
Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



WAH NAM INTERNATIONAL HOLDINGS LIMITED

華南投資控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 159)

ANNOUNCEMENT

Reference is made to the announcement of Wah Nam International Holdings Limited (the "Company") dated 10 November 2010 (the "Announcement") in relation to, among other things, the offer for subscription of up to 15 million new ordinary shares (the "Offer Shares") in the Company (with one free attaching option for each Offer Share subscribed for) in Australia. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The following is the text of the Prospectus lodged with the ASIC on the date of this announcement. Before viewing the Prospectus, you must carefully read the terms set out below:

LODGMET OF THE PROSPECTUS

The Prospectus is dated 11 November 2010 and has been lodged with the ASIC. Under the Corporations Act 2001 (Commonwealth of Australia), following lodgment of the original Prospectus there is an "exposure period" of 7 days (or such longer period as ASIC specifies) during which the Company is not permitted to accept or process applications.

OFFER ONLY IN AUSTRALIA

Once the exposure period has run its course, the offer contained in the Prospectus will not constitute a public offer in any jurisdiction other than Australia. This Prospectus will not constitute an offer to any person to whom, or an offer in any place in which, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside

Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

WARNING

The contents of the Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of the Prospectus, you should obtain independent professional advice.

THIS INFORMATION DOES NOT CONSTITUTE AN OFFER OF SHARES

The Prospectus is provided for informational purposes only and subject to change without notice. Nothing contained in the Prospectus constitutes investment, legal, business, taxation or other advice, nor is it to be relied on in making an investment in the Shares. The information in the Prospectus does not take into account your investment objectives, financial situation or particular needs.

By order of the board of directors of
Wah Nam International Holdings Limited
Chan Kam Kwan, Jason
Company Secretary

Hong Kong, 11 November 2010

As at the date of this announcement, the board of directors of the Company comprises Mr. Luk Kin Peter Joseph and Mr. Chan Kam Kwan, Jason as executive directors and Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Yip Kwok Cheung, Danny as independent non-executive directors.

** For identification purpose only*



Wah Nam International Holdings Limited

ARBN 143 211 867

Prospectus

For the issue of up to 10 million Shares and 1 free attaching Option for every Share subscribed for at an issue price of A\$0.20 each to raise a total of up to A\$2 million

with provision to accept oversubscriptions of up to a further 5 million Shares, each with 1 free attaching Option, at A\$0.20 each to raise up to an additional A\$1 million

Lead Manager



Capital Investment Partners

Important Information

Offer

The Company is inviting subscriptions for 10 million Shares (with 1 free attaching Option for every Share subscribed for) at an issue price of A\$0.20 per Share payable in full on application, to raise up to A\$2 million (before costs and expenses) with provision to accept oversubscriptions of up to a further 5 million Shares, each with 1 free attaching Option, at an issue price of A\$0.20 per Share to raise up to an additional A\$1 million on the terms and conditions set out in this Prospectus.

Lodgement and listing

This Prospectus is dated 11 November 2010 and was lodged with ASIC on that date. Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. Within 7 days after the date of this Prospectus, the Company will apply for admission to the Official List of the ASX and quotation of the Offer Shares and the Offer Options on the ASX and the Offer Shares and Option Shares on the HKEx.

Expiry date

No Offer Shares will be issued, and no Offer Options will be granted, on the basis of this Prospectus later than 13 months after the date of the Prospectus.

Investment advice

The information in this Prospectus is not a financial product and does not take into account your investment objectives, financial situation or particular needs. You should read this Prospectus in its entirety before deciding whether to complete and lodge an Application Form and, in particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company. You should consider these factors in light of your personal circumstances, including financial and taxation issues. If you have any questions, you should seek professional advice from your stockbroker, accountant or other professional adviser before deciding to invest. Key risk factors that should be considered by potential investors are outlined in Section 6.

Selling restrictions

The Offer does not constitute a public offer in any jurisdiction other than Australia. This Prospectus does not constitute an offer to any person to whom, or an offer in any place in which, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For further details, please refer to Section 3.16.

Financial information presentation

The Historical Financial Information for FY2008, FY2009 and FP2010 and the Pro-Forma Financial Information included in this Prospectus has been prepared and presented in accordance with the HKFRS, which are in line with the IFRS.

The Historical Financial Information and the Pro-Forma Financial Information in this Prospectus should be read in conjunction with, and they are qualified by reference to, the information contained in Section 7.

Disclaimer as to Brockman Resources and FerrAus information

The information in this Prospectus concerning Brockman Resources, and the assets and liabilities, financial position and performance, profits and losses and prospects of Brockman Resources has been

prepared by the Company using publicly available information and has not been independently verified by the Company or its Directors. Accordingly, subject to the Corporations Act, the Company makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information in this Prospectus concerning FerrAus, and the assets and liabilities, financial position and performance, profits and losses and prospects of FerrAus has been prepared by the Company using publicly available information and has not been independently verified by the Company or its Directors. Accordingly, subject to the Corporations Act, the Company makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Combined Group contained in this Prospectus, to the extent that it incorporates or reflects information on Brockman Resources and FerrAus, has also been prepared using publicly available information. Accordingly, information in relation to the Combined Group is subject to the foregoing disclaimer to that extent.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offer.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

The Company has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Certain risk factors are set out in Section 6. These and other factors could cause actual results to differ materially from those expressed in any forward looking statement made by, or on behalf of, the Company.

The Company disclaims all liability, whether in negligence or otherwise, to persons who trade in the Offer Shares before receiving their holding statement.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the 7 day period after the date of lodgement of this Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further 7 days. The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications.

Applications under this Prospectus received during the Exposure Period will not be processed until after expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offer opens. If the Exposure Period is extended by ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

During the Exposure Period, this Prospectus will be made generally available to Australian residents, without the Application Form, on the Company's website at www.wnintl.com.

Obtaining a copy of this Prospectus

During the Offer period, a paper copy of this Prospectus (including an Application Form) is available free of charge to any person in Australia by telephoning Edward King on 08 9421 2111 Monday to Friday between 8.30am and 5.00pm (WST).

Applications for Offer Shares

Applications for Offer Shares may only be made on the appropriate Application Form attached to this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

Photographs and diagrams

Photographs and diagrams in this Prospectus do not depict assets owned or used by the Company unless otherwise indicated. Diagrams used in this Prospectus are for illustrative purposes only and may not be drawn to scale.

Privacy

If you apply for Offer Shares, you will provide personal information to the Company and the Australian Registrar. The Company and the Australian Registrar will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Tax and company laws require some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Company and the Australian Registrar may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Lead Manager in order to assess your Application;
- the Australian Registrar for ongoing administration of the Australian Share Register; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

The information may also be disclosed to members of the Wah Nam International Group and to their agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) the Company or the Australian Registrar. You can request access to your personal information by telephoning or writing to the Company through the Australian Registrar, or by telephoning 1300 850 505 Monday to Friday between 8.30am and 5.00pm (WST).

Glossary

Defined terms and abbreviations used in this Prospectus have the meanings set out in the Glossary in Section 12.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference.

Currency

Unless otherwise stated, the exchange rates used in this Prospectus are the exchange rates at 4:00pm (WST) on 9 November 2010, being A\$/HK\$: 7.8186.

Financial amounts

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Dates and times

All references in this Prospectus to dates and times refer to WST unless otherwise stated.

Questions

If you have any questions in relation to the Offer, please contact Edward King on 08 9421 2111 Monday to Friday between 8.30am and 5.00pm (WST) during the Offer period.

Table of Contents

Important Information	1
Chairman's Letter	7
Investment Highlights	8
Key Risk Factors	8
1. Investment Overview	9
2. Key Questions	12
3. Details of the Offer	14
4. Company Background	21
5. Board Composition, Key Management and Corporate Governance	39
6. Risk Factors	45
7. Financial Information	51
8. Investigating Accountant's Report	71
9. Independent Technical Report	72
10. Solicitor's Report	73
11. Additional Information	74
12. Glossary and Interpretation	93
13. Approval of Prospectus	98
Appendix A	99
Appendix B	100
Appendix C	102

Summary of the Offer

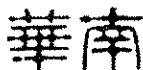
Indicative and important dates

Prospectus Date	11 November 2010
Offer opens	7:00am (WST) on 19 November 2010
Offer closes	5:00pm (WST) on 17 December 2010
Allotment and issue of Offer Shares under the Offer	22 December 2010
Grant of Offer Options under the Offer	22 December 2010
Despatch of statements and any refund of Application Monies if required	29 December 2010
Offer Shares and Offer Options expected to commence trading on the ASX	10 January 2011

These dates are indicative only. The Company reserves the right to vary the times and dates of the Offer, which includes closing the Offer early or extending the close of the Offer, without notifying any recipients of this Prospectus or any Applicants. Investors are therefore encouraged to submit their Application Forms as soon as possible after the Offer opens.

Offer statistics

	If minimum subscription reached	If fully subscribed	If Oversubscribed
Offer Price	A\$0.20	A\$0.20	A\$0.20
Number of Offer Shares available under the Offer	5 million	10 million	15 million
Number of Offer Options available under the Offer	5 million	10 million	15 million
Gross proceeds raised under the Offer	A\$1 million	A\$2 million	A\$3 million
Total number of Shares on issue at completion of the Offer	3,912,435,485	3,917,435,485	3,922,435,485
Total number of Shares on issue at completion of the Offer (assuming 100% acquisition of Brockman Resources and FerrAus)	8,218,006,805	8,223,006,805	8,228,006,805
Total number of Offer Options on issue at completion of the Offer	5 million	10 million	15 million
Market capitalisation at the Offer Price (on completion of the Offer)	A\$782.5 million	A\$783.5 million	A\$784.5 million
Market capitalisation at the Offer Price (assuming completion of the Offer and 100% acquisition of Brockman Resources and FerrAus)	A\$1,643.6 million	A\$1,644.6 million	A\$1,645.6 million
Pro-Forma Net Cash (on completion of the Offer and 100% acquisition of Brockman Resources and FerrAus)	A\$126,528,846	A\$127,578,846	A\$128,628,846



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
（於百慕達註冊成立之有限公司）
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼 0150
SEHK Stock Code: 0150

Chairman's Letter

11 November 2010

Dear Investor

On behalf of the directors, it is with pleasure that I invite you to become a shareholder of Wah Nam International Holdings Limited (the Company).

The Company aims to establish itself as a global resource company developing high quality assets in stable, resource rich countries. Through this Offer, the Brockman Resources Takeover Offer and the FerrAus Takeover Offer, the Company is positioning itself in the Australian iron ore sector as a key supplier amid increasing global demand for iron ore.

Should the Brockman Resources Takeover Offer and the FerrAus Takeover Offer be successful, the Company will become a significant presence in the prolific Pilbara iron ore region of Western Australia. In combining two large hematite iron ore projects, the Company will be in a unique position to not only develop a new independent iron ore hub, but also to justify the construction of an independent infrastructure solution for exporting iron ore from the Pilbara.

Being listed on one of the world's largest capital markets, the HKEx, should provide the Company with advantages in securing project finance on favourable terms, to the benefit of Shareholders.

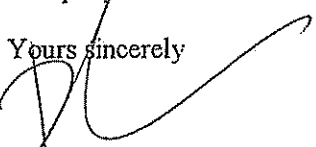
Listing on the ASX will allow Australian shareholders to participate in the Company's growth and benefit from exposure to the Hong Kong investment community.

Detailed information about the Offer and the Company's business, as well as some key risks of investing in the Company, are set out in this Prospectus, which I encourage you to read carefully.

To apply for Offer Shares, you will need to fill out and return the Application Form accompanying this Prospectus. If you have any questions about the Offer, please call Edward King on 08 9421 2111 Monday to Friday between 8.30am and 5.00pm (WST). This Offer is expected to close at 5.00pm (WST) on 17 December 2010.

The directors join me in offering you this exciting opportunity to become a shareholder of the Company and I look forward to welcoming you as a Shareholder.

Yours sincerely


Luk Kin Peter Joseph
Chairman
Wah Nam International Holdings Limited

Investment Highlights

- You will become a shareholder in Wah Nam International Holdings Limited, a company with a producing copper mine in Yunnan Province, PRC and, if the Takeover Offers are successful, interests in hematite iron ore projects in the Pilbara region of Western Australia.
- If the Takeover Offers are successful, as a Shareholder, you may benefit from the Combined Group's ability to attract financing for the Marillana Project and the FerrAus Pilbara Project.
- If the Takeover Offers are successful, the Company may be re-rated by capital market participants in recognition of the Combined Group's significant multi-mine asset base and access to an expanded range of financing and growth options.

Key Risk Factors

There are key risks associated with investing in the Company, including risks associated with the Company's business and risks associated with investing in the stock market generally. Some of these risks may have a material impact on the Company's financial performance or position.

Key risks include, but are not limited to, the following:

- The Brockman Resources Takeover Offer and/or the FerrAus Takeover Offer may not be successful.
- Future prices that the Company obtains for sales of copper may fall.
- Future prices of iron ore may fall which will affect the Company if the Takeover Offers are successful.
- Changes to the PRC's regulations or policies that impact on the Company's operations in the PRC.
- The Damajianshan Mine is subject to all of the risks normally encountered in mining and processing operations.
- Tonnes and grades of Mineral Resources and Ore Reserves are estimates only and subject to change.
- The Company's activities are subject to various laws and regulations and require various permits and licences.
- Exchange rate fluctuations may impact the Company's profitability.

Before deciding whether to apply for Offer Shares, potential investors should read this Prospectus in its entirety, including Section 6 which provides further information on key risks.

1. Investment Overview

The information set out in this Section is an overview of the Company. It should be read in conjunction with the information contained in the other Sections of this Prospectus.

1.1 Overview of the Company

The Company is an investment holding company, incorporated in Bermuda and listed on the HKEx (Hong Kong Stock Code: 159) since 2002.

Since its establishment, the Company has been involved in various business activities. With its acquisition of the Damajianshan Mine in the PRC in 2008, the Company refocused itself as a mining resources company.

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

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

More information on the Company's business is contained in Section 4.

1.2 Advantages of being listed on the HKEx

The HKEx is one of the largest stock markets in the world in terms of market capitalisation. In addition, the HKEx serves as a gateway for companies to achieve exposure to the rapidly growing PRC market.

Since 2008, over US\$125 billion in capital raisings have been announced with the HKEx and the HKEx has a strong presence in resources, boasting:

- one of the world's largest companies by market capitalisation, PetroChina Company Ltd with a market capitalisation as at 4 November 2010 of US\$314 billion;
- the world's largest publicly traded coal producer, China Shenhua Energy Company Limited with production of 210 million tonnes of coal in 2009;
- the largest aluminium company in the world, United Company Rusal Limited; and
- companies which have invested heavily in Australian resource companies, such as:
 - Angang Steel Company Limited (A\$1.8 billion joint venture with Gindalbie Metals Ltd);
 - Yanzhou Coal Mining Company Limited (A\$3.5 billion acquisition of Felix Resources Ltd); and
 - Fushan International Energy Group Limited (14.24% stake in Mount Gibson Iron Ltd).

1.3 Concurrent takeover bids

The Company's focus since 2008 has been on acquiring and developing mineral resource projects, particularly raw materials used in the steel-making process, such as copper and iron ore.

To complement its producing copper mine in the PRC, the Company management has pursued opportunities in Australia for its stable political environment and preferable resources quality. The region that the Company focused on was the Pilbara region in Western Australia. The Company identified an opportunity to acquire high quality hematite deposits and to be a major player in developing port and rail infrastructure.

The Company identified the opportunity to acquire two iron ore exploration and development companies with hematite deposits which are also members of the North West Iron Ore Alliance, being Brockman Resources and FerrAus. The NWIOA intends to develop multi-user berth facilities at Port Hedland to support the export of 50 million tonnes of iron ore per annum.

On 10 November 2010, the Company, through its wholly-owned subsidiary Wah Nam Australia, lodged two bidder's statements with ASIC, pursuant to which Wah Nam Australia will make off-market takeover offers for all of the shares in Brockman Resources and all of the shares in FerrAus. The Takeover Offers are subject to a number of conditions, including:

- approval of the requisite majority of Shareholders to acquire all of the Brockman Resources Shares, in the case of the Brockman Resources Takeover Offer, and all of the FerrAus Shares, in the case of the FerrAus Takeover Offer, not already owned by Wah Nam Australia and in each case to allot and issue the consideration Shares;
- approval of the HKEx for the listing of the consideration Shares and approval of the ASX for the Company to be admitted to the ASX and the quotation of the Company's Shares on the ASX (**Statutory Condition**); and
- at the end of the Offer Period, Wah Nam Australia having a Relevant Interest in more than 50% of the Brockman Resources Shares, in the case of the Brockman Resources Takeover Offer, and at least 90% of the FerrAus Shares, in the case of the FerrAus Takeover Offer (**Minimum Acceptance Condition**).

Wah Nam Australia may declare the Takeover Offers free from the Minimum Acceptance Condition in accordance with the Corporations Act.

The Takeover Offers cannot be freed from the Statutory Condition. If the Statutory Condition of the Brockman Resources or FerrAus Takeover Offer is not fulfilled, any contracts that result from acceptances of that Takeover Offer will be automatically void.

If both of the Takeover Offers are successful, Shareholders may benefit from the Company's ability to attract the funding required for the Projects and to construct the NWIOA facilities at Port Hedland.

In addition, to the Company's knowledge, it will become the only HKEx listed company with direct exposure to an Australian hematite iron ore project, and the demand for Australian hematite iron ore in the region is immense.

For further details on the Takeover Offers see Section 4.6.

1.4 Summary Financial Information

Set out below are the summary historical income statements for the Company for FY2008, FY2009 and FP2010. This financial information is intended as a summary only. More detailed financial information can be found in Section 7.

Summary Income Statements			
HK\$ '000	FY2008	FY2009	FP2010
Revenue (from continuing operations)	88,837	95,374	55,189
EBITDA	(278,628)	97,268	(148,598)
EBIT	(303,537)	74,877	(158,084)
Total comprehensive (loss) income for the year / period	(310,511)	53,355	(161,634)

1.5 Independent Reports

An Investigating Accountant's Report has been prepared by BDO Corporate Finance (WA) Pty Ltd for inclusion in this Prospectus. This report is set out in Section 8.

An Independent Technical Report and a status update letter, in relation to the copper quality and Mineral Resources, Ore Reserves, mine and processing and operations and assessment of risk for the Damajianshan Mine has been prepared by Behre Dolbear. This report and the status update letter are set out in Section 9.

A Solicitor's Report has been prepared by Guantao Law Firm for inclusion in this Prospectus. This report is set out in Section 10.

1.6 Risk Factors

Like any investment in the stock market, an investment in the Company's Shares carries a number of general business, industry and financial risks. There are also a number of risk factors that are specific to an investment in the Company as set out in Section 6.2, including fluctuations in future copper prices and PRC regulations which lie largely outside the Company's control. There can be no guarantee that the Takeover Offers will be successful, that the Company will achieve its stated objectives, or that forward looking statements will be realised.

1.7 Enquiries

All enquiries in relation to this Prospectus should be directed to Edward King on 08 9421 2111 Monday to Friday between 8.30am and 5.00pm (WST).

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional adviser.

2. Key Questions

Topic	Summary	Where to find more information
Who is the issuer of this Prospectus?	Wah Nam International Holdings Limited.	Section 4
What does the Company do?	<p>The Company is an investment holding company, principally engaged in:</p> <ul style="list-style-type: none"> the exploitation, processing and sale of mineral resources, including copper, zinc and lead ore concentrates in the PRC; the provision of limousine rental and airport shuttle bus transportation services in Hong Kong and the PRC; and the investments of funds in equity securities. <p>If the Takeover Offers are successful, to the Company's knowledge, it will become the only HKEx listed company developing significant Australian hematite iron ore deposits.</p>	Section 4
What is being offered to investors under the Offer?	The Company is offering up to 10 million Shares at an issue price of A\$0.20 each with one free attaching Option for every Share subscribed for, to raise a total of up to A\$2 million with provision to accept oversubscriptions of up to a further 5 million Shares to raise up to an additional A\$1 million.	Section 3.1
Am I eligible to participate in the Offer?	If you have received this Prospectus outside of Australia please refer to Section 3.16.	Section 3.16
Is the Offer conditional?	<p>The Offer is conditional on:</p> <ul style="list-style-type: none"> the Shareholders approving the Offer and the allotment and issue of the Offer Shares and the Option Shares at a special general meeting of the Company; the ASX granting conditional approval for the listing of the Company and the quotation of the Company's Shares and the Offer Options on the ASX; and the HKEx granting approval for the quotation of the Offer Shares and the Option Shares on the HKEx. 	
Will the Offer Shares be listed?	<p>An application will be made within 7 days after the date of the Prospectus to the ASX for permission to quote and list all of the Company's Shares on the ASX (under the trading symbol and code WNI).</p> <p>In addition, an application will also be made within 7 days after the date of the Prospectus to quote the Offer Shares and the Option Shares on the HKEx.</p>	
Will the Offer Options be listed?	An application will be made to the ASX for permission to quote and list the Offer Options on the ASX (under the trading symbol and code WNIO).	

Topic	Summary	Where to find more information
	The Offer Options will not be quoted on the HKEx.	
What are the expected proceeds of the Offer?	The gross proceeds to the Company from the Offer will be A\$1 million if the minimum subscription is met, A\$2 million if the Offer is fully subscribed and A\$3 million if oversubscribed.	Section 3.1
What will be the market capitalisation of the Company at listing?	The maximum market capitalisation of the Company at the Offer Price immediately following the Offer is approximately A\$784.5 million. The maximum market capitalisation at the Offer Price of the Company if the Takeover Offers are successful is approximately A\$1,693 million.	Section 3.1
How will the proceeds of the Offer be used?	The proceeds of the Offer received by the Company will be used to cover professional fees relating to the Offer and the Takeover Offers.	Section 3.2
Will the Company pay dividends?	The Company anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future will depend on the earnings, if any, and the financial condition of the Company and such other factors as the Directors consider appropriate.	Section 11.7
What is the minimum investment size under the Offer?	The minimum investment size under the Offer is 10,000 Shares at A\$0.20 per Share totalling \$2,000.	Section 3.3
Is the Offer underwritten?	The Offer is not underwritten.	Section 3.7
How do I apply for Offer Shares?	By submitting a valid Application Form in accordance with the instructions set out in Section 3.3 of this Prospectus.	Section 3.3
When will I receive confirmation that my Application has been successful?	If you are a Successful Applicant, it is expected that a statement confirming the issue of Offer Shares to you will be despatched within 2 days after your name is entered on the register.	
What are the tax implications of investing in the Company?	The taxation implications of investing in the Company will depend on an investor's individual circumstances. Applicants should obtain their own tax advice prior to applying for Offer Shares. See Section 11.19 for a summary of Australian tax issues for Australian tax resident Shareholders.	Section 11.19
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Offer Shares under the Offer.	Section 3.14
How can I obtain further information?	By reading this Prospectus in its entirety, calling Edward King on 08 9421 2111 between 8.30am and 5.30pm (WST) or contacting your stockbroker, solicitor, accountant or other independent professional adviser.	Section 3.18

3. Details of the Offer

3.1 Description of the Offer

This Prospectus invites investors to apply for a total of up to 10 million Offer Shares at a price of A\$0.20 per Share with one free attaching Option for every Share applied for, to raise up to A\$2 million before costs of the Offer, with provision to accept oversubscriptions of up to a further 5 million Shares, each with 1 free attaching Option, at A\$0.20 each to raise up to an additional A\$1 million.

All Offer Shares offered under this Prospectus will rank equally with existing Shares. Details of the rights attaching to the Offer Shares are set out in Section 11.4. Details of the terms of the Offer Options are set out in Section 11.5.

All Application Monies are payable in full on application.

The maximum number of Shares on issue at the completion of the Offer will be 3,922,435,485 assuming that there are 3,907,435,485 Shares on issue as at the date of this Prospectus and that no other changes occur.

If the Takeover Offers are successful, the maximum number of Shares on issue at completion of this Offer and the Takeover Offers will be 8,228,006,805 (assuming that there are 3,907,435,485 Shares on issue as at the date of this Prospectus and that no other changes occur).

The maximum number of Options on issue at the completion of the Offer will be 15 million.

All Shares issued under this Prospectus and the Takeover Offers (if successful) will rank equally with each other and with the other existing Shares.

3.2 Purpose of the Offer and use of funds

The purpose of the Offer is to:

- list the Company on the ASX, which will provide the Company with additional financial flexibility to pursue growth opportunities and improve access to capital markets;
- finance the transaction costs incurred by the Wah Nam International Group in connection with the Offer and the Takeover Offers;
- provide Australian shareholder spread for the Company's ASX application; and
- provide a liquid market for the Company's Shares.

Funds raised from the issue of Offer Shares will be used by the Company as set out below. The Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its objectives.

The Combined Group will need to raise additional debt or equity funds for the development of the Projects.

Use of Funds¹	A(\$) If only A\$1,000,000 raised	A(\$) (If fully subscribed)	A(\$) (If over subscribed)
Costs of Offer (incl listing fee of approx \$470,000)	670,000	720,000	770,000
Professional fees in relation to the Brockman Resources Takeover Offer	165,000 ²	640,000 ²	1,115,000 ²
Professional fees in relation to the FerrAus Takeover Offer	165,000 ²	640,000 ²	1,115,000 ²
Total use of funds	1,000,000	2,000,000	3,000,000

¹. The use of funds set is a "best estimate" only.

². Total professional fees in relation to the Takeover Offers are estimated to be A\$2.9 million for the Brockman Resources Takeover Offer and A\$1.5 million for the FerrAus Takeover Offer. The remaining outstanding professional fees in relation to the Takeover Offers will be funded through the Company's internal resources.

3.3 How to apply for Shares

Applications for Offer Shares can only be made by completing the Application Form contained in this Prospectus in accordance with the instructions set out on that form.

Applications must be for a minimum of 10,000 Shares at A\$0.20 per Share.

The Application Form must be accompanied by a cheque denominated in Australian dollars for the full amount of the Application Monies. Cheques must be made payable to "Wah Nam International Holdings Limited-Share Offer Account" and should be crossed "Not Negotiable".

Completed Application Forms and accompanying cheques may be lodged before the Closing Date by post to:

Computershare Investor Services Pty Limited
GPO Box D182
Perth WA 6840

or delivered in person to:

Computershare Investor Services Pty Limited
Level 22, 45 St Georges Terrace
Perth WA 6000

Applications for Offer Shares will not be accepted after the Closing Date, and Applications will not be processed until after the Exposure Period.

The lodgement of an Application Form for Offer Shares, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Offer Shares specified in the Application Form. The Application Form does not need to be signed to be a valid Application. An Application will be deemed as having been accepted by the Company upon allotment of the Offer Shares.

Further instructions on completing the Application Forms can be found at the end of this Prospectus. If an Application Form is not completed correctly or if the accompanying payment of the appropriate Application Monies is for the wrong amount, it may still be treated by the Company as valid. The Directors may also reject any Application or allocate fewer Offer Shares than applied for. The Directors' decision as to whether to treat the Application as valid, and how to construe, amend or complete the Application Form, is final. However, an

Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

All Application Monies will be held by the Company on trust for Applicants until the Offer Shares are issued or subscription monies returned to Applicants that are not Successful Applicants, without interest.

The Directors reserve the right to withdraw or otherwise not to proceed with the Offer, or any component of the Offer, at any time before the Closing Date. If the Offer, or any part of the Offer, does not proceed, Application Monies for that part (or all) of the Offer will be refunded without interest.

3.4 Allotment of Shares and Options

Subject to the satisfaction of the Conditions, the allotment of Offer Shares and Offer Options will be made as soon as practicable after the Closing Date. Where the number of Shares and Options allotted is less than the number applied for, the surplus Application Monies will be returned by cheque as soon as practicable.

Where no allotment is made, the amount tendered on Application will be returned in full by cheque, together with the relevant Application Form, as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

It is the responsibility of Applicants to determine their allocation prior to trading in Offer Shares and the Offer Options. Applicants trading in Offer Shares and Offer Options before they receive their holding statement do so at their own risk.

The acceptance of Applications for Offer Shares and Offer Options and allotment to Applicants is at the absolute discretion of the Directors. The Directors reserve the right to reject any Application or to allocate to any Applicant a lesser number of Offer Shares and Offer Options than those applied for.

3.5 Minimum subscription amount

The minimum subscription for the Offer is 5 million Shares at an issue price of A\$0.20 each to raise A\$1 million before expenses of the Offer (**Minimum Subscription**). No Shares will be issued pursuant to this Prospectus until the Minimum Subscription is reached. Should the Minimum Subscription not be reached within 4 months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act.

3.6 Conditions of the Offer

The Offer is conditional on:

- (a) Shareholders approving the Offer, and the allotment and issue of the Offer Shares and the Option Shares at a special general meeting of the Company;
- (b) the ASX granting conditional approval for the listing of the Company and the quotation of its Shares and the Offer Options on the ASX; and
- (c) the HKEx granting approval for the quotation of the Offer Shares and the Option Shares.

If these conditions are not satisfied, all Application Monies will be returned to investors without interest.

3.7 Underwriting

The Offer is not underwritten.

3.8 Lead Manager

On 10 November 2010, the Company entered into a mandate letter whereby Capital Investment Partners agreed to act as Lead Manager to the Offer and to assist on a 'best endeavours' basis in the raising of capital for the Company (**Lead Manager Mandate**). Under the Lead Manager Mandate, the Lead Manager is entitled to receive a placement fee of 5% on the amount raised under the Offer. Part or all of the Lead Manager's placement fee in relation to funds raised under the Offer may be paid by the Lead Manager to licensed Australian Financial Service providers lodging Application Forms on behalf of investors.

3.9 ASX Listing

Application will be made to the ASX no later than 7 days after the date of this Prospectus for admission of the Company to the Official List and quotation of all of the Company's Shares and the Offer Options on the ASX. The Company's ASX code will be WNI.

The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company, the Offer Shares or the Offer Options (as the case may be). Official quotation of the Company's Shares and Offer Options, if granted, will commence as soon as practicable after the issue of initial shareholding statements to Successful Applicants.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. Admission to the Official List and quotation of the Company's Shares and the Offer Options on the ASX are not to be taken as an endorsement by the ASX of the Company.

If the Company is not admitted to the Official List within 3 months after the date of this Prospectus (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies will be refunded (without interest).

3.10 HKEx Quotation

The Company is currently listed on the HKEx.

Application will be made to the HKEx no later than 7 days after the date of this Prospectus for quotation of the Offer Shares and the Option Shares on the HKEx. No application will be made for quotation of the Offer Options on the HKEx.

If quotation of the Offer Shares and Option Shares on the HKEx is not granted within 3 months after the date of this Prospectus (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies will be refunded (without interest).

3.11 Trading on the ASX

Normal settlement trading of the Offer Shares and the Offer Options is expected to commence on 10 January 2011. Offer Shares and Offer Options applied for under this Prospectus will be registered on, and held by investors through, the Australian Share Register and the Australian Option Register and will be traded on the ASX.

The Company will apply to participate in CHESS in accordance with the ASX Listing Rules and the Securities Clearing House Business Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in a paperless form.

When the Offer Shares become CHESS approved securities, holdings on the Australian Share Register will be registered in one of two sub-registers, the electronic CHESS Sub-Register or the Issuer Sponsored Sub-Register. The Shares of a Shareholder who is a participant in CHESS or a person sponsored by a participant in CHESS will be registered on the CHESS Sub-Register. All other Shares on the Australian Share Register will be registered on the Issuer Sponsored Sub-register.

When the Offer Options become CHESS approved securities, holdings on the Australian Option Register will be registered in one of two sub-registers, the electronic CHESS Sub-Register or the Issuer Sponsored Sub-Register. The Options of an Option holder who is a participant in CHESS or a person sponsored by a participant in CHESS will be registered on the CHESS Sub-Register. All other Options on the Australian Option Register will be registered on the Issuer Sponsored Sub-Register.

Following completion of the Offer, investors will be sent initial holding statements that set out the number of Offer Shares and Offer Options that have been allocated. The statements will also provide details of a Shareholder's Holder Identification Number (**HIN**) or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders on the Australian Share Register and the Australian Option Register will subsequently receive statements showing any changes to their holding and will not be issued certificates. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker, in the case of a holding on the CHESS Sub-Register, or through the Australian Registrar in the case of a holding on the Issuer Sponsored Sub-Register. The Company or the Australian Registrar may charge a fee for these additional issuer sponsored statements.

The brokerage commission in respect of trades of Shares and Options on the ASX is freely negotiable. Settlement of dealings on the ASX will take place on the third Business Day following the date of the transaction.

3.12 Transferring Shares between the Australian and the Hong Kong Share Registers

Subject to the completion of the Offer, the listing of the Shares on the ASX and the quotation of the Offer Shares on the HKEx, holders of Shares may shunt (or remove) their Offer Shares between the Australian Share Register and the Hong Kong Share Register according to the following procedure:

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

It is customary for the Hong Kong Registrar to charge shareholders (and prospective shareholders coming from the Australian Share Register) administrative fees for processing shunts (or removals).

The following table identifies the costs (correct at the time of going to print) for each of those administrative fees.

To/From	Australian Fee	Hong Kong Removal Fee	Hong Kong Certificate Cancellation / Creation Fee (per Certificate)
AU/HK	Nil	HK\$350.00	HK\$2.50 (Cancellation)
HK/AU	Nil	HK\$350.00	HK\$2.50 (Creation)

The ASX requires trades to be settled on a 'T+3' basis while the HKEx requires trades to be settled on a 'T+2' basis. The period of time required to shunt Shares between the Australian Share Register and the Hong Kong Share Register may vary and there is no certainty as to when shunted Shares will be available for trading or settlement.

Shares shunted from the Australian Share Register to the Hong Kong Share Register may not be allocated to CCASS as the HKEx requires a physical share certificate to be issued and then delivered to the appropriate CCASS Participant for transfer to CCASS. Shares shunted from the Hong Kong Share Register can be sponsored by either the Company or CHESS, as per the request of the Shareholder initiating the shunt. For further information, contact your nominated market (or CCASS) participant.

3.13 Trading on the HKEx

(a) Dealings

The transaction costs of dealings in the Shares on the HKEx include a stock exchange trading fee of 0.005%, an SFC transaction levy of 0.003%, a trading tariff of HK\$0.50 on each transaction, a transfer deed stamp duty of HK\$5.00 per transfer deed and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the fair value of the shares transferred. The brokerage commission in respect of trades of Shares on the HKEx is freely negotiable.

(b) Settlement

Investors in Hong Kong must settle their trades executed on the HKEx through their brokers directly or through custodians.

For an investor in Hong Kong who has deposited Shares in their stock account or in their designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time.

For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to their broker by the settlement date. An investor may arrange with their broker on a settlement date in respect of their trades executed on the HKEx.

Under the HKEx Listing Rules and the CCASS Rules, the date of settlement must not be later than the second Business Day following the trade date on which the settlement services of CCASS are open for use by CCASS Participants (T+2).

For trades settled under CCASS, the CCASS Rules provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

The CCASS stock settlement fee payable by each counterparty to a HKEx trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK\$2 and a maximum fee of HK\$100 per trade.

3.14 Brokerage and fees

No brokerage or commission is payable by Applicants on application for, or issue of, Offer Shares under the Offer.

3.15 Withdrawal

The Company has the right to vary any of the dates set out in this Prospectus relating to the Offer, without notice to any recipient of this Prospectus or any Applicant. This includes, although is not limited to, varying the length of the Offer. In addition, the Company may withdraw the Offer without notice to any recipient of the Prospectus or any Applicant.

If the Offer or any part of it does not proceed, the relevant Application Monies will be refunded as soon as practicable. No interest will be paid on any Application Monies refunded.

3.16 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of the Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to the Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

3.17 Taxation

Investors wishing to apply for Offer Shares should give consideration to the tax implications of any such investment. Different taxation circumstances will apply to different investors, depending on factors such as whether the investor is a resident or a non-resident of Australia or whether the investor is a corporate shareholder or complying superannuation entity.

For these classes of investors, the taxation outcomes will be different under situations including, but not limited to, taxation of capital gains, dividends and withholding tax. Accordingly, potential Shareholders are advised to seek their own professional taxation advice before investing in the Company. See Section 11.19 for further information.

3.18 Enquiries

If you require assistance to complete the Application Form or require additional copies of the Prospectus, you should contact Edward King on 08 9421 2111 between 8.30am and 5.00pm (WST).

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, or other financial or professional adviser.

4. Company Background

4.1 Overview

The Company is an investment holding company incorporated in Bermuda and has been listed on the HKEx (Hong Kong Stock Code 159) since 2002. The Company also intends to apply for listing on the ASX.

Since its establishment, the Company has been involved in various business activities. With its acquisition of the Damajianshan Mine in the PRC in 2008, the Company refocused itself as a mining resources company.

Set out below is a summary of the Company's principal activities.

(a) Smart Year Investments Limited

The Company's Subsidiary, Smart Year Investments Limited, (**Smart Year**) is a British Virgin Islands incorporated company and the holding company of Luchun Xingtai Mining Company Limited (**Luchun Xingtai**).

Luchun Xingtai is a Sino-foreign equity joint venture enterprise established in February 2004 in the PRC, which is 90% owned by Smart Year and 10% by Yunnan Maosheng Yuan. The Company finalised the acquisition of Smart Year in September 2008.

Luchun Xingtai engages in the exploitation, processing and sale of copper ore concentrate. It owns 100% of the Damajianshan Mine.

Figure 1: The Damajianshan Mine



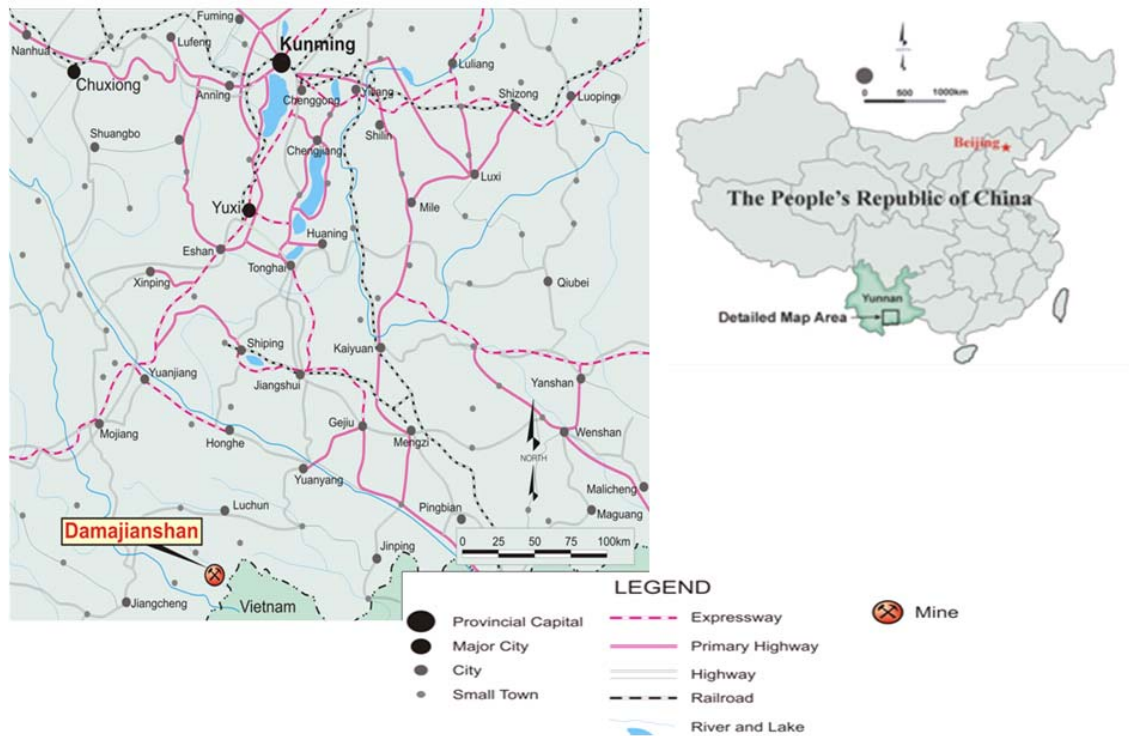
In FY2009 and FP2010, the production volume of copper concentrate was approximately 340 tonnes and 125 tonnes, respectively, and the sale of copper concentrate was approximately 410 tonnes and 74 tonnes, respectively. For FY2009 and FP2010, the Company recorded a turnover of approximately HK\$14.8 million and HK\$3.4 million, respectively, from Luchun Xingtai.

