of the Company's securities on the exchanges in both Hong Kong and Australia will enhance the visibility and the liquidity of WN Shares.

4. PROSPECT

The prospects of the Group have been set out in Section 5 of Appendix IV to the 2010 Circular.

As stated in the 2010 Circular, going forward, the Group will continue to focus its resources in the mining business i.e. the Damajianshan Mine. Shareholders may refer to the 2010 Circular for further information on the Damajianshan Mine.

As stated in the Company's quarterly activities report for the period ended 31 December 2010 announced on 31 January 2011, the Company continued to carry on its exploration activities which have been reactivated since late 2009. The exploration activities are aimed to find additional resources in order to support the Company's further expansion plan. New drilling works and detailed prospecting and scoping plans are being planned to better define the lithology, grade and assemblage within the mining lease. The Company expects to complete the detailed prospecting, scoping plans and drilling program towards the end of December 2011 and will release the results accordingly.

5. INDEBTEDNESS STATEMENT OF THE GROUP AS AT 31 JANUARY 2011

As at 31 January 2011, 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\$42,731,000, finance lease obligations of approximately HK\$8,145,000 and amounts due to related parties of approximately HK\$38,453,000. 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\$25,703,000 and cash deposit of approximately HK\$5,200,000 as at 31 January 2011. The secured bank borrowings of the Group were provided under the banking facilities for which guarantees amounting to HK\$75.2 million and HK\$38 million were respectively given by the Group and a related party of a former shareholder of Perryville Group Limited (Perryville Group Limited and its subsidiaries were acquired by the Group in 2007). As at 31 January 2011, the Group had engaged professional advisers for the Conditional Offers who charge part of their advisory fees contingent on the outcome of the Conditional Offers (including the acceptance level of the Conditional Offers). As the Conditional Offers are still in progress, the Company is unable to determine the amount of such contingent advisory fees at this stage.

Save as aforesaid and apart from intra-group liabilities, the Group did not have, at close of business on 31 January 2011, 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 January 2011.

6. 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 FRS Conditional Offer (as revised under the Proposed Extension) and the BRM Conditional Offer, after taking into account the financial resources available to the Group, including internally generated funds and the funding from a related party of the Group, the Group will have sufficient working capital for its present requirements for a period of 12 months from the date of this circular.

7. 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 II FINANCIAL INFORMATION OF THE FRS GROUP