During FY2009 and FP2010, production was relatively low as the emphasis was on exploration and the delineation of additional resources to support an expanded operation. Subject to the progress of further exploration and the production plan, the Company plans to increase the production volume to meet the growing demand in the PRC market and thus improve the present production efficiency as the scale of production increases.

The Company will continue to develop its existing mine in the PRC with a view to increasing the Wah Nam International Group's copper production and revenue.

The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province in the PRC. It is near the border between the PRC and Vietnam (Figure 2).

Figure 2 : Map of Damajianshan Mine



In the 3.67 km² covered by the mining right there are Ore Reserves of over 7.8 million tonnes of ore with an average Cu grade of 1.46% and Mineral Resources of over 15.5 million tonnes of ore with an average Cu grade of 1.68%. The mine operation has the potential to produce over 429,000 tonnes per annum for more than 18 years. The mine site is accessible by gravel road. After beneficiation copper concentrate is trucked to customers throughout the PRC. Please refer to Table 1 and Table 2 below and the Independent Technical Report and update letter which are set out in full in Section 9 for a more detailed breakdown of Ore Reserves and Mineral Resources.

Table 1¹ : Damajianshan Mine Ore Reserves

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

¹ These tables were part of a Damajianshan Mine Independent Technical Report (ITR) prepared by Behre Dolbear in accordance with the JORC Code and the VALMIN Code on 30 June 2008 which is set out in full in Section 9. Based on Behre Dolbear's site visit and information review of the Damajianshan Mine on April 2010, Behre Dolbear believes that no material changes or upgrades occurred in the mineral resources and ore reserves for the Damajianshan Mine as they were stated in the June 30, 2008 Behre Dolbear ITR. Behre Dolbear is a subsidiary of Behre Dolbear & Company Inc.

Table 2 : Damajianshan Mine Mineral Resources

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

Plant and equipment at the Damajianshan Mine includes a ball grinder and flotation mill, capable of producing 429,000 tonnes of ore per annum (Figure 3).

Figure 3: Ball Grinder and Flotation Mill at Damajianshan Mine Beneficiation Plant



Mining Right

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

For further details, please see the Independent Technical Report contained in Section 9 and the Solicitor's Report contained in Section 10.

(b) Limousine rental and airport shuttle bus services

The limousine rental and airport shuttle bus business is carried through the Company's interest in another wholly owned Subsidiary, Perryville Group Limited.

This business segment provides high end limousine rental services in Hong Kong and the PRC (including Shenzhen, Guangzhou, Shanghai and Beijing) and airport shuttle bus services in Hong Kong.

Currently, the Wah Nam International Group has a fleet of 133 limousine cars serving major hotels, corporate and individual customers. The Wah Nam International Group recorded a

total turnover of HK\$80.6 million from its limousine rental and airport shuttle bus business in Hong Kong and the PRC for FY2009 and HK\$51.8 million for FP2010. The Company believes that this business segment will continue to provide a stable revenue and income source to the Wah Nam International Group.

(c) **Equity Security Investments**

Apart from the above two principal business segments, the Wah Nam International Group also invests in equity and other securities from time to time.

As at the date of this Prospectus, the Wah Nam International Group held the following investments:

- 32,347,405 (22.63%) Brockman Resources Shares; and
- 40,934,400 (19.90%) FerrAus Shares.

These equity security investments were made for strategic purposes.

4.2 Material Transactions

Set out below are some material corporate transactions entered into by the Company.

- On 15 May 2007, the Company raised approximately HK\$40.3 million for general working capital.
- On 13 June 2007, the Company entered into an agreement to acquire the entire issued share capital of Perryville Group Limited, a limousine rental and airport shuttle transportation services company, for HK\$170 million paid in cash and a convertible note.
- On 16 October 2007, the Company raised approximately HK\$37.4 million for general working capital and as part of the consideration for the acquisition of Perryville Group Limited.
- On 30 January 2008, the Company entered into an agreement to acquire the entire equity interest of Smart Year, for HK\$650 million paid in cash, shares and a convertible note.
- On 6 June 2008, the Company entered into an agreement to dispose of its entire interests in a company which owned the management and operating rights of a toll road in the PRC, for HK\$60 million.
- On 1 September 2008, the Company raised approximately HK\$119 million for general working capital and as part of the consideration for the acquisition of Smart Year and other mineral related investments.
- On 17 June 2009, the Company raised approximately HK\$99.18 million for potential acquisitions or investment opportunities in mineral related businesses.
- On 24 June and 29 June 2009, the Company announced on-market acquisitions of 18,159,256 Brockman Resources Shares for approximately HK\$121.79 million.
- On 9 February 2010, the Company raised approximately HK\$297 million for potential acquisitions or investment opportunities in mineral related businesses.

- On 18 February 2010 and 1 March 2010, the Company announced acquisitions totalling 9,509,486 Brockman Resources Shares for approximately HK\$196.41 million.
- On 19 June 2010, the Company raised approximately HK\$199 million for potential acquisitions or investment opportunities in mineral related business.
- On 22 June 2010, the Company subscribed for 25,047,939 FerrAus Shares for approximately HK\$147 million.
- On 17 September 2010, the Company raised approximately HK\$200 million, after costs, for potential acquisitions or investment opportunities in mineral related businesses and to cover transactional costs.

4.3 Summary of Financial Information

The table below is an abridged consolidated balance sheets of the Company as at 31 December 2008 and 2009 and 30 June 2010.

	31 December 2008 HK\$ '000 Audited	31 December 2009 HK\$ '000 Audited	30 June 2010 HK\$ '000 Unaudited
Current assets	91,008	59,936	180,505
Non-current assets	1,146,554	1,405,684	1,659,669
Total assets	1,237,562	1,465,620	1,840,174
Current liabilities	82,850	96,853	101,296
Non-current liabilities	296,657	150,186	100,256
Total liabilities	379,507	247,039	201,552
Capital and reserves			
Share capital	151,534	278,226	372,944
Reserves	610,018	844,930	1,184,842
Equity attributable to equity holders of the Company	761,552	1,123,156	1,557,786
Minority interest	96,503	95,425	80,836
Total equity	858,055	1,218,581	1,638,662

The table below sets out a summary of the consolidated results of the Company for FY2008, FY2009 and FP2010.

	FY2008 HK\$ '000 Audited	FY2009 HK\$ '000 Audited	FP2010 HK\$ '000 Unaudited
Revenue from continuing operations	88,837	95,374	55,189
Loss for the period / year	(282,462)	(80,004)	(173,002)
Other comprehensive income/(loss):			
Exchange differences arising on translation of foreign operations	4,165	(285)	11,403
Change in fair value on available-for-sale investments, net of tax	-	133,644	(35)
Reserve released upon disposal of subsidiaries	(32,214)	-	-
Total comprehensive income/(loss) for the period / year	(310,511)	53,355	(161,634)
Loss for the period / year attributable to:			
Equity holders of the Company	(296,660)	(78,935)	(157,363)
Minority interests	14,198	(1,069)	(15,639)
Total comprehensive income / (loss) attributable to:			

Equity holders of the Company	(323,807)	54,433	(147,045)
Minority interests	13,296	(1,078)	(14,589)

For details on factors which affected the Company's Historical Financial Information, see Section 7.6.

4.4 Objectives

The Company's principal objective is to grow Shareholder value by:

- leveraging the competitive advantages from the Damajianshan Mine and the skills of its workforce;
- further enhancing the efficiency of the Damajianshan Mine; and
- strategically acquiring interests in mining projects, particularly in countries with abundant mineral resources and stable political environments. The Company intends to grow through its acquisitions.

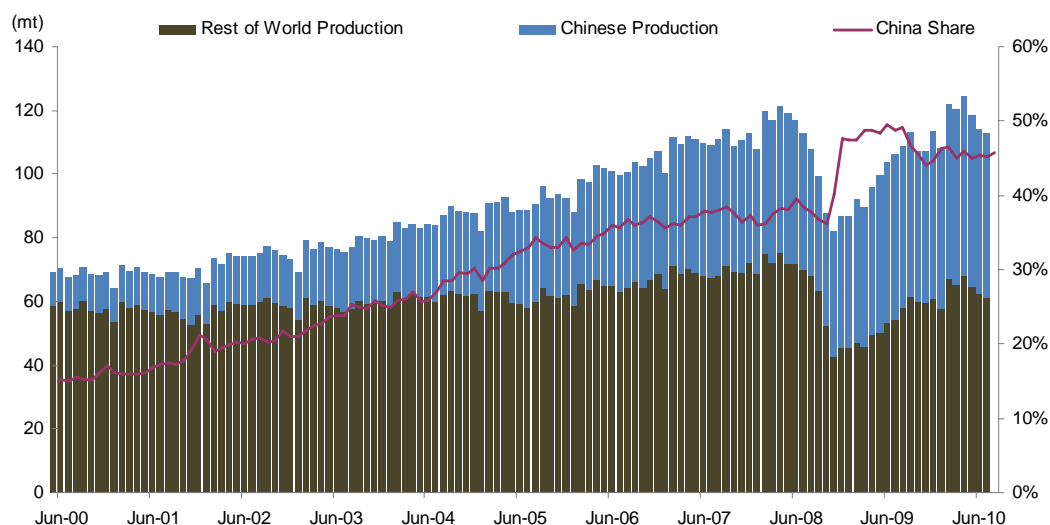
4.5 Strategies

The Company plans to be a developer of strategic mining assets in politically stable, mineral resource-rich countries. In line with this objective, the Company decided to make the Takeover Offers, which represent a significant step for the Company in achieving this plan. If successful, to the Company's knowledge, it will become the only HKEx listed company developing significant Australian hematite iron ore deposits.

Over the past two and a half years, the Company has restructured its business to focus on strategic acquisitions of iron ore projects and, to augment this objective, the development of its copper operation.

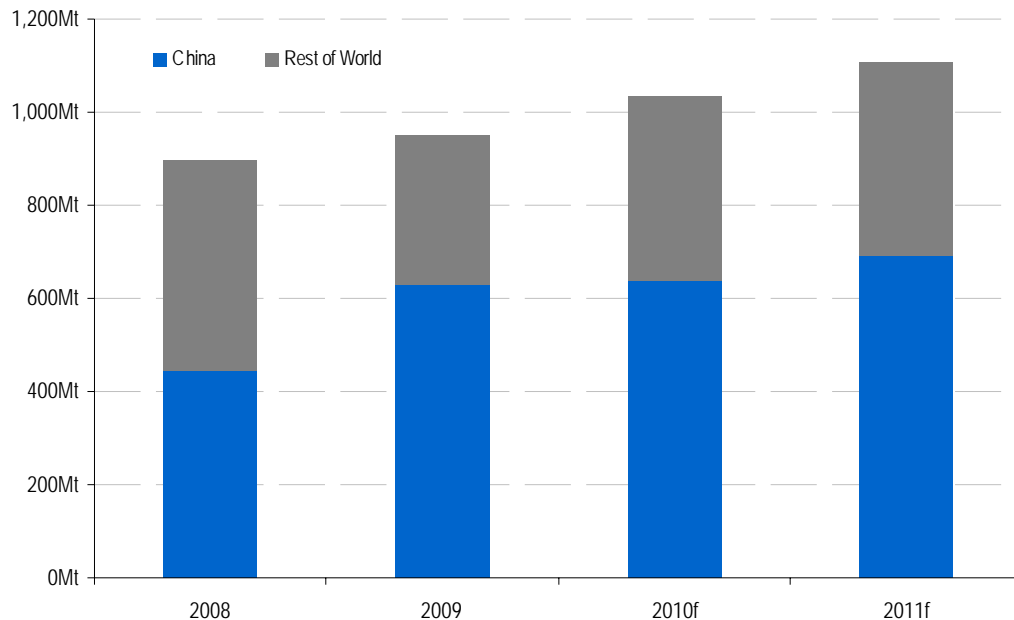
As a result of a recovery in the global economy and the PRC's continued economic growth, world production of steel has significantly recovered from low production levels in 2009 and is now on par with the pre global financial crisis peak reached during 2008 (Figure 4).

Figure 4: World Steel Production



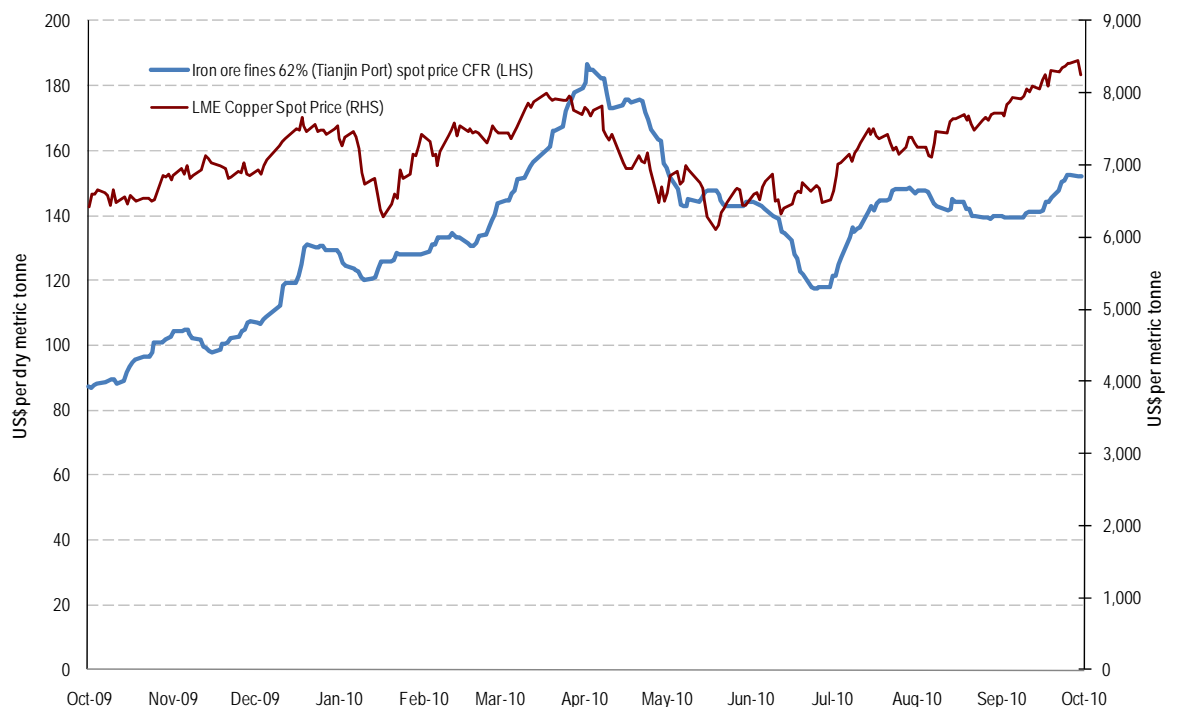
PRC steel production has contributed a significant portion of this growth. Iron ore is a key ingredient in the steelmaking process. Seaborne iron imports are expected to reach one billion tonnes this year, driven by the PRC's market leading share (Figure 5).

Figure 5: Seaborne iron ore trade



As a result of the increased seaborne trade, iron ore prices performed strongly over the past year. Copper prices follow suit as the demand for copper is tied to the same drivers of the demand for steel (Figure 6).

Figure 6: 1 Year Spot Price of iron ore and copper



The Company owns the Damajianshan Mine, a producing copper mine in the PRC, the world's largest consumer of copper. The Company will continue to develop the Damajianshan Mine

through further exploration in order to delineate and upgrade Mineral Resources and subsequently increase copper metal production of the mine.

The Company will, if the Takeover Offers are successful, seek to maximise benefits for its current and future Shareholders by progressing the Projects to production and will aim to be a significant iron ore producer by global standards. Being listed on one of the world's largest capital markets, the HKEx, should provide the Company with advantages in securing project finance on favourable terms, to the benefit of Shareholders.

In addition, the Directors will, if the Takeover Offers are successful, pursue additional strategic acquisitions, in order to realise their plan. It is expected these future assets will continue to enhance Shareholder value, above the anticipated benefit provided by the assets of Brockman Resources and FerrAus.

4.6 The Brockman Resources Takeover Offer

(a) Disclaimer

The information in this Section 4.6 concerning Brockman Resources has been prepared based on a review of publicly available information (which has not been independently verified). Neither the Company, nor any of the Directors, officers or advisers, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on Brockman Resources in this Prospectus should not be considered comprehensive.

(b) The Brockman Resources Takeover Offer

On 10 November 2010, the Company, through its wholly-owned subsidiary, Wah Nam Australia, lodged a bidder's statement with ASIC pursuant to which Wah Nam Australia will make an off-market takeover bid to acquire all the ordinary shares in Brockman Resources.

Brockman Resources is a company which has interests in iron ore exploration projects in the Pilbara region of Western Australia. The Company believes that, if the Brockman Resources Takeover Offer is successful, the Brockman Resources business will further the Company's strategy to become a developer of strategic mining assets in politically stable, mineral resource-rich countries and will strengthen the Combined Group's interest in iron ore exploration projects in the Pilbara region of Western Australia.

The Brockman Resources Takeover Offer implies a value of approximately A\$6.47 per Brockman Resources Share and represents a premium of 42.8% of the closing price of Brockman Resources Shares on 9 November 2010.

(c) Profile of Brockman Resources

Brockman Resources Limited is an ASX-listed Australian iron ore development company with a market capitalisation of approximately A\$647.4 million as at 9 November 2010 (the day before announcement of the Brockman Resources Takeover Offer).

Brockman Resources was originally listed on the ASX on 17 August 2004 as Yilgarn Mining Ltd and was renamed Brockman Resources Limited to reflect Brockman Resources' strategic decision to position itself as an iron ore developer. Brockman Resources' main focus is the development of its Marillana Project.

(d) **Overview of Brockman Resources' Projects**

Marillana Project

Background

The Marillana Project is Brockman Resources' principal project and is located in the Hamersley Iron Province 100 kilometres north west of Newman. The Marillana Project covers an area of 96 square kilometres and is held by a wholly owned Subsidiary of Brockman Resources. Brockman Resources has reported that the Marillana Project contains a JORC-Code compliant Reserve of 1,001.2 million tonnes of detrital ore grading 42.36% Fe, and 48.5 million tonnes of channel iron deposit ore grading 55.5% Fe.

Highlights

- Completion of a definitive feasibility study.
- Environmental scoping document completed and public review period closed.
- After the execution of Native Title mining agreements in December 2009, the mining lease was granted for the Marillana Project in January 2010.
- Successful metallurgical test work confirmed the technical viability of beneficiating the Marillana Project's detrital hematite resource to final product iron grade range of 60.5%-61.5%.

Reserves

The JORC Code compliant Ore Reserve at the Marillana Project totals 1,049.7 million tonnes, with 1,001.2 million tonnes of detrital ore (Table 3) and 48.5 million tonnes of direct shipping ore (Table 4).

Table 3 : Marillana Detrital Ore Reserves

Reserve Classification	Tonnes (Mt)	Fe (%)
Proven	133.2	41.55
Probable	868.0	42.48
TOTAL	1,001.2	42.36

Table 4 : Marillana CID Ore Reserves

Reserve Classification	Tonnes (Mt)	Fe (%)	Al₂O₃ (%)	SiO₂ (%)	P (%)	LOI (%)
Probable	48.5	55.5	3.7	5.3	0.09	9.7
TOTAL	48.5	55.5	3.7	5.3	0.09	9.7

Project Development

The Brockman Resources board decided to progress the Marillana Project as a long-life operation to achieve economies of scale. In December 2008, Brockman Resources contracted Ausenco Ltd for the purposes of completing a pre-feasibility study on the development of the Marillana Project. The pre-feasibility study was completed and announced to the market on 10 August 2009 and confirmed the technical and financial robustness of a conventional mining and processing operation at the Marillana Project.

As a result of the positive pre-feasibility study, a definitive feasibility study for the Marillana Project commenced in September 2009 and was completed and announced to the market on 29 September 2010.

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

The development and success of the Marillana Project is heavily dependent on access to rail and port infrastructure to economically transport the ore to future customers. For port infrastructure, Brockman Resources has partnered with FerrAus and Atlas Iron Limited to form the NWIOA, a group that has secured the rights to construct a 50 million tonnes per annum berth at Port Hedland. The NWIOA has also been successful with regard to progressing rail infrastructure access, with the ACCC granting NWIOA interim authorisation to engage in collective negotiations with the providers of rail infrastructure in the Pilbara region.

The rail infrastructure options available to Brockman Resources are:

- the negotiation of haulage on BHP's rail infrastructure;
- the construction of a spur line to, and negotiation of access to or haulage on, FMG's rail infrastructure; and
- the construction of an independent, 'end-to-end' rail line.

Other iron ore projects

Brockman Resources also owns the Duck Creek, West Hamersley, Mt Stuart and Ophthalmia iron ore projects in the West Pilbara region of Western Australia. Brockman Resources has planned exploration programs for a number of these projects, but to date has not delineated any JORC Mineral Resources or JORC Ore Reserves at these projects.

Other projects

Irwin-Coglia Nickel-Cobalt Laterite Project

Brockman Resources has a 40% interest in the Irwin–Coglia nickel-cobalt laterite Joint Venture located 150 kilometres south east of Laverton in Western Australia. The remaining 60% interest in the Joint Venture is held by Murrin Murrin Holdings Pty Ltd and Glenmurrin Pty Ltd. Since establishing the Joint Venture, the co-venturers have completed extensive drilling programs and reported an Indicated Mineral Resource at Irwin-Coglia of 16.8 million tonnes grading 1.07% Ni and 0.14% Co.

4.7 The FerrAus Takeover Offer

(a) Disclaimer

The information in this Section 4.7 concerning FerrAus has been prepared based on a review of publicly available information (which has not been independently verified). Neither the Company, nor any of the Directors, officers or advisers, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on FerrAus in this Prospectus should not be considered comprehensive.

(b) **The FerrAus Takeover Offer**

On 10 November 2010 the Company, through its wholly-owned subsidiary, Wah Nam Australia, lodged a bidder's statement with ASIC pursuant to which Wah Nam Australia will make an off-market takeover bid to acquire all the ordinary shares in FerrAus.

FerrAus is a company which also has interests in iron ore exploration projects in the Pilbara region of Western Australia. The Company believes, if the FerrAus Takeover Offer is successful, the FerrAus business will further the Company's strategy to become a developer of strategic mining assets in politically stable, mineral resource-rich countries and will strengthen the Combined Group's interest in iron ore exploration projects in the Pilbara region of Western Australia.

The FerrAus Takeover Offer implies a value of approximately A\$1.29 per FerrAus Share and represents a premium of 52.2% of the closing price of FerrAus Shares on 9 November 2010.

The Takeover Offers are not interconditional. This means that either Takeover Offer will not be affected by the success or otherwise of the other Takeover Offer.

(c) **Profile of FerrAus**

FerrAus is an ASX-listed Australian iron ore development company with a market capitalisation of approximately A\$174.8 million as at 9 November 2010 (the day before announcement of the FerrAus Takeover Offer).

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

(d) **Overview of FerrAus' Projects**

FerrAus Pilbara Project

Background

The FerrAus Pilbara Project is located northwest of Robertson Range and 35 kilometres east of BHP's mining operations and rail infrastructure at Jimblebar. The FerrAus Pilbara Project is a combination of the Davidson Creek Iron Ore Project, the Robertson Range Iron Ore Project and the Murramunda Iron Ore Project.

Highlights

- Completion of a scoping study.
- Commencement of a pre-feasibility study.
- Pre-feasibility study and definitive feasibility study due for completion by November 2010 and early 2011, respectively.

Resources

The JORC Code compliant Mineral Resource at the FerrAus Pilbara Project totals 316.4 million tonnes, with 210.7 million tonnes of higher grade resource and 105.6 million tonnes of medium grade resource.

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

Area	Resource Classification	Tonnes (Mt)	Fe (%)	Al2O3 (%)	SiO2 (%)	P (%)	LOI (%)
Robertson Range	Measured	23.4	58.93	2.71	4.54	0.109	7.69
	Indicated	20.7	58.98	2.99	5.40	0.104	6.48
	Inferred	10.6	58.11	3.37	6.56	0.097	6.15
	TOTAL	54.6	58.79	2.94	5.26	0.105	6.93
Davidson Creek	Measured	9.5	58.10	2.83	4.31	0.078	9.12
	Indicated	91.6	58.70	2.43	4.44	0.082	8.63
	Inferred	55.0	57.96	2.67	4.92	0.100	8.72
	TOTAL	156.1	58.40	2.54	4.60	0.088	8.69
TOTAL (+55% Fe)		210.7	58.50	2.64	4.77	0.092	8.23

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

Area	Tonnes (Mt)	Fe (%)	Al2O3 (%)	SiO2 (%)	P (%)	LOI (%)
Robertson Range	16.2	53.00	5.40	8.51	0.123	8.85
Davidson Creek	89.4	53.21	5.12	8.38	0.080	9.32
TOTAL	105.6	53.18	5.17	8.40	0.086	9.25

Project Development

On 24 February 2010, FerrAus completed a positive scoping study on the FerrAus Pilbara Project and as a result, commenced a pre-feasibility study.

FerrAus aims to complete the pre-feasibility study in November 2010 and definitive feasibility study by early 2011. In addition to the pre-feasibility study, FerrAus' core activities are the completion of infill drilling activities, metallurgical test work, hydrology studies, environmental studies, process flow design, regulatory approvals and technical marketing of the product.

Port and rail infrastructure

The development and success of the FerrAus Pilbara Project is heavily dependent on access to rail and port infrastructure to economically transport the ore to future customers. For port infrastructure, FerrAus has partnered with Brockman Resources and Atlas Iron Limited to form the NWIOA, a group that has secured the rights to construct a 50 million tonnes per annum berth at Port Hedland. The NWIOA has also been successful with regard to progressing rail infrastructure access, with the ACCC granting NWIOA interim authorisation to engage in collective negotiations with the providers of rail infrastructure in the Pilbara region.

The two rail infrastructure options available to FerrAus are:

- the construction of a spur line to and negotiation of haulage on BHP's rail infrastructure; and
- the construction of a spur line to, and negotiation of access to, or haulage on, FMG's rail infrastructure.

Enachedong

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

4.8 The Combined Group

If the Takeover Offers are successful, the Combined Group will consist of a combination of the Company's existing operations, Brockman Resources' existing operations and FerrAus' existing operations.

(a) Effect of acquisitions on the Company

General effect of acquisitions

The Company plans to be a developer of strategic mining assets in politically stable, mineral resource-rich countries. The Takeover Offers represent a significant step for the Company in achieving this plan. If the Takeover Offers are successful, to the Company's knowledge, it will be the only HKEx listed company developing significant Australian hematite iron ore deposits.

Effect of acquisitions on the Company's capital structure

If the Offer is oversubscribed and the Takeover Offers are successful, based on the number of Shares, Brockman Resources Shares and FerrAus Shares on issue as at 9 November 2010, the Company will have 8,228,006,805 fully paid Shares on issue of which:

- 3,316,972,380 (representing approximately 40.3% of the total fully paid ordinary shares on issue following the Offer being oversubscribed and 100% acceptance of Takeover Offers) will represent Shares issued to Brockman Resources Shareholders pursuant to the Brockman Resources Takeover Offer.
- 988,598,940 (representing approximately 12.0% of the total fully paid ordinary shares on issue following the Offer being oversubscribed and 100% acceptance of Takeover Offers) will represent Shares issued to FerrAus Shareholders pursuant to the FerrAus Takeover Offer.

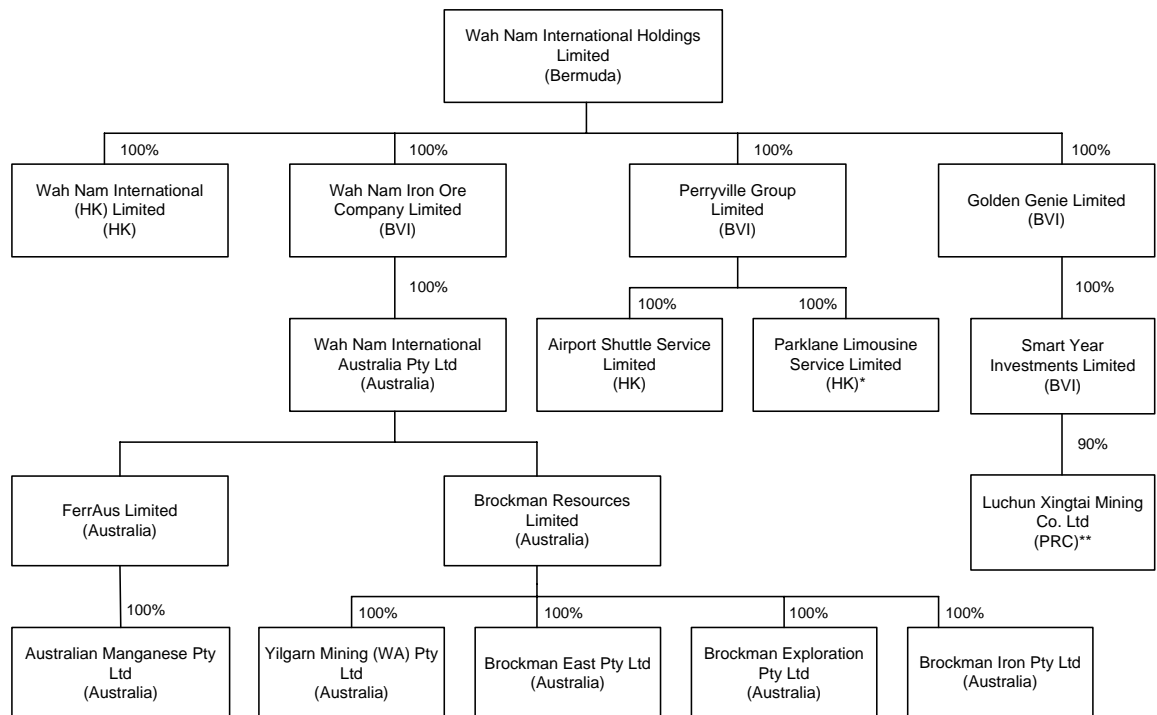
Further, if all holders of:

- Brockman Resources options were to exercise their options and subsequently accept the Brockman Resources Takeover Offer for their Brockman Resources Shares; and
- FerrAus options were to exercise their options and subsequently accept the FerrAus Takeover Offer for their FerrAus Shares,

the Company will have 8,464,856,805 fully paid ordinary shares on issue of which:

- 3,508,672,380 (representing approximately 41.5% of the total fully paid ordinary shares on issue following the Offer being oversubscribed and 100% acceptance of the Takeover Offers) will represent Shares issued to Brockman Resources Shareholders pursuant to the Brockman Resources Takeover Offer.
- 1,033,748,940 (representing approximately 12.2% of the total fully paid ordinary shares on issue following the Offer being oversubscribed and 100% acceptance of the Takeover Offers) will represent Shares issued to FerrAus Shareholders pursuant to the FerrAus Takeover Offer.

(b) **Corporate Structure of the Combined Group**



* Parklane Limousine Service Limited (HK) has a number of wholly owned subsidiaries not shown in this diagram.

** English name is for identification purpose only

(c) **Prospects of the Combined Group**

The Combined Group will be a large, financially secure, growth focused company with a expanded multi-mine asset base. If both of the Takeover Offers are successful, the value of the Company's Shares is likely to be positively re-rated by the equity capital markets as a consequence of:

- enhanced global capital market and institutional investor awareness through an anticipated increase in broker research coverage and investment in the Company by large offshore investment funds;
- increased market capitalisation, liquidity and market presence; and
- recognition of the Combined Group's balance sheet, significant multi-mine asset base, cash and access to an expanded range of financing and growth options.

The combination of the Company's expertise in international capital markets and its debt and equity raising capabilities with that of Brockman Resources' and FerrAus' mining exploration, production and development expertise will enhance the likelihood of the Projects commencing production as scheduled, if not sooner. If the Company is successful in gaining majority or full control of both Brockman Resources and FerrAus, the benefits to the Combined Group with regards to port infrastructure, rail infrastructure, project financing and marketing of the Projects will include the following:

Port infrastructure

Brockman Resources and FerrAus are members of the NWIOA, which is currently working towards the completion of multi-berth facilities at Port Hedland. In addition to Brockman Resources and FerrAus, Atlas Iron Limited is also a NWIOA member company.

The Combined Group intends to rapidly develop both the Marillana and the FerrAus Pilbara Projects which may provide the impetus needed for the NWIOA to proceed with the development of the NWIOA multi-user facility and may improve the merits of the NWIOA as an attractive investment opportunity for strategic and financial institutions. This will allow the NWIOA better access to construction funds to complete the port construction on or before the fourth quarter of 2013.

Rail infrastructure

As separate entities, both Brockman Resources and FerrAus will be relying on either BHP or FMG for access to rail infrastructure, although Brockman Resources has recently indicated that it is working with the WA government to progress an independent, 'end-to-end' rail option should this be required. As the Combined Group, sharing an independent direct railway to Port Hedland is also an option. The rail options are outlined below:

- (i) **BHP haulage scenario** - Brockman Resources and FerrAus will each have to negotiate haulage on BHP's rail infrastructure, with FerrAus also requiring a spur line to BHP's rail infrastructure. The Combined Group may be in a better position to negotiate a haulage agreement.
- (ii) **FMG haulage scenario** - Brockman Resources and FerrAus will each need to build a railway spur to connect to FMG's rail infrastructure as well as negotiate access to, or haulage on, the infrastructure. The Combined Group may be in a better position to negotiate access or haulage agreements and capital costs for the railway spur could be shared.
- (iii) **Independent railway scenario** - Brockman Resources' and FerrAus' forecasted production of the Projects may, under the Combined Group improve the economic viability of the independent, 'end-to-end' railway being studied by Brockman Resources. The Combined Group will be in a better position to fund the significant development costs of this option.

Access to funding

The Combined Group will emerge as a larger company with a larger Mineral Resource and potential annual production capacity than each of the companies individually.

The Combined Group's JORC-compliant iron ore Mineral Resource currently totals more than 1.8 billion tonnes. With such a large resource inventory, the Combined Group may be able to position itself as a meaningful iron ore producer both in the Pilbara region, and globally. Accordingly, the Combined Group would be in a favourable position to obtain both equity and debt financing from strategic and institutional investors, as well as global financial institutions.

Marketing

The Combined Group will have the capacity to mix final iron ore products from each of the Projects, enhancing its marketing coverage with steel mills. In addition, the higher production levels may place the Combined Group in a stronger position to negotiate off-take agreements than Brockman Resources or FerrAus would be in as separate entities.

(d) **Prospects of Wah Nam International if only one of the Takeover Offers is successful**

If only one of the Takeover Offers is successful and the other is not, the Enlarged Group will have similar prospects and realise similar benefits to those of the Combined Group (as set out in Section 4.8(c) except as follows:

Rail Infrastructure

The Enlarged Group may still be in a better position than Brockman Resources or FerrAus alone to negotiate haulage/access agreements or fund the development costs of a railway spur. However, the capital costs of an independent railway scenario may not be able to be shared across multiple projects and therefore an independent railway may not be as economically attractive.

Access to funding

The Enlarged Group will emerge as a larger company with a larger asset base than either Brockman Resources or FerrAus as a separate entity and accordingly, the Enlarged Group may be in a more favourable position than Brockman Resources or FerrAus alone to obtain both equity and debt financing from strategic and institutional investors, as well as global financial institutions.

Marketing

The Enlarged Group will be in a stronger position to negotiate off-take agreements than either Brockman Resources or FerrAus would be on their own due to the increased size and enhanced global presence of the Enlarged Group.

4.9 Placement Mandate

During the Offer period, the Company proposes to seek a mandate from its Shareholders for the placement of up to 600 million Placement Shares (**Placement Mandate**).

(a) **Placement Mandate Price**

The price at which the Placement Shares are to be issued will be equal to or higher than the higher of:

- HK\$1.30; or
- a discount of not more than 30% to the average closing price for the 20 trading days immediately prior to the date of the agreement in respect of the issuing of the Placement Shares.

The placement price of HK\$1.30 would represent:

- a discount of approximately 20.2% to the closing price of HK\$1.63 per Share as quoted on the HKEx on 9 November 2010; and
- a discount of approximately 22.2% to the average of the closing prices per Share of HK\$1.67 as quoted on the HKEx for the five consecutive trading days up to and including 9 November 2010.

The placement price of HK\$1.30 was determined with reference to the prevailing market price and the recent trading volume of Shares. The actual placement price will be determined based on the above conditions and negotiations between the Company and the investors under the placement.

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

(b) **Maximum number of Placement Shares**

The 600 million Placement Shares represent:

- approximately 15.4% of the existing issued share capital of the Company;
- approximately 13.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Placement Shares; and
- approximately 6.8% of the issued share capital of the Company as enlarged by the Placement Shares, the Offer Shares, the Option Shares, and the Shares which would be required to be issued under the Takeover Offers assuming full acceptance of both Takeover Offers but no Brockman Resources or FerrAus option holder exercising their options and accepting the Brockman Resources Takeover Offer or the FerrAus Takeover Offer, as the case may be.

(c) **Conditions of the Placement Mandate**

The Placement Mandate is subject to:

- the Brockman Resources Takeover Offer and/or the FerrAus Takeover Offer becoming unconditional;
- the HKEx granting or agreeing to grant listing of and permission to deal in all of the Placement Shares; and
- the passing of necessary resolution(s) by the Shareholders to approve the Placement Mandate and the transactions contemplated thereunder, including but not limited to the issue and allotment of the Placement Shares.

The Placement Mandate will be valid for a period of six months from the date either the Brockman Resources Takeover Offer or the FerrAus Takeover Offer is declared unconditional.

(d) **Rights of Placement Shares**

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

(e) **Use of Proceeds**

If the Placement Mandate is utilised in full, based on the minimum placement price of HK\$1.30, the maximum gross proceeds would be approximately HK\$780 million, and the estimated net proceeds, after the deduction of commission and other related expenses, is estimated to be approximately HK\$741 million.

It is intended that the net proceeds raised from the placement will be used to support the financing of capital expenditure required by the Projects. The Combined Group will need to raise funds for the development of the Projects or for other capital expenditure, further exploration or feasibility studies.

The Company considers that the Placement Mandate will allow the Company additional flexibility in supporting the development of Brockman Resources and/or FerrAus after the completion of the Takeover Offers.

5. Board Composition, Key Management and Corporate Governance

5.1 Directors of the Company

The Board brings relevant experience and skill including mining, financial management and corporate governance. The following table sets out information regarding the Directors upon completion of the Offer:

Name	Position
Mr Luk Kin Peter Joseph	Chairman and CEO
Mr Chan Kam Kwan Jason	Executive Director and Company Secretary
Mr Lau Kwok Kuen Eddie	Non-executive Director
Mr Uwe Henke Von Parpart	Non-executive Director
Mr Yip Kwok Cheung Danny	Non-executive Director

Mr Luk Kin Peter Joseph - Chairman and Chief Executive Officer

Mr Luk Kin Peter Joseph, aged 39, has been the Chairman of the Company since February 2009. Mr Luk holds a Masters Degree in Business Administration and the professional qualification of Chartered Financial Analyst. Mr Luk worked in several international financial institutions and is well experienced in international financial and investment management. Mr Luk also has extensive experience in the mining industry. He was the CEO and deputy chairman of China Mining Resources Group Limited, a HKEx listed company with mining activities in the PRC, from November 2005 to July 2007.

Mr Chan Kam Kwan Jason - Executive Director and Company Secretary

Mr Chan Kam Kwan, Jason, aged 37, joined the Wah Nam International Group in January 2008. He is an executive Director and the company secretary. Mr Chan graduated from the University of British Columbia in Canada with a Bachelor of Commerce Degree and is a member of the American Institute of Certified Public Accountants. Mr Chan has experience in accounting and corporate finance.

Mr Lau Kwok Kuen Eddie - Non-executive Director

Mr Lau Kwok Kuen, Eddie, aged 54, joined the Wah Nam International Group in December 2007. He is an independent non-executive Director. He graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and is a fellow member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has been practicing as a Certified Public Accountant in Hong Kong since 1982.

Mr Uwe Henke Von Parpart - Non-executive Director

Mr Uwe Henke Von Parpart, aged 69, joined the Wah Nam International Group in January 2008. He is an independent non-executive Director. He received a Fulbright scholarship and did his graduate work in mathematics and philosophy (Ph.D.) at Princeton University and the University of Pennsylvania.

Mr Parpart is the managing director at Cantor Fitzgerald in Hong Kong, where he is responsible for macro-economic, fixed-income and equity-markets research and strategy in Asia. He joined Cantor Fitzgerald in May 2006. His analyses are published on a weekly and

daily basis and frequently featured on CNBC Asia and Bloomberg TV. Prior to joining Cantor Fitzgerald, Mr Parpart worked for 4 years as a senior currency strategist at Bank of America, Hong Kong, covering both currencies and notes. Mr Parpart has also contributed to numerous magazines and newspapers and until recently was a columnist for Forbes Global and Shinchosha Foresight Magazine (Tokyo).

Mr Yip Kwok Cheung Danny - Non-executive Director

Mr Yip Kwok Cheung, Danny, aged 46, joined the Wah Nam International Group in August 2009. He is an independent non-executive Director. He is an Australian citizen and he joined the Company in August 2009. Mr Yip graduated from the Australian National University majoring in Economics and Accountancy. Mr Yip has extensive experience as an internet strategist, entrepreneur and specialist in international trade. He was also the founder of several service-oriented businesses in Hong Kong and Australia, and was the founder of Tradeeasy Holdings Limited in 1996. He was the executive director and chief executive officer of CCT Resources Holdings Limited (formerly known as Tradeeasy Holdings Limited) (a company listed on the growth enterprise market of the HKEx) until June 2007.

5.2 Senior Management and Key Personnel

The other members of senior management are listed below:

Name	Position
Mr Leung Chi Yan, Danny	President of the Perryville Group
Mr Hendrianto Tee	Chief Investment Officer
Mr Au-Yeung Sai Kit, Alex	Financial Controller

Mr Leung Chi Yan, Danny - President of the Perryville Group

Mr Leung Chi Yan, Danny, aged 62, is the managing director of Parklane Limousine Service Limited which is principally engaged in the provision of limousine and airport shuttle transportation services in Hong Kong. Mr Leung graduated from Newport University of Southern California with a Master of Business Administration degree. Mr Leung has over 30 years experience in limousine and airport shuttle transportation services and is the Chairman of Hong Kong Limousine Hire Association.

Mr Hendrianto Tee - Chief Investment Officer

Mr Hendrianto Tee, aged 43, joined the Wah Nam International Group in January 2009. He is the Chief Investment Officer of the Company. Mr Tee graduated from Walsh University, USA, with a Bachelor of Arts Degree. Mr Tee spent a large part of his career with several international financial institutions with a focus on debt capital markets. Prior to joining the Company, Mr Tee held a senior executive position at a large Asian agri-business conglomerate.

Mr Au-Yeung Sai Kit, Alex - Financial Controller

Mr Au-Yeung Sai Kit, Alex, aged 31, joined the Wah Nam International Group in December 2008. He is the Financial Controller of the Company. Mr Au-Yeung is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr Au-Yeung obtained a Bachelor Degree of Business Administration (Honours) - Accounting from the Hong Kong Baptist University. Mr Au-Yeung has over 9 years experience in auditing, accounting and banking.

5.3 Corporate governance

The Board is committed to the principles of best practice in corporate governance. The Board has relied on the Revised Principles of Corporate Governance Principles and Recommendations, developed by the ASX Corporate Governance Council and the Code of Corporate Governance Practices as set out in Appendix 14 of the HKEx Listing Rules, in formulating its corporate governance policies and practices. The Board seeks, where appropriate, to adopt the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and the Code of Corporate Governance Practices as set out in Appendix 14 of the HKEx Listing Rules. To the extent these principles have not been adopted appropriate justification has been set out below.

The Company's corporate governance principles and policies are guided by the ASX Corporate Governance Council's recommendations. The format of this Part is structured accordingly.

(a) **Principle 1: Lay solid foundation for management and oversight**

The Board and senior management have agreed on their respective roles and responsibilities, and the functions reserved to the Board and to senior management. The Company has in place a Board Charter which sets out the duties and responsibilities of the Board and clarifies the respective roles and responsibilities of Board members. The Board has also established various Board committees, including an Executive Committee, for the purpose of implementing the Company's corporate governance principles.

(b) **Principle 2: Structure the Board to add value**

The Board comprises a majority of independent Directors.

The Board ultimately takes responsibility for considering and reviewing corporate governance policies.

The composition, function and responsibilities of the Board are set out in the Bye-laws and the Board Charter and include the following:

- (i) One third of the Board retires and is subject to re-election at each annual general meeting of the Company.
- (ii) Subsequent or additional Directors are initially appointed by the Board and then are subject to re-election by Shareholders at the next annual general meeting.
- (iii) The Chairman is to be elected by the Board, and the performance of the Directors is to be reviewed by the Remuneration and Performance Committee on an ongoing basis.
- (iv) The Board monitors the strategic objectives of the Company, and performance in the achievement of these objectives.
- (v) The Board approves budgets and monitors financial objectives and performance in achieving the budgets.
- (vi) The Board reviews and ratifies risk management strategies to ensure that all major business risks are identified and effectively managed.
- (vii) The Board is responsible for overseeing effective internal control systems.
- (viii) The Board schedules meetings on a regular basis, and other meetings as, and when, required.

(ix) Directors have the right, in connection with their duties and responsibilities as directors, to delegate any of their powers and discretions to committees responsible to the Board. To this end, the Board has established the following committees:

- A. Executive Committee;
- B. Remuneration and Performance Committee;
- C. Audit Committee;
- D. Risk Management Committee;
- E. Nomination Committee; and
- F. Health, Safety, Environment and Sustainability Committee.

Committee charters and terms of reference have been established to govern each committee's duties and responsibilities with such charters and terms of reference being reviewed regularly by the Board.

(x) Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

The Board has determined, given the Company's current strategy, it is not appropriate to separate the role of the Chairman from the chief executive officer and accordingly, the Chairman of the Company is not an independent Director. Currently, Mr Luk Kin Peter Joseph has assumed the role of both Chairman and chief executive officer of the Company. As the Company's business becomes more diversified, the Board will review the needs of appointing a suitable candidate to assume the role of the chief executive officer.

The Board has established a Nomination Committee which is responsible for providing advice and recommendations to the Board regarding:

- the identification of suitable candidates for nomination to the Board, Board committees and senior management;
- succession planning for the Board and senior management;
- the appointment and re-election of Directors (both executive and non executive); and
- ensuring the skills needed are available to the Board to discharge its duties and add value to the Company.

The Nomination Committee may obtain information from and consult with management and external advisers, if it considers it is appropriate.

(c) **Principle 3: Promote ethical and responsible decision making**

All Directors, senior management and employees are expected to conduct themselves with integrity, openness, honesty and fairness, and in the best interests of the Company. The Board has established a Code of Conduct and Ethics to guide all Directors, members of senior management and employees.

The Board has also established a Securities Trading Policy which extends to all Directors, members of senior management and all other employees for the purposes of ensuring, amongst other things, that the personal investments of any employee do not conflict with the interests of

the Company and other security holders and to preserve market confidence in the integrity of dealings in the Company's securities.

(d) **Principle 4: Safeguard integrity in financial reporting**

The Directors are committed to ensuring the truthful and factual presentation of the Company's financial position. The Board has established an Audit Committee which comprises 3 non-executive Directors and a chairman who is appointed from the independent non-executive Directors.

The Audit Committee reviews and monitors the Company's financial statements, financial reporting processes, risk management systems, internal audit, external audit and such other matters as the Board may request from time to time.

(e) **Principle 5: Make timely and balanced disclosure**

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the ASX Listing Rules, the HKEx Listing Rules, and the Companies Act. At each Board meeting, specific consideration is given as to whether any matters should be disclosed under the Company's continuous disclosure policy.

The Directors have established written policies and procedures to ensure compliance with the disclosure requirements of the ASX Listing Rules and the HKEx Listing Rules, and to ensure accountability at a senior management level for that compliance.

(f) **Principle 6: Respect the rights of shareholders**

The Directors have established a communications strategy to promote effective communication with shareholders, and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX, the Company will also ensure that all relevant documents are released on the Company's website for the purpose of both stakeholders and shareholders. Copies of all corporate governance policies, charters and terms of references are also freely available on the Company's website.

The Communications Strategy and Continuous Disclosure Policy includes a guideline to notices of meeting, in accordance with the Company's Bye-laws, pursuant to which the Company is required to give at least 21 days' notice of an annual general meeting or any special general meeting at which the passing of a special resolution is to be considered and at least 14 days' notice of all other special general meetings, unless that meeting is a continuation of a meeting which has previously been adjourned or a shorter notice period is so agreed in accordance with the Bye-laws. Appendix 14 of the HKEx Listing Rules recommends a company arrange for the notice to shareholders to be sent in the case of annual general meetings at least 20 clear Business Days before the meeting and to be sent at least 10 clear Business Days in the case of all other general meetings. The notice periods in Appendix 14 of the HKEx Listing Rules have not been adopted as the Directors believe that the notice periods in the Communications Strategy and Continuous Disclosure Policy and the Bye-laws provide the Company with more flexibility and are more efficient which is beneficial to Shareholders.

(g) **Principle 7: Recognise and manage risk**

The Company has established a Risk Management Committee, an Audit Committee and a Health, Safety, Environment and Sustainability Committee for the purposes of overseeing, monitoring and managing all material business risks.

The committees must regularly report to the Board on compliance with any risk, audit and health, safety, environment and sustainability policies and protocols in place at the time.

Although the Company is not required to comply with section 295A of the Corporations Act (being a company incorporated in Bermuda), the Directors require the chief executive officer and financial controller to state in writing to the Board that:

- (i) the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with the relevant accounting standards;
- (ii) the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies established by the Board; and
- (iii) the Company's risk management and internal control systems are operating efficiently and effectively in all material respects.

(h) **Principle 8: Remunerate fairly and responsibly**

The Board has established a Remuneration and Performance Committee comprising a majority of independent non-executive Directors.

The Remuneration and Performance Committee's duties and responsibilities are set out in the terms of reference and include:

- (i) evaluating the Board's performance and the performance of individual Directors; and
- (ii) reviewing and making recommendations to the Board in respect of Director's and senior management's remuneration.

The terms of reference in respect of the Remuneration and Performance Committee distinguishes the structure of the non-executive Directors' remuneration from that of executive Directors and senior executives. The Board is determined to attract and retain high calibre non-executive directors to work with the Company, and to save the cash output as salary payment by cash. Accordingly, the structure of the non-executive Directors' remuneration allows for remuneration in the form of Scheme Options, granted under the Share Option Scheme, details of which are set out in Section 11.8.

The Remuneration and Performance Committee may obtain information from and consult with external professional advisers if it considers it is appropriate.

6. Risk Factors

6.1 Introduction

There are a number of risks and uncertainties, both specific to the Company and its business, and of a more general nature to the mining industry and the economic climate, which either individually or in combination, may adversely affect the future operating and financial performance or financial position of the Company, its prospects and/or the value of Shares and the outcome of an investment in the Company.

This Section 6 describes some of the risks and uncertainties associated with an investment in the Company. Prospective investors should specifically consider the factors contained in this Section 6 in order to fully appreciate the risks associated with an investment in the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. However, investors are advised that the list of risks and uncertainties in this Section 6 might not be exhaustive. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company's future financial performance and financial position.

There can be no guarantee that the Takeover Offers will be successful and therefore no guarantee that the Combined Group will form. In addition, there can be no guarantee that the Company will achieve its stated objectives, or that forward looking statements will be realised. Finally, the price of the Shares may rise or fall and the prices at which the Shares are traded may be above or below the Offer Price.

Prior to deciding whether to invest in the Company, potential investors should read the entire Prospectus and, in particular, consider the risk factors that could affect the financial performance and/or financial position of the Company. A number of operational and financial assumptions have been used in the preparation of various aspects of this Prospectus and the occurrence of risk factors might result in the assumptions being wrong or unachievable. This may impact upon the Company's existing and future operation and the forecasts. Investors should read these assumptions to understand how the forecasts have been calculated or made, and how changes in assumptions may influence the forecasts.

6.2 Risks relating to the Company's business

The business activities of the Company are subject to a number of risks and uncertainties that could affect the Company and the industry in which it operates. These factors may substantially impact its future financial performance and/or financial position. The Directors believe that there are a number of specific risks relating to the Company's business that should be taken into account before investors make an investment decision. These are as follows:

Uncertainty regarding the success of the Takeover Offers

There is a risk that one or both of the Takeover Offers will not be successful and therefore a risk that the Combined Group will not form. Accordingly, the Company's business could potentially comprise of the following:

- the Company's and Brockman Resources' combined businesses; or
- the Company's and FerrAus' combined business; or
- the Company's business alone.

In addition, if Wah Nam Australia was to drop the Minimum Acceptance Condition in either the Brockman Resources Takeover Offer or the FerrAus Takeover Offer, the Company could end up holding a minority shareholding in Brockman Resources and/or FerrAus which could affect the likelihood of the Company's Shares being positively re-rated by the equity capital markets as well as the level of the Company's participation in the port infrastructure, rail infrastructure, project financing and marketing of the Projects.

Copper Market and Copper Price

The continuing success of the Damajianshan Mine and, accordingly, the Company's profitability will depend primarily on the future sales volumes and prices that the Company obtains for sales of copper.

Prices for copper are subject to fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, global and regional supply and demand, increased supply from new projects, expansion of existing operations, or substitution with alternative products in downstream markets, technological advancements, competitors that supply copper reducing their prices, and the political and economic conditions of major copper-producing and consuming countries throughout the world.

Iron Ore Market and Iron Ore Price

If both of the Takeover Offers are successful, the continuing success of the Projects and, accordingly, the Combined Group's profitability will depend primarily on the future sales volumes and prices that the Combined Group obtains for sales of iron ore.

Prices for iron ore are subject to fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, global and regional supply and demand, increased supply from new projects, expansion of existing operations, or substitution with alternative products in downstream markets, technological advancements, competitors that supply iron ore reducing their prices, and the political and economic conditions of major iron ore-producing and consuming countries throughout the world.

Actual Ore Reserves and Mineral Resources may be lower than current estimates

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

Environment and other regulatory requirements

The activities of operators in the copper and iron ore industries are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibition on spills, releases or emissions of various

substances produced in association with certain mining industry operations which would result in environmental pollution. Exploration and mining activities generally require permits from various governmental authorities and such operations are and will be governed by laws and regulations regarding prospecting, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters.

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

Risks specific to the PRC

In addition to exposure to the risks that are common to mining operators, the Company is also subject to the political and economic uncertainties associated with operating in the PRC. Whilst the mining regulatory environment in the PRC is developing, it lacks clarity in a number of areas and is subject to interpretation, review and amendment.

6.3 Risks Related to the Offer

Volatile market price for Shares

The market price for Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- if only a small number of Shareholders wish to hold their Shares on the ASX register the price at which Shares are traded on the ASX may be adversely affected;
- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of other mining companies;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on Shares;
- sales or perceived sales of additional Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Accordingly, the market price of the Company's Shares may decrease even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that fluctuations in price and volume will not occur.

6.4 Risks relating to the Takeover Offers and the Combined Group

(a) *Brockman Resources and FerrAus information*

The Company has relied on publicly available information released by Brockman Resources and FerrAus. Any inaccuracy in this information could adversely affect the anticipated results of the Combined Group. In addition, it is possible that additional risks may exist in relation to Brockman Resources' and/or FerrAus' businesses which are not known to the Company.

(b) *Uncertainty regarding the level of integration that may be achievable*

If both of the Takeover Offers are successful, the Company intends, to the maximum extent possible, to seek to integrate Brockman Resources' and FerrAus' operations within the Company so as to maximise operational synergies as well as eliminating a range of duplicated effort and costs. The extent to which these synergy benefits and cost savings are realisable depends upon a range of factors including the level of acceptances received under the Takeover Offers.

There is a risk that the synergies expected to arise from the combination of the Company, Brockman Resources and FerrAus fail to materialise or take longer than expected to materialise. The Company may incur greater than anticipated implementation costs during the integration of the businesses of the Company, Brockman Resources and FerrAus. This may affect the future earnings performance of the Combined Group.

(c) *Uncertainty in dealing in the Australian Operating Environment*

The Company has been operating exclusively in the PRC and Hong Kong since its incorporation. The operating environment in Australia is significantly different. The Company may incur greater than anticipated problems in adjusting to the operating environment in Australia and it may take longer than anticipated to become familiar with the Australian operating environment. This may affect the future earnings performance of the Combined Group.

(d) *Financing*

The Combined Group will need to raise additional debt or equity funds for the development of the Projects or for other capital expenditure, further exploration or feasibility studies or otherwise for the Combined Group's operations. There is no assurance that the Company's Shareholders will approve the Placement Mandate or the Combined Group will be able to obtain additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Combined Group. This may have an adverse effect on the Combined Group's financial results. Further, any equity funding will have a dilutionary effect on Shareholders' holdings.

(e) *Cash position*

Whilst the Combined Group is expected to have greater revenue than the Company as a standalone entity, it will also have higher overall expenditure levels due to its increased scale, operations and development and exploration projects. There is no guarantee that the Combined Group will be able to maintain a sufficient cash balance following the acquisition by the Company of Brockman Resources and FerrAus.

(f) *Accounting*

If both the Takeover Offers are successful, the Combined Group will be required to perform a fair value assessment of Brockman Resources' and FerrAus' assets and liabilities following the completion of the Takeover Offers. This assessment may result in increased depreciation and amortisation charges. These charges may be substantially greater than those that would exist

in the Company, Brockman Resources and FerrAus as separate businesses. This may reduce future earnings of the Combined Group.

(g) *Health and safety*

The businesses of the Company, Brockman Resources and FerrAus are subject to strict health and safety laws and regulations. Accordingly, the Combined Group may become liable for past and current conduct of the Company and, if the Takeover Offers are successful, Brockman Resources and/or FerrAus which violates such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against the Combined Group. These events might not be insured by the Combined Group or may be uninsurable.

In addition, any changes in health and safety laws and regulations may increase compliance costs for the Combined Group. Such an event would negatively impact the financial results of the Combined Group.

(h) *Personnel*

The Company relies, and if both of the Takeover Offers are successful, the Combined Group will rely, on certain key employees. There is a risk that the Combined Group may not be able to retain key technical and managerial personnel from within the Wah Nam International Group, Brockman Resources and FerrAus following the Takeover Offers. This may have an adverse impact on both the integration of the acquisition and the longer term performance of the Combined Group.

(i) *Litigation*

If both the Takeover Offers are successful, the Combined Group may be subject to litigation and other claims based on the conduct of the Company, Brockman Resources or FerrAus that occurred prior to completion of the Takeover Offers. The Company is not aware of any current material litigation.

(j) *Insurance*

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

(k) *Competition*

The Combined Group may be subject to competition from other miners. Competitors include current miners and future entrants into the market. Other companies may have competitive advantages such as new technology and new production processes. The Combined Group may be unable to successfully compete and may suffer material adverse consequences such as loss of market share and customers and reduction in revenue.

(l) *Counterparty risk*

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

(m) *Regulatory approval*

The Combined Group's exploration and mining activities are dependent upon the timely granting of appropriate licenses, permits and regulatory consents which may be granted for a defined period of time, or may not be granted or may be withdrawn subject to a regulatory process, or may be subject to statutory restrictions. If both the Takeover Offers are successful, the Combined Group will require numerous further licenses, permits and regulatory consent for the conduct of any new mining operations. There can be no assurance that such authorisations will be granted or renewed (as the case may be) or as to the terms of such grants or renewals.

In respect of the Damajianshan Mine, the Department of Land and Resources of the Yunnan Province issued the mining right certificate for the Damajianshan Mine to Luchun Xingtai in January 2005, which was renewed in 2007 for a period of 5 years. It will expire in September 2012. The Directors have no reason to believe that Luchun Xingtai will not be able to renew the mining right with the relevant government authority at the appropriate time, however, renewal cannot be guaranteed. Regulatory bodies in the PRC do not set guidelines or offer guidance on their criteria for renewal and, therefore, there can be no certainty that the right will be renewed.

(n) *Operational risk*

The Combined Group may face many operational risks, which include risk related to the geological structure of the mines and geological disasters that may occur during the mining process. Additionally, the Combined Group may have to face catastrophic events such as fires, earthquakes, floods or other natural disasters.

6.5 General risk factors

In addition to the specific business risks above, there are a number of general risks associated with holding Shares including, but not limited to, the following risks which may impact on the world economy, the operations or financial performance of the Company or, if both of the Takeover Offers are successful, the Combined Group, the market for its products or the price of Shares:

- changes to government, legislation, regulations and policy, including taxation laws and policies (and, in particular, the minerals resource rent tax which the Australian government announced on 2 July 2010 and the introduction of a price on carbon), accounting laws, policies standards and practices and fiscal, monetary and regulatory policies;
- the condition of the Australian and overseas economies (including the aggregate investment being undertaken and economic output occurring in those economies, inflation and interest rates and the prices of products which are inputs used in the operations of the Combined Group);
- investor sentiment, local and international stock market conditions, adverse industry publicity and recommendations by brokers and analysts; and
- global geo-political events, hostilities and acts of terrorism.

7. Financial Information

7.1 Introduction

This Section 7 contains a summary of Historical Financial Information for the Wah Nam International Group and Pro-Forma Financial Information for the Combined Group, reflecting the aggregated businesses of the Wah Nam International Group, Brockman Resources and FerrAus upon completion of the Takeover Offers and the Offer (together the **Financial Information**).

The Financial Information has been prepared by the Company and adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in this Prospectus.

BDO Corporate Finance (WA) Pty Ltd has prepared an Investigating Accountant's Report in respect of the Historical Financial Information and Pro-Forma Financial Information. A copy of this report is set out in Section 8.

The Financial Information in this Section 7 should be read in conjunction with the pro-forma assumptions and adjustments, the summary of significant accounting policies, the risk factors set out in Section 6 and other information contained within this Prospectus.

7.2 Historical Financial Information

(a) Introduction

The Historical Financial Information comprises:

- the summary historical income statements of the Company for FY2008, FY2009 and FP2010; and
- the summary historical statements of cash flow of the Company for FY2008, FY2009 and FP2010.

(b) Basis of preparation and presentation of Historical Financial Information

The Historical Financial Information is based on the audited consolidated financial statements of the Wah Nam International Group for FY2008 and FY2009 and the unaudited condensed consolidated financial statements for FP2010.

The Historical Financial Information is presented in an abbreviated format and does not contain all the disclosures that are usually provided in financial statements prepared in accordance with the presentation and disclosure requirements of Australian equivalents to IFRS and the Corporations Act.

Significant accounting policies upon which the Historical Financial Information is based have been extracted from the audited consolidated financial statements of the Wah Nam International Group for FY2009 and are included in modified form at Section 7.9. Accounting policies of the Wah Nam International Group have been updated, where necessary, to reflect the current circumstances of the business and the significant accounting policies to be adopted by the Combined Group if the Takeover Offers are successful.

A copy of the unaudited condensed consolidated financial statements of the Wah Nam International Group for FP2010 is attached at Annexure A to this Prospectus.

The Investigating Accountant's Report in respect of the pro-forma balance sheets is set out in Section 8.

7.3 Pro-Forma Financial Information

(a) Introduction

The Pro-Forma Financial Information as at 30 June 2010 is presented on a pro-forma basis only and, as a result, it is likely that this information will differ from the actual financial information for the Combined Group.

The Pro-Forma Financial Information has been prepared under the following scenarios:

- Upon completion of the Takeover Offers and upon the Offer being oversubscribed, but neither Brockman Resources nor FerrAus becoming a wholly owned Subsidiary of the Company;
- Upon completion of the Takeover Offers and upon the Offer being oversubscribed and only Brockman Resources becomes a wholly-owned Subsidiary of the Company;
- Upon completion of the Takeover Offers and upon the Offer being oversubscribed and only FerrAus becomes a wholly-owned Subsidiary of the Company.
- Upon completion of the Takeover Offers and upon the Offer being oversubscribed and both Brockman Resources and FerrAus become wholly-owned Subsidiaries of the Company.

The Brockman Resources Takeover Offer and the FerrAus Takeover Offer are not inter-conditional. As a result, the Pro-Forma Financial Information presents financial information under the various combinations of the above scenarios.

(b) Basis of preparation and presentation of Pro-Forma Financial Information

The Pro-Forma Financial Information and notes have been prepared by the Company and based on the Company's unaudited condensed consolidated financial statements for FP2010 and the audited financial statements of Brockman Resources and FerrAus as at 30 June 2010, after adjustment for the actual and assumed transactions set out in Section 7.8.

The Pro-Forma Financial Information as at 30 June 2010 has been prepared by the Company in accordance with HKFRS which is consistent with IFRS.

The Pro-Forma Financial Information is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual report in accordance with the Corporations Act and does not take into account any transactions by the respective companies subsequent to 30 June 2010, other than as described in Section 7.8. The Pro-Forma Financial Information has not been audited and may be subject to changes arising from an audit process if an audit was undertaken.

The Pro-Forma Financial Information presented in this Prospectus is for illustrative purposes only. It does not in any way suggest the likely financial results or conditions of the Combined Group in the future should the Offer and the Takeover Offers complete.

7.4 Summary historical income statements

Set out below are the summary historical income statements for the Company for FY2008, FY2009 and FP2010.

	FP2010 HK\$ '000 Unaudited	FY2009 HK\$ '000 Audited	FY2008 HK\$ '000 Audited
Continuing operations			
Revenue	55,189	95,374	88,837
Direct costs	(45,349)	(84,729)	(80,384)
Gross Profit	9,840	10,645	8,453
Selling and administrative expenses	(26,377)	(31,618)	(30,058)
Other income	295	300	1,561
Other gains/(losses), net	(210)	505	(14,501)
Excess payment on asset acquisition	-	-	(167,481)
Impairment losses	(153,000)	(38,314)	(118,414)
Finance costs	(3,286)	(20,914)	(15,692)
Loss before income tax	(172,738)	(79,396)	(336,132)
Income tax (expense)/credit	(264)	(608)	15,886
Loss for the period/year from continuing operation	(173,002)	(80,004)	(320,246)
Discontinued operation			
Profit for the period/year from discontinued operation	-	-	37,784
Loss for the period/year	(173,002)	(80,004)	(282,462)
Other comprehensive income/(loss):			
Exchange differences arising on translation of foreign operations	11,403	(285)	4,165
Change in fair value on available-for-sale investments, net of tax	(35)	133,644	-
Reserve released upon disposal of subsidiaries	-	-	(32,214)
Total comprehensive income/(loss) for the year	(161,634)	53,355	(310,511)
Loss for the period/year attributable to:			
Equity holders of the Company	(157,363)	(78,935)	(296,660)
Minority interests	(15,639)	(1,069)	14,198
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(147,045)	54,433	(323,807)
Minority interests	(14,589)	(1,078)	13,296

7.5 Summary historical cash flow statements

Set out below are the summary historical cash flow statements for the Company for FY2008, FY2009 and FP2010.

	FP2010 HK\$ '000 Unaudited	FY2009 HK\$ '000 Audited	FY2008 HK\$ '000 Audited
Net cash (used in)/generated from operating activities	(2,537)	(9,005)	48,924
Investing activities			
Purchase of available-for-sale investments	(380,970)	(129,588)	-
Purchases of property, plant and equipment	(8,865)	(10,415)	(16,075)
Proceeds from disposal of property, plant and equipment	4	167	326
Proceeds from disposal of financial assets at fair value through profit or loss	-	152	2,781
Dividends received from financial assets at fair value through profit or loss	-	28	825
Interest received	28	21	505
Acquisition of assets	-	-	(129,286)
Purchases of financial assets at fair value through profit or loss	-	-	(11,865)
Proceeds from disposal of subsidiaries	-	-	5,117
Net cash used in investing activities	(389,803)	(139,635)	(147,672)
Financing activities			
Proceeds from issuance of ordinary shares	505,950	100,350	120,000
Proceeds from borrowings	12,000	22,213	13,560
Additional finance lease	1,825	1,198	407
Repayment of borrowings	(8,017)	(13,086)	(11,259)
Repayment of obligations under finance leases	(1,135)	(2,034)	(1,664)
Interest paid	(600)	(1,401)	(2,755)
Expenses on issuance of ordinary shares	(9,444)	(1,173)	(1,211)
Finance lease charges	(104)	(228)	(287)
Net cash generated from financing activities	500,475	105,839	116,791
Net (decrease)/increase in cash and cash equivalents	108,135	(42,801)	18,043
Cash and cash equivalents at beginning of year	16,758	59,757	40,027
Effect of foreign exchange rate changes	(459)	(198)	1,687
Cash and cash equivalents at end of year, represented by			
Bank balances and cash	124,434	16,758	59,757

7.6 Management discussion and analysis of historical financial performance

(a) General factors affecting the operation results of the Company

The Company's business and results of operations have been, and will continue to be, affected by a number of important factors, including the following:

- **Copper market price:** The Wah Nam International Group's revenue and results of the mining business during FY2009 and FP2010 were affected by fluctuations in the copper price. All of the Company's mining products were sold at the then market price. The Company did not use any commodity derivative instruments or futures for speculation or hedging purpose. Management will review market conditions from time to time to determine the best strategy to deal with fluctuations in copper prices.
- **Currency exchange rate:** The Wah Nam International Group is exposed to exchange rate risk primarily because its available-for-sale investment is denominated in Australian dollars. Depreciation in the Australian dollar may adversely affect the Company's net asset value and earnings when the value of such investments is converted to HK\$. During FY2009 and FP2010, no financial instrument was used for hedging purpose.
- **Growth in tourist markets in the PRC:** The Wah Nam International Group has confidence in the long-term PRC market. It will carefully review the market conditions and relevant policies from time to time and formulate suitable business strategies for expansion.

(b) Comparison of FY2008; FY2009 and FP2010 income statements

Since 2008, the Company has been re-engineering its business structure and development strategy. In 2008, the Company disposed of its previous toll road and highway business. Under the re-engineering exercise, Wah Nam International Group's business has gradually changed from a toll road and highway business to a mining business. The business re-engineering has caused significant fluctuations in the financial performance of the Wah Nam International Group for the past two and a half years.

Apart from the acquisition of Luchun Xingtai, the Company also acquired Brockman Resources and FerrAus Shares as strategic investments. As at 30 June 2010, the Company had total consolidated segment assets of HK\$884.9 million in respect of its mining operation.

Six Month Period ended 30 June 2010

Wah Nam Australia acquired a further 9,093,874 Brockman Resources Shares and 30,201,575 FerrAus Shares for a total consideration of approximately A\$28.0 million and A\$26.2 million respectively.

An impairment loss on the valuation of the mining right was recorded during the period which amounted to approximately HK\$153 million. An impairment was made to the fair value of the mine as a result of the adjustment of the long-term copper price projection. Such impairment loss, however, did not have any impact on the operating cash flow of the Wah Nam International Group.

In addition, the Company issued 334 million and 185 million new Shares at HK\$0.90 and HK\$1.11 per Share, respectively. The net proceeds after deduction of related expenses from the placement amounted to approximately HK\$297 million and HK\$199 million respectively, and was used for investments in mineral-related business and general working capital during the period.

Year ended 31 December 2009

The Wah Nam International Group recorded a turnover of HK\$14.8 million from its mining operation but recorded a segment loss of approximately HK\$10.8 million. The Directors believe that the segment loss was mainly due to the relatively low production volume of the mine as the production plan of the mine was delayed due to further exploration work being undertaken. The Directors also believe that the production efficiency of the mine will be improved as production volume increases subject to the exploration results and further production planning work.

The Company also recorded a significant fair value gain of HK\$133.6 million in other comprehensive income, which was mainly attributable to the investments in, and an increase in the trading prices of, Brockman Resources Shares, and the appreciation of the Australian dollar against the Hong Kong dollar during the year.

Year ended 31 December 2008

The Company disposed of its toll road and highway business during the year. Among the total revenue of HK\$142.2 million, approximately 37.54% of the revenue was derived from the discontinued toll road and highway business. This segment recorded a profit before income tax of HK\$44.95 million for the year. After the disposal, the Company discontinued the entire toll road and highway business.

The acquisition of the mining business also led to the recognition of a one-off loss of HK\$167.5 million representing the amount of the total consideration for the acquisition in excess of the fair value of the assets and liabilities acquired.

(c) Comparison of the cash flow statement between FY2008, FY2009 and FP2010

Cash Flows from Operating Activities

Net cash used in operating activities in FP2010 was HK\$2.5 million. This was due to an increase in exploration activities which were undertaken in the mining operation of the Company compared with the same period of 2009.

Net cash generated from operating activities in FY2008 was HK\$48.9 million whilst net cash used in operating activities in FY2009 was HK\$9 million. The large decrease in net cash generated from operating activities was principally due to the discontinued toll road operation and significant once off revenue of HK\$48 million generated from Hangzhou City government compensation in FY2008.

Cash Flows from Investing Activities

Net cash used in investing activities during FP2010 was HK\$389.8 million. The increase in net cash used in investing activities in this period was primarily due to the acquisition of available-for-sale investments, including Brockman Resources Shares and FerrAus Shares.

Net cash used in investing activities in FY2008 and FY2009 was HK\$ 147.7 million and HK\$139.6 million respectively. The net cash used in investing activities in FY2009 was primarily due to the investment in Brockman Resources and the net cash used in FY2008 was primarily for the acquisition of the mining right in the PRC in September 2008.

Cash Flows from Financing Activities

Net cash generated from financing activities in FP2010 was HK\$500.5 million. The Wah Nam International Group raised approximately HK\$506 million for potential acquisitions or investment opportunities in mineral related businesses during this period of 2010.

Net cash generated from financing activities in FY2008 and FY2009 was HK\$116.8 million and HK\$105.8 million respectively. This was principally generated from the proceeds from the issue of Shares in both years. For FY2008 and FY2009, the Company raised approximately HK\$120 million for general working capital and as part of the consideration of the acquisition of the mining right in the PRC and HK\$100.4 million for potential acquisitions or investment opportunities in mineral related businesses respectively.

7.7 Pro-forma unaudited consolidated balance sheet as at 30 June 2010

(a) **Upon completion of the Takeover Offers and upon the Offer being oversubscribed, but neither Brockman Resources nor FerrAus becoming a wholly owned Subsidiary of the Company;**

	Wah Nam as at 30 Jun 2010	Subsequent events	Pro-forma Adjustments	Pro-forma as at 30 Jun 2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Mining right	835,671	-	-	835,671
Property, plant and equipment	83,552	-	-	83,552
Goodwill	11,405	-	-	11,405
Intangible asset	12,018	-	-	12,018
Available-for-sale investments	707,689	706,669	-	1,414,358
Deferred income tax assets	337	-	-	337
Other non-current assets	8,997	-	-	8,997
	1,659,669	706,669	-	2,366,338
Current assets				
Inventories	8,590	-	-	8,590
Trade receivables	26,530	-	-	26,530
Other receivables, deposits and prepayments	10,781	-	-	10,781
Amount due from a related party	1,783	-	-	1,783
Financial assets at fair value through profit or loss	3,187	-	-	3,187
Restricted cash	5,200	-	-	5,200
Cash and cash equivalents	124,434	9,146	7,730	141,310
	180,505	9,146	7,730	197,381
Current liabilities				
Trade payables	9,195	-	-	9,195
Other payables and accrued charges	39,542	-	-	39,542
Amounts due to related companies	7,107	-	-	7,107
Bank borrowings due within one year	43,241	-	-	43,241
Obligations under finance leases	2,211	-	-	2,211
	101,296	-	-	101,296
Net current assets	79,209	9,146	7,730	96,085
Total assets less current liabilities	1,738,878	715,815	7,730	2,462,423
Capital and reserves				
Share capital	372,944	17,800	1,500	392,244

Reserves	1,184,842	698,015	6,230	1,889,087
Equity attributable to equity holders of the Company	1,557,786	715,815	7,730	2,281,331
Minority interest	80,836	-	-	80,836
Total equity	1,638,622	715,815	7,730	2,362,167

Non-current liabilities

Obligations under finance leases	1,612	-	-	1,612
Amount due to a related party	28,745	-	-	28,745
Convertible notes	-	-	-	-
Deferred income tax liabilities	69,422	-	-	69,422
Provisions	477	-	-	477
	100,256	-	-	100,256
	1,738,878	715,815	7,730	2,462,423

(b) **Upon completion of the Takeover Offers and upon the Offer being oversubscribed and only FerrAus becomes a wholly-owned Subsidiary of the Company;**

	Wah Nam as at 30 Jun 2010	Subsequent events	Acquisition of FRS as at 30 Jun 2010	Pro-forma Adjustments	Pro-forma Enlarged Group as at 30 Jun 2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Mining right	835,671	-	-	-	835,671
Property, plant and equipment	83,552	-	15,349	-	98,901
Exploration and evaluation assets	-	-	430,868	-	430,868
Goodwill	11,405	-	-	-	11,405
Intangible asset	12,018	-	-	1,351,670	1,363,688
Available-for-sale investments	707,689	706,669	-	(271,395)	1,142,963
Deferred income tax assets	337	-	-	-	337
Other non-current assets	8,997	-	-	-	8,997
	1,659,669	706,669	446,217	1,080,275	3,892,830
Current assets					
Inventories	8,590	-	-	-	8,590
Trade receivables	26,530	-	233	-	26,763
Other receivables, deposits and prepayments	10,781	-	10,907	-	21,688
Amount due from a related party	1,783	-	-	-	1,783
Financial assets at fair value through profit or loss	3,187	-	-	-	3,187
Restricted cash	5,200	-	-	-	5,200
Cash and cash equivalents	124,434	9,146	230,974	130	364,684
	180,505	9,146	242,114	130	431,895
Current liabilities					
Trade payables	9,195	-	14,888	-	24,083

Other payables and accrued charges	39,542	-	11,247	-	50,789
Amounts due to related companies	7,107	-	-	-	7,107
Bank borrowings due within one year	43,241	-	-	-	43,241
Obligations under finance leases	2,211	-	-	-	2,211
	101,296	-	26,135	-	127,431
Net current assets	79,209	9,146	215,979	130	304,464
Total assets less current liabilities	1,738,878	715,815	662,196	1,080,405	4,197,294
Capital and reserves					
Share capital	372,944	17,800	769,047	(664,172)	495,619
Reserves	1,184,842	698,015	(106,938)	1,744,577	3,520,496
Equity attributable to equity holders of the Company	1,557,786	715,815	662,109	1,080,405	4,016,115
Minority interest	80,836	-	-	-	80,836
Total equity	1,638,622	715,815	662,109	1,080,405	4,096,951
Non-current liabilities					
Obligations under finance leases	1,612	-	-	-	1,612
Amount due to a related party	28,745	-	-	-	28,745
Convertible notes	-	-	-	-	-
Deferred income tax liabilities	69,422	-	-	-	69,422
Provisions	477	-	87	-	564
	100,256	-	87	-	100,343
	1,738,878	715,815	662,196	1,080,405	4,197,294

(c) **Upon completion of the Takeover Offers and upon the Offer being oversubscribed and only Brockman Resources becomes a wholly-owned Subsidiary of the Company;**

	Wah Nam as at 30 Jun 2010	Subsequent events	Acquisition of BRM as at 30 Jun 2010	Pro-forma Adjustments	Pro-forma Enlarged Group as at 30 Jun 2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Mining right	835,671	-	-	-	835,671
Property, plant and equipment	83,552	-	2,528	-	86,080
Goodwill	11,405	-	-	-	11,405
Intangible asset	12,018	-	-	6,419,914	6,431,932
Available-for-sale investments	707,689	706,669	-	(1,142,963)	271,395
Deferred income tax assets	337	-	-	-	337
Other non-current assets	8,997	-	2,406	-	11,403
	1,659,669	706,669	4,934	5,276,951	7,648,223
Current assets					
Inventories	8,590	-	-	-	8,590
Trade receivables	26,530	-	-	-	26,530
Other receivables, deposits and prepayments	10,781	-	6,111	-	16,892

Amount due from a related party	1,783	-	-	-	1,783
Financial assets at fair value through profit or loss	3,187	-	858	-	4,045
Restricted cash	5,200	-	-	-	5,200
Cash and cash equivalents	124,434	9,146	657,021	(10,670)	779,931
	180,505	9,146	663,990	(10,670)	842,971
Current liabilities					
Trade payables	9,195	-	-	-	9,195
Other payables and accrued charges	39,542	-	31,232	-	70,774
Amounts due to related companies	7,107	-	-	-	7,107
Bank borrowings due within one year	43,241	-	-	-	43,241
Obligations under finance leases	2,211	-	-	-	2,211
	101,296	-	31,232	-	132,528
Net current assets	79,209	9,146	632,758	(10,670)	710,443
Total assets less current liabilities	1,738,878	715,815	637,692	5,266,281	8,358,666
Capital and reserves					
Share capital	372,944	17,800	1,003,395	(651,028)	743,111
Reserves	1,184,842	698,015	(366,479)	5,917,309	7,433,687
Equity attributable to equity holders of the Company	1,557,786	715,815	636,916	5,266,281	8,176,798
Minority interest	80,836	-	-	-	80,836
Total equity	1,638,622	715,815	636,916	5,266,281	8,257,634
Non-current liabilities					
Obligations under finance leases	1,612	-	-	-	1,612
Amount due to a related party	28,745	-	-	-	28,745
Convertible notes	-	-	-	-	-
Deferred income tax liabilities	69,422	-	-	-	69,422
Provisions	477	-	776	-	1,253
	100,256	-	776	-	101,032
	1,738,878	715,815	637,692	5,266,281	8,358,666

(d) **Upon completion of the Takeover Offers and upon the Offer being oversubscribed and both Brockman Resources and FerrAus become wholly-owned Subsidiaries of the Company;**

	Wah Nam as at 30 Jun 2010	Subsequent events	Acquisition of BRM as at 30 Jun 2010	Acquisition of FRS as at 30 Jun 2010	Pro-forma Adjustments	Pro-forma Enlarged Group as at 30 Jun 2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets						
Mining right	835,671	-	-	-	-	835,671
Property, plant and equipment	83,552	-	2,528	15,349	-	101,429

Exploration and evaluation assets	-	-	-	430,868	-	430,868
Goodwill	11,405	-	-	-	-	11,405
Intangible asset	12,018	-	-	-	7,771,584	7,783,602
Available-for-sale investments	707,689	706,669	-	-	(1,414,358)	-
Deferred income tax assets	337	-	-	-	-	337
Other non-current assets	8,997	-	2,406	-	-	11,403
	1,659,669	706,669	4,934	446,217	6,357,226	9,174,715
Current assets						
Inventories	8,590	-	-	-	-	8,590
Trade receivables	26,530	-	-	233	-	26,763
Other receivables, deposits and prepayments	10,781	-	6,111	10,907	-	27,799
Amount due from a related party	1,783	-	-	-	-	1,783
Financial assets at fair value through profit or loss	3,187	-	858	-	-	4,045
Restricted cash	5,200	-	-	-	-	5,200
Cash and cash equivalents	124,434	9,146	657,021	230,974	(18,270)	1,003,305
	180,505	9,146	663,990	242,114	(18,270)	1,077,485
Current liabilities						
Trade payables	9,195	-	-	14,888	-	24,083
Other payables and accrued charges	39,542	-	31,232	11,247	-	82,021
Amounts due to related Companies	7,107	-	-	-	-	7,107
Bank borrowings due within one year	43,241	-	-	-	-	43,241
Obligations under finance leases	2,211	-	-	-	-	2,211
	101,296	-	31,232	26,135	-	158,663
Net current assets	79,209	9,146	632,758	215,979	(18,270)	918,822
Total assets less current liabilities	1,738,878	715,815	637,692	662,196	6,338,956	10,093,537
Capital and reserves						
Share capital	372,944	17,800	1,003,395	769,047	(1,316,700)	846,486
Reserves	1,184,842	698,015	(366,479)	(106,938)	7,655,656	9,065,096
Equity attributable to equity holders of the Company	1,557,786	715,815	636,916	662,109	6,338,956	9,911,582
Minority interest	80,836	-	-	-	-	80,836
Total equity	1,638,622	715,815	636,916	662,109	6,338,956	9,992,418
Non-current liabilities						
Obligations under finance leases	1,612	-	-	-	-	1,612
Amount due to a related party	28,745	-	-	-	-	28,745
Convertible notes	-	-	-	-	-	-
Deferred income tax liabilities	69,422	-	-	-	-	69,422
Provisions	477	-	776	87	-	1,340
	100,256	-	776	87	-	101,119
	1,738,878	715,815	637,692	662,196	6,338,956	10,093,537

7.8 Pro-forma assumptions and adjustments

The pro-forma balance sheets post issue under the various scenarios are set out in Section 7.7. These have been prepared based on the Company's unaudited and Brockman Resources' and FerrAus' audited financial statements as at 30 June 2010 and the transaction events relating to the issue of Shares pursuant to the Offer and the Takeover Offers.