Financial information in relation to FRS including the consolidated statements of comprehensive income, consolidated statements of financial position and consolidated statements of cash flows of the FRS Group for the financial years ended 30 June 2008, 2009 and 2010 and the corresponding review of FRS's results have been set out in Appendix VI to the 2010 Circular. Below are the FRS Group's consolidated statement of comprehensive income for the half years ended 31 December 2009 and 2010, the consolidated statement of financial position as at 31 December 2009 and 2010 and the consolidated statement of cash flows for the half years ended 31 December 2009 and 2010, as published by FRS after the 2010 Circular and up to the Latest Practicable Date.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the half year ended	
	31 December 2010	31 December 2009
	<i>AUD</i>	<i>AUD</i>
Revenue	690,322	322,873
Impairment of exploration assets	—	(2,715,116)
Employee benefits expense	(681,841)	(852,814)
Depreciation expense	(110,416)	(110,912)
Finance costs	(1,178)	—
Consultancy costs	(650,591)	(447,120)
Share of loss of joint venture	(4,133)	—
Other expenses	<u>(1,164,211)</u>	<u>(1,020,974)</u>
Loss before income tax expense	(1,922,048)	(4,824,063)
Income tax benefit/(expense)	<u>1,329</u>	<u>(9,332)</u>
Loss for the period	(1,920,719)	(4,833,395)
Other comprehensive income, net of tax		
Available-for-sale investments gain	<u>75,000</u>	<u>—</u>
Total other comprehensive income, net of tax	<u>75,000</u>	<u>—</u>
Total comprehensive income for the period	<u><u>(1,845,719)</u></u>	<u><u>(4,833,395)</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE FRS GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	
	31 December	30 June
	2010	2010
	<i>AUD</i>	<i>AUD</i>
CURRENT ASSETS		
Cash and cash equivalents	16,451,264	29,612,090
Trade and other receivables	872,894	1,411,256
Other current assets	69	16,954
	<u>17,324,227</u>	<u>31,040,300</u>
NON-CURRENT ASSETS		
Available-for-sale investments	375,000	—
Property, plant and equipment	1,881,726	1,967,775
Exploration and evaluation assets	65,416,818	55,239,513
Investments accounted for using the equity method	2,638,643	(108,259)
	<u>70,312,187</u>	<u>57,099,029</u>
TOTAL NON-CURRENT ASSETS		
	<u>70,312,187</u>	<u>57,099,029</u>
TOTAL ASSETS	<u>87,636,414</u>	<u>88,139,329</u>
CURRENT LIABILITIES		
Trade and other payables	1,667,182	3,109,666
Short-term provisions	89,218	132,699
	<u>1,756,400</u>	<u>3,242,365</u>
TOTAL CURRENT LIABILITIES		
	<u>1,756,400</u>	<u>3,242,365</u>
NON-CURRENT LIABILITIES		
Long-term provisions	11,173	11,173
	<u>11,173</u>	<u>11,173</u>
TOTAL NON-CURRENT LIABILITIES		
	<u>11,173</u>	<u>11,173</u>
TOTAL LIABILITIES	<u>1,767,573</u>	<u>3,253,538</u>
NET ASSETS	<u>85,868,841</u>	<u>84,885,791</u>
EQUITY		
Issued capital	101,183,779	98,595,731
Reserves	2,889,079	3,470,356
Retained earnings/(accumulated losses)	(18,204,017)	(17,180,296)
	<u>85,868,841</u>	<u>84,885,791</u>
TOTAL EQUITY	<u>85,868,841</u>	<u>84,885,791</u>

APPENDIX II FINANCIAL INFORMATION OF THE FRS GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the half year ended	
	31 December	31 December
	2010	2009
	<i>AUD</i>	<i>AUD</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	433	37,775
Payments to suppliers and employees	(2,017,910)	(2,429,577)
Interest received	655,521	265,058
	<u> </u>	<u> </u>
NET CASH PROVIDED BY/(USED IN)		
OPERATING ACTIVITIES	<u>(1,361,956)</u>	<u>(2,126,744)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(24,367)	(8,766)
Payments for joint venture contributions	(2,751,035)	—
Payments for exploration and evaluation activities	(11,612,845)	(3,749,366)
	<u> </u>	<u> </u>
NET CASH PROVIDED BY/(USED IN) INVESTING		
ACTIVITIES	<u>(14,388,247)</u>	<u>(3,758,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,584,948	14,179,865
Transaction costs of issue of shares	4,429	(21,773)
	<u> </u>	<u> </u>
NET CASH PROVIDED BY FINANCING		
ACTIVITIES	<u>2,589,377</u>	<u>14,158,092</u>
Net (decrease)/increase in cash and cash equivalents	(13,160,826)	8,273,216
Cash at the beginning of the period	29,612,090	14,568,574
	<u> </u>	<u> </u>
CASH AT THE END OF THE PERIOD	<u><u>16,451,264</u></u>	<u><u>22,841,790</u></u>

APPENDIX III PUBLIC INFORMATION ON FRS'S PRINCIPAL PROJECT

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 were set out in Appendix VIII to the 2010 Circular. Below is a copy of an announcement published by FRS during the period after the 2010 Circular and up to the Latest Practicable Date regarding update on mineral resources of the FerrAus Pilbara Project. 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.