The following assumptions have been made in preparing the pro-forma balance sheets:

- an exchange rate of HK\$7.80 to A\$1.00;
- the value of a Share being HK\$1.69;
- the issue of 15 million Offer Shares pursuant to the Offer at an issue price of A\$0.20, raising A\$3 million before costs;
- the issue of 30 Shares for each Brockman Resources Share held pursuant to the Brockman Resources Takeover Offer;
- the issue of 6 Shares for each FerrAus Share held pursuant to the FerrAus Takeover Offer;
- costs associated with the issue of Shares:
 - assuming the Offer is oversubscribed and both the Takeover Offers are successful, of HK\$40.5 million;
 - assuming the Offer is oversubscribed and the Brockman Resources Takeover Offer is successful, of HK\$32.9 million;
 - assuming the Offer is oversubscribed and the FerrAus Takeover Offer is successful, of HK\$22.1 million; and
 - assuming the Offer is oversubscribed and neither the Takeover Offers are successful, of HK\$14.5 million;
- the accounting policies adopted by each company have been applied. Following the Takeover Offers, the Company will apply consistent policies across the Combined Group; and
- the balance sheets of Brockman Resources and FerrAus are based on the latest audited financial statements as at 30 June 2010, updated for any significant subsequent events obtained from publicly available information.

An intangible asset has been recognised for the excess of the purchase consideration over the net assets of FerrAus and Brockman Resources. Upon control being achieved, a fair value exercise will be conducted whereby this amount will be allocated to the fair value of the assets or to goodwill. It is assumed that this amount is not impaired. Following the fair value assessment once control is gained a deferred tax liability may be recognised, the quantum of this cannot be determined prior to control being obtained.

Adjustment has also been made for the following subsequent events:

- on 17 September 2010, the Company raised approximately HK\$204.7 million by the issue of 178 million Shares.

- subsequent to 30 June 2010, the Company acquired 4,513,900 Brockman Resources Shares for approximately A\$17.25 million;
- subsequent to 30 June 2010, the Company acquired 10,732,825 FerrAus Shares for approximately A\$8.81 million; and
- a fair value gain of approximately HK\$515 million on financial instruments classified as available-for-sale, being the Company's shareholding in Brockman Resources and FerrAus.

7.9 Summary of critical accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the recognition and measurement, but not all of the disclosure requirements, of the HKFRS issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, as modified by the revaluation of 'available-for-sale' investment and financial assets and financial liabilities at 'fair value through profit or loss'. These are consistent with IFRS unless stated otherwise.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all entities controlled by the Company (Subsidiaries). Control exists when the Wah Nam International Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Wah Nam International Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Wah Nam International Group. They are de-consolidated from the date that control ceases.

The Wah Nam International Group operates its limousine rental business in the PRC through PRC domestic companies whose equity interests are held by certain citizens of China (the Registered Shareholders). The paid-in capital of these companies was funded by the Wah Nam International Group through loans extended to the Registered Shareholders. The Wah Nam International Group has entered into certain business cooperation agreements with the Registered Shareholders, which make it obligatory for the Wah Nam International Group to absorb a substantial majority of the risk of losses from their activities and entitle the Wah Nam International Group to receive a substantial majority of their residual returns. In addition, the Wah Nam International Group has entered into loan agreements with the Registered Shareholders for them to contribute paid-in capital to the domestic companies for the Wah Nam International Group to acquire the equity in the PRC domestic companies subject to compliance with PRC laws. Based on these contractual agreements, the Wah Nam International Group believes that, notwithstanding the lack of equity ownership, the contractual arrangements described above give the Wah Nam International Group control over the PRC domestic companies in substance. Accordingly, the financial position and operating results of these entities are included in the Wah Nam International Group's consolidated financial statements.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of Subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Wah Nam International Group. Minority interests in the net assets of consolidated Subsidiaries are presented separately from the Wah Nam International Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's

share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the Subsidiary's equity are allocated against the interests of the Wah Nam International Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

In the Company's balance sheet the investments in Subsidiaries are stated at cost less provision for impairment losses. The results of Subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) **Business combinations**

The acquisition of businesses (other than the business combination under common control) is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Wah Nam International Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

(d) **Goodwill**

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Wah Nam International Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

(e) **Foreign currency translation**

Functional and presentation currency

Items included in the financial statements of each of the Wah Nam International Group's entities are measured using the currency of the primary economic environment in which the entity operates (the Functional Currency). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's Functional Currency and the Wah Nam International Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statement of comprehensive income within 'selling and administrative expenses'. All other foreign exchange gains and losses are also presented in the statement of comprehensive income within 'selling and administrative expenses'.

Translation differences on non-monetary financial assets such as equities classified as 'available-for-sale' are included in the 'available-for-sale' investment reserve in equity.

Group companies

The results and financial position of all the Wah Nam International Group entities (none of which has the currency of a hyperinflationary economy) that have a Functional Currency

different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts. Limousine rental services income and airport shuttle bus services income are recognised when the related services are provided. Revenue from sales of goods is recognised when goods are delivered and title has passed.

(g) Mining right

The mining right is recognised as an intangible asset and stated in the balance sheet at cost less subsequent accumulated amortisation and accumulated impairment losses, if any. The mining right is amortised using the units of production method based on the proven and probable mineral reserves.

(h) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

(i) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking account of their estimated residual value, using the straight-line method. The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(j) **Impairment of investments in Subsidiaries and non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and 'value in use'. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) **Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its Subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in Subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Wah Nam International Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(l) **Financial assets**

The Wah Nam International Group classifies its financial assets in the following categories: 'available-for-sale', at 'fair value through profit or loss' and 'loans and receivables'. The

classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at 'fair value through profit or loss'

Financial assets at 'fair value through profit or loss' are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

'Loans and receivables'

'Loans and receivables' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Wah Nam International Group's 'loans and receivables' comprise 'trade and other receivables', 'amount due from a related party' and 'cash and cash equivalents' in the balance sheet

'Available-for-sale' financial assets

'Available-for-sale' financial assets are non-derivatives that are either designated in this category or not classified as financial assets at 'fair value through profit or loss', 'loans and receivables' or held-to-maturity investment. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

'Available-for-sale' financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in 'available-for-sale' investment reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the 'available-for-sale' investment reserve is reclassified to profit or loss.

Regular way purchases and sales of financial assets are recognised on the trade-date - the date on which the Wah Nam International Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at 'fair value through profit or loss'. Financial assets carried at 'fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Wah Nam International Group has transferred substantially all risks and rewards of ownership. 'Available-for-sale' financial assets and 'financial assets at 'fair value through profit or loss' are subsequently carried at fair value. 'Loans and receivables' are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at 'fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within 'other gains/(losses), net', in the period in which they arise. Dividend income from financial assets at 'fair value through profit or loss' is recognised in the consolidated statement of comprehensive income as part of other income when the Wah Nam International Group's right to receive payments is established.

Translation differences on non-monetary securities are recognised in other comprehensive income. Changes in fair value of non-monetary securities classified as 'available-for-sale' are recognised in other comprehensive income.

When securities classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income as 'gains and losses from investment securities'.

Dividends on 'available-for-sale' equity instruments are recognised in the statement of comprehensive income as part of other income when the Wah Nam International Group's right to receive payments is established.

(m) **Impairment of financial assets**

Assets carried at amortised cost

The Wah Nam International Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a Loss Event) and that Loss Event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Wah Nam International Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Wah Nam International Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - adverse changes in the payment status of borrowers in the portfolio;
 - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Wah Nam International Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Wah Nam International Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an

improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Assets classified as 'available-for-sale'

The Wah Nam International Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement.

(n) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Wah Nam International Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) **Convertible notes**

Convertible notes issued by the Wah Nam International Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (**Convertible Notes Reserve**).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in Convertible Notes Reserve until the embedded option is exercised, in which case the balance stated in Convertible Notes Reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in Convertible Notes Reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

7.10 Critical Accounting Estimates and Judgements

In the application of the Wah Nam International Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the Cash-Generating Units to which goodwill has been allocated. The 'value in use' calculation requires the Wah Nam International Group to estimate the future cash flows expected to arise from the Cash-Generating Unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(b) **Impairment of intangible asset**

Determining whether intangible asset is impaired requires an estimation of the 'value in use' of the Cash-Generating Units to which intangible asset has been allocated. The 'value in use' calculation requires the Wah Nam International Group to estimate the future cash flows expected to arise from the Cash-Generating Unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(c) **Expected useful life of intangible asset**

The Wah Nam International Group amortises its intangible asset on a straight line basis over its estimated useful life of 10 years commencing from the date of acquisition of subsidiaries. The estimated useful life reflects the Directors' estimate of the periods that the Wah Nam International Group intends to derive future economic benefits from the use of the intangible asset. The Wah Nam International Group re-assesses the useful life of the intangible asset on a regular basis and if the expectation differs from the original estimate, such difference will impact the amortisation in the year in which such estimate has been changed.

8. Investigating Accountant's Report

Our ref: SA:

9 November 2010

The Directors
Wah Nam International Holdings Limited
Room 2805, 28/F, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have prepared this Investigating Accountant's Report ("**Report**") on historical financial information of Wah Nam International Holdings Limited ("Wah Nam" or "**the Company**") for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 10 million shares at an issue price of \$0.20 each plus one free attaching option for every one share issued ("**the Offer**").

Under the proposed issue \$2 million will be raised before costs. There is provision for the over subscription of a further 5 million ordinary shares to raise a further \$1 million before costs.

Basis of Preparation

This Report has been prepared to provide investors with information on the Statement of Comprehensive Income, Statement of cash flows and the Balance Sheet and the pro-forma Balance Sheet as noted in Sections 7.4, 7.5 and 7.7 of the Prospectus.

This Report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment, and has been prepared based on the complete Offer being achieved. BDO Corporate Finance (WA) Pty Ltd (“BDO”) has not been requested to consider the prospects for the Company, the shares on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly has not done so, and does not purport to do so. BDO accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in the Prospectus.

Expressions defined in the Prospectus have the same meaning in this Report.

2. Background

Wah Nam is an investment holding company incorporated in Bermuda which has been listed on the Hong Kong Stock Exchange since 2002. Wah Nam is involved in a number of activities including

- The exploitation, processing and sales of mineral resources in the People’s Republic of China (“PRC”);
- The provision of limousine rental and airport shuttle bus transportation services in Hong Kong and the PRC; and
- Investments in equity securities.

3. Scope

You have requested BDO to prepare an Investigating Accountant’s Report covering the following financial information:

- the consolidated statement of comprehensive income;
- the proforma balance sheet as at 30 June 2010 reflecting the actual position as at that date, major transactions between that date and the date of our report and the proposed capital raising under the Prospectus;

- the accounting policies applied by Wah Nam in preparing its financial statements.

The historical financial information set out in the appendices to this Report has been extracted from the financial statements of the Company for the period ended 30 June 2010.

The Directors are responsible for the preparation of the historical financial information including determination of the adjustments.

We have conducted our review of the historical financial information in accordance with the Australian Auditing and Assurance Standard ASRE 2405 “Review of Historical Financial Information Other than a Financial Report”. We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents pertaining to balances in existence at 30 June 2010;
- a review of the assumptions used to compile the pro-forma Balance Sheet;
- a review of the adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in the appendices to this Report; and
- enquiry of Directors and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review was limited primarily to an examination of the historical financial information and audit files, the pro-forma financial information, analytical review procedures and discussions with both management and directors. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or pro-forma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:-

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have

been realised if the assets were sold at the date of this Report; and

- the going concern basis of accounting has been adopted.

4. Conclusion

Statement on Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in section 7 of the Prospectus/Bidders Statement does not present fairly the financial performance for the period ended 30 June 2010 or the financial position as at 30 June 2010 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Statement of Pro-forma Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the pro-forma financial information does not present fairly the financial position of the Company as at 30 June 2010, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions had occurred on that date.

5. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive other than those detailed below:

- Subsequent to 30 June 2010, the Company acquired 4,513,900 Brockman Resources Shares for approximately \$17.25 million.
- Subsequent to 30 June 2010, the Company acquired 10,732,825 FerrAus Shares for approximately \$8.81 million.

- on 17 September 2010, the Company raised approximately HK\$204.7 million by the issue of 178 million Shares.
- a fair value gain of approximately HK\$515 million on financial instruments classified as available for sale being Wah Nam International's shareholding in Brockman Resources and FerrAus.

6. Assumptions Adopted in Compiling the Pro-forma Balance Sheet

The pro-forma balance sheets post issue under various scenarios set out in section 7.3 are shown in section 7.7 and are based on the assumptions in section 7.8. This has been prepared based on the reviewed financial statements as at 30 June 2010 and the transactions, events relating to the issue of shares under this Prospectus, assuming oversubscription is achieved and a placement in Hong Kong, as well as the bids for Brockman Resources Limited and FerrAus Limited.

7. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO Kendalls, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Sherif Andrawes

Director

9. Independent Technical Report

BEHRE DOLBEAR

founded 1911 MINERALS INDUSTRY ADVISORS

BEIJING DENVER GUADALAJARA HONG KONG LONDON NEW YORK SANTIAGO SYDNEY TORONTO VANCOUVER

www.dolbear.com

BEHRE DOLBEAR ASIA, INC.

999 Eighteenth Street - Suite 1500, Denver, CO 80202 USA

Telephone +1.303.620.0020 Fax +1.303.620.0024

May 27, 2010

The Board of Directors
Wan Nam International Holdings Limited
Suite 3906 Far Finance Center
16 Harcourt Road
Admiralty, Hong Kong

Re: Behre Dolbear Project 10-054, Status Update Letter for Wah Nam International's Damajianshan Copper-Polymetallic Mine in Luchun County, Yunnan Province of China

Gentlemen,

Behre Dolbear Asia, Inc. ("BDASIA") conducted an independent technical review and completed an independent technical report ("ITR") for the Damajianshan copper-polymetallic mine (the "Damajianshan Mine") in Luchun County, Yunnan Province of the People's Republic of China ("PRC" or "China") on June 30, 2008 to support the acquisition of a 90% interest of the Damajianshan Mine by Wah Nam International Holdings Limited (the "Company"), a company listed on the Stock Exchange of Hong Kong Limited ("SEHK"). The acquisition was successfully completed in 2008. Now, the Company is planning to make takeover bids for two Australian companies and to apply to be listed on the Australian Securities Exchange ("ASX"). The ASX has reviewed the June 30, 2008 BDASIA ITR for the Damajianshan Mine and has informed the Company that the June 30, 2008 BDASIA ITR can be used to support the Company's ASX listing application, provided that a status update letter from BDASIA for the activities on the Damajianshan Mine since the BDASIA ITR is supplied. This BDASIA status update letter is provided to the Company for this stated purpose. BDASIA's Project Manager, Project Geologist and Competent Person for the June 30, 2008 ITR, Dr. Qingping Deng, Ph.D., CPG, conducted a site visit to the Damajianshan Mine from March 26 to 27, 2010 and discussed the activities that have been conducted by the Company since 2008 with the Company's management and technical staff.

The Damajianshan Mine is a copper-polymetallic underground mining operation with significant copper, arsenic, lead, and silver mineral resources and ore reserves. The mine was expanding from a production capacity of approximately 300 tonnes per day ("tpd") to 1,300 tpd, or 429,000 tonnes per annum ("tpa") based on a 330 working days per annum when BDASIA was conducting the independent technical review in early 2008. The operation would use underground mining and flotation processing methods to produce copper, lead and arsenic concentrates. Significant amounts of silver would be recovered in both the copper and lead concentrates; however, the mineralized system was not well defined when BDASIA reviewed the property in 2008 as it consists of higher-grade, structure-controlled, massive sulfide-quartz veins which are generally a few meters wide and the much-wider, but lower-grade, pervasively silicified and mineralized slates adjacent to the sulfide-quartz veins. The mineral resources and ore reserves defined in the 2008 BDASIA ITR were generally from the higher-grade zones as only limited samples were taken from the surrounding lower-grade zones. The lower-grade zones were also of economic interest at the conditions at that time and could be mined together with the higher-grade zones. If that is proved by systematic exploration work, the mining method to be utilized and production scale of the mine could be significantly different. Therefore, BDASIA recommended that the Company conduct additional exploration for the Damajianshan deposit before resuming expanded mining activities.

The Company took BDASIA's recommendations and concentrated its effort on exploration since the 2008 BDASIA review. However, due to the 2008-2009 financial crises, funding was reduced and only limited exploration work was completed in 2008 and 2009. The Company has recently re-focused on the exploration activities at the property, but it is expected that it will take at least another two years to complete the exploration work. It should be noted that the Company's resampling in the higher-grade zones in the deposit have identified the local presence of scheelite and molybdenite in the mineralized system. The significance of these newly-identified minerals will also be determined by the exploration work in the next two years.

In general, no formal mining was conducted at the Damajianshan Mine in 2008 and 2009. Only limited development ore produced from exploration adits was processed by the mill. The Company's records show that a total of 86,468 tonnes ("t") of ore with an average copper grade of 0.545% were processed and 1,816 t of copper concentrates with an average copper grade of 23.13% were produced in 2008, resulting in a copper processing recovery of approximately 89.1%; in 2009, a total of 50,707 t of ore with an average copper grade of 0.77% were processed and 1,242 t of copper concentrates with an average copper grade of 25.86% were produced, resulting in a copper processing recovery of approximately 82.3%.

At the 2008 BDASIA review of the Damajianshan Mine, the Company was planning to construct a new tailings storage facility ("TSF") in a river valley approximately 1.2 kilometers west of the mill site. This plan was changed for various reasons, and the company is now actively discussing the selection of a new site at which to construct the TSF with the local government. The limited tailings produced since 2008 were stored in a small TSF next to the current mill site. A local businessman has a contract with the Company to purchase all the tailings in the small TSF for making bricks and other construction materials. As the Company will focus its effort on exploration, the new TSF construction is not urgently needed at this stage.

Based on BDASIA's site visit and information review of the Damajianshan Mine, BDASIA believes that no material changes or upgrades occurred in the mineral resources and ore reserves for the Damajianshan Mine as they were stated in the June 30, 2008 BDASIA ITR. It is BDASIA's opinion that the on-going exploration work is likely to significantly increase the mineral resources and ore reserves on the property.

BDASIA is independent of Wah Nam International and the Damajianshan Mine. Neither BDASIA nor any of its employees or associates involved in this project holds any share or has any direct or indirect pecuniary or contingent interests of any kind in Wah Nam International or the Damajianshan Mine. BDASIA is to receive a fee for its services at its normal commercial rate and customary payment schedules. The payment of our professional fee is not contingent on the outcome of this status update letter.

Yours faithfully,

BEHRE DOLBEAR ASIA, INC.



Qingping Deng, Ph.D. CPG
President

BEHRE DOLBEAR

founded 1911 MINERALS INDUSTRY ADVISORS
BEIJING DENVER GUADALAJARA HONG KONG LONDON NEW YORK SANTIAGO SYDNEY TORONTO VANCOUVER
www.dolbear.com

BEHRE DOLBEAR ASIA, INC.

999 Eighteenth Street - Suite 1500, Denver, CO 80202 USA
Telephone +1.303.620.0020 Fax +1.303.620.0024

June 30, 2008

The Board of Directors
Wan Nam International Holdings Limited
Suite 3906 Far Finance Center
16 Harcourt Road
Admiralty, Hong Kong

Gentlemen,

Behre Dolbear Asia, Inc. ("BDASIA"), a subsidiary of Behre Dolbear & Company, Inc. ("Behre Dolbear"), herewith submits a report on the Independent Technical Review of the Damajianshan Copper Polymetallic Mine (the "Damajianshan Mine") of Luchun Xingtai Mining Company Limited ("Luchun Xingtai"), Luchun County, Yunnan Province, The People's Republic of China. The address for BDASIA is noted above. This letter of transmittal is part of the report.

The review covers the Damajianshan Mine in detail, which is 100% owned by Luchun Xingtai. The Damajianshan Mine constitutes the primary mining assets of Luchun Xingtai. BDASIA visited the Damajianshan Mine in February 2008. Luchun Xingtai is a Sino-foreign joint venture 90%-owned by Smart Year Investment Limited ("Smart Year"), a company incorporated in the British Virgin Islands, and 10% owned by a private Chinese company.

The purpose of this report is to provide an independent technical assessment of Luchun Xingtai's Damajianshan Mine in relation to the acquisition (the "Acquisition") of a 100% interest in Smart Year by Wah Nam International Holdings Limited ("Wah Nam International" or the "Company"), a company whose shares are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). This technical report has been prepared in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), in particular, Chapter 18. The reporting standard adopted by this report is the VALMIN Code and Guidelines for Technical Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and updated in 2005. Mineral resources and ore reserves defined at each property have been reviewed for conformity with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia in 1999 and revised in 2004.

The evidence upon which the estimated mineral resources and ore reserves are based includes the deposit geology, drilling and sampling information and project economics. The basis upon which BDASIA forms its view on the mineral resource and ore reserve estimates includes the site visit of BDASIA's professionals to the subject mining property, interviews with Luchun Xingtai's site personnel and consultants, and analysis of the drilling and sampling database, procedures and parameters used for the estimates.

The BDASIA project team consisted of senior-level mining professionals from Behre Dolbear's Denver office in the United States, London office in the United Kingdom, Sydney office in Australia and Toronto office in Canada. The scope of work conducted by BDASIA included site visit to the Damajianshan Mine, technical analysis of the project

geology, mineral resource and ore reserve estimates, and review of project mining, processing, production, environment, occupational health and safety, operating costs, and capital costs.

BDASIA has not undertaken an audit of Luchun Xingtai's data, re-estimated the mineral resources, or reviewed the tenement status with respect to any legal or statutory issues.

BDASIA's report comprises an Introduction, followed by reviews of the technical aspects of Geology, Mineral Resources and Ore Reserves, Mining, Processing, Production, Operating and Capital Costs, Environmental, Occupational Health and Safety issues, and a Risk Analysis of the mining property. We trust that the report adequately and appropriately describes the technical aspects of the projects and addresses issues of significance and risk.

BDASIA is independent of Wah Nam International, Smart Year, Luchun Xingtai and the Damajianshan Mine. Neither BDASIA nor any of its employees or associates involved in this project holds any share or has any direct or indirect pecuniary or contingent interests of any kind in Wah Nam International, Smart Year, Luchun Xingtai or the Damajianshan Mine. BDASIA is to receive a fee for its services (the work product of which includes this report) at its normal commercial rate and customary payment schedules. The payment of our professional fee is not contingent on the outcome of this report.

This report documents the findings of BDASIA's review of the Damajianshan Mine completed to the date of this transmittal letter. The sole purpose of this report is for the use of the Directors of Wah Nam International and their financial advisors for inclusion in circular of Wah Nam International to its shareholders in relation to the Acquisition and should not be used or relied upon for any other purpose. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without BDASIA's written consent to the form and context in which it appears. BDASIA consents to the inclusion of this report in the circular of Wah Nam International to its shareholders in relation to the Acquisition.

Yours faithfully,

BEHRE DOLBEAR ASIA, INC.



Qingping Deng
President

Behre Dolbear Project 08-003

TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	QUALIFICATIONS OF BEHRE DOLBEAR	4
3.0	DISCLAIMER.....	5
4.0	PROPERTY DESCRIPTION	6
4.1	Location, Infrastructure and Access	6
4.2	Climate and Physiography	6
4.3	Property Ownership	6
4.4	Project History and Current Status.....	7
5.0	GEOLOGY AND DATABASE	9
5.1	Geology of the Damajianshan Deposit.....	9
5.2	Geological Database.....	12
5.2.1	Database Used for Mineral Resource Estimates.....	12
5.2.2	Sampling, Sample Preparation and Analysis.....	13
5.2.3	Quality Control and Quality Assurance.....	13
5.2.4	Bulk Density Measurements.....	14
6.0	MINERAL RESOURCES AND ORE RESERVES.....	15
6.1	Mineral Resource/Ore Reserve Classification System	15
6.2	General Procedure and Parameters for Mineral Resource Estimation	16
6.2.1	Determination of “Deposit Industrial Parameters”	16
6.2.2	Grade Capping.....	17
6.2.3	Determination of Block Boundaries and Confidence Level	17
6.2.4	Mineral Resource Estimation	17
6.2.5	Discussions and Recommendations.....	18
6.3	Mineral Resource Statement	18
6.4	Procedure and Parameters for Ore Reserve Estimation.....	19
6.5	Ore Reserve Statement	20
6.6	Mine Life Analysis.....	20
6.7	Exploration Potential.....	20
7.0	MINING	22
7.1	Orebodies to be Mined	22
7.2	Mining System	22
7.3	Mining Methods	23
7.4	Mine Production and Development Rates.....	23
7.5	Recommendations	24
8.0	METALLURGY AND PROCESSING	25
8.1	Testwork.....	25
8.1.1	Sample	25
8.1.2	Testwork and Results	26
8.1.3	Discussion of Testwork Results	26
8.2	Processing	27
8.2.1	Process and Flowsheet.....	27
8.2.2	Discussions and Recommendations.....	28
9.0	PRODUCTION.....	29
10.0	OPERATING COSTS	30
11.0	CAPITAL COSTS	32
12.0	ENVIRONMENTAL MANAGEMENT	33
13.0	OCCUPATIONAL HEALTH AND SAFETY	34
14.0	RISK ANALYSIS	35

LIST OF TABLES

Table 4.1	Permit for the Mining Right of the Damajianshan Mine	7
Table 5.1	Mineral Resource Database Statistics for the Damajianshan Mine	13
Table 6.1	Deposit Industrial Parameters for Mineral Resource Estimation.....	16
Table 6.2	Damajianshan Mine Mineral Resource Summary – December 31, 2007	19
Table 6.3	Damajianshan Mine Ore Reserve Summary – December 31, 2007.....	20
Table 6.4	Mine Life Analysis	20
Table 7.1	Forecast Mine Development and Production, 2009-2011.....	24
Table 9.1	Forecast Production for the Damajianshan Mine, 2009-2011	29
Table 10.1	Forecast Unit Cost Analysis for the Damajianshan Mine, 2009-2011.....	30
Table 11.1	Forecast Capital Costs for the Damajianshan Mine, 2008-2011.....	32
Table 12.1	Tailings Storage Facility of the Damajianshan Mine.....	33

LIST OF FIGURES

Figure 1.1	Location Map of the Damajianshan Mine	2
Figure 5.1	Geology Plan Map of the Damajianshan Copper Deposit.....	11
Figure 5.2	A typical Cross Section of the No.1-1 Orebody in Damajianshan Deposit.....	12
Figure 6.1	Schematic Mineral Resources and Their Conversion to Ore Reserves	15
Figure 6.2	Block Mineral Resource Classification for the No.1-1 Orebody	17
Figure 8.1	Ore Processing Flowsheet for the Damajianshan Mine.....	28

1.0 INTRODUCTION

Wah Nam International Holdings Limited (“Wah Nam International” or the “Company”) is a company listed on The Stock Exchange of Hong Kong Limited (“SEHK”). Wah Nam International is proposing to acquire (the “Acquisition”) a 100% interest in Smart Year Investment Limited (“Smart Year”), a company incorporated in the British Virgin Islands (“BVI”), which owns a 90% interest of Luchun Xingtai Mining Company Limited (“Luchun Xingtai”), a Sino-foreign joint venture company registered in Yunnan Province of the People’s Republic of China (“PRC” or “China”). The remaining 10% interest of Luchun Xingtai is owned by a private Chinese company.

Luchun Xingtai has a 100% interest in the Damajianshan copper polymetallic mine (the “Damajianshan Mine”) located in Luchun County, Yunnan Province, near the border between China and Vietnam (Figure 1.1). The Damajianshan Mine is currently under expansion from a production capacity of 300 tonnes per day (“tpd”) to 1,300 tpd, or 429,000 tonnes per annum (“tpa”) based on a 330 working days per annum. The operation will use underground mining and flotation processing methods to produce copper, lead and arsenic concentrates. Significant amounts of silver will be recovered in both the copper and lead concentrates. BDASIA believes that further expansion of the production capacity can be supported by the project mineral resource basis and significant exploration potential.

The Board of Directors of Wah Nam International engaged Behre Dolbear Asia, Inc. (“BDASIA”), a subsidiary of Behre Dolbear & Company, Inc. (“Behre Dolbear”), as their independent technical advisor to undertake an independent technical review of the Damajianshan Mine and to prepare an independent technical report in connection with the Wah Nam International acquisition. This BDASIA report is intended to be included in the circular of Wah Nam International to its shareholders in relation to the Acquisition.

BDASIA’s project team for this technical review consists of senior-level professionals from Behre Dolbear’s Denver office in the United States, London office in the United Kingdom, Sydney office in Australia and Toronto office in Canada. Behre Dolbear personnel contributing to the study and to this technical report include:

- ◆ **Dr. Qingping Deng**, President of BDASIA and Global Director of Ore Reserves and Mine Planning for Behre Dolbear, was BDASIA’s **Project Manager** and **Project Geologist** for this technical review. Dr. Deng is a geologist with more than 24 years of professional experience in the areas of exploration, deposit modeling and mine planning, estimation of mineral resources and ore reserves, geostatistics, cash-flow analysis, project evaluation/valuation, and feasibility studies in North, Central and South America, Asia, Europe and Africa. Dr. Deng is a Certified Professional Geologist of the American Institute of Professional Geologists and meets all the requirements for “Competent Person” as defined in the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”) and the requirements for “Qualified Person” as defined in Canadian National Instrument 43-101. Dr. Deng is fluent in both English and Chinese.
- ◆ **Mr. David Libby**, a Senior Consultant of Behre Dolbear’s Toronto office, was BDASIA’s **Project Mining Engineer** for this study. Mr. Libby has over 30 years of experience in the mining industry in operations and management of open pit and underground mines. He has participated in new project development as well as upgrading existing operations. At the executive level, Mr. Libby conducted due diligence reviews for corporate development purposes. The experience provided a broad exposure to all aspects of operations management. Mr. Libby has operating mining experience on three continents, overseeing mines in Ireland, Canada, and Chile. He is a licensed professional mining engineer in Canada.
- ◆ **Mr. Vuko Lepetic**, a Senior Associate of Behre Dolbear’s London office, was BDASIA’s **Project Metallurgist**. Mr. Lepetic has over 30 years of worldwide experience in mineral processing and metallurgy. He has worked with and has extensive knowledge of processes employed and products produced by Luchun Xingtai. Mr. Lepetic holds patents for stibnite and cassiterite flotation (both industrially employed) as well as records of invention for the processing of iron, lead and zinc oxide minerals, rare earths and phosphates.

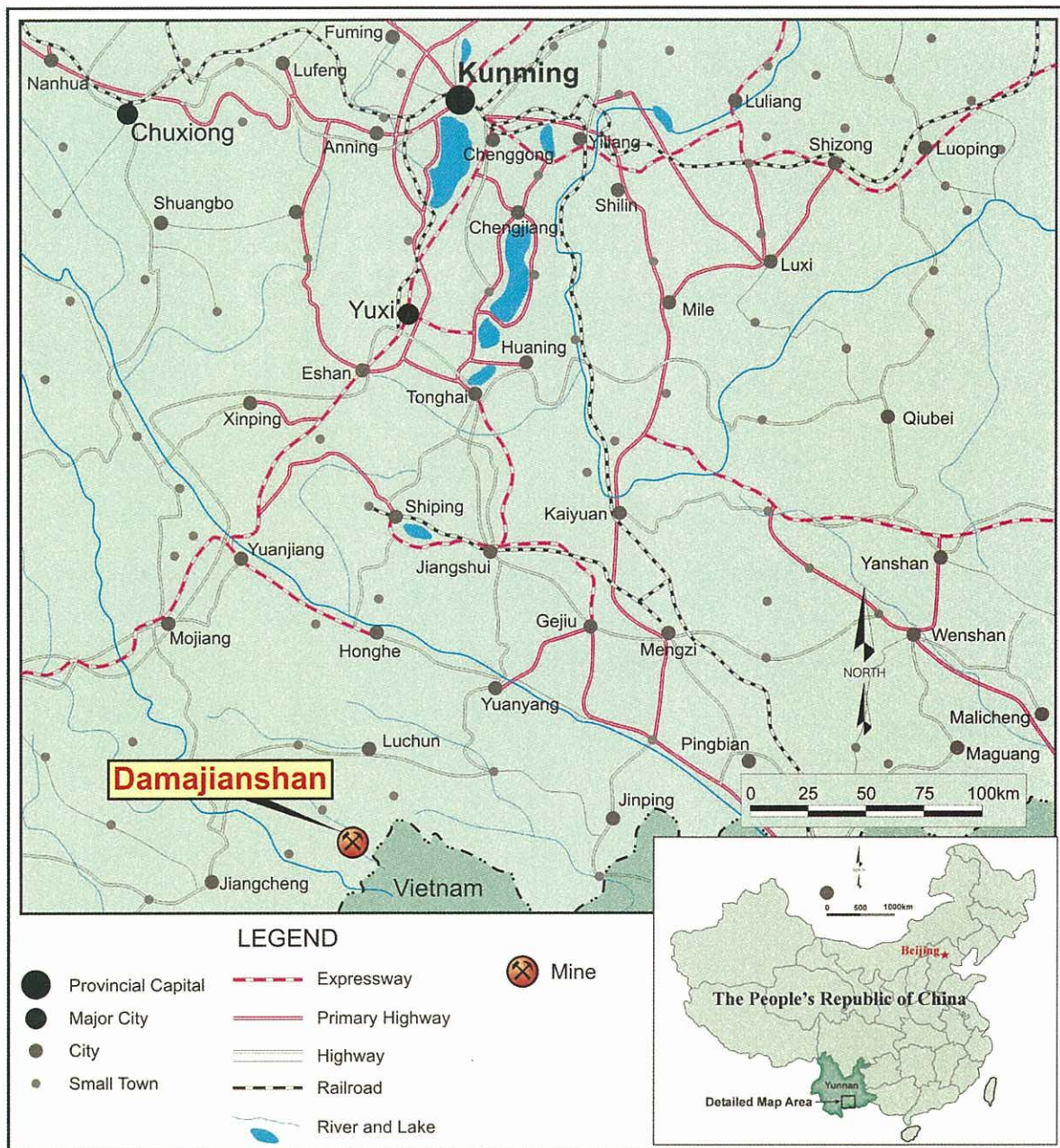


Figure 1.1 Location Map of the Damajianshan Mine

- ◆ **Ms. Janet Epps**, a Senior Associate of Behre Dolbear's Sydney office, was BDASIA's **Project Environment, Occupational Health and Safety Specialist**. She has over 30 years experience in environmental and community issues management, sustainability, policy development and regulatory consultancy services. Ms. Epps has worked extensively with the private sector, with government and the UN, World Bank, the IFC and the Multilateral Investment Guarantee Agency (MIGA), and with the mining industry, providing policy advice to governments of developing countries on designated projects and contributing towards sustainable development and environmental management strategies. She has

completed assignments in Australasia, the Pacific, Asia, Middle East, CIS, Africa, Eastern Europe, South America and the Caribbean.

- ◆ **Mr. Bernard J. Guarnera**, President and Chief Executive Officer of Behre Dolbear & Company, Inc. was subcontracted to act as BDASIA's **Project Advisor**. He is a Certified Mineral Appraiser with extensive experience in the valuation of mineral properties and mining companies. He is a registered Professional Engineer, a Registered Professional Geologist and a Chartered Professional (Geology) of the Australasian Institute of Mining and Metallurgy. Mr. Guarnera has over 30 years of professional experience and his career includes senior-level positions in exploration and development at a number of major U. S. natural resource companies. Mr. Guarnera meets all the requirements for "Competent Person" in Australia and "Qualified Person" in Canada.

BDASIA's project team, with the exception of Mr. Guarnera, traveled to China and visited the Damajianshan Mine in Luchun, Yunnan that is reviewed in this report from February 15 to February 21, 2008. During BDASIA's visit, discussions were held with technical and managerial staff at the mine sites and with technical, management personnel and consultants of Luchun Xingtai in Kunming, capital city of Yunnan Province. Production schedules, budgets and forecasts for 2008-2011 were reviewed, together with longer term development plans.

This BDASIA report contains forecasts and projections prepared by BDASIA, based on information provided by Luchun Xingtai. BDASIA's assessment of the projected production schedule, capital and operating costs are based on technical reviews of project data and a project site visit.