MEDIA STATEMENT



Tuesday 8 March 2011

75 Per Cent Increase In Conversion Of Inferred Resources To Indicated Resources - Up 85 Million Tonnes

New Metallurgy Test Work Supports Beneficiation of Medium Grade Material

- **Total Resources Now 331 Million Tonnes**
- **Total Measured and Indicated Resources Now 230 Million Tonnes**
- **Mirrin Mirrin Total Resource Now 63.6 Million Tonnes**
- **Corporate Target For Total Resources = 400 million tonnes**

FerrAus Limited (ASX: FRS) today announced that metallurgical test work has led to the reclassification of its 50 per cent Fe to 55 per cent Fe Inferred Resource material. This has resulted in a reclassification of some of the iron ore resources from (JORC) Inferred Resources to Indicated Resources and as a consequence, boosting the overall confidence in the resource base for mine plan studies.

The resource reclassification was provided by Snowden Mining Industry Consultants (Snowden) following the results of metallurgical test work conducted in 2010 as part of the Pre Feasibility Study.

Previously, Snowden had classified the medium grade material, which was defined as mineralisation between 50 per cent Fe and 55 per cent Fe, as an Inferred Resource due to the preliminary nature of metallurgical test work demonstrating the ability to beneficiate the medium grade material into a saleable product.

The completion of additional infill RC drilling at Mirrin Mirrin Prospect has provided outstanding results that have exceeded expectations. The results delivered an 89 per cent conversion of the +55 per cent Fe primary and hardcap mineralisation from Inferred Resources to Indicated Resources.

Executive Director, Bryan Oliver, considers that the reclassification, coupled with the new Mirrin Mirrin infill drilling results, support the robust nature of the FerrAus Pilbara Project.

“Setting an accurate foundation for classification of the ore is vital and the completion of these two milestones is a big plus for the viability of the Project.

“It has the effect of fully utilising the available resource and ensuring that we maximise the amount of saleable material available, particularly as we move further into the Definitive Feasibility Study process.

“At this stage we remain on target to complete the DFS by the end of this year,” he said.

...2/

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ABN 86 097 422 529

The metallurgical test work was undertaken on drill core collected between January and August 2010 at both Davidson Creek and Robertson Range. This test work included simulated drill and blast, crushing, dry screening, wet screening, desliming and gravity separation.

Final analysis shows that material in the 52 per cent Fe to 55 per cent Fe range at Davidson Creek and the 53 per cent Fe to 55 per cent Fe range at Robertson Range can be upgraded and that the beneficiated product has a comparable value to similar iron ore products currently shipped from the Pilbara Region.

As a result, Snowden has revised the Mineral Resource classification (2004 JORC Code) of the Medium Grade based on the cut off grades provided by FerrAus. (see Table 2 below)

Material between 50 per cent Fe and 52 per cent Fe at Davidson Creek, and between 50 per cent Fe and 53 per cent Fe at Robertson Range has been designated as Low Grade and remains classified as an Inferred Resource. It should be noted that the figures for the High Grade Resource (+55 per cent Fe) have not changed, for Robertson Range and Davidson Creek.

Mirrin Mirrin Resource Upgrade

Following the completion of infill RC drilling, along with support PQ3 twin core hole drilling, Mirrin Mirrin Prospect has continued to deliver outstanding results.

A total of 84 infill RC drill holes (for 12,515 metres) were undertaken to achieve a drill hole spacing of 100 metres by 50 metres; a drill hole density designed to give confidence for resource estimation purposes.

Drilling highlights from the infill program are presented in Table 1, with a number of outstanding intercepts forming the basis of a robust resource. A best assay result was received from hole DCRC1051, which includes 72 metres at 60.71 per cent Fe, from 106 metres to 178 metres (refer Figure 2, Cross section 238,100mE).

Mirrin Mirrin Prospect as an exploration target is still open along strike.

During January 2011, Snowden Mining Industry Consultants completed a resource update on the Mirrin Mirrin iron ore deposit. The Mineral Resource was classified and finalised during February in accordance with the 2004 JORC Code.

Results of the resource update exceeded expectations, with an 89 per cent conversion of the +55% Fe primary and hardcap mineralisation converting to Indicated Resources from Inferred Resources.

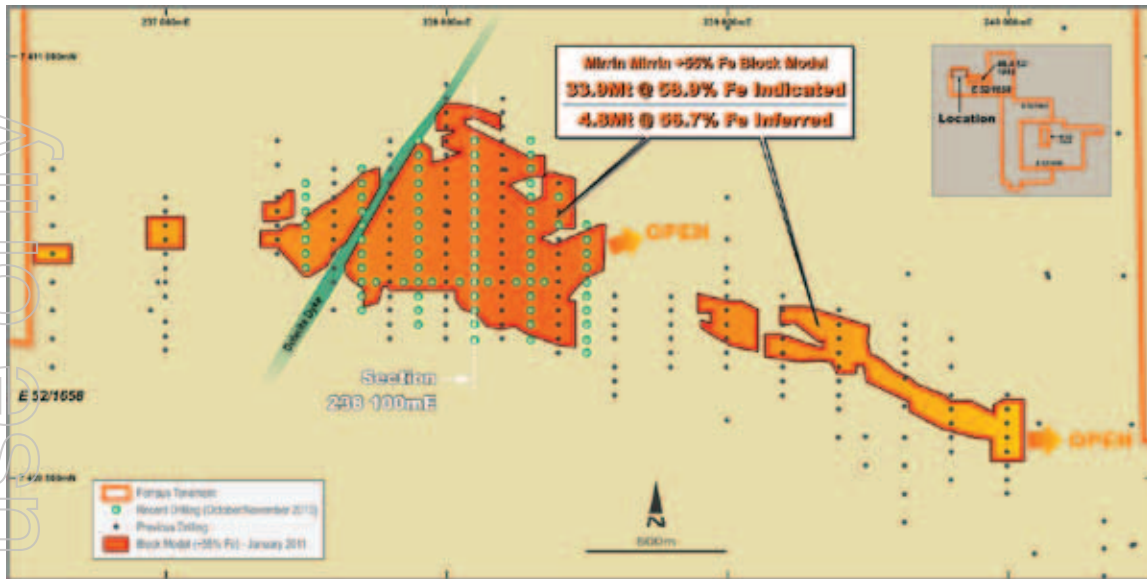
Importantly, despite a nominal increase in overall iron resource tonnes from the Mirrin Mirrin resource update, there has been a major increase in the Project's overall Indicated Resources; from 112.3 million tonnes to 197.6 million Indicated Resources – a 75 per cent increase.

These results will be incorporated into the initial Definitive Feasibility Study work. The information provides strong support for the estimated life of mine production of 227 million tonnes (wet) used in the Pre Feasibility Study financial viability assessment.

*** ENDS ***

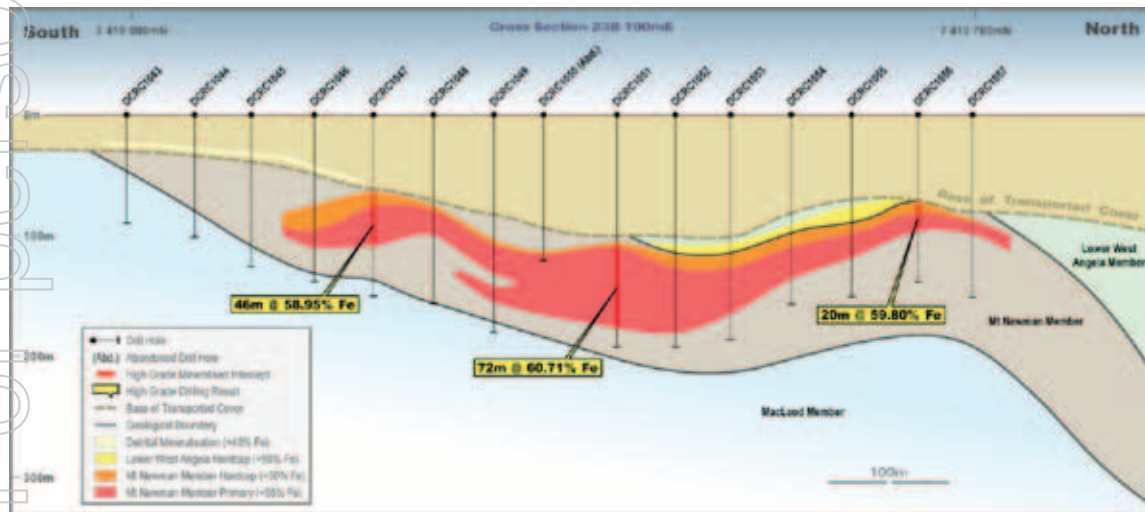
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Figure 1: Mirrin Mirrin Block Model January 2011