The metric system is used throughout this report. The currency used is the Chinese Yuan (or RMB) and/or the United States dollar (US\$). The exchange rate used in the report is RMB7.11 for US\$1.00, the rate of the People's Bank of China prevailing on February 29, 2008.

2.0 QUALIFICATIONS OF BEHRE DOLBEAR

Behre Dolbear & Company, Inc. is an international minerals industry consulting group which has operated continuously in North America and worldwide since 1911, currently with offices in Beijing, Denver, Guadalajara, London, New York, Santiago, Sydney, Toronto, Vancouver, and Hong Kong.

The firm specializes in performing mineral industry studies for mining companies, financial institutions, and natural resource firms, including mineral resource/ore reserve compilations and audits, mineral property evaluations and valuations, due diligence studies and independent expert reviews for acquisition and financing purposes, project feasibility studies, assistance in negotiating mineral agreements, and market analyses. The firm has worked with a broad spectrum of commodities including base and precious metals, coal, ferrous metals, and industrial minerals on a worldwide basis. Behre Dolbear has acted on behalf of numerous international banks, financial institutions and mining clients and is well regarded worldwide as an independent expert engineering consultant in the minerals industry. Behre Dolbear has prepared numerous independent technical reports for mining projects worldwide to support securities exchange filings of mining companies in Hong Kong, the United States, Canada, Australia, the United Kingdom, and other countries.

Most of Behre Dolbear's associates and consultants have occupied senior corporate management and operational roles and are thus well-experienced from an operational view point as well as being independent expert consultants.

BDASIA is a wholly-owned subsidiary of Behre Dolbear established in 2004 to manage Behre Dolbear's projects in China and other Asian countries. Project teams of BDASIA commonly consist of senior-level professionals from Behre Dolbear's Denver office in the United States, Sydney office in Australia, London office in the United Kingdom and other worldwide offices. Since its establishment, BDASIA has conducted approximately 20 technical studies for mining projects in China or oversea mining projects to be acquired by SEHK-listed Chinese companies, including independent technical reports for SEHK IPO prospectus of Hunan Nonferrous Metals Corporation Limited, Zhaojin Mining Industry Company Limited, and Hidili Industry International Development Limited and for the Shanghai Stock Exchange ("SSE") IPO listing of Western Mining Company Limited. These four reports were prepared in accordance with the SEHK Listing Rules, the JORC Code and the VALMIN Code, and these four companies were successfully listed on the SEHK/SSE in 2006 and 2007.

3.0 DISCLAIMER

BDASIA has conducted an independent technical review of Luchun Xingtai's Damajianshan mining property and holdings. A site visit was made to the project site by BDASIA professionals involved in this project. BDASIA has exercised all due care in reviewing the supplied information and believes that the basic assumptions are factual and correct and the interpretations are reasonable. BDASIA has independently analyzed Luchun Xingtai's data, but the accuracy of the conclusions of the review largely relies on the accuracy of the supplied data. BDASIA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from investment or other financial decisions or actions.

4.0 PROPERTY DESCRIPTION

4.1 Location, Infrastructure and Access

The Damajianshan Mine is located in Qimaba Township, Luchun County of Yunnan Province, and near the border between China and Vietnam (Figure 1.1). The project location is remote and the access is rather difficult because of the steep terrain in the area. Road distance is approximately 13 kilometers (“km”) from the mine to the town of Qimaba located to the northwest and approximately 114 km from the town of Qimaba to the Luchun County seat located to the north. Roads from Qimaba to Luchun are cement-paved or stone-paved, mountainous winding roads. The road from the mine to Qimaba is a winding gravel/dirt road and is rather difficult to travel. Driving time is approximately 45 minutes from the mine to Qimaba and approximately 4 hours from Qimaba to Luchun. Significant delays could occur during the rainy season when the road is damaged by heavy rains and storms. The road distance from the mine to Kunming, the capital city of Yunnan Province located to the north, is approximately 550 km. Supplies for the mine generally come from Qimaba and Luchun. Concentrates produced from the mine will be trucked by contractors to the smelters located in Kunming and other places in Yunnan Province.

Electricity for the mine is supplied by the local power grid. A 10-kilovolt (“kV”) power transmission line has been constructed from the mine to the 35-kV Dashui substation located 6 km to the northwest. BDASIA was advised by Luchun Xingtai that this 10-kV power line will be sufficient to supply electric power for the 1,300 tpd mine and mill production and that power supply in the area is generally sufficient. The power transmission line will need to be upgraded if production is further expanded.

The mine is located in a humid sub-tropical region with abundant surface and ground water. Water supply for production will be from drained underground mine water and nearby springs. Water from the tailings ponds will also be recycled for production.

4.2 Climate and Physiography

The Damajianshan Mine is located in a mountainous region in southern China with a local elevation ranging from 480 meters (“m”) at the Zhama river valley located to the north of the mine to approximately 1,276 m at the summit of the Damajianshan Mountain located to the south of the mine. The ground is generally high in the south and low to the north. Surface in the area is quite steep and the surface slope generally ranges from 20° to 60°. Hills in the area are generally covered by heavy vegetation, and land in the valleys and gentle slopes is generally used for agricultural purposes. Primary crops in the area include rice, corn and tea.

The mine is located on the northern slope of the Damajianshan Mountain, and the main transportation adit (YD2) is at an elevation of 650 m. The distance from the main adit to the concentrating plant is only approximately 200 m.

The climate is humid sub-tropical in the area. Summers are hot and long with a temperature high of approximately 35 to 40°C, and winters are warm with the daily average temperature ranging from 9 to 23°C. Average annual precipitation is approximately 2,100 millimeters (“mm”), and May to October is the rainy season, accounting for about 80% of the annual precipitation. November to April of the next year is the dry season.

Luchun is a minority-dominant autonomous county. Approximately 85% of the population is Hani, with many other smaller minorities. The local economy is currently underdeveloped because of the remote location. The development of the Damajianshan Mine will contribute significantly to the local economy, and therefore is supported by the local government and residents.

4.3 Property Ownership

Under the “Mineral Resource Law of the PRC”, all mineral resources in China are owned by the state. A mining or exploration enterprise may obtain a permit for the mining or exploration right for conducting mining or exploration activities in a specific area during a specified license period. The permits are generally extendable at the end of the license period. A mining license has both horizontal limits and elevation limits, but an exploration license has only horizontal limits.

Details of the effective date and geographic area of the permit for the mining right relating to the Damajianshan Mine reviewed in this technical report have been provided to BDASIA by Luchun Xingtai and is presented in Table 4.1. BDASIA has not undertaken a legal due diligence review of this permit as such is outside the scope of BDASIA's technical review. BDASIA has relied upon Luchun Xingtai's advice as to the validity of this mining right. BDASIA understands that the legal due diligence review of the mining right has been undertaken by the Company's legal consultants.

Table 4.1 Permit for the Mining Right of the Damajianshan Mine					
Property	License Type	Number	Area (km²)	Elevation Range (m)	Term
Damajianshan Copper Mine	Mining	5300000720259	3.6656	680 ~ 1,230	Sep 2007 – Sep 2012

As shown in Table 4.1, Luchun Xingtai holds a permit for a mining right of 3.6656 square kilometers ("km²") in area; the elevation range for the mining license is from 680 m to the current topographic surface. The current mining license is valid until September 2012 and is extendable. BDASIA notes that a significant part of the currently defined mineral resources in the Damajianshan Mine is below the lower limit of the current mining license. Luchun Xingtai has advised that an application to adjust the lower limit of the mining license to an elevation of 0 m has been submitted to the relevant authority. BDASIA's review of the mineral resources and ore reserves for the Damajianshan Mine in this report is conditioned on the premise that the revised mining license with a lower limit of 0 m will be granted to Luchun Xingtai. All currently defined mineral resources and ore reserves are within the horizontal boundary of the mining license.

4.4 Project History and Current Status

Copper and arsenic mineralization at Damajianshan was discovered in the 1960s. However, very limited exploration work was done until the 1990s. The mine was first explored for arsenic from October 1992 to February 1994 by the No.1 Geological Team of the Yunnan Provincial Geological Bureau, and a report titled "Exploration Report for the Damajianshan Arsenic Mine in Luchun County, Yunnan Province" was produced from the study. Small scale mining for arsenic from the deposit by local miners started in 1989, and the mining scale was significantly increased in 1994 after the No.1 Geological Team's study. Arsenic mining was from both the surface and the underground. No detailed production records are available for BDASIA's review. It is reported that the total mined-out arsenic ore to 2004 was estimated to be approximately 500,000 tonne ("t").

The project was further explored as a copper-arsenic project and a report titled "Exploration Report for the Damajianshan Copper-Arsenic Mine in Luchun County, Yunnan Province" was completed by the No.2 Mineral Resource Research Institute of Yunnan Geological Survey in April 2005. Gejiu City Chuantian Mining Limited Liability Company ("Gejiu Chuantian") acquired the Damajianshan property in February 2004 and a flotation concentrator with a production capacity of 100 tpd was constructed in the same year. The concentrator has been expanded to a processing capacity of 300 tpd to the end of 2006. Mining for copper and arsenic ore from underground workings by Luchun Xingtai started in 2005 and it is reported that a total of approximately 25,000 t of ore with an average grade of 1.59% copper and 6.02% arsenic was produced from the property from 2005 to the end of the first quarter of 2007. Mining at the property was then suspended for the acquisition of a 90% interest of Gejiu Chuantian by Smart Year and for the project expansion. After the acquisition, Gejiu Chuantian was renamed Luchun Xingtai and became a Sino-foreign joint venture in December 2007.

Luchun Xingtai engaged Kunming University of Science and Technology ("KUST"), a licensed exploration entity in China, in early 2007 to conduct a systematic detailed sampling program from existing surface trenches and underground workings and to conduct an updated mineral resource estimation based on the sampling results. A report with an updated mineral resource estimate was submitted to Luchun Xingtai in July 2007. The new sampling program shows that copper polymetallic mineralization is not only limited to the structural zones, which was the primary target of previous mining activities, but also widely distributed in the strong, pervasive alteration zones adjacent to the structural zones. Therefore, the deposit size has increased significantly. Based on the new mineral resource estimate, Xian Nonferrous Metallurgical Engineering and Research Institute (the "Xian Institute"), located in Xian, Shanxi Province, completed a feasibility study for a 1,300 tpd underground mining and flotation processing

project for Damajianshan in January 2008. BDASIA's technical review of the Damajianshan Mine is generally based on the updated mineral resource estimate by KUST and the project feasibility study by the Xian Institute.

The project is currently under expansion from a 300 tpd operation to a 1,300 tpd operation. A new flotation mill with a production capacity of 1,000 tpd was basically completed during BDASIA's site visit to the property in mid-February 2008. Mine development was underway and construction of a new tailings dam was expected to commence soon. Production of the 1,300 tpd project is expected to commence late in 2008 and full production is to be reached at the end of 2008.

However, BDASIA's observation during the site visit shows that the Damajianshan deposit has not been well defined by the latest sampling program as most of the existing underground workings do not penetrate the mineralized bodies. Therefore, the location of the hangingwall and footwall as well as the actual dimension of the orebodies in the deposit is basically unknown and the actual mineral resources could be significantly larger than those defined by the current mineral resource estimate. BDASIA believes that it is very important for Luchun Xingtai to conduct a new phase of exploration work to define the dimensions of the mineralized system using systematical underground development and/or drilling. The mining system and mining methods need be redesigned based on the findings of the new exploration work, likely in a larger production capacity. Because of the needed additional exploration work, initial mine production will likely be postponed from the current plan, but will be on a more solid basis and perhaps on a larger scale.

5.0 GEOLOGY AND DATABASE

5.1 Geology of the Damajianshan Deposit

The Damajianshan Mine is a structurally-controlled hydrothermal copper polymetallic deposit related to Mesozoic late Yanshanian granitic intrusives. Stratigraphy in the deposit area includes the Lower Silurian System and the Quaternary alluviums and colluviums. The Lower Silurian System is divided into two members. The lower member consists of metamorphosed quartz arkoses at the lower section, and metamorphosed fine-grained quartz sandstones, quartz siltstones and sericitic slates at the upper section. The upper member of the system is subdivided into four sections. The lower section consists of sandy sericite slates and quartz siltstones; the second section consists of metamorphosed silicic sericite quartz sandstones with interbedded phyllitic slates; the third section consists of metamorphosed quartz siltstone with interbedded sandy sericite slates; the upper section consists of interbedded sandy sericite slates and phyllitic sericite slates. The Silurian strata in the deposit area generally dip to the northeast at angles between 25° and 60°. The upper section of the lower member of the Lower Silurian System is the most-widely distributed strata and is the primary host of copper polymetallic mineralization in the area.

The Silurian strata were intruded by several small late-Yanshanian quartz porphyry stocks. It is expected that these small quartz porphyry stocks are connected to a larger granitic intrusive at the depth, which controls the alteration and mineralization system in the deposit area. The mineralized system was also intruded by some post-mineral mafic intrusive dikes.

A set of northwest- to north-northwest-striking normal faults with a high-angle dip to the northeast, control the distribution of copper polymetallic mineralization in the deposit and the mineralized system was offset by a set of northeast-striking normal faults with a high-angle northwest dip. The mineralization-controlling faults generally exhibit multiple-stage structural movement.

The copper polymetallic mineralization in the deposit consists of a series of mineralized bodies controlled by the northwest- to north-northwest-striking faults. A total of eleven orebodies have been identified to date and the No.1 orebody by far is the best known and the most important, which accounts for approximately 77% of the estimated mineral resources. The No.VIII orebody is next and accounts for approximately 17% of the estimated mineral resources.

The No.1 orebody is the best defined ore zone at Damajianshan. It is controlled by 13 surface trenches at an approximately 100-m spacing and 13 underground levels at a vertical interval of approximately 50 m. The orebody outcrops at the surface at elevations from 580 m to 1,170 m; its controlled strike length is over 1,200 m and the controlled extension along the dip direction ranges from less than 10 m to over 150 m. The orebody consists of massive sulfide-quartz veins within the main mineralization-controlling structures and strongly and pervasively silicified and mineralized slates adjacent to the structure. The true horizontal width of the orebody is generally unknown at this stage as almost all the sampling crosscuts have not completely penetrated the orebody. The controlled horizontal width of the orebody ranges from less than 10 m to over 70 m with an average of 18.0 m. BDASIA believes that the true horizontal width of the orebody could be significantly larger than the controlled horizontal width. The No.1 orebody was offset by a northeast-striking post-mineral fault into two sub-orebodies, the No.1-1 and the No.1-2. The No.1-1 orebody is much larger and well defined; it accounts for approximately 94% of the defined mineral resources in the No.1 orebody. Its grade ranges from 0.54% to 2.49% with an average of 1.82% for copper, 0.43% to 14.51% with an average of 7.20% for arsenic, 0.84% to 15.38% with an average of 1.75% for lead, 0.15% to 20.12% with an average of 0.45% for zinc, 0.19% to 10.71% with an average of 0.24% for bismuth, and 1.56 to 188 g/t with an average of 56.3 g/t for silver. The orebody is open in almost all directions except to the surface.

The No.VIII orebody is located about 200 m west of the No.1 orebody and is currently the second largest in the deposit. It is currently defined by two surface trenches and two underground levels. The orebody outcrops at elevations between 750 m to 900 m and has a controlled strike length of 227 m. Similar to the No.1 orebody, the true horizontal width of the No.VIII orebody is unknown as the current sampling by underground workings did not penetrate the mineralization. The controlled horizontal width ranges from less than 5 m to over 50 m with an

average of 24.0 m. The mineralization is also open to depth and along strike. Current sampling data indicates an average grade of 1.31% for copper, 1.81% for lead and 5.44% for arsenic.

The nine other mineralized bodies are generally located to the east of the No.I orebody and are defined only by limited surface trenches. The controlled length of the mineralized bodies ranges from less than 100 m to over 300 m. True widths and down-dip extensions of the mineralized bodies are currently unknown. Limited surface trench sampling data shows similar metal grades as the No.I and No.VIII orebodies.

Primary metallic minerals for the copper-polymetallic mineralization are chalcopyrite, arsenopyrite, pyrite, pyrrhotite and galena, with small amounts of chalcocite, sphalerite, covellite, tennantite and bismuthinite. Sulfide minerals occur as massive to semi-massive veins in the structures or as veinlets and disseminations throughout the pervasively silicified slates. The mineralized slates are extremely hard and competent because of strong pervasive silicification. Oxidation of the sulfide minerals is limited to surface exposures and limited fractural surfaces in the deposit. Gangue minerals are mostly quartz, silicified slates with a small amount of sericite, chlorite, calcite and dolomite.

Figure 5.1 is a geological plan of the Damajianshan copper deposit and Figure 5.2 is a typical cross section of No.I orebody in the deposit. BDASIA notes that the entire area in Figure 5.1 is within Luchun Xingtai's current mining license and that the orebody width in Figure 5.2 is based on the current available data and the true width should be larger than that shown in the section.

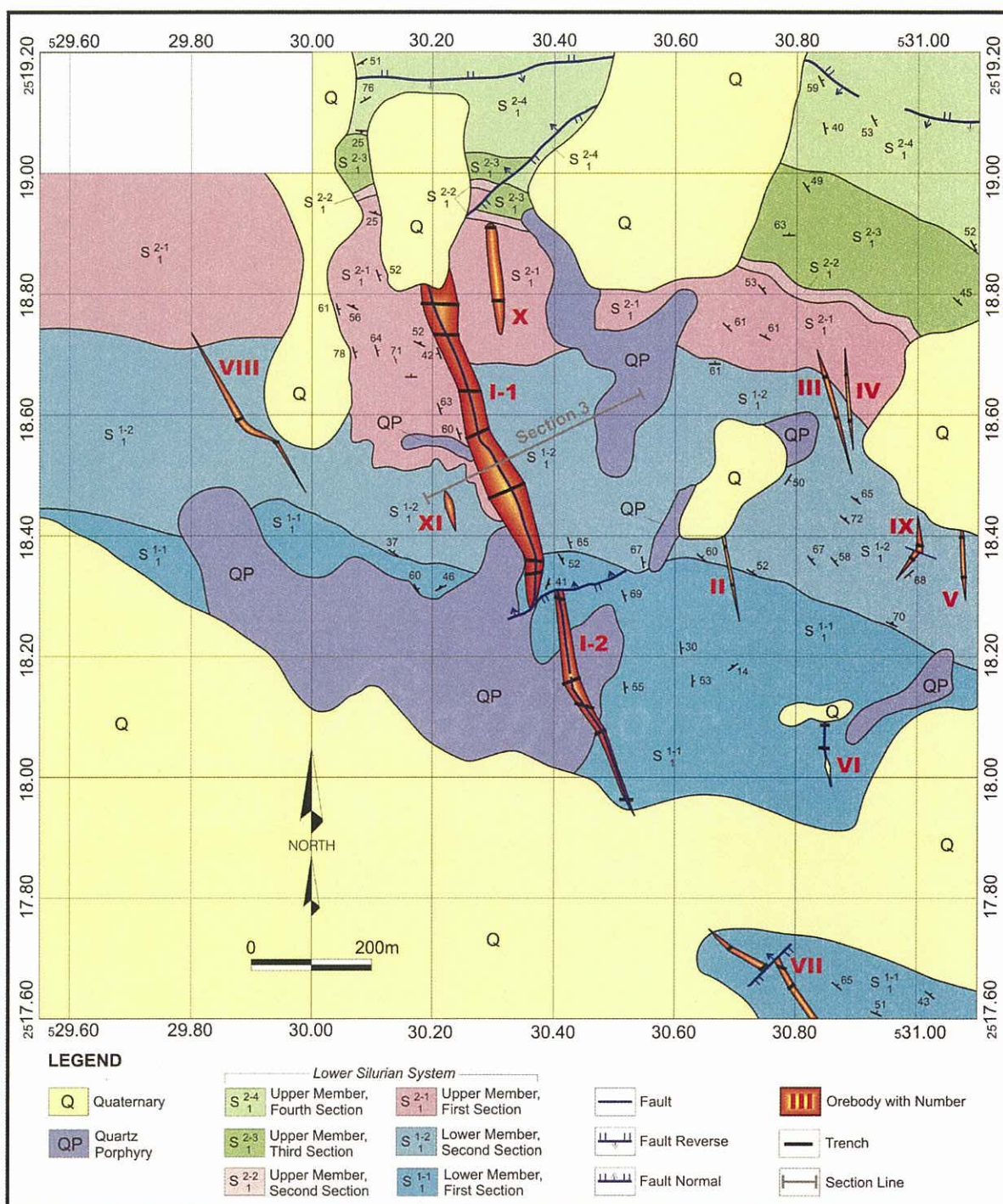


Figure 5.1 Geology Plan Map of the Damajianshan Copper Deposit

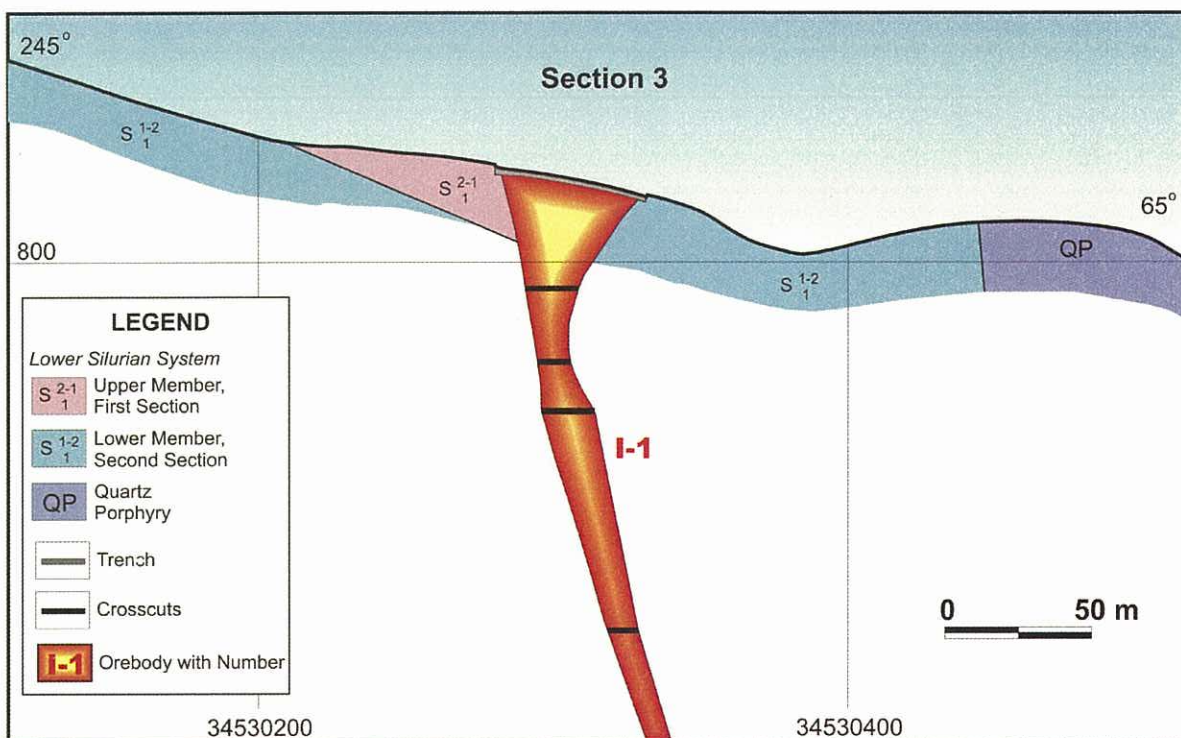


Figure 5.2 A typical Cross Section of the No.I-1 Orebody in Damajianshan Deposit
(Location of the section is shown in Figure 5.1.)

5.2 Geological Database

5.2.1 Database Used for Mineral Resource Estimates

Databases used for mineral resource estimation are generated by licensed exploration entities and/or by the mines in China. Guidelines specifying the appropriate sampling, sample preparation and assaying techniques and procedures for different types of mineral deposits are issued by the relevant government authorities. The databases used for mineral resource estimation are generally produced following these set guidelines.

The Damajianshan deposit has been explored by surface trenches and underground workings. These surface trenches and underground workings were developed by different operators of the property at different times, and their distributions are somewhat irregular. In general, surface trenches at approximately 100-m spacing were developed to define the surface exposures of the mineralized bodies. Systematic underground workings at an approximately 50-m vertical spacing have only been developed for the primary No.I orebody. A total of 13 levels, from an elevation of 586 m to 1,180 m, were developed for the No.I orebody. Each level consists of a drift at the footwall of the massive mineralized structural zone and a number of crosscuts with limited length at an irregular spacing (generally 50 m to 100 m). A systematic sampling program along all accessible surface trenches and underground workings forms the basis for the current mineral resource estimation for the Damajianshan deposit.

As discussed previously, due to historical reasons, almost none of the underground workings penetrate the mineralized bodies. Sample assay results show that the last samples for almost all crosscuts are still ore grade. Therefore, the true width of the mineralization system is unknown. The mineralized system is also open to the depth and along strike, indicating significant additional upside potential. The current mineral resource estimate was conducted using the controlled width of the mineralized bodies, which BDASIA believes is conservative.

Table 5.1 summarizes the database used for the mineral resource estimation for the Damajianshan deposit reviewed in this report.

Table 5.1 Mineral Resource Database Statistics for the Damajianshan Mine	
Sample Type	Number
<i>U/G Development</i>	
Meters	3,071
<i>Surface Trenching</i>	
Meters	800
<i>Assays</i>	
Individual Samples	1,203
Composites	25
Internal Check Assays	138
External Check Assays	76
<i>Density Measurements</i>	
Rock	30

5.2.2 Sampling, Sample Preparation and Analysis

Sampling for the current resource estimation was undertaken by staff from KUST. Underground channel samples were taken at around waist height in crosscuts and sometimes in drifts. Surface trench channel samples were taken from one trench wall below the overburden. The channel samples were generally cut 10 centimeters (“cm”) wide and 3 cm deep. The sample length was typically 2 m, but variable lengths may be used based on geological characteristics. Location of the underground workings and surface trenches has been surveyed using survey instruments.

Sample preparation and analysis was undertaken by Gejiu No. 308 Mineral Analytic Laboratory, a licensed commercial analytic laboratory located in Gejiu, Yunnan. BDASIA visited this analytic laboratory during the February 2008 site visit to the Damajianshan Mine and found the facilities in good order and the sample preparation procedures generally consistent with mining industry practice.

Copper, arsenic, lead, zinc, bismuth and silver grade analysis of the samples was conducted by ICP-AES (Inductively Coupled Plasma-Atomic Emission Spectroscopy) and AAS (Atomic Absorption Spectroscopy) methods. High-grade samples above the detection limits of ICP-AES and AAS were determined using wet chemical analysis. These analytical methods are widely used in the mining industry in China, and generally produce reliable results, if conducted correctly.

A total of 1,203 samples were taken from the deposit and their assay results were used for the current resource estimation. BDASIA reviewed the original assay certificates from Gejiu No. 308 Mineral Analytic Laboratory, and has compared the assays certificates with sample grades used for resource estimation for some randomly selected intervals. No data entry errors were found.

5.2.3 Quality Control and Quality Assurance

Assay quality control and quality assurance programs include internal check assays, external check assays, and analysis of assay standards. For 1,203 samples used for mineral resource estimation, 138 (11.5%) were subject to an internal check assay and 76 (6.3%) were sent for external check assays. The external check assays were conducted by an unpaired commercial assay laboratory. In order to determine the assay quality, check assay results were compared with the original assay results and the variance compared with permitted random error limits specified by government regulation for various grade ranges. Check assay results indicate that the assay results from Gejiu No. 308 Mineral Analytic Laboratory are generally reliable and can be used for mineral resource estimation of the Damajianshan deposit.

5.2.4 Bulk Density Measurements

Bulk density data were collected using rock samples from underground workings. The bulk density of rock samples was measured using a wax-coated water immersion method.

A total of 30 bulk density measurements were undertaken for the current mineral resource estimation and the average bulk density from the measurements is 3.05 grams per cubic centimeter ("g/cm³"). BDASIA considers that the average bulk density adopted is reasonable and appropriate based on the mineral composition of the deposit.

6.0 MINERAL RESOURCES AND ORE RESERVES

6.1 Mineral Resource/Ore Reserve Classification System

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia in September 1999 and revised in December 2004 (“the JORC Code”) is a mineral resource/ore reserve classification system which has been widely used and is internationally recognized. It has also been used previously in independent technical reports for mineral resource and ore reserve statements for other Chinese public companies reporting to SEHK. The JORC Code is used by BDASIA to report the mineral resources and ore reserves of the Damajianshan Mine in this report.

A Mineral Resource is defined in the JORC Code as an identified in-situ mineral occurrence from which valuable or useful minerals may be recovered. Mineral Resources are classified as Measured, Indicated or Inferred according to the degree of confidence in the estimate:

- ♦ a Measured Resource is one which has been intersected and tested by drill holes or other sampling procedures at locations which are close enough to confirm continuity and where geoscientific data are reliably known;
- ♦ an Indicated Resource is one which has been sampled by drill holes or other sampling procedures at locations too widely spaced to ensure continuity, but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of reliability; and
- ♦ an Inferred Resource is one where geoscientific evidence from drill holes or other sampling procedures is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.

An Ore Reserve is defined in the JORC Code as that part of a Measured or Indicated Resource which could be mined and from which valuable or useful minerals could be recovered economically under conditions reasonably assumed at the time of reporting. Ore reserve figures incorporate mining dilution and allow for mining losses, and are based on an appropriate level of mine planning, mine design and scheduling. Proved and Probable Ore Reserves are based on Measured and Indicated Mineral Resources respectively. Under the JORC Code, Inferred Mineral Resources are deemed to be too poorly delineated to be transferred into an ore reserve category, and therefore no equivalent Possible Ore Reserve category is recognized or used.

The general relationships between exploration results, mineral resources and ore reserves under the JORC Code are summarized in Figure 6.1.

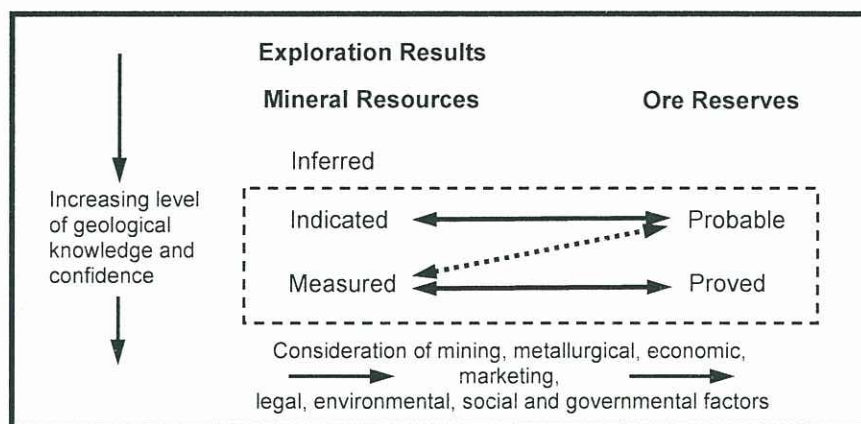


Figure 6.1 Schematic Mineral Resources and Their Conversion to Ore Reserves

Generally ore reserves are quoted as comprising part of the total mineral resource body rather than the mineral resources being additional to the ore reserves quoted. The JORC Code allows for either procedure, provided the system adopted is clearly specified. In this BDASIA report, all the ore reserves are included within the mineral resource statements.

6.2 General Procedure and Parameters for Mineral Resource Estimation

The methods used to estimate mineral resources and the parameters used to categorize the mineral resources for a particular type of mineral deposit are generally prescribed by the relevant Chinese government authorities. The mineral resource estimates are based on strictly defined parameters, which include minimum grades, minimum thicknesses, and cutting procedures for high grades. The mineral resources for a deposit can be estimated by the mine geologists and engineers or by an independent engineering entity.

In order to provide a reliable mineral resource base for the Acquisition, Luchun Xingtai has retained Kunming University of Science and Technology, an independent government-owned entity with a valid exploration license in China, to conduct an independent mineral resource estimation in 2007 for the Damajianshan deposit reviewed in this BDASIA report. KUST's address is 68 Wenchang Road, The 121 Avenue, Kunming City, Yunnan Province. KUST's mineral resource estimates for the Damajianshan deposit were dated July 31, 2007. As there was no production for the project since then to the end of 2007, the mineral resources for the project as of December 31, 2007 will not change from that estimated by KUST in July 2007.

The drill hole or channel sampling density required to define a certain class of mineral resource depends on the type of deposit. Based on the orebody size and complexity, a deposit is classified into certain exploration types before mineral resource estimation. The primary No.1 orebody for the Damajianshan deposit comprises large tabular mineralized zones hundreds of meters in dimension with good continuity in both grade and thickness; it is categorized as exploration type I. Other smaller mineralized bodies in the deposit have been categorized as exploration type III.

For the purpose of mineral resource estimation, all surface trench and underground channel sampling data, along with other relevant geological information, were digitized into the MAPGIS System by KUST. MAPGIS is a computer software system widely used in China for preparation of plans and sections for mineral resource estimation. Sections and plans used for the 2007 mineral resource estimation were produced by the software.

The geological block method, a polygonal method on projected longitudinal sections, was used by KUST for the mineral resource estimation of the Damajianshan Mine. Based on information provided by KUST and discussions with the KUST's technical personnel, the general procedures and parameters used in the mineral resource estimation are described as follows.

6.2.1 Determination of "Deposit Industrial Parameters"

The economic parameters for mineral resource estimation are referred to as "Deposit Industrial Parameters" ("DIP") in Chinese literature or technical reports, and are normally approved by government authorities for each deposit. These parameters generally include the cutoff grades (separated into boundary cutoff grade, block cutoff grade and sometimes deposit cutoff grade), minimum mining width, and minimum waste exclusion width. The DIP used for the mineral resource estimates of the Damajianshan deposit reviewed in this report are summarized in Table 6.1.

Table 6.1 Deposit Industrial Parameters for Mineral Resource Estimation						
Deposit	Metal	Cutoff Grade			Minimum Width	Minimum Waste Exclusion Width
		Boundary	Block	Deposit		
Damajianshan	Cu	0.3%	0.5%	0.7%	1 m	2 m

BDASIA has reviewed these parameters under the economic conditions assumed by Luchun Xingtai for the Damajianshan Mine and found them are in general reasonably defined.

6.2.2 Grade Capping

As copper and other metal grades in the Damajianshan deposits are quite consistent, and no significant samples with extremely high metal grades (outliers) are present. KUST believes that grade capping is unnecessary in resource estimation for the Damajianshan deposit. BDASIA concurs with KUST's conclusion.

6.2.3 Determination of Block Boundaries and Confidence Level

In the block resource estimation, the orebody is separated into a number of blocks, with each block assigned a resource confidence class based on the type and density of available geological data. For the Damajianshan resource estimation, Measured blocks were based on underground channel sampling and surface trench sampling data at a spacing of 50-m by 50-m to 100-m. Indicated category blocks were also based on underground channel sampling and surface trench sampling data, but the sample spacing was up to 100-m by 100-m. Generally, the Measured and Indicated blocks were limited to the boundary formed by the economic sampling crosscut/trenches with no extrapolation. Inferred category blocks were defined by wider-spaced surface trench samples or extrapolating 100-m to 120-m from the defined Measured and Indicated blocks for the No.1 orebody and 30-m to 40-m for other mineralized bodies. Block mineral resource classification for the No.1-1 orebody on the longitudinal section is illustrated in Figure 6.2.

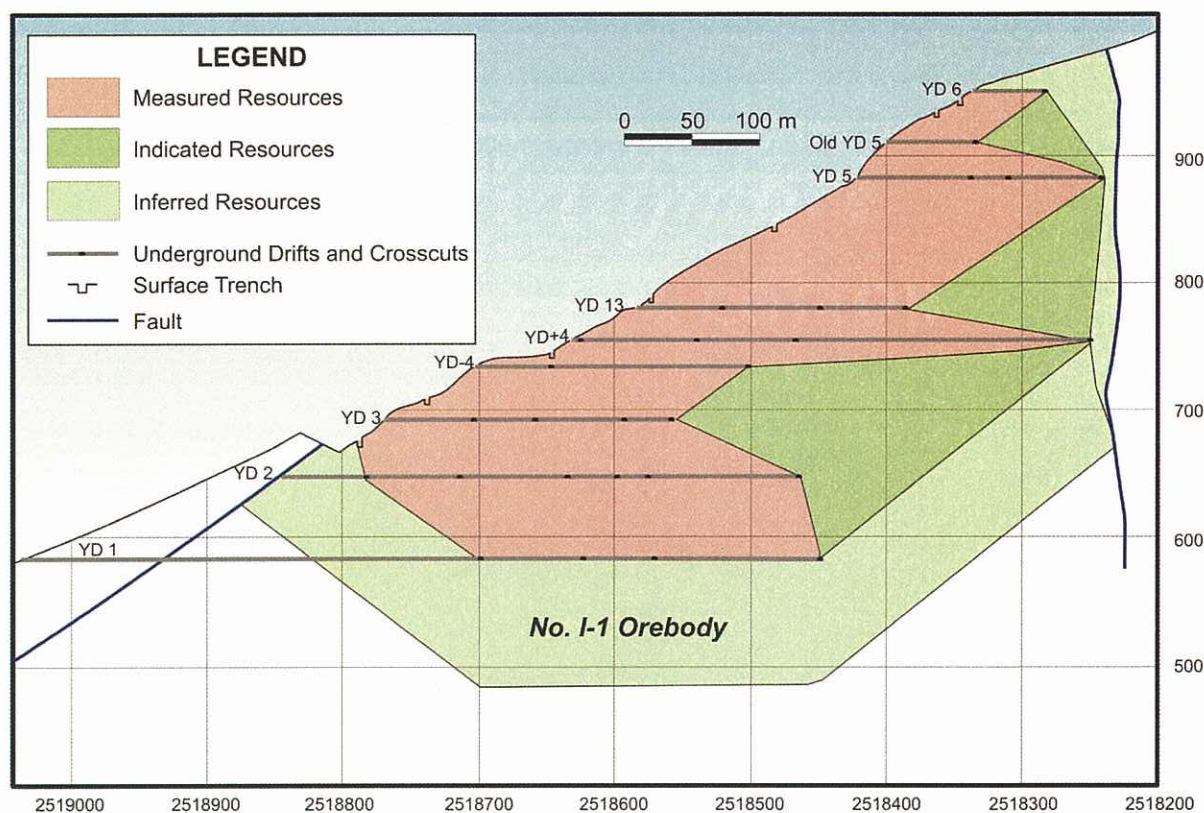


Figure 6.2 Block Mineral Resource Classification for the No.1-1 Orebody

6.2.4 Mineral Resource Estimation

In the resource estimation process, the average channel sample metal grades were calculated using the length-weighted average of all the channel samples within the orebody intersection. The block average metal grade was calculated using the horizontal width weighted average of all drill channel intersections inside the block. The

orebody metal grade was calculated using the tonnage weighted average of all blocks inside the orebody. The deposit metal grade was calculated using the tonnage weighted average of all the orebodies in the deposit.

The block horizontal width was the arithmetic average of all channels within the block. Block tonnages were calculated based on the block areas and thickness and the average bulk density. Orebody and deposit tonnages were based on the sum of the block tonnages.

6.2.5 Discussions and Recommendations

Based on our review, BDASIA considers the mineral resource estimation procedures and parameters applied by the KUST to the Damajianshan deposit to be generally reasonable and appropriate. The Measured and Indicated blocks were defined by underground channel sampling and surface trench sampling data, with a sample spacing of 50-m to 100-m, and have a high level of geological control. There is no extrapolation from data points for the Measured and Indicated category mineral resource blocks. The Inferred category blocks were defined by wider-spaced surface sampling trenches or extrapolated from existing data points.

As discussed previously, the orebody horizontal width for the current resource estimation was conservatively defined from existing underground crosscuts as these crosscuts generally have not penetrated the orebodies. When a new systematic underground development and/or drilling program is completed, the average orebody horizontal width is expected to increase significantly, which will result in a significant increase for the currently-estimated mineral resources for the deposit.

Historical production for arsenic mining from Damajianshan was not well recorded, and a total 500,000 t of ore production was estimated to the end of 2004. Mine production for copper and arsenic from 2005 to 2007 by Luchun Xingtai totals approximately 25,000 t with an average grade of 1.56% copper, 6.28% arsenic, 1.35% lead, and 43.9 g/t silver. Considering the mining dilution factors occurred during mining, these metal grades are in line with the current resource metal grades. The exact location of the historical mine production could not be determined, at least a part of the production was from underground stopes along the primary ore-control fault for the No.1 orebody. To be conservative for the current resource estimation, a total of 525,000 t of resources were deducted from the current Measured mineral resources. BDASIA believes that this deduction eliminated the resource uncertainty associated with the historical mine production for the Damajianshan deposit.

Based on reviewing the drilling and sampling data, procedures and parameters used for the estimation of mineral resources, BDASIA is of the opinion that the Measured, Indicated and Inferred mineral resources estimated under the 1999 Chinese mineral resource system for the Damajianshan deposit by KUST also conform to the equivalent JORC mineral resource categories. The economic portion of the Measured and Indicated resources can be used to estimate Proved and Probable ore reserves, respectively.

BDASIA recommends that Luchun Xingtai undertake a new systematic exploration program for the No.1 orebody as soon as possible to define the hangingwall and footwall, the nature of ore-waste contacts and the grade distribution together with structural and geotechnical information of the mineralized zones. The exploration can be conducted by underground development and/or underground drilling at an initial spacing of approximately 100 m by 100 m. Results of this new exploration work will allow detailed mine design and planning..

6.3 Mineral Resource Statement

The mineral resource estimates under the JORC Code as of December 31, 2007 for the Damajianshan deposit in Luchun, Yunnan, as reviewed by BDASIA, are summarized in Table 6.2. The mineral resources estimated by KUST were dated July 31, 2007. As there was no mine production from July to December in 2007, the mineral resources as of December 31, 2007 do not change from that of July 31, 2007. The mineral resource estimates are inclusive of mineralization comprising the ore reserves.

Table 6.2
Damajianshan Mine Mineral Resource Summary – December 31, 2007

JORC Mineral Resource Category	Tonnage (kt)	Grades						Contained Metals					
		Cu %	As %	Pb %	Zn %	Bi %	Ag g/t	Cu kt	As kt	Pb kt	Zn kt	Bi kt	Ag t
Measured	4.652	1.79	6.83	1.54	0.37	0.24	51.1	83.1	318	71.6	17.1	10.9	237
Indicated	3.153	1.70	7.52	1.79	0.52	0.25	57.4	53.5	237	56.4	16.5	8.0	181
Subtotal	7,805	1.75	7.11	1.64	0.43	0.24	53.6	136.5	555	128.0	33.6	18.9	418
Inferred	7.678	1.61	6.48	2.18	0.48	0.24	63.1	123.9	498	167.2	36.9	18.3	484
Total	15,483	1.68	6.80	1.91	0.46	0.24	58.3	260.4	1,053	295.2	70.5	37.2	903

6.4 Procedure and Parameters for Ore Reserve Estimation

Ore reserves comprise that portion of the Measured and Indicated mineral resource that is planned to be mined economically and delivered to the mill for processing. In line with most Chinese mining companies, Luchun Xingtai does not traditionally produce an external ore reserve statement, rather this is an exercise which is carried out by the mining teams in order to produce short- and medium-term mine plans and production schedules. However, given the requirements for the Acquisition, BDASIA has formalized Luchun Xingtai's mine production planning processes and estimated an ore reserve for the Damajianshan Mine. These ore reserve estimates have been produced from the in-situ mineral resource estimates based on the economic Measured and Indicated resource categories from which a mine plan has been generated.

For the purpose of converting the economic Measured and Indicated mineral resources to ore reserves, the overall mining dilution factor and mining recovery factor between the in-situ mineral resources and the ore delivered to the mill for processing have to be determined as converting factors. An overall mining dilution factor of 16.50% under the Chinese definition and a mining recovery factor of 83.42% were determined by the Xian Institute for the Damajianshan Mine based on the orebody characteristics and selected mining methods. No historical production data are available to validate these factors. It was assumed that the dilution waste has a zero metal grade when applying the mining dilution factor and mining recovery factor to the ore reserve estimation.

It should be noted that the definition of the mining dilution factor in China is different from that in most Western countries. The mining dilution factor in China is defined as the ratio of the waste tonnage in the mill feed to the total mill feed tonnage, but the mining dilution factor in the West is defined as the ratio of the waste tonnage in the mill feed to the ore tonnage in the mill feed. Therefore, when using the same data for calculation, the Western mining dilution factor is always higher than the Chinese mining dilution factor, with the difference getting larger when the dilution factor is higher. For example, the Chinese mining dilution factor of 5.00% is equivalent to a Western mining dilution factor of 5.26%, and the Chinese mining dilution factor of 16.50% is equivalent to a Western mining dilution factor of 19.76%. As the JORC Code is used for mineral resource/ore reserve reporting for this BDASIA report, the Western definition of the mining dilution factor is used throughout this report.

BDASIA considers that the mining dilution factor and mining recovery factor selected by the Xian Institute generally reasonable at this planning stage and will use them to convert the economic Measured and Indicated mineral resources into Proved and Probable ore reserves. The Chinese dilution factor of 16.50% has been converted to a JORC dilution factor of 19.76% in ore reserve estimation.

The mine design loss has been reflected in the overall mining recovery factors. The Proved ore reserves are estimated from the economic Measured mineral resources, and the Probable ore reserves are estimated from the economic Indicated mineral resources.

BDASIA recommends that Luchun Xingtai monitor the actual mining dilution factor and mining recovery factors carefully when the mine is in full production, and use the actually achieved mining dilution factors and mining recovery factors in future ore reserve updates.

6.5 Ore Reserve Statement

The ore reserve statement as of December 31, 2007 generated by BDASIA for the Damajianshan Mine is summarized in Table 6.3. The ore reserve estimates include both Proved and Probable ore reserves, and the Probable ore reserves are estimated for the long-term future of the Damajianshan Mine. The Proved and Probable ore reserves have been estimated from the Measured and Indicated mineral resources respectively.

Table 6.3 Damajianshan Mine Ore Reserve Summary – December 31, 2007									
JORC Ore Reserve Category	Tonnage (kt)	Grades				Contained Metals			
		Cu %	As %	Pb %	Ag g/t	Cu kt	As kt	Pb kt	Ag t
Proved	4,648	1.49	5.70	1.28	42.6	69.3	265	59.7	198c
Probable	3,150	1.42	6.28	1.49	47.9	44.6	198	47.1	151
Total	7,798	1.46	5.94	1.37	44.8	113.9	463	106.8	349

6.6 Mine Life Analysis

BDASIA has conducted a mine life analysis for the Damajianshan Mine reviewed in this study based on the December 31, 2007 ore reserve estimates and the anticipated 2009 production rate (Table 6.4). It can be seen that the existing ore reserves are sufficient to support production at the anticipated 2009 production level for 18.2 years. This ore reserve mine life may change significantly in the future due to the following reasons:

- ◆ Additional exploration and development of the mine could convert some of the Inferred mineral resources to Measured and Indicated mineral resources, which in turn might be converted to Proved and Probable ore reserves. These new ore reserves will increase the mine life;
- ◆ Additional exploration may also find additional mineral resources within the mining license areas. Some of these additional mineral resources might be converted to ore reserves, which will extend the mine life; and
- ◆ Changes in the production rate will also change the mine life. The mine life will be shortened if the production rate is increased to a level higher than the anticipated 2009 production level.

Table 6.4 Mine Life Analysis					
Mine	2009 Production Rate (Mtpa)	Ore Reserve Mine Life		Additional Resource Mine Life	
		Ore Reserve (Mt)	Mine Life (a)	Additional Resource (Mt)	Mine Life (a)
Damajianshan	0.429	7,798	18.2	7.80	9 – 18
<i>Note: Additional resource mine life is estimated based on extracting 50-100% of the mineable portion of the additional mineral resources.</i>					

6.7 Exploration Potential

BDASIA believes that significant additional exploration potential exists for the Damajianshan deposit because of the following reasons:

- ◆ The ore zone horizontal width for the No.I and No.VIII orebodies in the current resource estimation was conservatively measured as most of the sampling underground crosscuts do not penetrate the ore zones. Additional drifting and/or drilling are expected to increase the orebody horizontal width significantly, and therefore, increase the mineral resource significantly;

- ◆ The ore zones for the No.I and No.VIII orebodies are defined by both underground development and surface trenches. The orebodies are still open to the depth and along strike;
- ◆ The nine other mineralized bodies in the deposit were only defined by limited surface trenches. Further exploration to depth and along strike should increase mineral resources; and
- ◆ Additional mineralization could also be found outside the 11 identified mineralized bodies in the deposit.

7.0 MINING

The Damajianshan Mine is an underground operation currently undergoing a production capacity expansion from 300 tpd to 1,300 tpd or 429,000 tpa. Mine production was suspended at the end of the first quarter 2007 for the planned expansion. Luchun Xingtai retained Xian Nonferrous Metallurgical Engineering and Research Institute to carry out a feasibility study for the expansion. The mine design in the feasibility study is based on current Chinese practice and current understanding of the mineralization system. In BDASIA's opinion, it can only be considered conceptual due to uncertainties with the geometry of the orebodies to be mined and lack of geotechnical information. While this is considered a limitation, examination of the existing geological data together with an underground inspection of the exposed ore occurrences indicates that the assumptions contained in the feasibility study report are generally reasonable.

7.1 Orebodies to be Mined

The current mine plan produced by the Xian Institute will only mine the Measured and Indicated mineral resources in the largest No.I and No.VIII orebodies in the Damajianshan deposit. The No.I orebody is a large tabular zone consisting of mineralization controlled by a north-northwest-striking fault. The fault zone is steeply dipping to the northeast at an angle of 48° to 87° and is filled by 1 to 6 m of massive quartz-sulfide veins and surrounded by strongly silicified and mineralized slates. The orebody extends from an elevation of 580 m to 1,170 m at the surface and is offset by a post-mineral fault into two sub-orebodies.

The No.I-1 orebody is the largest ore zone identified to date in the Damajianshan deposit and contains approximately 85% of the currently defined Measured and Indicated mineral resources to be mined. The orebody is approximately 700 m long at the surface, extending at the surface from the elevation of 580 m to 960 m. As discussed previously, its controlled horizontal width from underground crosscuts and surface trenches ranges from less than 10 m to over 70 m with a stated average of 21.5 m. The true width of the orebody, however, is unknown as the sampling crosscuts generally failed to intersect the hanging wall or footwall.

The No.I-2 orebody is not currently well defined. It contains only about 1% of the Measured and Indicated mineral resources to be mined. It is approximately 500 m long with an average controlled width of 4.6 m, extending from an elevation of 960 m to 1,170 m at the surface. As in the case of the No.I-1 orebody the true width of the orebody is unknown but could be much larger as the crosscuts generally did not penetrate the ore zone.

The No.VIII orebody contains about 14% of the defined Measured and Indicated mineral resources and is located about 200 m west of the No.I orebody. The orebody is 227 m long along strike and averagely 24.0 m wide. It is only defined by two surface trenches and two underground levels currently and is open in almost all directions.

7.2 Mining System

Mine access together with ore and waste transportation is by adits connected with ore passes, waste passes, ventilation raises and sub-level access ramps. Each adit will provide access to a haulage drift driven in the footwall and connected to the raises on each level. The ore and waste passes will be equipped with vibrating feeders to load the haulage cars for transfer of the ore and waste to surface. Currently the adits are not connected. Production above the 650-m level (YD2, which is at the mill elevation), will be transferred through ore passes to that level for haulage to the mill's coarse ore bin, a distance of approximately 200 m beyond the adit entrance. Production from mining areas at levels below YD2 will be transported to the respective adit entrance and hoisted, via an exterior inclined rope haulage way, to the mill's coarse ore storage. Track haulage is employed on the YD2 adit utilizing 50-pound rail on concrete ties. Ore and waste passes will be equipped with vibrating feeders for loading 1.2-cubic meter ("m³") side tipping mine cars hauled by 7-t electric locomotives. A total of seven locomotives will be required. Waste from mine development will be dumped into the existing tailings area. Ventilation raises connected to each level and sub-level will provide adequate ventilation for all working levels.

The host rock for the orebodies is generally sericitic slates exhibiting some phyllic alteration. Ground conditions were reported to be generally good throughout the mining area except in the immediate vicinity of the main fault which appeared to be in the middle of the defined ore zone. No geotechnical data was available, therefore this

statement is purely based on limited observation underground as no visible ground support was seen in areas that had been open for a number of years from the previous arsenic and copper-arsenic mining activities or in crosscuts driven in recent years to delineate the ore zones. There was no indication of high inherent stress levels in the underground drifts visited. The main haulages will be supported with shotcrete and additional mechanical support as dictated by the local conditions.

Ground water is not expected to be significant, however, during the wet season considerable amounts of water would ingress through any stopes which were open to surface together with seepage through faults. No large quantities of ground water have been intersected to date and there is no increase in water with depth. Therefore, it would appear that the water flow is seasonal and can be adequately drained through the adits without pumping and collected in the mill process water system or tailings pond for treatment and recycling.

7.3 Mining Methods

Sub-level stoping, with and without pillars, has been considered as the mining method for the No.1-1 orebody based on currently assumed dimensions. The Xian Institute considered this method to be sub-level caving; however, when reviewed in detail, the caving refers to the waste rock and not to the ore. Therefore, BDASIA believes that the correct terminology is sublevel retreat mining. The Xian Institute believes that due to the good ground conditions and high production rate, mining with pillars was not necessary. However, it has recognized that a lower ore recovery of only 83%, a higher dilution factor of 19.8%, and difficult ventilation conditions would result. BDASIA is of the opinion that this approach is adequate but the dilution could be slightly higher than expected by the Xian Institute. Sublevel mining with pillars would be preferable when mining widths average over 20 m with a competent hanging wall. Should the ore width increase to +30 m the mining would be changed to transverse, which would necessitate rib pillars. Therefore, until the true width has been determined the detailed mining method cannot be finalized. With the current planning concept and the incorporation of pillars, the sublevel interval could be increased to 12.5-m or more for a 50-m stope height compared to the current layout of 10-m sublevels, resulting in more tonnes per meter of development. This would maximize ore recovery (+90%) and lower dilution (to possibly 12.5%) at a slightly higher cost due to an estimated 20% increase in development. It is understood that larger than currently planned drilling equipment is available in China, therefore, increasing the sublevel interval and utilizing longer/larger blast holes is possible.

Notwithstanding the foregoing, the current production forecast is based on mining without pillars. To facilitate mining in this zone it is essential that the ore boundaries be accurately defined to enable a higher degree of mine planning. Current planning is to utilize 65-mm upholes, retreating from the hanging wall. Mucking on each sublevel is planned with 2.0-m³ electric load-haul-dump ("LHD") machines to transfer ore from the sublevel drawpoints to the ore pass. The planned development will create stopes 50-m in height with access provided from each haulage level. Sublevels are planned at 10-m intervals with a ramp access to the adits and connected to the ore, waste and ventilation raises. From each sublevel a slot raise is driven to the sublevel or main level above. Main haulage ways are planned at a size of 3.0-m×4.0-m, sublevels and stope drifts at 3.0-m×2.0-m, ore passes and waste passes are at a diameter of 3.0 m and 2.0 m, respectively.

It is proposed to employ overhand flat back shrinkage stoping for the No.1-2 orebody due to the narrow projected width to provide flexibility as the ore contacts are not clearly defined as noted in the No.1-1 orebody. More accurate delineation of the contacts is essential to improve the mine planning. With the current indicated width of 4.6 m, this zone could also be mined with a sublevel long-hole mining method and definitely so if the true width is greater than currently assumed. The current stope planning involves 50-m high stopes as per the sublevel open stopes and 50 m on strike. The resulting crown pillar is 3-m thick, the sill pillar 5 m and the rib pillars 6-7 m. Drilling will utilize both jacklegs and stopers taking a 2-m lift. Sufficient ore is drawn after each blast to maintain the correct working elevation within the stope. This is an acceptable approach to mining steeply dipping narrow ore zones.

7.4 Mine Production and Development Rates

Based on the currently indicated tonnes per vertical meter, a mining rate in the order of 600,000 tpa should be sustainable provided that the necessary development work is completed. The proposed production rate of 1,300 tpd is therefore considered achievable. Given that the current ore outlines appear to understate the reserve as the

exploration crosscuts did not intersect the hangingwall and footwall contacts, the potential for a further increase in production rate is not unreasonable.

Prior to the commencement of production at the planned rate of 1,300 tpd at the end of 2008, it is planned that three stopes will be developed and a further two under development. This will involve the completion of approximately 6,000 m of development (2 years with four development crews). The annual development requirement after that is 9,230 m, comprising 1,804 m of access development, 2,706 m of exploration development, 3,512 m of stope preparation and 1,208 m of ramp development.

The forecast mine development and production for 2009 to 2011 is shown in Table 7.1. The development rates are considered reasonable given the planned manpower and the number of working areas available.

Table 7.1 Forecast Mine Development and Production, 2009-2011			
	Forecast		
	2009	2010	2011
Development (m)	9,230	9,230	9,230
Production (kt)	429.0	429.0	429.0

Mine development is undertaken with hand-held air-operated equipment with mucking carried out with electric track mounted rocker shovels. Ramp development and production mucking will be carried out with trackless equipment. Development dimensions are adequate to satisfy the ventilation requirements.

7.5 Recommendations

In the previous sections, BDASIA has recommended conducting a new phase of exploration work for the No.1 orebody as soon as possible to better define the geometry of the mineralized zone as well as its grade distribution, structural and geotechnical information. When this exploration work is completed, a new mine design and detailed mine planning should be conducted. Appropriate mining methods and production rate will be selected based on the new data for this orebody. BDASIA believes that Luchun Xingtai should postpone the currently planned 1,300-tpd startup and restart the mine development when the new ore outlining exploration work has been completed and the mine design updated in accordance with the new reserves. This will delay the initial mine production, but the mine will be more profitable in the long run.

8.0 METALLURGY AND PROCESSING

The concentrator feed for the Damajianshan Mine will mostly come from the No.1-1 orebody under the current feasibility study. The minerals of economic importance are copper, lead and arsenic sulfides. This ore was treated previously, on a limited scale, in a 300-tpd flotation plant in 2005, 2006 and 2007. The processing rate in 2009 is planned to reach 1,300 tpd once the additional concentrating and tailings disposal facilities are completed. Flotation will remain the concentration process of choice.

8.1 Testwork

Comprehensive laboratory testwork on the ore was conducted by the Research and Design Institute of Yunnan Tin Group Company Limited and reported in "Test Report on Mineral Separation of Luchun Copper, Lead, Arsenic and Bismuth Polymetallic Sulfide Deposit" dated May 2005. This report discussed the sample tested, the testwork conducted and test results, which are all summarized below.

8.1.1 Sample

The sample used in the testwork appears to have been taken from the development ore. The sample preparation was conventional: crushing, screening, blending and splitting into required test changes. The latter were used for various analyses as well as grinding and concentration tests.

The semi-quantitative spectrographic analysis of the sample revealed the presence of arsenic, aluminum, iron, silica, copper and calcium (all above 1%), followed by manganese (0.8%), magnesium, lead and titanium (all 0.5%). Small quantities of bismuth, tin and zinc (all 0.05%), as well as beryllium (both 0.001%) were also detected.

The quantitative chemical analysis established the presence of the following values: 1.58% Cu, 0.85% Pb, 0.083% Zn, 0.139% Bi, 8.83% Fe, 5.39% As, 6.24% S, 0.275% CaO, 0.569% MgO, 61.44% SiO₂, 8.57% Al₂O₃, 0.068% Sn, 36.9 g/t Ag and less than 0.2 g/t Au.

The mineralogical composition analysis of the ore established the presence of twenty-nine minerals, of which nineteen were metal and ten were gangue minerals. Copper minerals are mainly chalcopyrite and cubanite with small amount of covellite, tennantite and malachite. Lead minerals are mainly galena, anglesite, and cerussite with small amounts of lead arsenates. The arsenic mineral is mainly arsenopyrite along with small amounts of arsenates. The bismuth mineral is bismuthinite. Iron minerals are mainly pyrite, pyrrhotite and limonite. Gangue minerals are quartz, feldspar and chlorite.

Close to 83% of the copper occurs as chalcopyrite with minor covellite, both readily recoverable by flotation. The remaining copper occurs as malachite and tennantite, or as sulfide inclusions (which cannot be floated) in quartz or as inclusions in arsenopyrite and pyrite (which downgrade copper concentrates). Chalcopyrite grains are generally between 0.01 and 0.15 mm. The minimum size is below 0.0001 mm. It may be locked, to a smaller degree, with arsenopyrite, quartz and chlorite and with galena and bismuthinite. A covellite film often covers the chalcopyrite surface.

Arsenic is mainly present as arsenopyrite (over 97%); its arsenic content is close to 40%. It has a copper content of about 0.1%. The arsenopyrite grain size is between 0.01 and 0.15 mm. It may be locked, to a smaller degree, with other sulfides and quartz and chlorite.

Lead mineral occurrence is complicated from the processing point of view. The lead minerals include galena (floatable sulfide), anglesite and cerussite (lead sulfate and lead carbonate which require a complex flotation regime hardly applicable and economical in this case) and arsenate (undesirable due to arsenic impurity). Galena usually contains small inclusions of silver, bismuth and antimony. The galena grain size is generally 0.009 to 0.13 mm. The lead present as galena accounts for 39% of the total lead and it should be noted that only this lead mineral could be economically processed and recovered in the plant under construction.

Bismuth occurs as bismuthinite. Its common grain size is from 0.005 to 0.074 mm, and its shape is acicular and/or columnar. It may be found free or with quartz, chlorite, pyrite, arsenopyrite and chalcopyrite

8.1.2 Testwork and Results

Several approaches for concentration of copper, lead, silver and arsenic were evaluated, including various bulk flotation procedures followed by separation of the bulk concentrate components into individual concentrates, combined gravity concentration and flotation, and selective flotation. Evaluation of the above approaches along with changes in fineness of grinding and reagent regimes showed that the most advantageous concentration method was the bulk flotation of copper, lead and silver followed by arsenopyrite flotation. This approach yields copper/lead/silver rougher bulk concentrate, arsenic rougher concentrate and final tail. After several cleanings, the copper/lead/silver rougher bulk concentrate is subjected to copper and lead separation. The arsenic concentrate is cleaned several times until the required purity is obtained. The tail from the arsenic flotation is disposed in a tailings pond. The optimum grinding was determined to be 80% less than 0.074 mm. The reagents were conventional and readily available.

The flotation results obtained in the closed circuit laboratory test showed that copper concentrate contained 25.66% Cu, 2.054% As, 5.93% Pb, 1.35% Bi, 463.3 g/t Ag and 0.50 g/t Au, while recoveries (distributions) of the relevant metals were 82.00% Cu, 1.28% As, 37.15% Pb and 22.84% Bi.

Arsenic concentrate contained 0.558% Cu, 26.56% As, 1.446% Pb and 0.395% Bi. These same metals were distributed in the concentrate at 11.59%, 82.97%, 36.71% and 45.04%, respectively.

8.1.3 Discussion of Testwork Results

The two aspects of the copper concentrate i.e. high arsenic content (2.05%) and low lead distribution (37.15%) are noted. Both are related to the nature of the ore in the deposit.

Regarding the arsenic, the mineralogical analysis discussed earlier demonstrated that chalcopyrite and arsenopyrite are, in some cases, finely dispersed and locked in each other. The grinding which would be required to liberate these two minerals from each other and thus reduce arsenic in the copper concentrate would have to be so fine so that it would gravely affect the efficiency of flotation and result in low metal recoveries. Therefore, a sharp separation of copper and arsenic in industrial practice cannot be expected.

The high arsenic content of the copper concentrates produced from the Damajianshan Mine is of concern to BDASIA as it could impact the salability and sale price of the copper concentrates. Based on the current concentrate sale contract, there will be a price deduction if the arsenic content is from 0.3 to 2.0% in the copper concentrates and the copper concentrate will be rejected if the arsenic content is higher than 2%. Luchun Xingtai has presented data for the arsenic contents of the copper concentrates produced by the 300-tpd mill. They generally range from 1.2 to 1.6%, which are within the saleable range. BDASIA believes that it is very important for Luchun Xingtai to closely monitor the arsenic content in the copper concentrates produced by the new 1,000 tpd mill and control them at the current or a lower level.

Regarding low lead distribution it is noted that only about 39% of the total lead present in the ore is in galena (readily floatable sulfide) while other lead minerals (sulfate, carbonate, arsenate) cannot, in this case, be economically recovered. Therefore, when the lead and copper are separated, less than 40% of the total lead present can be expected to find its way into the lead concentrate. The most likely lead recovery to the lead concentrate in an industrial process will be in the 33-36% range.

If the future ore is the same or similar to that represented by the testwork sample, it cannot be realistically expected that results better than those obtained in the laboratory locked-cycle test can be industrially obtained unless an additional and suitable process and flotation section are incorporated in the design. It is recommended that more testwork on a fully representative sample should be performed in order to settle the issue of copper and lead recoveries.

8.2 Processing

The flotation processing of this ore type is well understood and employed worldwide. Generally, it consists of crushing and grinding to the necessary fineness and the flotation of copper sulfides followed by arsenopyrite flotation. In the case of the Damajianshan ore the lead, bismuth and silver minerals will report in the copper concentrate. They may be separated from the copper if desired. The arsenopyrite, pyrite, etc. are depressed during copper flotation step. In the following stage, the arsenopyrite is activated and floated into a separate concentrate.

8.2.1 Process and Flowsheet

The copper, lead, silver and arsenic concentration process, designed based on the described testwork, comprises:

- ◆ Crushing (open circuit) of the run-of-the-mine ore in a 600-mm×900-mm jaw crusher;
- ◆ Screening of the jaw crusher product on a vibrating screen at 12 mm;
- ◆ Crushing (closed circuit) the +12 mm screen product in a H3800 hydrocone crusher;
- ◆ Grinding, in a closed circuit with double screw classifiers, of the -12 mm screen product (in MQG 2,700×4,000) to 80% -0.074 mm;
- ◆ Conditioning of the ground product prior to copper-lead bulk flotation;
- ◆ Bulk flotation of copper, lead, bismuth and silver minerals;
- ◆ Cleaning the bulk flotation concentrate and scavenging the bulk flotation tails;
- ◆ Flotation separation of copper and lead values from the third bulk cleaner concentrate into separate concentrates of copper and lead. Part of silver and bismuth report with the lead;
- ◆ Rougher flotation of arsenopyrite from the copper-lead bulk flotation tails;
- ◆ Cleaning of arsenopyrite rougher flotation concentrate to produce the final arsenic concentrate; and
- ◆ Dewatering of separate copper, lead and arsenic concentrates in individual settling tanks.

The process flowsheet is schematically presented in Figure 8.1. It is noted that all equipment, except the hydrocone crusher, is designed and made in China. The flotation reagents are conventional and readily available. The flotation reagents (and their consumption in g/t) are as follows: calcium oxide (6,000), calcium hypochlorite (2,800), copper sulfate (56), ammonium chloride (756), sodium carbonate (756), sodium ethyl xanthate (33.6), ammonium butyl xanthate (44.8), a dithiophosphate (33.6), sodium methyl glycolate (252), sodium sulfide (200-400), zinc sulfate (4,000) and sodium silicate (300).

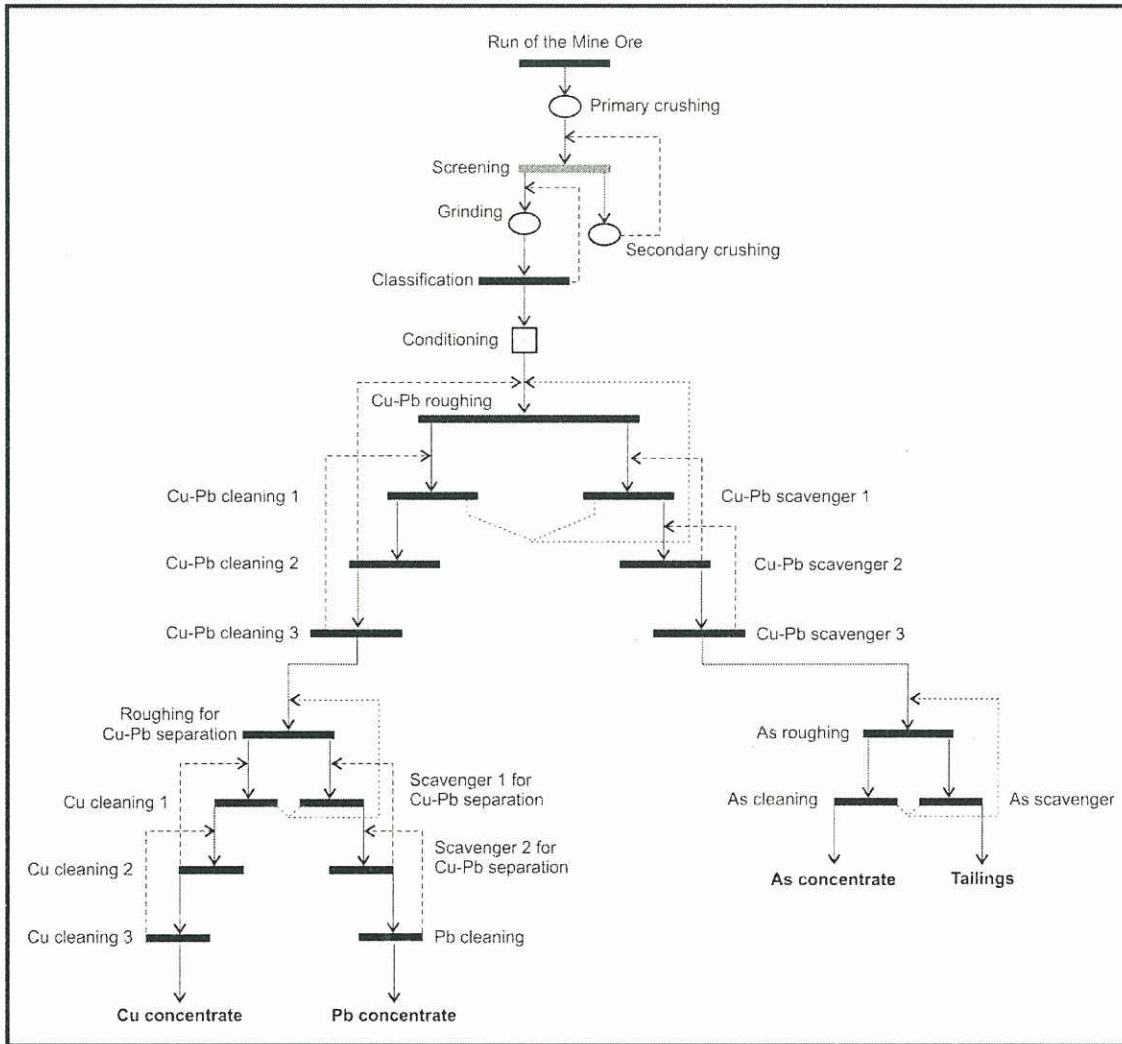


Figure 8.1 Ore Processing Flowsheet for the Damajianshan Mine

8.2.2 Discussions and Recommendations

The process is well chosen and it is believed that when fine-tuned, it could yield the results that would be optimum for this ore type. The fine-tuning (reagent adjustment, flow modifications) can take place in the course of the production.

One feature of the flowsheet, in BDASIA's opinion, requires further consideration, namely the settling tanks for the three individual concentrates. BDASIA is concerned that the settling tanks will not perform satisfactorily and that, perhaps, significant metal losses could occur in the settling tanks' overflows as well as in handling (spillage, etc.) and transfer of the concentrates. Consideration should be given to drum or disc filters to dewater the concentrates.

9.0 PRODUCTION

Forecast concentrator production for the Damajianshan Mine based on the Xian Institute feasibility study for the 2009-2011 period is summarized in Table 9.1. This forecast is based on the expectation that full production capacity of 1,300 tpd will be reached at the end of 2008. The forecast mill feed grade varies between 1.40% and 1.76% for copper, 0.99% and 1.17% for lead and 5.76% and 6.29% for arsenic in different years reflecting the grade distribution in the deposit. The forecast mill recoveries for copper, lead, and arsenic for the period are 82%, 35% and 75%, respectively, which is in line with the metallurgical tests discussed in the previous section. The reports by Luchun Xingtai showing that the actual overall mill recovery from 2005 to 2007 in the 300-tpd plant was 82% for copper and 70% for arsenic also provide support for the forecast mill recoveries.

Table 9.1 Forecast Production for the Damajianshan Mine, 2009-2011			
	Forecast		
	2009	2010	2011
Milled Ore			
Tonnage (kt)	429	429	429
Cu Grade (%)	1.76	1.40	1.40
Pb Grade (%)	0.99	1.17	1.17
As Grade (%)	6.29	5.76	5.76
Cu Metal (t)	7,560	6,020	6,020
Pb Metal (t)	4,250	5,040	5,040
As Non-metal (t)	27,000	24,700	24,700
Mill Recovery			
Cu (%)	82%	82%	82%
Pb (%)	35%	35%	35%
As (%)	75%	75%	75%
Final Products			
Copper Concentrate (t)	24,780	19,730	19,730
Cu Grade (%)	25%	25%	25%
Cu Metal (t)	6,200	4,930	4,930
Lead Concentrate (t)	3,310	3,920	3,920
Pb Grade (%)	45%	45%	45%
Pb Metal (t)	1,490	1,760	1,760
Arsenic Concentrate (t)	67,410	61,800	61,800
As Grade (%)	30%	30%	30%
As Non-metal (t)	20,220	18,540	18,540

Three concentrates will be produced from the mine: copper, lead and arsenic. The copper concentrate grade is forecast at 25% Cu, the lead concentrate grade 45% Pb, and the arsenic concentrate 30% As. They are all in the range indicated by the metallurgical test work. Total copper production in the copper concentrates will be 6,200 t in 2009 and 4,930 t in 2010 and 2011, reflecting the higher grade ore processed by the mill in 2009. Forecast lead production in lead concentrate is 1,490 t in 2009 and 1,760 t in 2010 and 2011, and forecast arsenic production in arsenic concentrate is 20,220 t in 2009 and 18,540 t in 2010 and 2011.

BDASIA believes that the forecast production is generally achievable for the current 1,300 tpd plan. However, BDASIA has recommended that Luchun Xingtai carry out additional resource definition exploration work for the No.1 orebody as soon as possible and redesign the mine based on the findings of this exploration work. This will likely result in a delay in initial production of the project, but the mine production rate will likely be higher and the mine will be more profitable.

10.0 OPERATING COSTS

Based on information in Xian Institute's feasibility study, BDASIA has developed forecast unit mining, milling, G&A and other costs on a per tonne basis for ore milled from 2009, when the mine will be in full production, to 2011 for the Damajianshan Mine. BDASIA has also calculated a unit product operating cash cost and total production cost for the equivalent primary product (copper in copper concentrate) of the operation by converting all other products to equivalent primary product using the projected product sale prices as provided by Luchun Xingtai. The primary product for the operation was selected based on its economic importance.

The operating cash costs include mining costs, processing costs, G&A costs, selling costs, environmental protection costs, production taxes, resource compensation levy, interests on loans and other cash cost items. The total production costs comprise the operating cash costs, depreciation/amortization costs and other non-cash cost items. These costs are expressed in Chinese currency with a unit of RMB. For the benefit of international investors, BDASIA has converted these costs into United States dollars (US\$).

Table 10.1 summarizes forecast unit costs from 2009 to 2011 for the Damajianshan Mine.

Table 10.1 Forecast Unit Cost Analysis for the Damajianshan Mine, 2009-2011			
Cost Item	Forecast		
	2009	2010	2011
Mining Cost (RMB/t of ore milled)	39.1	39.1	39.1
(US\$/t of ore milled)	5.50	5.50	5.50
Milling Cost (RMB/t of ore milled)	82.0	83.5	83.5
(US\$/t of ore milled)	11.53	11.74	11.74
G&A and Other Costs (RMB/t of ore milled)	102.1	100.3	100.3
(US\$/t of ore milled)	14.35	14.11	14.11
Total Operating Cash Costs (RMB/t of ore milled)	217.0	222.9	222.9
(US\$/t of ore milled)	30.51	31.35	31.35
Unit Product Operating Cash Cost*			
Equivalent Copper Metal in Concentrate (RMB/t)	12,100	15,100	15,100
(US\$/t)	1,700	2,120	2,120
Unit Product Total Production Cost*			
Equivalent Copper Metal in Concentrate (RMB/t)	13,500	17,000	17,000
(US\$/t)	1,890	2,390	2,400
* In calculation of the unit product operating cash cost and total production cost, all other products have been converted to equivalent copper metal in concentrate based on the product sales prices provided by the mine.			

The total operating cash cost is forecast at RMB217.0/t (US\$30.51/t) of milled ore in 2009 and RMB222.9/t (US\$31.35/t) in 2010 and 2011. The mining and milling cost estimates are based on self mining and milling operations. The mining cost is forecast at RMB39.1/t (US\$5.50/t) of ore milled and the milling cost at RMB82.0/t (US\$11.53/t) in 2009 and RMB83.5/t (US\$11.74/t) in 2010 and 2011. The G&A and other cost is forecast at RMB102.1/t (US\$14.35/t) in 2009 and RMB100.3/t (US\$14.11/t) in 2010 and 2011. BDASIA believes that these costs reflect current Chinese cost structures for similar mining operations and therefore are considered reasonable for the presented 1,300-tpd mine plan.

Copper is the primary metal in concentrates produced from the Damajianshan Mine; lead, arsenic, and silver credit in concentrates were converted to equivalent copper metal in concentrate for cost analysis. Forecast unit operating cash costs and unit total production costs for equivalent copper metal in concentrate are shown in Table 10.1. These costs are related to the operating cash costs, the sales price ratio of the final products (metals in concentrates), and also to the average mill feed metal grades. The forecast unit total production costs for equivalent copper metal in concentrate are significantly lower than the current market price for copper metal in concentrate, indicating that Damajianshan would be a very profitable operation if the future metal prices would be consistent with the current metal prices.

The additional resource definition work recommended and the resulting changes to the mine/mill production plan will affect the forecast costs and metal production. It is the opinion of BDASIA that these changes should have a positive impact on the operating cost structure.

11.0 CAPITAL COSTS

The forecast capital costs for the Damajianshan to 2011 are shown in Table 11.1. These costs are based on Xian Institute's feasibility study for the 1,300 tpd mining project and reflect the current cost structure of the work being carried out on the site and projected future capital expenditures. BDASIA notes that construction for the new 1,000 tpd mill was nearly completed during BDASIA's site visit and it was reported by Luchun Xingtai that the actual capital cost for the expansion will be lower than estimated in the Xian Institute feasibility study. Based on Luchun Xingtai's estimate, the capital expenditure for remaining of 2008, as of May 31, 2008, will be approximately RMB18.0 million (US\$2.57 million). Upon completion of the above expansion, the mine is expected to reach the designed production capacity of 1,300 tpd at the end of 2008.

Table 11.1 Forecast Capital Costs for the Damajianshan Mine, 2008-2011				
	Forecast			
	Pre-2009	2009	2010	2011
Capital Cost in RMB×10³				
Mine	27,070	1,610	1,610	1,610
Mill	15,800	410	290	400
Admin	4,630	-	-	-
Tailings	16,490	15,000	-	-
Ancillary Production Facility	10,620	-	-	-
Mining License	-	14,000	14,000	14,000
Others	21,330	-	-	-
Contingency	12,400	-	-	-
Total	108,340	31,020	15,900	16,000
Capital Cost in US\$×10³				
Total	15,477	4,431	2,236	2,250

The additional resource definition work recommended by BDASIA together with the revised mine and mill production plan will most likely increase the production capacity of the Damajianshan Mine, and therefore, the capital cost will also likely be increased for the expanded construction.

12.0 ENVIRONMENTAL MANAGEMENT

The Damajianshan Mine is in the process of applying for the environmental permit, from the Luchun County Environment Protection Bureau (“EPB”), for mining and processing activities at a production level of 1,300 tpd. Environmental measures proposed to be implemented at the upgraded operations will comprise:

- ◆ Dust mitigation: including the use of dust collectors, exhaust fans fitted with filters, water sprays and enclosure of dust generating activity. Personal protection devices (“PPE”) to provide additional personal protection from dust will be provided;
- ◆ Waste water treatment: Luchun Xingtai intends to recycle at least 80% of its waste water, the remainder being discharged from the site in accordance with regulatory requirements. Waste water (including tailings effluent and seepage) will be recycled to the process plant for use in mineral processing or will be used for dust suppression. Top up water is to be pumped to a water storage tank from the mine water and nearby springs. Sewage effluent will be treated to meet regulatory requirements and discharged to the river;
- ◆ Solid waste: some waste rock from mine development will be used for construction and civil works purposes, but it is expected that most will be stored in the new engineered waste rock dump. Tailings from the new processing plant will all be stored in a new tailings storage facility (“TSF”) to be constructed this year. The new waste rock dump and TSF have been designed by the Xian Nonferrous Metallurgical Engineering and Research Institute;
- ◆ Noise control: methods of noise control include use of silencers, noise and vibration dampening and absorbing materials, and isolation and enclosure of noisy equipment. Company policy will require PPE use, such as ear muffs, for noise-affected workers;
- ◆ Environmental monitoring: Luchun Xingtai will be undertaking a schedule of regular noise, water and air quality monitoring. Monitoring results will be regularly submitted to the EPB; and
- ◆ Rehabilitation: a rehabilitation and planting program for disturbed areas will be ongoing.