(Note: Snowden estimated grades using ordinary block kriging with unfolding. Calcined Fe grade calculated as follows: $CaFe = (Fe \times 100) / (100 - LOI)$. The Mirrin Mirrin Mineral Resource estimate was classified and reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore reserves (the JORC Code). The classified Mineral Resource has been reported either as Indicated or Inferred using three Fe grade ranges – see Table 2)

Figure 2: Mirrin Mirrin Cross Section 238 100mE



...4/

Table 1: Mirrin Mirrin RC Infill Drilling Highlights

Hole ID	NAT East	NAT North	From (m)	To (m)	Interval (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
DCRC1030	237900.7	7410202	74	134	60	57.22	4.94	2.87	0.04	9.93
DCRC1031	237899.59	7410247	76	102	26	57.22	4.13	3.06	0.12	10.29
DCRC1031	237899.59	7410247	120	140	20	58.59	6.63	1.02	0.10	8.10
DCRC1032	237901.2	7410299	86	134	48	59.02	2.78	1.74	0.16	10.16
DCRC1033	237900.73	7410351	126	140	14	57.31	4.25	2.54	0.15	10.42
DCRC1034	237902.14	7410398	122	138	16	59.35	3.93	1.35	0.12	9.22
DCRC1035	237901.38	7410448	124	186	62	59.82	3.17	1.56	0.12	9.04
DCRC1036	237900.53	7410498	124	162	38	59.47	2.17	2.11	0.15	9.91
DCRC1037	237901.21	7410551	150	204	54	59.78	3.62	1.98	0.12	8.13
DCRC1038	237900.72	7410595	168	184	16	59.75	5.18	1.53	0.09	7.25
DCRC1039	237901.05	7410647	120	136	16	58.89	4.27	2.54	0.09	8.16
DCRC1046	238103.81	7410151	82	114	32	57.66	4.07	2.88	0.11	10.00
DCRC1047	238104.68	7410200	66	112	46	58.95	3.44	2.48	0.10	9.13
DCRC1048	238104.14	7410250	78	98	20	58.34	3.81	2.52	0.09	9.47
DCRC1049	238103.74	7410300	110	134	24	60.27	3.13	1.56	0.08	8.6
DCRC1049	238103.74	7410300	142	156	14	60.92	3.06	1.85	0.07	7.46
DCRC1051	238103.7	7410402	106	178	72	60.71	2.73	1.6	0.10	8.13
DCRC1052	238104.37	7410450	128	182	54	60.51	2.83	1.82	0.10	8.01
DCRC1053	238105.03	7410496	126	166	40	61.27	2.76	1.51	0.09	7.47
DCRC1054	238104.86	7410547	94	136	42	58.52	4.58	2.9	0.10	7.98
DCRC1055	238105.01	7410597	96	118	22	60.05	3.67	1.57	0.09	7.52
DCRC1056	238105.39	7410652	74	94	20	59.80	2.89	2.45	0.10	7.23
DCRC1057	238106.63	7410698	84	96	12	56.75	5.57	2.85	0.09	8.30
DCRC1059	238302.4	7410049	38	50	12	57.66	5.22	4.00	0.08	7.78
DCRC1060	238302.22	7410099	76	94	18	55.78	5.35	4.34	0.11	9.91
DCRC1060	238302.22	7410099	60	70	10	56.36	4.72	4.57	0.08	9.33
DCRC1061	238302.15	7410150	92	116	24	57.37	3.91	2.30	0.17	10.82
DCRC1062	238302.29	7410201	86	132	46	60.63	2.36	2.08	0.09	8.29
DCRC1064	238302.03	7410299	122	140	18	57.02	4.40	3.12	0.13	10.18
DCRC1065	238302.09	7410350	126	140	14	57.81	3.53	2.72	0.08	10.60
DCRC1066	238302.77	7410398	130	140	10	59.17	3.37	1.47	0.08	10.06
DCRC1067	238302.18	7410449	136	166	30	56.33	6.66	2.39	0.08	9.56
DCRC1070	238302.55	7410601	100	116	16	60.45	3.91	2.13	0.10	6.78
DCRC1070	238302.55	7410601	86	96	10	56.59	5.33	3.41	0.11	9.25
DCRC1079	238501.46	7410247	110	122	12	56.92	8.55	2.89	0.08	6.41
DCRC1080	238501.38	7410299	120	166	46	57.8	4.26	2.99	0.11	9.16