Table 12.1
Tailings Storage Facility of the Damajianshan Mine

Design Capacity and Estimated life	Comments
The new TSF will be constructed to meet the requirements of the mill over a 17 year mine life, with a capacity of approximately 5.3 million cubic meters.	<p>The TSF will be constructed in a river valley 1.2 km from the mill site, with the capacity designed to meet 17 years’ tailings production requirements at a 1,300 tpd production rate. Tailings will be pumped to the TSF from the process plant at a density of 50% solids (by weight), and the supernatant water, together with collected seepage, will be returned to the process plant for recycling.</p> <p>The initial stage of the TSF emplacement (4-5 years production) will be designed with a 1 in 100 year flood design factor, rising to 1 in 500 years for later extensions. The initial emplacement dam height will be 40 m high and be followed by nine 10-m lifts, each separated by 5-m berms, to a total height of 130 m. A 2.5-m underdrain, connected to four 3.5-m diameter downpipes, will permanently drain the emplacement. The TSF is designed to accommodate a local seismic risk factor of 7 (on the Chinese Richter scale equivalent). The TSF will be topsoiled and grassed upon closure.</p>

13.0 OCCUPATIONAL HEALTH AND SAFETY

Luchun Xingtai intends to implement a corporate safety policy which will incorporate national safety standards, regular health checks, and will apply to contractors as well as to company employees. A safety permit will be applied for at the appropriate time.

Luchun Xingtai intends to conduct its operations in accordance with the relevant national laws and regulations covering occupational health and safety ("OH&S") in mining, production, blasting and explosives handling, mineral processing, TSF design, environmental noise, emergency response, construction, fire protection and fire extinguishment, sanitary provision, power provision, labor and supervision.

14.0 RISK ANALYSIS

When compared with many industrial and commercial operations, mining is a relatively high risk business. Each orebody is unique. The nature of the orebody, the occurrence and grade of the ore, and its behavior during mining and processing can never be wholly predicted.

Estimations of the tonnes, grade and overall metal content of a deposit are not precise calculations but are based on interpretation and on samples from drilling or channel sampling which, even at close sample spacing, remain very small samples of the whole orebody. There is always a potential error in the projection of sampling data when estimating the tonnes and grade of the surrounding rock and significant variations may occur. Reconciliations of past production and ore reserves can confirm the reasonableness of past estimates, but cannot categorically confirm the accuracy of future predictions.

Estimations of project capital and operating costs are rarely more accurate than $\pm 10\%$ and will be at least $\pm 15\%$ for projects in the planning stages. Mining project revenues are subject to variations in metal prices and exchange rates, though some of this uncertainty can be removed with hedging programs and long-term contracts.

The Damajianshan Mine reviewed in this report is in the development stage. Development and construction are still on-going, which introduces a degree of uncertainty.

In reviewing the Damajianshan Mine, BDASIA has considered areas where there is perceived technical risk to the operation, particularly where the risk component could materially impact the projected production and resulting cashflows. The assessment is necessarily subjective and qualitative. Risk has been classified from low, moderate to high based on the following definitions:

- ◆ High Risk: the factor poses an immediate danger of a failure, which if uncorrected, will have a material effect ($>15\%$) on the project cash flow and performance and could potentially lead to project failure.
- ◆ Moderate Risk: the factor, if uncorrected, could have a significant effect ($>10\%$) on the project cash flow and performance unless mitigated by some corrective action.
- ◆ Low Risk: the factor, if uncorrected, will have little or no effect on project cash flow and performance.

Risk Component	Comments
Mineral Resources <i>Low Risk</i>	<p>The primary No.1 orebody for the Damajianshan deposit is a structurally-controlled, large tabular mineralized zone hundreds of meters in dimension and has relatively stable metal grade and thickness distribution. The orebody is currently defined by reasonably close-spaced underground crosscuts and surface trenches. The hangingwall and footwall of the orebody, however, are currently undefined as most of the sampling crosscuts have not penetrated the orebody. Further exploration to define the true dimension of the orebody could significantly increase the mineral resources. Other smaller mineralized bodies have only explored by limited surface trenches and underground workings and further exploration work could also significantly increase their contained mineral resources.</p> <p>The resource estimates follow set processes and procedures which in general have been diligently carried out. The Measured and Indicated category resources are mostly based on detailed channel sampling along underground crosscuts and surface trenches typically 50-100 m apart; there was generally no extrapolation from any data point. The Inferred category resources were also reasonably estimated by limited extrapolating from the Measured and Indicated resource blocks or based on surface trench channel sampling spaced 100 m to 200 m apart.</p>
Ore Reserves <i>Low Risk</i>	<p>Luchun Xingtai does not formally estimate and publish ore reserves. The Xian Institute has undertake feasibility mine design and planning work for a 1,300 tpd</p>

Risk Component	Comments
	<p>operation, and has selected reasonable mining recovery factor and mining loss factor based on the orebody geometry and mining methods to be employed.</p> <p>BDASIA has estimated Proved ore reserves based on the Measured mineral resource category and Probable ore reserves based on the Indicated mineral resource category for the portions of the Measured and Indicated mineral resources with a production plan using selected mining dilution and mining recovery factors.</p> <p>The defined Proved and Probable ore reserves support a mine life of approximately 17 years at the production rate of 1,300 tpd. In addition, there are significant, less reliable, Inferred class mineral resources present at the deposit and significant exploration potential also exists at the property.</p>
Mining Moderate Risk	<p>Limited geological and geotechnical information is available for mine planning. As a result reliable mine design cannot be achieved and planning must be flexible to accommodate changes as dictated by the evolving mine development. A satisfactory feasibility study has been completed given the information available, however, detailed mine plans and schedules require detailed information concerning the ore zones. A significant amount of development is required to bring the mine to the planned level of production and to sustain it.</p> <p>The proposed mining methods are appropriate given the limited exposure to the orebodies, but the stope dimensions could be conservative based on observations underground and previous mining activities. Limited allowance has been made for maintenance facilities within the mine. The operation of electric locomotives and scooptrams requires adequate maintenance facilities and preventive maintenance, without which the reliable movement of ore from stope to the mill will be at risk.</p>
Processing Low Risk	<p>The process and flowsheet are relatively simple and conventional. It is expected that both will perform well within the constraints imposed by the nature of the ore. Minor corrections will be necessary and the impact on cash flow will be minor. Therefore, the processing risk here is low.</p>
Infrastructure Low to Moderate Risk	<p>The basic infrastructure is in place at the mine for the 1,300 tpd operation. Adequate electric power is available at the site, however, the reliability of supply is questionable. Some standby capacity will be installed but may not be sufficient for continuous operation. Water is abundant in the area and sufficient for mine and mill production.</p> <p>The remote location and difficult access will result in difficulties in recruiting and maintaining qualified professional and technical staff for the project. Transportation of concentrates and supplies may also be interrupted sometimes due to weather conditions.</p>
Production Targets Low to Moderate Risk	<p>The planned production rate for the Damajianshan Mine is generally considered as achievable by BDASIA under the current 1,300 tpd production plan. However, BDASIA believes it is more important now for the Company to carry out additional exploration work in order to fully define the geometry of the orebodies. In this case, the initial production of the 1,300 tpd plant will likely be postponed again.</p> <p>The arsenic content of the copper concentrates produced from the mine should be closely monitored and controlled at the current level of 1.2 to 1.6% or a lower level as the high arsenic content in copper concentrate could impact its salability and sale price.</p>
Operating Cost Low Risk	<p>The mine costs have been developed from first principles and appear to be reasonable.</p>
Capital Cost Low Risk	<p>The mine capital costs are considered to be comprehensible and reasonable for the current level of mine planning. The construction of the new 1,000 tpd mill is nearly</p>

Risk Component	Comments
Environment <i>Low Risk</i>	<p>completed during BDASIA's site visit.</p> <p>Mitigation measures are to be put in place to ensure environmental risks are minimized and regulatory environmental requirements are satisfied. The new TSF is designed to withstand potential flood and seismic impact. The Company is in the process of applying for an environmental permit for the project expansion. Any delays in issuing the environmental permit may delay construction of the tailings dam and the proposed production schedule.</p>
Occupational Health and Safety <i>LowRisk</i>	Luchun Xingtai intends to conduct its operations in accordance with national safety regulations.

10. Solicitor's Report



观韬律师事务所

GUANTAO LAW FIRM

Tel: 86 10 66578066 Fax: 86 10 66578016

E-mail: guantao@guantao.com

<http://www.guantao.com>

中国北京市西城区金融大街 28 号

盈泰中心 2 号楼 17 层

邮编: 100140

17/F, Tower 2, Yingtai Center, No.28

Finance Street, Xicheng District, Beijing

100140, P R China

1 November 2010

Wah Nam International Holdings Limited

Room 2805, West Tower, Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan, Hong Kong

Dear Sirs,

SOLICITOR'S REPORT ON MINING PERMIT

Guantao Law Firm (hereinafter known as “**Our Firm**” or “**we**”) is a law firm legally registered in the People’s Republic of China (hereinafter known as the “**PRC**”). Our Firm is duly qualified to practise law within the PRC and is authorised by the PRC Ministry of Justice to practise and to issue legal opinions in relation to the laws of the PRC. Accordingly, Our Firm is duly qualified and authorised to issue this report.

At the request of Wah Nam International Holdings Limited (the “**Company**”), a company incorporated under the laws of Bermuda, Our Firm is issuing this report in relation to the laws and regulations of the PRC currently in force (collectively, the “**PRC Laws**”) with respect to the Company’s proposed listing on the Australian Securities Exchange.

北京 · 上海 · 西安 · 成都 · 大连 · 深圳 · 济南 · 厦门 · 香港 · 天津
Beijing · Shanghai · Xi'an · Chengdu · Dalian · Shenzhen · Jinan · Xiamen · Hong Kong · Tianjin

1. Scope and Purposes

This report has been prepared for the purpose of inclusion in an Australian prospectus to be issued by the Company which offers for subscription up to 15 million ordinary shares at an issue price of A\$0.20 per share (the "**Prospectus**").

This report relates to the PRC Mining Permit (No.5300000720259) (the "**Mining Permit**") in connection with the Damajianshan Copper Mine (大马尖山铜矿) (the "**Mine**") situated in Yunnan Province, the PRC, granted to Luchun Xingtai Mining Co., Ltd. (绿春鑫泰矿业有限公司) ("**Luchun Xingtai**"), a company incorporated on 16 February 2004 under the laws of the PRC, in which an interest is held by the Company through its wholly-owned subsidiaries.

In particular, this report relates to:

- the legal ownership and status of the Mine; and
- the outline of legal regime under which the Mine operates.

2. Assumptions and Qualifications

This report is based on and relies upon the assumptions and qualifications which follow:

- (a) We have solely relied upon documents provided and information communicated to us by the Company (the "**Documents**"). We have not made any independent investigations or searches other than the enquiries specifically mentioned in this report. We have relied upon this information being accurate, complete and up to date as at the date of this report. We have not independently verified the authenticity of these Documents or whether there are contradictory documents in existence. We have relied on these Documents at face value and have not made independent enquiries of any regional, central or other government body as to its views on the validity or authenticity of these Documents.
- (b) In our examination, we have assumed the authenticity of all signatures and Documents submitted to us. We have assumed that all Documents have been or will be authorized, executed and delivered by the authorized party validly and in accordance with the applicable laws. We have also assumed that none of the Documents have been revoked, amended, varied or supplemented prior to the date of this report. We have further assumed the accuracy and completeness of all factual statements in the Documents.

- (c) Where important facts were not independently established to us, we have relied upon certificates issued by governmental agents and representatives of the Company with proper authority and upon representations, made in or pursuant to the Documents.

Our Firm is issuing the present report in accordance with the facts and information as at the date of this report, the Documents provided to us by the Company and Our Firm's understanding of the PRC Laws.

3. Legal Ownership and Status of the Mine

Luchun Xingtai is the holder of the Mining Permit, which has been validly issued under the PRC Laws. The Mining Permit is summarised as below:

<i>Mining Permit No.</i>	:	5300000720259															
<i>Registered holder</i>	:	Luchun Xingtai															
<i>Domicile</i>	:	Fengqing Garden, Luchun County, Honghe Prefecture, Yunnan Province															
<i>Company type</i>	:	Limited liability company															
<i>Validity term</i>	:	Five years, from September 2007 to September 2012															
<i>Name of the Mine</i>	:	Luchun Xingtai Damajianshan Copper Mine															
<i>Type of minerals</i>	:	Copper															
<i>Exploitation manner</i>	:	Underground															
<i>Production scale</i>	:	60,000 tonnes/year															
<i>Mining area</i>	:	3.6656 square kilometres															
<i>Mining range</i>	:	Inflexion points' coordinates:															
		<table> <tr> <th>No.</th><th>X coordinate</th><th>Y coordinate</th></tr> <tr> <td>1,</td><td>2519250.00,</td><td>34529075.00</td></tr> <tr> <td>2,</td><td>2519275.00,</td><td>34531175.00</td></tr> <tr> <td>3,</td><td>2517525.00,</td><td>34531195.00</td></tr> <tr> <td>4,</td><td>2517550.00,</td><td>34529045.00</td></tr> </table>	No.	X coordinate	Y coordinate	1,	2519250.00,	34529075.00	2,	2519275.00,	34531175.00	3,	2517525.00,	34531195.00	4,	2517550.00,	34529045.00
No.	X coordinate	Y coordinate															
1,	2519250.00,	34529075.00															
2,	2519275.00,	34531175.00															
3,	2517525.00,	34531195.00															
4,	2517550.00,	34529045.00															
<i>Mining depth</i>	:	Exploitation elevation from 1230m to 680m, totally four inflexions															
<i>Issuing date</i>	:	10 September 2007															
<i>Issuing authorities</i>	:	Yunnan Provincial Department of Land and Resources															

We draw attention to the following points arising from our examination of the Documents made available to us:

- (a) The Mining Permit has been validly granted under the PRC Laws.
- (b) The registered holder of the Mine is Luchun Xingtai. The Company holds 90% of the equity interests in Luchun Xingtai through its wholly-owned subsidiary Smart Year Investments Limited, a company incorporated under the laws of the British Virgin Islands, which is wholly owned by Golden Genie Limited, a BVI company, a subsidiary, wholly owned by the Company. The remaining 10% of Luchun Xingtai is owned by Yunnan Maoshengyuan Industry and Trading Co., Ltd. (云南贸盛缘工贸有限公司), a company incorporated under the laws of the PRC. Luchun Xingtai is a Sino-foreign equity joint venture company, engaging in exploitation, processing and sale of copper. It was established as a domestic limited liability company on 16 February 2004 and changed into a Sino-foreign equity joint venture company on 6 December 2007 after it obtained the Mining Permit. The Mining Permit registers Luchun Xingtai as a “limited liability company”, and for the reason stated above, Luchun Xingtai has to apply for the change of registration of the “Company Type” from “limited liability company” to “limited liability company (Sino-foreign equity joint venture)”, and to the best of our knowledge, having made reasonable enquiries, we are of the view that there is no material legal impediment to Luchun Xingtai to obtaining the change of registration.
- (c) Based on a reply letter issued by Yunnan Provincial Department of Land and Resources on 1 June 2010 certifying that all the mortgage over the mining rights relating to the Mining Permit filed with Yunnan Provincial Department of Land and Resources has been released and that as of 14 May 2010, no mortgage is filed with Yunnan Provincial Department of Land and Resources, as well as a statement made by Luchun Xingtai on 29 October 2010 that, during the period from 14 May 2010 to 29 October 2010, the mining rights relating to the Mining Permit are free from any encumbrance, Luchun Xingtai holds valid title to the Mine free and clear of any encumbrance.
- (d) Luchun Xingtai is obliged to pay resources taxes, a mineral resources compensation levy, and mining right usage fee in accordance with the PRC Laws, the details of which are discussed below at Section 4 “Outline of Legal Regime under which the Mine Operates”. The amount of resources tax payable is computed on the basis of the sales volume of the mineral products. The rate of the resources tax for Luchun Xingtai is RMB7.0 per tonne. Luchun Xingtai

has paid the resources tax on a monthly basis in the years of 2008 and 2009 and for each month of 2010 from January to September, except February 2010, as there was no production carried out in the Mine in that month due to Chinese New Year holiday, according to a statement made by Luchun Xingtai. The amount of resources compensation levy payable is computed on the basis of the sales revenue of mineral products. Luchun Xingtai has paid the resources compensation levy for the years of 2008 and 2009. Luchun Xingtai has not received any notice as to when it is obliged to pay the resources compensation levy for the year 2010, according to a statement made by Luchun Xingtai issued on 23 October 2010. The rate of mining right usage fee is RMB1,000 per square kilometre of the mining area per year. Luchun Xingtai has paid the mining right usage fee each year as from the issuing date of the Mining Permit.

- (e) Pursuant to the *Interim Administrative Measures for the Collection and Use of the Mineral Resources Paid Use Fee in Yunnan Province* (《云南省矿产资源有偿使用费征收和使用管理暂行办法》), issued by the People's Government of Yunnan Province on 2 July 2006 and superseded by the *Measures for the Collection and Use of the Mineral Resources Paid Use Fee in Yunnan Province* (《云南省矿产资源有偿使用费征收和使用办法》) on 10 December 2008, the holder of a mining permit must pay the mineral resources paid use fee, which is calculated on the basis of the occupied resources reserve within the mining area. On 9 July 2007, Luchun Xingtai received a notice, issued by Yunnan Provincial Department of Land and Resources (云南省国土资源厅), requesting payment of the mineral resources paid use fee of RMB1,196,000 within two years, with the initial payment not less than 50% of the total fee to be paid within 30 days upon receipt of the notice. Luchun Xingtai has paid in full the mineral resources paid use fee within the time schedule as required in accordance with the notice. Pursuant to the above-mentioned measures, in the event of expanding the mining area by way of application for the change of registration of the mining permit, the holder must pay additional mineral resources paid use fee for the resources reserve increased.
- (f) The Mining Permit and the mining activities carried out in relation to the Mine are subject to annual review/inspection by the relevant department of land and resources under the PRC laws, who shall commence the annual review/inspection from each January and complete it by the end of each April. Luchun Xingtai has passed the annual review/inspection for its mining activities conducted during the years of 2008 and 2009.
- (g) In accordance with the PRC Laws, the State implements a system of security deposit for the governance and rehabilitation of mines' ecological environment. The *Interim Measures for the Administration of Security Deposit for the*

Governance and Rehabilitation of Mines' Geological Environment in Yunnan Province (《云南省矿山地质环境恢复治理保证金管理暂行办法》), issued by the People's Government of Yunnan Province on 2 July 2006, provides that any holder of a mining permit within its jurisdiction shall perform the statutory obligation of protection, governance and rehabilitation of mine's geological environment and make written commitment and submit security deposit (the **"Geological Security Deposit"**) to the department of land and resources above the county level. It further provides that such Geological Security Deposit paid in belongs to the holder of a mining permit and shall be refunded with interests accrued to the holder upon satisfactory inspection and acceptance and on the condition that the holder has duly performed the aforesaid obligation. On 20 July 2008, Luchun County Department of Land and Resources (绿春县国土资源局) issued a notice to Luchun Xingtai, among other local mine enterprises, requiring Luchun Xingtai to submit within 40 days the Geological Security Deposit in the aggregate amount of RMB6,873,000 for the Mining Permit within its validity term of five years, computed on the basis of its mining area, term, mineral types, exploitation manner, the extent of impact on the geological environment and other relevant factors. Luchun Xingtai did not submit such Geological Security Deposit to Luchun County Department of Land and Resources within 40 days upon receipt of such notice. According to the relevant PRC laws, failure to pay the Geological Security Deposit within the prescribed time limit will result in a warning to correct from the department of land and resources at the county level or above. To the best of our knowledge, having made reasonable enquiries, as at the date of the this report, Luchun Xingtai has not received any warning to correct from Luchun County Department of Land and Resources. On 21 May 2010, Luchun County Department of Land and Resources granted its written consent to Luchun Xingtai's application for postponement of the obligation to pay the Geological Security Deposit. To the best of our knowledge, having made reasonable enquiries, as at the date of this report, Luchun Xingtai has not received any notice as to what date the obligation to pay is postponed until; nevertheless, Luchun Xingtai has allocated sufficient funds to fulfill this obligation and will pay the Geological Security Deposit at any time when it receives the notice to pay from Luchun County Department of Land and Resources.

- (h) Luchun Xingtai has obtained the initial approval from the departments of land and resources at both Luchun County level and Honghe Prefecture level for the change of exploitation elevation of the Mine from 680m to 350m registered on the Mining Permit. The change of exploitation elevation is subject to the final approval from Yunnan Provincial Department of Land and Resources. We are of the view that there is no legal barrier to Luchun Xingtai obtaining the final approval provided that the application documents meet the legal requirements and such other requirements as deemed necessary by Yunnan Provincial Department of Land and Resources.

- (i) Luchun Xingtai has obtained the Temporary Permit for Discharge of Pollutants (云南省排放污染物临时许可证) for discharge of waste water and solid waste valid for the period 15 January 2010 to 31 December 2010 issued by Luchun County Bureau of Environmental Protection, the Permit for Occupation of Water and Soil Resources (占用水土资源许可证) valid for the period 1 July 2010 to 1 July 2015 issued by Luchun County Bureau of Water Resources, the Processing Permit for Mineral Products (矿产品加工许可证) and the Operating Permit for Mineral Products (矿产品经营许可证), both issued by Luchun County Department of Land and Resources valid for the period 10 September 2010 to 10 September 2012. Luchun Xingtai has also obtained the Production Safety License (安全生产许可证) valid for the period 28 June 2006 to 27 June 2009, which has expired. On the basis of the statements made by the Luchun County Administration of Work Safety on 12 May 2010 and 28 October 2010 respectively, Luchun Xingtai is applying for renewal of the Production Safety License. Luchun Xingtai has applied for the Land Use Right Certificate (土地使用权证) and such application has been accepted by Luchun County Department of Land and Resources according to a statement made by Luchun County Department of Land and Resources on 14 March 2009. Luchun Xingtai has obtained the Explosive Use License (爆炸物品使用许可证) issued by Luchun County Bureau of Public Security on 13 May 2010, the Explosive Transport License (爆炸物品运输许可证) issued by Luchun County Bureau of Public Security on 12 May 2010, the Explosive Storage License (爆炸物品储存许可证) issued by Luchun County Bureau of Public Security on 21 May 2010, and the Explosive Working Permit (爆破员作业许可证) issued by Honghe Prefecture Bureau of Public Security on 23 February 2010.
- (j) In accordance with the PRC Laws, the maximum validity term of a mining permit for a big-scale mine, medium-scale mine and small-scale mine shall be 30 years, 20 years and 10 years, respectively. The mining permit can be renewed 30 days prior to its expiration, upon compliance with the prescribed extension procedure. The validity term of the Mining Permit is five years, which expires in September 2012. It is the general practice for the relevant government authorities to grant a mining permit for a validity term less than five years and grant consent to its renewal upon compliance with the prescribed extension procedure and requirements. We are of the view that there is no legal barrier to Luchun Xingtai obtaining the renewal of the Mining Permit provided that it complies with legal requirements and such other requirements as deemed necessary by Yunnan Provincial Department of Land and Resources.
- (k) Other than as set out in the present report, there are no material conditions imposed on the holder of the Mining Permit.

4. Outline of Legal Regime under which the Mine Operates

The summary below is an outline of the legal regime under which the Mine operates. As this report relates to mining permit only, the summary is mainly limited to this category of permit.

Laws and regulations related to mineral resources

In accordance with the *Mineral Resources Law of the PRC* (《中华人民共和国矿产资源法》), promulgated on 19 March 1986 and amended on 29 August 1996, effective on 1 January 1997, by the Standing Committee of the National People's Congress, and its implementation rules:

- (i) All mineral resources of the PRC, including such resources on the earth's surface or underground, are owned by the State. The State ownership of mineral resources shall remain unchanged notwithstanding that the ownership or the right to use the land to which such mineral resources are attached has been granted to a different entity or individual.
- (ii) The Ministry of Land and Resources of the PRC is responsible for the supervision and administration of the exploration and mining of mineral resources nationwide. The geological and mineral resources departments of the People's Government of the respective provinces, autonomous regions and municipalities are responsible for the supervision and administration of the exploration, development and mining of mineral resources within their respective jurisdictions.
- (iii) The State adopts a licensing system for the exploration and mining of the mineral resources. Any entity who is engaged in the exploration and exploitation of mineral resources must meet certain qualification requirements and are subject to approval to acquire the rights for exploration and mining from the relevant authorities by way of application and registration. The application for mining rights must be filed with detailed description of the limits of the mining area, mine design or mining plan, production technique, safety and environmental protection measures among other items and supporting documents.
- (iv) Exploration rights and mining rights may be acquired. Enterprises engaged in the exploration or mining of mineral resources must pay a certain amount of money for obtaining mining rights and exploration rights.

- (v) Anyone who exploits mineral resources must pay resources tax and resources compensation levy in accordance with relevant regulations of the State. In accordance with the *Provisional Regulations on Resources Tax of the PRC* (《中华人民共和国资源税暂行条例》), the amount of resources tax payable is computed on the basis of the sales volume of the mineral products and the rate of the resources tax for nonferrous metals ore mined ranges from RMB0.4 to RMB30.0 per tonne. The amount of resources compensation levy payable is computed on the basis of the sales revenue of mineral products. In accordance with the *Administrative Rules on the Levy of Mineral Resources Compensation* (《矿产资源补偿费征收管理规定》), the resources compensation levy shall be calculated in accordance with the following formula:

$$\begin{array}{ccccccc} \text{Amount of} & & & & & & \text{coefficient} \\ \text{the resources} & & & & & & \text{of mining} \\ \text{compensation} & = & \text{sales revenue of} & \times & \text{compensation} & \times & \text{recovery} \\ \text{levy payable} & & \text{mineral products} & & \text{levy rate} & & \text{rate} \end{array}$$

- (vi) The Ministry of Land and Resources and the geological and mineral resources departments of the People's Government of the respective provinces, autonomous regions and municipalities are responsible for the granting of exploration permits and mining permits.
- (vii) The holder of a mining permit has certain rights including the following:
- (A) to engage in mining activities in the designated area and within the term prescribed under the mining permit;
 - (B) to sell the mineral products, except for those minerals which are required by the State Council to be sold to designated units;
 - (C) to set up production and living facilities necessary for the exploitation within the designated area;
 - (D) to acquire by operation of law the land use rights attaching to the mine according to the need of production and construction; and
 - (E) other rights provided by the PRC laws and regulations.
- (viii) The obligations of a holder of a mining permit include, among other things, the following:
- (A) to carry out mining activities in the prescribed designated area and within the term of the mining permit;

- (B) to effectively protect and reasonably extract the mineral resources and to integrate the use of the mineral resources;
 - (C) to pay resources tax and resources compensation levy pursuant to law;
 - (D) to comply with the PRC laws and regulations regarding the labor safety, water and soil conservancy, land rehabilitation and environmental protection; and
 - (E) to be subject to the supervision and administration by the geological and mineral resources departments and other relevant government authorities and to submit a mineral reserve form and a report on the utilisation of mineral resources to the relevant government authorities.
- (ix) Exploration rights and mining rights are transferable, but any transfer shall be approved by the Ministry of Land and Resources or the relevant geological and mineral resources department of the People's Government of the respective provinces, autonomous regions and municipalities, and shall satisfy such other conditions as stipulated under the PRC laws and regulations.

Usage fees and renewal of mining permits

Holders of mining permits are subject to mining right usage fees. In accordance with the *Administrative Measures on Registration of Mineral Resources Exploitation* (《矿产资源开采登记管理办法》), mining right usage fees shall be payable on an annual basis. The rate of mining right usage fee shall be RMB1,000 per square kilometre of mining area per year.

In accordance with the *Administrative Measures on Registration of Mineral Resources Exploitation*, the validity term of a mining permit shall be determined according to the scale of the mine. The maximum validity term of a mining permit for a big-scale mine, medium-scale mine and small-scale mine shall be 30 years, 20 years and 10 years, respectively.

Pursuant to the *Administrative Measures on Registration of Mineral Resources Exploitation*, mining permits can be renewed 30 days prior to their expiration, upon compliance with the prescribed extension procedure. If a holder of a mining permit fails to renew its permit, such mining permit shall be automatically annulled upon expiration.

5. Content and Benefit of the Report

This report relates to the Laws of the PRC (other than the laws of the Hong Kong

Special Administrative Region, the Macau Special Administrative Region and the Taiwan region) in effect as at the date of this report.

This report is given solely for the benefit of the persons to whom it is addressed, and is intended to be used in the context which is specially referred to herein and all paragraphs should be looked at as a whole and no part should be extracted and referred to independently. It may not, except with our prior written permission, be relied upon by anyone in connection with this report or used for any other purpose.

We hereby consent to the inclusion of the present report in the Prospectus.

Yours faithfully,

A handwritten signature in black ink that reads "Guantao Law Firm". The script is cursive and fluid, with the words connected together.

Guantao Law Firm

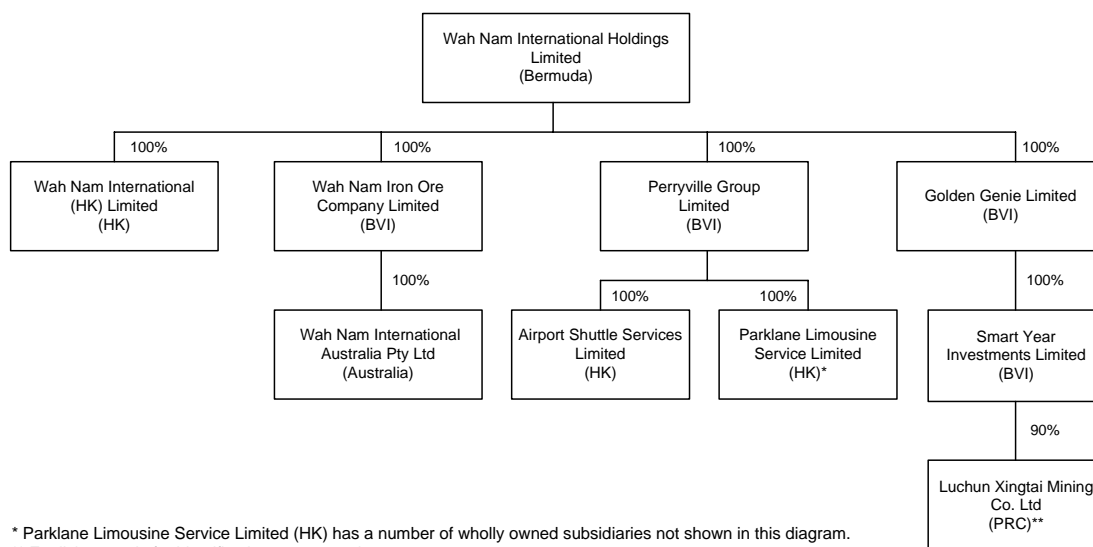
11. Additional Information

11.1 Company history and corporate structure

The Company was incorporated in Bermuda and has been listed on the HKEx (Hong Kong Stock Code 159) since 2002.

For further details, please see Section 1.1.

Set out below is the corporate structure of the Company and its Subsidiaries at the date of this Prospectus:



* Parklane Limousine Service Limited (HK) has a number of wholly owned subsidiaries not shown in this diagram.

** English name is for identification purpose only

11.2 Capital Structure

(a) Issued securities

As at the date of this Prospectus, the Company has 3,907,435,485 Shares on issue and 36,000,000 Scheme Options. If the Scheme Options are exercised, the Company's total share capital would be 3,943,435,485 Shares. Set out below is a table of all the Company's securities on issue.

Class	Number on issue	Vesting date	Expiry
Shares	3,907,435,485		
Scheme Options			
HK\$1.164	4,500,000	18 January 2011	17 January 2014
HK\$1.164	2,250,000	18 January 2012	17 January 2014
HK\$1.164	2,250,000	18 January 2013	17 January 2014
HK\$1.24	27,000,000	11 February 2011	10 February 2014

As at 9 November 2010, the Company had a market capitalisation of approximately A\$814.6 million.

(b) **Beneficial substantial Shareholders of the Company**

The following information is based on information filed with the HKEx by substantial Shareholders who own a disclosable interest (a beneficial interest of 5% or more) in the Company under Hong Kong law. The information has been updated to take into account recent Share issues:

Name	Beneficial Owner	Shares Number	Shares %
Leading Highway Limited	Cheng Yung Pun	440,500,000	11.27
Shimmer Expert Investments Limited	Zhang Li	279,548,000	7.15
Villas Green Investments Limited	Chong Yee Kwan	257,760,000	6.60
Smartpath Investments Limited	Tan Lini	204,752,000	5.24
Prideful Future Investments Limited and Equity Valley Investments Limited	Luk Kin Peter Joseph and Associates	199,456,276	5.10

11.3 Recent performance of Shares

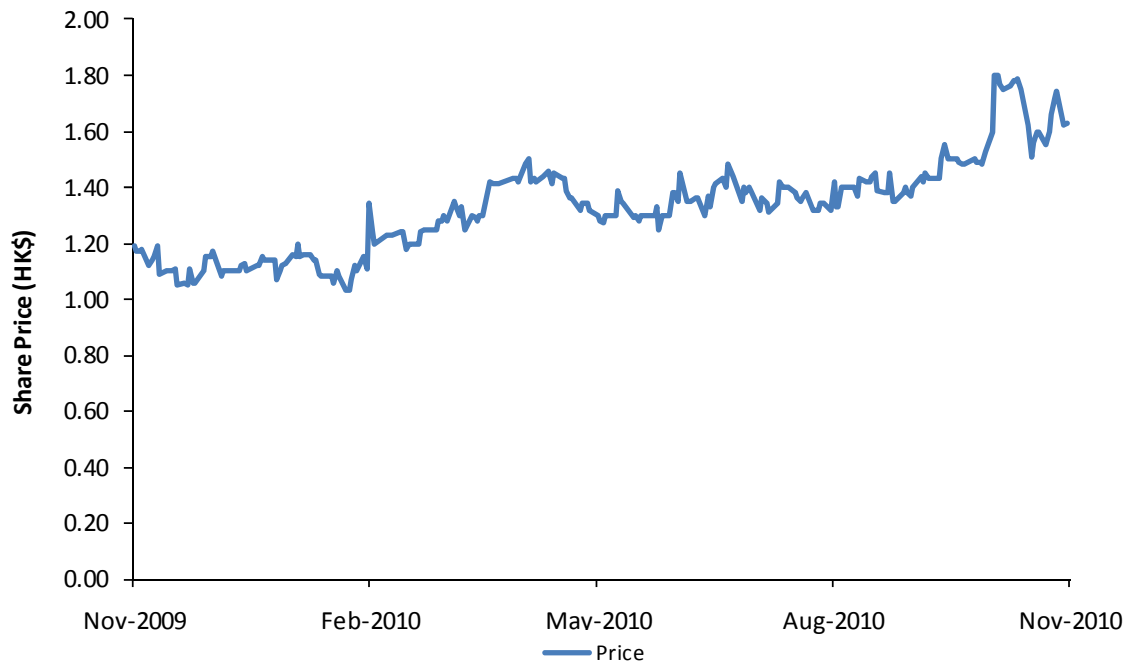
The closing price of Shares on the HKEx on 9 November 2010 (being the last trading day before the date of this Prospectus) was HK\$1.63 per Share.

The highest recorded closing price of Shares on the HKEx in the 4 months before the last trading day before the date of this Prospectus was HK\$1.80 per Share on 12 and 13 October 2010.

The lowest recorded closing price of Shares on the HKEx in the 4 months before the last trading day before the date of this Prospectus was HK\$1.31 per Share on 16 July 2010.

Figure 7 sets out the closing price of Shares on the HKEx over the 12 months to 9 November 2010.

Figure 7 : 12 Month Share Price Performance



11.4 Summary of Rights and Liabilities attaching to Shares

The Offer Shares will be issued fully paid and, from the date of their issue, will rank equally with existing Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to Shares are set out in the Bye-laws. The following paragraphs contain a summary of the principal rights and liabilities attaching to the Shares you will receive. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of Shares, which can involve complex questions of law arising from the interaction of the Bye-laws and statutes, common law, the ASX Listing Rules and the HKEx Listing Rules requirements. Investors who wish to obtain a definitive assessment of the rights and liabilities which attach to the Shares you will receive should seek their own advice.

(a) Voting

At a general meeting of the Company, subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of the Company's shares, each Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, has one vote for each Share held. Resolutions put to the vote at general meeting shall be decided on a show of hands unless a poll is required under the ASX Listing Rules or the HKEx Listing Rules or demanded by the Chairman or eligible members in accordance with the Bye-laws.

(b) Dividends and reserves

The Company, in general meeting, may from time to time determine that a dividend is payable and the method of payment (a dividend may be paid to Shareholders or declared on the share capital of the Company). Dividends may only be paid out of the profits or reserves of the Company, subject to the Companies Act, and no dividend shall be declared in excess of the amount recommended by the Board. Interest is not payable by the Company on any dividend.

(c) **Issue of further securities**

Subject to the ASX Listing Rules, the HKEx Listing Rules and the Companies Act, the Directors may at any time allot or otherwise issue or grant options over Shares on such terms and subject to such conditions as they think fit, but so that no Shares shall be issued at a discount to its par value. Subject to the ASX Listing Rules, the HKEx Listing Rules and the Companies Act, the Directors may also at any time issue warrants conferring the right upon holders to subscribe to any class of shares or securities in the capital of the Company on such terms as they think fit.

(d) **Transfer of Shares**

A Shareholder may freely transfer any or all of their Shares, subject to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of the applicable Bermudan law. The Company has obtained a broad consent from the BMA which gives permission for the transfer of Shares between non-residents of Bermuda without specific approval of the BMA so long as the Shares are listed on an "Appointed Stock Exchange" (which includes the ASX and the HKEx).

Transfers of Shares may be, by a proper transfer, effected in accordance with the ASX Settlement Operating Rules, by an instrument of transfer in any usual form or in any other form approved by the Board, the ASX or the HKEx that is otherwise permitted by law. The Company must not refuse, hinder or obstruct the registration of a transfer of Shares, unless otherwise permitted or required under the ASX Listing Rules or the HKEx Listing Rules.

(e) **Alteration of capital**

Subject to the ASX Listing Rules and the HKEx Listing Rules, except where a special resolution is specifically required, the Company may from time to time and in accordance with section 45 of the Companies Act alter the capital of the Company by ordinary resolution by Shareholders in general meeting.

The Company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account or other distributable reserve in any manner authorised and subject to any conditions prescribed by law.

(f) **Variation of class rights**

Subject to the ASX Listing Rules and the HKEx Listing Rules, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may not be varied without the written consent of the holder of 75 per cent of all Shares of that class or a special resolution being passed by the holders of all Shares of that class at a separate general meeting.

The quorum for a separate general meeting to vary class rights is constituted by two persons who together hold or represent by proxy not less than one-third in nominal value of the issued shares in that class.

(g) **General meeting and notices**

An annual general meeting shall be held each year. Shareholders must be given at least 21 days' notice.

Special general meetings may be convened by Shareholders holding not less than one tenth of the paid up capital of the Company, by written requisition to the Directors or the Company secretary. The Directors may call a special general meeting whenever they think fit. Shareholders must be given at least 21 days' notice in writing before a general meeting, at

which it is proposed to pass a special resolution, may be held. Any other special general meeting shall be called by at least 14 days' notice in writing. Notice must specify the place, the day and the hour of meeting and, in the case of special business, the general nature of that business. Notices or any other document to be given to Shareholders may be delivered either:

- personally or by post; or
- by advertisement in a newspaper or publication on the Company's website together with a notice to Shareholders stating that such information is available.