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Table 1: Mirrin Mirrin RC Infill Drilling Highlights (Continued)

Hole ID	NAT East	NAT North	From (m)	To (m)	Interval (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
DCRC1081	238501.86	7410347	132	148	16	57.51	3.41	2.83	0.13	10.85
DCRC1086	237698.65	7410249	102	114	12	57.33	4.62	2.69	0.05	10.01
DCRC1086	237698.65	7410249	86	96	10	57.4	3.97	2.87	0.04	10.54
DCRC1087	237697.37	7410302	84	130	46	60.86	3.48	2.33	0.06	6.63
DCRC1091	237698.04	7410501	102	112	10	59.18	3.72	2.36	0.11	8.72
DCRC1092	237697.48	7410551	134	160	26	56.88	6.39	2.63	0.07	6.84
DCRC1097	237498.02	7410299	84	108	24	58.97	3.96	2.69	0.06	8.57
DCRC1106	237748.83	7410198	108	118	10	59.48	2.89	2.06	0.06	9.20
DCRC1108	237948.14	7410199	126	158	32	58.83	3.60	2.02	0.10	9.66
DCRC1108	237948.14	7410199	100	110	10	55.93	5.07	3.30	0.07	10.96
DCRC1109	238048.56	7410200	76	130	54	59.60	3.35	2.08	0.09	8.85
DCRC1110	238148.15	7410200	66	96	30	59.34	3.18	2.62	0.07	8.79
DCRC1111	238249.63	7410199	76	133	57	59.75	2.29	2.08	0.10	9.62
DCRC1112	238349.83	7410200	92	136	44	58.25	5.03	3.15	0.07	7.64
Coordinates are in GDA94 Zone 51 map grid.										

(Note: All RC samples are collected through an industry standard cone splitting system; all are 2 metre composites, and split fractions sent for XRF analysis weigh approx 3kg. Results reported represent weighted average Fe intercepts of >55% Fe, with maximum internal waste of 2 metres, and a minimum intercept length of 10 metres.)

...6/

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Table 2: Resource Table – FerrAus Pilbara Project

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	0.109	7.69	63.84
	Indicated	20.70	58.98	5.40	2.99	0.104	6.48	63.07
	Inferred	10.60	58.11	6.56	3.37	0.097	6.15	61.93
	Total	54.60	58.79	5.26	2.94	0.105	6.93	63.18
Davidson Creek	Measured	9.50	58.10	4.31	2.83	0.078	9.12	63.90
	Indicated	91.60	58.70	4.44	2.43	0.082	8.63	64.20
	Inferred	24.20	57.50	5.24	3.16	0.098	8.39	62.80
	Total	125.30	58.40	4.58	2.60	0.085	8.62	63.90
Mirrin Mirrin	Indicated	33.90	58.94	4.16	2.26	0.101	8.75	64.59
	Inferred	4.80	56.67	6.81	3.42	0.109	8.04	61.64
	Total	38.70	58.66	4.49	2.41	0.102	8.66	64.22
Total (High Grade)		218.60	58.56	4.74	2.65	0.093	8.21	63.78
Medium Grade Resources (between 53% Fe and 55% Fe for RR, between 52% Fe and 55% Fe for DC and MM)								
Robertson Range	Indicated	6.50	54.00	7.61	4.95	0.122	8.86	59.30
	Inferred	2.30	54.10	8.96	5.20	0.096	7.57	58.50
Davidson Creek	Indicated	32.90	53.60	7.99	4.94	0.063	9.29	59.10
	Inferred	23.70	53.60	7.72	4.99	0.093	9.33	59.10
Mirrin Mirrin	Indicated	12.00	53.52	8.43	4.97	0.086	9.23	58.98
	Inferred	8.10	53.62	9.26	4.27	0.123	8.50	58.61
Total (Medium Grade)		85.50	53.63	8.09	4.90	0.086	9.14	59.04
Low Grade Resources (between 50% Fe and 53% Fe for RR, between 50% Fe and 52% Fe for DC and MM)								
Robertson Range	Inferred	7.40	51.80	9.17	5.87	0.132	9.23	57.10
Davidson Creek	Inferred	14.60	51.20	9.53	6.28	0.074	9.86	56.80
Mirrin Mirrin	Inferred	4.80	51.25	10.39	6.01	0.080	8.98	56.32
Total (Low Grade)		26.80	51.37	9.58	6.12	0.09	9.53	56.80
MEASURED RESOURCES (Mt)		32.90						
INDICATED RESOURCES (Mt)		197.60						
INFERRED RESOURCES (Mt)		100.50						
TOTAL (Mt)		331.00						

Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: CaFe = (Fe x 100)/(100 - LOI). High Resources are reported above a 55% Fe cut-off grade, Medium Grade Resources (between 53% Fe and 55% Fe for RR, between 52% Fe and 55% Fe for DC and MM) and Low Grade Resources (between 50% Fe and 53% Fe for RR, between 50% Fe and 52% Fe for DC and MM). 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

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.

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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 Conditional Offers and the Issue Mandate will be as follows:

Authorised	<i>HK\$</i>
10,000,000,000 WN Shares as at the Latest Practicable Date	<u>1,000,000,000</u>
Issued and fully paid	<i>HK\$</i>
3,922,435,485 WN Shares as at the Latest Practicable Date	392,243,548.50
4,815,369,696 WN Shares to be issued under the Conditional Offers (assuming exercise of all BRM Options and FRS Options outstanding as at the Latest Practicable Date, the Top-up Shares and the New FRS Option Shares are issued and the FRS Conditional Offer is extended to the New FRS Shares, and full acceptance of the Conditional Offers)	<u>481,536,969.60</u>
	873,780,518.10
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)	<u>60,000,000.00</u>
	<u>933,780,518.10</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	0.99%
	Controlled corporation ⁽¹⁾	199,456,276	—	5.09%
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 (Note 1)	Beneficial owner	440,500,000	11.23%
Cheng Yung Pun (Note 1)	Interest held by controlled corporations	440,500,000	11.23%

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	7.13%
Groom High Investments Limited (<i>Note 2</i>)	Interest held by controlled corporations	279,548,000	7.13%
Zhang Li (<i>Note 2</i>)	Interest held by controlled corporations	279,548,000	7.13%
Smartpath Investments Limited (<i>Note 3</i>)	Beneficial owner	204,752,000	5.22%
Tan Lini (<i>Note 3</i>)	Interest held by controlled corporations	204,752,000	5.22%
Villas Green Investments Limited (<i>Note 4</i>)	Beneficial owner	257,760,000	6.57%
Chong Yee Kwan (<i>Note 4</i>)	Interest held by controlled corporations	257,760,000	6.57%

Notes:

1. The 440,500,000 WN Shares were held by Leading Highway Limited, which was wholly-owned by Cheng Yung Pun.
2. 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.
3. The 204,752,000 WN Shares were held by Smartpath Investments Limited, which was wholly-owned by Tan Lini.
4. The 257,760,000 WN Shares were 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. 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 and the bye-laws of the Company;
- (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 Bidder’s Statements; and
- (e) the 2010 Circular.

10. 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 Hong Kong branch share registrar of the Company is Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong while the Australia branch share registrar of the Company is Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth, WA 6000, Australia.
- (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 Friday, 8 April 2011 at Hong Kong time 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments:

ORDINARY RESOLUTION

“THAT

- (a) the extension (the “**Proposed Extension**”) of the conditional securities exchange offer (the “**FRS Conditional Offer**”) by Wah Nam International Australia Pty Ltd (“**WN Australia**”) to acquire all the issued ordinary shares (“**FRS Shares**”) in the share capital of FerrAus Limited (“**FRS**”) (not already owned by WN Australia) as approved by the shareholders of the Company at the special general meeting held on 13 December 2010 (details of which are set out in the circular of the Company dated 26 November 2010) to:
- (i) the 40,697,675 FRS Shares (the “**FRS Fundraising Shares**”) issued by FRS on 21 February 2011 pursuant to a share placement proposal approved by the shareholders of FRS on 24 January 2011;
 - (ii) the 4,883,721 FRS Shares (the “**Top-up Shares**”) falling to be issued by FRS pursuant to the exercise of a top-up right granted by FRS to Union Park Company Limited (details of which are set out in the circular of the Company dated 18 March 2011), if and when such FRS Shares are issued before the end of the offer period (the “**Offer Period**”) of the FRS Conditional Offer; and

* *for identification purpose only*

NOTICE OF SGM

(iii) up to 1,710,000 FRS Shares (the “**New FRS Option Shares**”) falling to be issued by FRS pursuant to the exercise of the 1 million options to subscribe for FRS Shares granted by FRS to a director and 710,000 options to subscribe for FRS Shares which may be granted by FRS to certain employees of FRS, if and when such FRS Shares are issued before the end of the Offer Period;

and the acquisition of such FRS Shares pursuant to the Proposed Extension be and are hereby approved;

- (b) the allotment and issue of the new ordinary shares of HK\$0.10 each in the share capital of the Company as consideration under the FRS Conditional Offer to the holders of the FRS Fundraising Shares, the Top-up Shares and the New FRS Option Shares who accept the FRS Conditional Offer (as varied under the Proposed Extension) (the “**Subject Consideration WN Shares**”) be and is hereby approved and any directors of the Company (the “**Directors**”) be and is hereby authorised to allot and issue the Subject Consideration WN Shares in accordance with the terms of the FRS Conditional Offer (as varied under the Proposed Extension) and to take all steps necessary, desirable or expedient in his opinion to implement or give effect to the allotment and issue of the Subject 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 Proposed Extension 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 Proposed Extension.”

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

Hong Kong, 18 March 2011

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

NOTICE OF SGM

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. **If your shares in the Company are recorded under the Company's Hong Kong share registrar or the Company's Bermuda principal share registrar, please complete the Hong Kong proxy form and return it, 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, to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited. Please read and follow the instructions, including the deadline, on the Hong Kong proxy form to lodge the form.**

If your shares in the Company are recorded under the Company's Australia share registrar, please complete the Australia proxy form and return it, 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, to the Company's branch share registrar in Australia, Computershare Investor Services Pty Limited. Please read and follow the instructions, including the deadline, on the Australia proxy form to lodge the form. You can appoint up to two proxies by lodging the Australia proxy form. Should you wish to appoint more proxies, please fax your written request to the Company at +852 3169 3630 no later than 10:30 a.m. (WST) on 6 April 2011.