Each Shareholder entitled to vote at a general meeting may vote in person or by proxy appointed in accordance with the Bye-laws. A Shareholder holding two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company. No business may be transacted at any general meeting unless a quorum is present within 30 minutes after the time appointed for the general meeting. Two Shareholders present in person, by proxy constitute a quorum at a general meeting.

(h) **Winding up**

The Company may only be wound up by the court or be wound up voluntarily by special resolution. If the Company is wound up, the surplus assets remaining after payment to all creditors are to be divided among Shareholders in proportion to the capital paid up on the Shares held by them. The liquidator may however, with the sanction of a special resolution, divide among the Shareholders in specie or kind, all money and property of the Company which is to be distributed among Shareholders on a winding up, and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders, but so that no Shareholder shall be compelled to accept any shares or other assets upon which there is a liability.

Under the Companies Act, the liquidator may also, with the sanction of a special resolution, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders.

11.5 **Terms and conditions of the Options**

Set out below are the terms and conditions of the Options.

- (a) **Issue price:** free, attaching to each Share subscribed for.
- (b) **Entitlement:** Each Option entitles the Option holder to subscribe for 1 Share at A\$0.20 per Option (**Exercise Price**) in accordance with these terms.
- (c) **Expiry Date:** 30 September 2014.
- (d) **Time of exercise:**
 - (i) An Option holder may exercise some or all of the Options at any time until the Expiry Date.
 - (ii) An Option holder may only exercise less than all of the Options held by that Option holder if the number of Shares to be issued on exercise would, when aggregated with the number of Shares already registered in the Option holder's name, be a Marketable Parcel if issued on the day of exercise.
 - (iii) An Option holder may only exercise less than all their Options if the Option holder exercises their Options in multiples of 1,000, unless the holding is less than 1,000, in which case all Options must be exercised.

- (e) **Notice of Expiry Date:** The Company must give the Option holder a notice of at least 20 Business Days before the Expiry Date with the information required by the ASX Listing Rules.
- (f) **Transfer:** Subject to the Companies Act, the ASX Listing Rules and the HKEx Listing Rules, the Option holder may transfer some or all of their Options at any time before the Expiry Date provided the transfer is by a proper ASX Settlement transfer or any other method permitted by the Companies Act, the ASX Listing Rules and the HKEx Listing Rules and is approved by the Board.
- (g) **Issue of Shares:**
- (i) The Company must issue to the Option holder the Shares to be issued on exercise of an Option within 15 Business Days of the date on which the notice of exercise in respect of the Option took effect.
- (ii) Subject to the Companies Act, the ASX Listing Rules and the HKEx Listing Rules, the Company must deliver to the Option holder a holding statement or certificate (as the case may be) for the Shares issued on exercise of any Options within 5 Business Days of their issue.
- (h) **Ranking:** Subject to the Bye-laws, all Shares issued pursuant to the exercise of Options will rank in all respects (including rights to dividends) equally with the existing Shares as at the date of issue.
- (i) **Participation rights:**
- (i) An Option holder is not entitled to participate in new issues of Shares to existing Shareholders unless the Option holder exercises that Option and becomes the holder of Shares on or prior to the record date for the new issue of Shares and participates as a result of holding Shares.
- (ii) The Company must give the Option holder at least 10 Business Days prior written notice of the record date for a new issue of Shares and the proposed terms of the issue.
- (j) **Adjustments:**
- (i) If the Company makes a pro rata issue, the Exercise Price of each Option will be reduced with the new exercise price of each Option to be calculated in accordance with the following formula:

$$NP = OP - \frac{E[P - (S + D)]}{N + 1}$$

where:

NP = the new exercise price of the Option

OP = the old exercise price of the Option

E = the number of Shares into which one Option is exercisable

P = the average market price per Share (weighted by volume) of the Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date

S = the subscription price for a security to be issued under the pro rata issue

D = the amount of any dividend due but not yet paid on the existing Shares (except those securities to be issued under the pro rata issue)

N = the number of existing Shares with rights or entitlements that must be held to receive a right to one new security under the pro rata issue

No change will be made to the number of Offer Shares to which the Option holder is entitled.

- (ii) If the Company makes a bonus issue, the number of Shares issued on exercise of each Option will be increased by the number of bonus Shares that the Option holder would have received if the Option had been exercised prior to the record date for the bonus issue. No change will be made to the Exercise Price.
- (iii) Any calculation or adjustments which are required to be made under this paragraph 11.5(j) will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the relevant Option holder.
- (iv) The Company must give at least 10 Business Days notice of any change to the Exercise Price of any Options made in accordance with this paragraph 11.5(j).
- (k) **Reorganisation:** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of Option holders in respect of any unexercised Options will be changed to the extent necessary to comply with the ASX Listing Rules and the HKEx Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (l) **Notices:** Any notices to an Option holder regarding an Option will be sent to the address of the Option holder in the Australian Share Register.

11.6 Rights and Liabilities of Scheme Options

As at the date of this Prospectus, there are a total of 36,000,000 Scheme Options on issue. All Scheme Options have been issued pursuant to the Share Option Scheme. A summary of the terms of the Share Option Scheme is set out in Section 11.8.

On 18 January 2010 the Company issued 9,000,000 Scheme Options. The exercise price of each of these Scheme Options is HK\$1.164. Subject to the provisions of the Share Option Scheme not more than:

- 4,500,000 of these options can be exercised in the period from 18 January 2011 until 17 January 2014;
- 2,250,000 of these options can be exercised in the period from 18 January 2012 until 17 January 2014; and
- 2,250,000 of these options can be exercised in the period from 18 January 2013 until 17 January 2014.

On 11 February 2010, the Company issued 27,000,000 Scheme Options. The exercise price of each of these Scheme Options is HK\$1.24. Subject to the provisions of the Share Option

Scheme these options can be exercised in the period from 11 February 2011 until 10 February 2014.

All the Scheme Options will lapse if they have not been exercised by the end of their respective exercise periods.

11.7 Dividend Policy

The Company is yet to declare a dividend payment.

In future, the Board may declare dividends after taking into account, among other factors, the Company's results, cash flow, financial condition, operating and capital requirements, amount of distributable reserves, Bye-laws and other rules and regulations.

11.8 Share Option Scheme

The Company adopted the Share Option Scheme on 14 August 2002 pursuant to a written resolution of its then sole shareholder. The Share Option Scheme is valid and effective for a period of 10 years from that date unless terminated earlier by the Company in general meeting or by the Board.

The purpose of the Share Option Scheme is to provide incentives or rewards to selected participants, including full time employees, executives or officers of the Wah Nam International Group (including executive and non-executive directors of the Wah Nam International Group) and any suppliers, consultants, agents or advisers who contribute or have contributed to the Wah Nam International Group (**Eligible Participants**), for their contribution to the Wah Nam International Group.

Under the Share Option Scheme, the Board may grant options to Eligible Participants to subscribe for Shares. The Board may grant Scheme Options to any Eligible Participants and set the exercise price, expiry date, a minimum period for which an option must be held before it can be exercised, performance targets (if any) which must be achieved before it can be exercised and other conditions applying to the options.

Scheme Options are not, and will not be, listed on the HKEx or the ASX.

(a) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the number of Shares on issue from time to time, provided that once options equivalent to 10% of the issued share capital have been issued, further shareholder approval is required for each subsequent 10% up to the 30% limit. No Scheme Options shall be granted under any scheme(s) of the Wah Nam International Group if this will result in the 30% limit being exceeded.

(b) Maximum number of options to any on individual

The total number of Shares issued and which may be issued upon exercise of the Scheme Options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares on issue as at the date of grant.

Any further grant of Scheme Options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and their Associates abstaining from voting and/or other requirements prescribed under the HKEx Listing Rules from time to time.

(c) **Granting options to connected persons**

Any grant of options to a chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Scheme Options).

The grant of options to a Related Party is subject to the approval of the Shareholders and where the Related Party is also a Director or an associate of a Director, the approval of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Scheme Options).

In addition, if the Company proposes to grant Scheme Options to a substantial shareholder (as defined in the HKEx Listing Rules) of the Company or any independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate in excess of 0.1% of the Shares on issue on the date of the offer; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares at the date of each offer,

such further grant of Scheme Options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the HKEx Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the HKEx Listing Rules from time to time. A connected person (as defined in the HKEx Listing Rules) of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

(d) **Rights are personal to grantee**

A Scheme Option is personal to the grantee and the grantee may not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Scheme Option or attempt to do so.

In the event that a grantee ceases to be an Eligible Participant, other than by reason of:

- death; or
- termination of employment with the Company or a Subsidiary for certain events set out in the Share Option Scheme, including termination for just cause,

the options granted under the Share Option Scheme will expire 1 month after such cessation.

In the event of death, options granted under the Share Option Scheme will expire 12 months from the date of death unless extended by the Board.

In the event that a grantee ceases to be an Eligible Participant by reason of termination of employment with the Company or a Subsidiary for certain events set out in the Share Option Scheme, including termination for just cause, the option shall lapse automatically on the date on which the grantee ceases to be an Eligible Participant.

(e) **Time of exercise of option**

There is no general requirement that a Scheme Option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular Scheme Option.

Upon acceptance of the grant of Scheme Options under the Share Option Scheme, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(f) **Exercise price**

The exercise price of each Scheme Option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Company's Shares as stated in the HKEx's daily quotations sheet on the date of grant, which must be a Business Day (and for this purpose shall be taken to be the date of the meeting of the Board at which the Board proposes to grant the Scheme Options);
- (ii) the average of the closing prices of the Company's Shares as stated in the HKEx's daily quotations sheet for the 5 Business Days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

Shares arising on the exercise of Scheme Options will have the same rights as, and rank equally with, other Shares.

(g) **Capital restructuring**

If there is a capitalisation issue, rights issue, sub-division, consolidation of shares or reduction of capital of the Company, there will be a corresponding adjustment to the number of Shares subject to any outstanding Scheme Options and/or the exercise price of each Scheme Option. If the Company undertakes a rights issue, sub-division, consolidation of shares or reduction of capital, the adjustments must be made in accordance with the HKEx Listing Rules and the ASX Listing Rules. These provisions are designed to preserve the Eligible Participant's proportionate entitlement to Shares on the exercise of Scheme Options.

(h) **Performance target**

The Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the Share Option Scheme can be exercised.

(i) **Alteration of Share Option Scheme**

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the HKEx Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of Scheme Options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme),

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect a Scheme Option granted or agreed to be granted prior to the

date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme.

The amended terms of the Share Option Scheme shall still comply with the Chapter 17 of the HKEx Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(j) **Options on issue**

A total of 36,000,000 Scheme Options have been granted under the Share Option Scheme.

Pursuant to a resolution passed by Shareholders on 14 May 2010, the Company is currently authorised to grant Scheme Options which are exercisable into 354,443,548 Shares (being 10% of the Shares on issue as at the date of the resolution and approximately 9.1% of the current issued share capital of the Company).

Subject to the terms of the Share Option Scheme and the HKEx Listing Rules, the Company may seek further approval from Shareholders after it has used up the above general mandate.

11.9 Escrow arrangements

Shares on issue as at the date of this Prospectus may be subject to the restricted securities provisions of the ASX Listing Rules. Accordingly, a proportion of such Shares may be required to be held in escrow for up to 24 months. Holders of restricted securities will be prohibited for the relevant restriction period from disposing or agreeing to dispose of the restricted securities, granting or agreeing to grant a security interest over the restricted securities or doing or omitting to do an act which would have the effect of transferring effective ownership or control of the restricted securities.

As at the date of this Prospectus, the ASX has not determined which Shares already on issue will be restricted securities and subject to escrow restrictions. None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from the date of their allotment. Agreements in respect of all such restricted securities will be entered into in accordance with the ASX Listing Rules and as required by the ASX.

11.10 ASIC exemptions and modifications

This Prospectus includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. The Company received an exemption from section 716 of the Corporations Act on 10 November 2010. Accordingly, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Prospectus.

In addition, as permitted by ASIC Class Orders 00/193 this Prospectus may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

Finally, as permitted by ASIC Class Order 07/428, this Prospectus may include, without the consent of those persons making such statements:

- statements from a previous geological report; and

- trading data quoted on the ASX or the HKEx where the trading data is purely factual information.

11.11 ASX Waivers

The Company has applied for a waiver of ASX Listing Rule 1.1 condition 11 to the extent necessary to permit the Company to have on issue the following securities:

- 27,000,000 unquoted options exercisable at HK\$1.24 on or before 10 February 2014; and
- 9,000,000 unquoted options exercisable at HK\$1.164 on or before 17 January 2014.

11.12 Interests and benefits of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the 2 years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the offer of Shares under the Offer; or
- the Offer.

Other than as disclosed in this Prospectus, no amount (whether in cash, shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any Director:

- to induce a person to become, or qualify as a Director; or
- for services provided by a Director in connection with the formation or promotion of the Company or the Offer.

11.13 Directors' interests in Securities

As at 9 November 2010, the Relevant Interests of the Directors in Shares and their interest in Scheme Options are set out in the table below.

Name	Shares	Scheme Options
Mr Luk Kin Peter Joseph	199,456,276	-
Mr Chan Kam Kwan Jason	-	1,500,000
Mr Lau Kwok Kuen, Eddie	-	1,000,000
Mr Uwe Henke Von Parpart	-	1,000,000
Mr Yip Kwok Cheung, Danny	-	1,000,000

On completion of the Offer, the Directors will beneficially own, directly or indirectly, 199,456,276 Shares, representing approximately 5.10% of the Shares on issue as at completion of the Offer.

11.14 Remuneration of Directors

The Company's Bye-laws provide that the Directors' remuneration must not exceed the maximum aggregate sum determined by the Company in general meeting. The Company intends to fix a maximum sum of A\$2 million in aggregate for executive Directors and A\$1 million in aggregate for non-executive Directors, per annum. This sum will be put to Shareholders at the special general meeting to be held during the Offer period. Once approved, this maximum sum cannot be increased without members' approval by ordinary resolution at a general meeting.

(a) Remuneration of non-executive Directors

In accordance with the Bye-laws, the non-executive Directors are appointed for a term of 2 years subject to retirement by rotation and re-election at the Annual General Meeting.

Each non-executive Director is entitled to an annual emolument of HK\$144,000, subject to review by the Remuneration and Performance Committee and the Board from time to time. In consideration for serving on the Board during the 2010 financial year, each non-executive Director will be compensated as indicated below:

Director	Type of Fee	Amount per annum HK(\$)
Mr Lau Kwok Kuen, Eddie	Emolument	144,000
Mr Uwe Henke Von Parpart	Emolument	144,000
Mr Yip Kwok Cheung, Danny	Emolument	144,000

(b) Remuneration of executive Directors

On 13 February 2009, the Company entered into a service contract with Luk Kin Peter Joseph to govern the appointment of Luk Kin Peter Joseph as a Director. Luk Kin Peter Joseph is also the Chairman.

The appointment of Luk Kin Peter Joseph is not for a specific term and will be subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Bye-laws. Luk Kin Peter Joseph is appointed at a fixed salary of HK\$1,300,000 annually and his remuneration will be determined by the Remuneration and Performance Committee and the Board from time to time.

For FY2009, the total remuneration paid to Luk Kin Peter Joseph amounted to approximately HK\$872,000.

On 1 March 2008, the Company entered into a service contract with Chan Kam Kwan, Jason to govern the appointment of Chan Kam Kwan, Jason as a Director. The appointment of Chan Kam Kwan, Jason is not for a specific term and is subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Bye-laws.

Chan Kam Kwan, Jason is appointed at a fixed salary of HK\$50,000 per month and his remuneration is determined by the Remuneration and Performance Committee and the Board from time to time.

For FY2009, the total remuneration paid to Chan Kam Kwan, Jason amounted to approximately HK\$600,000.

Under the terms of each of Luk Kin Peter Joseph and Chan Kam Kwan, Jason's employment agreements:

- the executive Director's appointment will be continuous unless and until terminated by not less than one month's notice in writing or payment in lieu of notice by either the executive Director or the Company;
- the executive Director's appointment shall be subject to the retirement and rotation provisions of the Bye-laws or any provision of the applicable laws or regulations;
- the executive Director's office must be vacated if required under the Company's Bye-laws; and
- the executive Director's office must be vacated if such executive Director is found to be incompetent, guilty of gross misconduct and/or any serious or persistent negligence or misconduct in respect of his role as executive Director.

11.15 Hong Kong Exchange Listing Rule Requirements

The transactions under the Offer are conditional on, among other things, shareholder approval at a general meeting of the Company, voting by poll.

HKEx Listing Rule 13.36(1) provides that, as the Offer Shares and Option Shares will not be issued under a general mandate pre-approved by Shareholders, the issue of the Offer Shares and Option Shares to be issued upon exercise of the Offer Options is subject to the consent of shareholders in a general meeting.

11.16 Interests and fees of experts, advisers and other named persons

Other than as set out below or elsewhere in this Prospectus no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- Australian Financial Service licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the 2 years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer, and

no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer:

- (a) Capital Investment Partners has agreed to act as Lead Manager to the Offer and as Australian corporate adviser to the Company and Wah Nam Australia in relation to the Offer. The Company has paid, or agreed to pay, 5% of the amount raised pursuant to this Prospectus for these services and will pay a success fee of \$50,000 if the Company achieves listing on the ASX;
- (b) OSK Capital Hong Kong Limited has agreed to act as Hong Kong corporate adviser to the Company and Wah Nam Australia in relation to the Offer. The Company has

paid, or agreed to pay, approximately HK\$218,000 for these services, as at the date of this Prospectus;

- (c) Clayton Utz has acted as Australian legal adviser to the Company and Wah Nam Australia in relation to the Offer and has advised the Company generally in relation to its admission to the Official List. The Company has paid, or agreed to pay, approximately A\$150,000 for these services, as at the date of this Prospectus. Further amounts may be paid to Clayton Utz in accordance with its normal time based charge-out rates;
- (d) Michael Li & Co has acted as Hong Kong legal adviser to the Company and Wah Nam Australia in relation to the Offer. The Company has paid, or agreed to pay, approximately HK\$50,000 for these services, as at the date of this Prospectus. Further amounts may be paid to Michael Li & Co in accordance with its normal time based charge-out rates;
- (e) Guantao Law Firm has acted as PRC legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately RMB200,000 for these services, as at the date of this Prospectus;
- (f) Behre Dolbear has prepared the Independent Technical Report dated 30 June 2008 for the inclusion in a Company Circular dated 30 June 2008 and the status update letter both of which are included in Section 9 of this Prospectus, in Section 10 of the bidder's statement in respect of the Brockman Resources Takeover Offer and in Section 10 of the bidder's statement in respect of the FerrAus Takeover Offer. The Company has paid, or agreed to pay, approximately US\$35,000 for the preparation of the status update letter, as at the date of this Prospectus;
- (g) PricewaterhouseCoopers is the Company's auditor. Fees billed by PricewaterhouseCoopers to the Company for FY2009 was HK\$1,400,000; and
- (h) BDO Corporate Finance (WA) Pty Ltd has prepared the Investigating Accountants Report included in Section 8 of this Prospectus, in Section 11 of the bidder's statements in respect of the Brockman Resources Takeover Offer and the FerrAus Takeover Offer. The Company has paid, or agreed to pay, approximately A\$125,000 for these services, as at the date of this Prospectus.

11.17 Expenses of the Offer

The total expenses of the Offer (including the ASX listing fee of approximately A\$470,000):

- assuming the Minimum Subscription level is reached and A\$1 million is raised, are estimated to be approximately A\$670,000;
- assuming the Offer is fully subscribed to raise A\$2 million, are estimated to be approximately A\$720,000; and
- assuming the Offer is oversubscribed to raise A\$3 million, are estimated to be approximately A\$770,000.

This includes legal, accounting, independent expert, brokerage, share registrar, and ASIC fees and the ASX listing fee.

11.18 Consents and Disclaimers

This Prospectus contains information about Brockman Resources and FerrAus. This information has been sourced from information released to the ASX, details of which are set out in Appendix B.

Neither Brockman Resources nor FerrAus has consented to these references being included in, or referred to, in the form and context in which they are included. Pursuant to an ASIC exemption received by the Company on 10 November 2010, such consent is not required for such inclusion.

You may obtain a copy of the announcements (free of charge) from the ASX website at www.asx.com.au or by contacting Edward King on 08 9421 2111 Monday to Friday between 8.30am and 5.00pm (WST) no later than the Closing date.

- (a) Capital Investment Partners has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as Lead Manager to the Offer and Australian corporate adviser to the Company and Wah Nam Australia in the form and context in which it is named.
- (b) Behre Dolbear has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as the Independent Technical Adviser to the Company in this Prospectus in the form and context in which it is named and to the inclusion of its Independent Technical Report and the status update letter in Section 9 and the inclusion of the mine location map, Table 1 and Table 2 included in Section 4.1 in the form and context in which they appear. Behre Dolbear has not otherwise authorised or caused the issue of this Prospectus.
- (c) Clayton Utz has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as Australian legal adviser to the Company and Wah Nam Australia in the form and context in which it is named.
- (d) Michael Li & Co has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as Hong Kong legal adviser to the Company and Wah Nam Australia in the form and context in which it is named.
- (e) OSK Capital Hong Kong Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as Hong Kong corporate adviser to the Company and Wah Nam Australia in the form and context in which it is named.
- (f) Guantao Law Firm has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as PRC legal adviser to the Company in the form and context in which it is named and to inclusion of the Solicitor's Report included in Section 10, in the form and context in which it is included.
- (g) PricewaterhouseCoopers gave its consent on 9 November 2010 to the reference to its name in paragraph 11.16(g) and in the Corporate Directory and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent.
- (h) BDO Corporate Finance (WA) Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as Independent Accountant to the Company and Wah Nam Australia in the form and context in which it is named and to the inclusion of the Investigating Accountant's Report in Section 8 in the form and context in which it is included. BDO Corporate Finance (WA) Pty Ltd has not otherwise authorised or caused the issue of this Prospectus.

- (i) Computershare Investor Services Pty Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as the Australian Registrar to the Company in the form and context in which it is named.
- (j) Tricor Secretaries Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as the Hong Kong Registrar to the Company in the form and context in which it is named.

Subject to the paragraph next following, each person named in this Section 11.18 as having given its consent to the inclusion of a statement or being named in this Prospectus:

- does not make, or purport to make, any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than a statement included in this Prospectus with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Prospectus with the consent of that party.

Capital Investment Partners has agreed to certain statements being included in this Prospectus and has specifically agreed to take responsibility for those statements.

The information in this Prospectus that relates to Mineral Resources and Ore Reserves for the Damajianshan Mine is based on information compiled by Qingping Deng who is a member of the American Institute of Professional Geologists, being a Recognised Overseas Professional Organisation for the purposes of the ASX Listing Rules. At the time of compiling the information Qingping Deng was a full time employee of Behre Dolbear. Qingping Deng has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the JORC Code. Qingping Deng consents to the inclusion in the Prospectus of the matters based on the information prepared by him, in the form and context in which it appears.

11.19 Taxation Implications

The following summary, as of the date of this Prospectus, is a summary of the principal Australian federal income tax considerations generally applicable under Australian tax laws and practices (the **Australian Tax Laws**) for Australian tax resident Shareholders who acquire Shares under this Prospectus and hold their Shares on capital account and who deal at arm's length with, and are not affiliated with the Company. This summary does not address issues for non-Australian tax resident Shareholders and those that do not hold their Shares on capital account, including banks, insurance companies or taxpayers that carry on a business of trading in shares and these Shareholders should consult their own tax advisers with respect to their particular circumstances.

This summary is based upon counsel's understanding of the Australian Tax Laws in force as of the date of this Prospectus. Any changes in the laws or interpretation of tax laws subsequent to the date of this Prospectus may alter the information below.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective holder of Shares, and no representations with respect to the income tax consequences to any prospective holder are made. The precise implications of ownership or disposal will depend upon each Shareholder's specific

circumstances. Shareholders should seek professional advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances.

Dividends on Shares

Broadly, dividends paid on Shares may be franked or unfranked. Franked dividends have franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is unfranked no franking credits are attached.

Australian resident Shareholders or complying superannuation entities will include dividends together with any attached franking credits in their assessable income. A tax offset will be allowed equal to the amount of franking credits attached to the dividend.

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership as the case may be.

The benefit of franking credits can be denied where a Shareholder is not a "qualified person" in which case the Shareholders will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, a Shareholder must satisfy the holding period rule and, if necessary, the related payment rule. Under the holding period rule, the Shareholder must have held the Shares at risk for 45 days (not counting the day of acquisition or disposal). However, this rule should not apply to an individual whose tax offset entitlement does not exceed \$5,000 in respect of all dividends received during the income year in which the dividend is paid.

Under the related payment rule, a different testing period applies where the Shareholder has made, or is under obligation to make, a related payment in relation to a dividend. The related payment rule requires the Shareholder to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Individual Shareholders and complying superannuation funds may receive a tax refund if the franking credits attached to the dividend exceed their tax liability for the income year.

Where the Shareholder is a corporate entity, the Shareholder will not be entitled to a refund for any franking credits that exceed their tax liability for the income year but may be entitled to a tax loss in exchange for the excess franking credits and this loss can be carried forward to be offset against taxable income in a later year. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked, except excess credits exchanged for losses.

Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

Disposal of Shares

Australian resident Shareholders who hold their Shares on capital account will be taxed under the Australian capital gains tax provisions.

An Australian resident Shareholder will derive a capital gain where the proceeds received on disposal exceed the cost base of the Share disposed. In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale. Any net capital gain (after recoupment of capital losses) is included in the Shareholder's assessable income.

Similarly, a Shareholder will make a capital loss on the disposal of a Share where the disposal proceeds received are less than the reduced cost base of the Share for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains.

A capital gains tax discount may apply to reduce the amount of net capital gains that might otherwise be included in a Shareholder's assessable income.

For Shareholders that are individuals and trustees (other than trustees of complying superannuation funds) a 50% capital gains tax discount is available if the Shares are held for at least 12 months. This concession will result in only 50% of the capital gain (after recoupment of capital losses) being assessable, though the position of a trust may be affected by the rights and tax status of beneficiaries.

For complying superannuation funds a 33¹/₃% capital gains discount is available if the Shares are held for at least 12 months. This concession will result in only 66²/₃% of the capital gain (after recoupment of capital losses) being assessable.

Tax file numbers

A Shareholder is not required to quote their tax file number (TFN) to the Company. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or dividends at the maximum marginal tax rate plus the Medicare levy.

A Shareholder that holds Shares as part of an enterprise may quote their Australian Business Number instead of their TFN. Non-residents are exempt from this requirement.

Goods and Services Tax

Investors should not be liable for GST in respect of their investment in Shares.

The investors may not be entitled to claim full input tax credits in respect of the GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought in this respect.

11.20 Litigation

The Directors are not aware of any litigation, pending or threatened, or other legal proceedings in relation to the Company.

11.21 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in Western Australia and each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

11.22 Directors' Statement

The Directors report that, in their opinion, no circumstances have occurred since 30 June 2010 which have materially affected or will materially affect the profitability of the Company or the value of its assets and liabilities, except as disclosed in this Prospectus.

11.23 Consents to Lodgement

Each of the Directors has given, and has not withdrawn, his consent to the lodgement of this Prospectus with ASIC.

12. Glossary and Interpretation

12.1 Glossary

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

A\$ means Australian dollar.

ACN means Australian Company Number.

Applicant means a person that makes an Application pursuant to this Prospectus.

Application means an application for Offer Shares and Offer Options under the Offer made by an Applicant in the manner provided by this Prospectus.

Application Form means the relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares.

Application Monies means the monies payable in connection with an Application.

ARBN means Australian Registered Body Number.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the listing rules of the ASX as they apply to the Company from time to time and as amended, re-enacted, replaced or superseded.

ASX Operating Rules means the operating rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

Australian Option Register means the option register in Australia, comprising the CHESS Subregister and the Issuer Sponsored Subregister, which is maintained on behalf of the Company by the Australian Registrar.

Australian Registrar means Computershare Investor Services Pty Limited ACN 078 279 277.

Australian Share Register means the share register in Australia, comprising the CHESS Subregister and the Issuer Sponsored Subregister, which is maintained on behalf of the Company by the Australian Registrar.

Behre Dolbear means Behre Dolbear Asia, Inc.

BHP means BHP Billiton Limited ACN 004 028 077.

BMA means the Bermuda Monetary Authority.

Board means the board of the Company as it is constituted from time to time.

Brockman Resources means Brockman Resources Limited ACN 009 372 150.

Brockman Resources Share means a fully paid ordinary share in Brockman Resources, and all rights attaching to that share.

Brockman Resources Takeover Offer means the off-market takeover offer made by the Company to acquire all of the shares in the capital of Brockman Resources.

Business Day has the meaning given in the HKEx Listing Rules or the ASX Listing Rules, as the case requires.

Bye-laws means the Bye-laws of the Company as amended from time to time.

Capital Investment Partners means Capital Investment Partners Pty Ltd ACN 110 468 589.

CCASS means the Central Clearing and Settlement System established and operated by the HKSCC.

CCASS Participant means a person admitted to participate in CCASS.

CCASS Rules means the general rules of CCASS and the CCASS operational procedures.

Chairman means the chairman of the Board.

CHESS means the Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.

Closing Date means 17 December 2010 or such other date, being a date that is not more than 13 months after the date of this Prospectus, as the Directors determine.

Combined Group means the Wah Nam International Group in circumstances where the Company acquires all or a majority of the Brockman Resources Shares and all or a majority of the FerrAus Shares upon completion of the Takeover Offers.

Companies Act means the Companies Act 1981 of Bermuda.

Company means Wah Nam International Holdings Limited ARBN 143 211 867, a company incorporated in Bermuda and listed on the HKEx (Hong Kong Stock Code: 159).

Competent Person means a person who is a member or fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a Recognised Overseas Professional Organisation (ROPO). A 'Competent Person' must have a minimum of 5 years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking (as defined in the JORC Code).

Conditions means the conditions set out in Section 3.6.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Damajianshan Mine means the Damajianshan Copper Polymetallic Mine in Luchun County, Yunnan Province, PRC.

Director means a director of the Company from time to time.

Enlarged Group means the Wah Nam International Group in circumstances where the Company acquires all or a majority of the Brockman Resources Shares or all or a majority of the FerrAus Shares upon completion of the Takeover Offers.

Exposure Period means, in accordance with section 727(3) of the Corporations Act, the period of 7 days (which may be extended by ASIC up to 14 days) following lodgement of the Prospectus with ASIC during which the Company must not accept or process Applications.

FerrAus means FerrAus Limited ACN 097 422 529.

FerrAus Pilbara Project means the project described in Section 4.7(d).

FerrAus Share means a fully paid ordinary share in FerrAus, and all rights attaching to that share.

FerrAus Takeover Offer means the off-market takeover offer made by the Company to acquire all of the shares in the capital of FerrAus.

Financial Information means all Historical Financial Information and all Pro-Forma Financial Information in this Prospectus.

FMG means Fortescue Metals Group Limited ACN 002 594 872.

FP2010 means the financial period beginning on 1 January 2010 and ending on 30 June 2010.

FY2008 means the financial year ended 31 December 2008.

FY2009 means the financial year ended 31 December 2009.

GST means Australian goods and services tax.

Historical Financial Information means the financial information described as Historical Financial Information in Section 7.2(a).

HK\$ means Hong Kong dollar.

HKEx means The Stock Exchange of Hong Kong Limited.

HKEx Listing Rules means the rules governing the listing of securities on the HKEx, as amended from time to time.

HKFRS means Hong Kong Financial Reporting Standards.

HKSCC means the Hong Kong Securities Clearing Company Limited.

Hong Kong Registrar means Tricor Secretaries Limited.

Hong Kong Share Register means the share register in Hong Kong, which is maintained on behalf of the Company by the Hong Kong Registrar.

IFRS means International Financial Reporting Standards.

Independent Technical Adviser means Behre Dolbear.

Independent Technical Report means the independent technical report dated 30 June 2008 on the Damajianshan Mine entitled "Independent Technical Report" prepared by the Independent Technical Adviser and contained in Section 9.

Indicated Mineral Resource means that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Investigating Accountant means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.

Investigating Accountant's Report means the report prepared by the Investigating Accountant in respect of the Historical Financial Information and the Pro-Forma Financial Information and contained in Section 8.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2004.

Lead Manager means Capital Investment Partners.

Marillana Project means the project described in Section 4.6(d).

Marketable Parcel means the meaning in the procedures of the ASX Operating Rules.

Mineral Resource means a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

Minimum Subscription has the meaning given in Section 3.5.

NWIOA means North West Iron Ore Alliance.

Offer means the offer of Offer Shares and Offer Options being made to investors under this Prospectus.

Offer Options means the 15 million Options that may be issued by the Company pursuant to this Prospectus as part of the Offer.

Offer Price means A\$0.20 per Offer Share.

Offer Shares means the 15 million Shares that may be issued by the Company pursuant to this Prospectus as part of the Offer.

Official List means the official list of entities that the ASX has admitted and not removed from listing.

Option means an option issued on the terms set out in Section 11.5.

Option Share means a Share issued pursuant to the exercise of an Option.

Ore Reserve means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves.

Placement Mandate has the meaning given in Section 4.9.

Placement Shares means up to 600 million Shares to be issued pursuant to the Placement Mandate.

PRC means The People's Republic of China.

Pro-Forma Financial Information means the financial information described as Pro-Forma Financial Information in Section 7.3(a).

Projects means the projects described in Sections 4.6(d) and 4.7(d).

Prospectus means this document and any supplementary or replacement prospectus in relation to this document.

Related Party has the meaning set out in section 228 of the Corporations Act.

Relevant Interest has the meaning set out in sections 608 and 609 of the Corporations Act.

RMB means renminbi, the currency of PRC

Scheme Option means an option issued on the terms set out in Section 11.5.

SFC means Securities and Futures Commission.

Share means a fully paid ordinary share in the capital of the Company.

Share Option Scheme has the meaning set out in Section 11.8.

Shareholder means a holder of Shares.

Subsidiary has the meaning set out in Division 6 of Part 1.2 of the Corporations Act, except in Section 7.9 where it has the meaning given in paragraph 7.9(b).

Successful Applicant means an Applicant who is issued Offer Shares.

Takeover Offers means the Brockman Resources Takeover Offer and the FerrAus Takeover Offer .

US\$ means United States of America dollar.

VALMIN Code means the code for the technical assessment and valuation of mineral and petroleum assets and securities for independent expert reports.

Wah Nam Australia means Wah Nam International Australia Pty Ltd ACN 134 696 727.

Wah Nam International Group means the Company and each of its Subsidiaries.

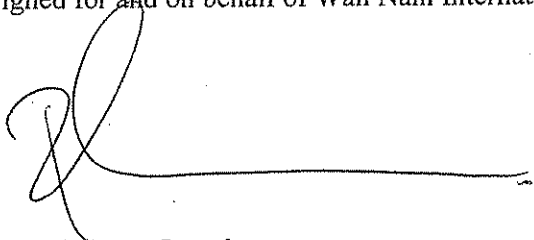
WST means Western Standard Time being the local time in Perth, Western Australia.

13. Approval of Prospectus

This Prospectus has been approved by a unanimous resolution of all of the Directors.

Dated: 11 November 2010

Signed for and on behalf of Wah Nam International Holdings Limited

A handwritten signature in black ink, consisting of a large, stylized 'L' followed by a horizontal line extending to the right.

Luk Kin Peter Joseph
Chairman/Director

Appendix A

The Company's 30 June financial statements



Wah Nam

International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 159

Interim Report

2010

Interim Report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Luk Kin Peter Joseph (*Chairman*)
Chan Kam Kwan, Jason

Independent Non-executive Directors

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

COMPANY SECRETARY

Chan Kam Kwan, Jason

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKER

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai
Banking Corporation Limited

WEBSITE

www.wnintl.com
www.irasia.com/listco/hk/wahnam

STOCK CODE

159
(Main Board of The Stock Exchange of Hong Kong
Limited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Six months ended 30 June	
	Note	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Revenue	4	55,189	41,988
Direct costs	8	(45,349)	(41,710)
Gross Profit		9,840	278
Other income		295	10,166
Selling and administrative expenses	8	(26,377)	(15,059)
Impairment loss		(153,000)	—
Other losses, net		(210)	(126)
Finance costs	6	(3,286)	(14,940)
Loss before income tax		(172,738)	(19,681)
Income tax (expense)/credit	7	(264)	165
Loss for the period		(173,002)	(19,516)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		11,403	(1,182)
Change in fair value on available-for-sale investments, net of tax		(35)	9,882
Other comprehensive income for the period, net of tax		11,368	8,700
Total comprehensive loss for the period		(161,634)	(10,816)
Loss for the period attributable to:			
Equity holders of the Company		(157,363)	(18,902)
Minority interest		(15,639)	(614)
		(173,002)	(19,516)
Total comprehensive loss attributable to:			
Equity holders of the Company		(147,045)	(10,088)
Minority interest		(14,589)	(728)
		(161,634)	(10,816)
Loss per share attributable to the equity holders of the Company during the period	9	HK cents	HK cents
— Basic		(5.58)	(1.03)
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 June 2010*

	Note	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Non-current assets			
Mining right	10	835,671	980,568
Property, plant and equipment	11	83,552	81,726
Goodwill		11,405	11,405
Intangible asset		12,018	12,819
Available-for-sale investments	12	707,689	309,929
Deferred income tax assets		337	337
Other non-current assets		8,997	8,900
		1,659,669	1,405,684
Current assets			
Inventories		8,590	4,516
Trade receivables	13	26,530	21,456
Other receivables, deposits and prepayments		10,781	7,470
Amount due from a related party		1,783	1,139
Financial assets at fair value through profit or loss		3,187	3,397
Restricted cash		5,200	5,200
Cash and cash equivalents		124,434	16,758
		180,505	59,936
Current liabilities			
Trade payables	14	9,195	9,738
Other payables and accrued charges		39,542	44,529
Amounts due to related companies		7,107	1,363
Bank borrowings due within one year	15	43,241	39,258
Obligations under finance leases		2,211	1,965
		101,296	96,853
Net current assets/(liabilities)		79,209	(36,917)
Total assets less current liabilities		1,738,878	1,368,767
Capital and reserves			
Share capital	17	372,944	278,226
Reserves		1,184,842	844,930
Equity attributable to the equity holders of the Company		1,557,786	1,123,156
Minority interest		80,836	95,425
Total equity		1,638,622	1,218,581
Non-current liabilities			
Obligations under finance leases		1,612	1,168
Amount due to a related party		28,745	21,353
Convertible notes	16	—	74,119
Deferred income tax liabilities		69,422	53,074
Provision for restoration costs		477	472
		100,256	150,186
		1,738,878	1,368,767

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to equity holders of the Company									Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000	Convertible notes reserve HK\$'000	Available- for-sale investment reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interest HK\$'000	
Balance as at 1 January 2009 (audited)	151,534	340,473	225	587,450	—	(8,024)	(310,106)	761,552	96,503	858,055
Comprehensive income										
Loss for the period	—	—	—	—	—	—	(18,902)	(18,902)	(614)	(19,516)
Other comprehensive income										
Exchange differences arising on translation of foreign operation	—	—	—	—	—	(1,068)	—	(1,068)	(114)	(1,182)
Fair value gain on available-for- sale investment	—	—	—	—	9,882	—	—	9,882	—	9,882
Total other comprehensive income for the period	—	—	—	—	9,882	(1,068)	—	8,814	(114)	8,700
Total comprehensive income for the period	—	—	—	—	9,882	(1,068)	(18,902)	(10,088)	(728)	(10,816)
Transactions with equity holders										
Issue of shares (note 17(a))	11,150	89,200	—	—	—	—	—	100,350	—	100,350
Transaction costs attributable to issue of shares (note 17(a))	—	(1,173)	—	—	—	—	—	(1,173)	—	(1,173)
Issue of shares upon conversion of convertible notes (note 16 and note 17(b))	86,423	219,826	—	(147,204)	—	—	—	159,045	—	159,045
Total transactions with equity holders	97,573	307,853	—	(147,204)	—	—	—	258,222	—	258,222
Balance as at 30 June 2009 (unaudited)	249,107	648,326	225	440,246	9,882	(9,092)	(329,008)	1,009,686	95,775	1,105,461

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010 (Continued)

	Attributable to equity holders of the Company										Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000	Convertible notes reserve HK\$'000	Available- for-sale investment reserve HK\$'000	Share-based compensation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interest HK\$'000	
Balance as at 1 January 2010 (audited)	278,226	953,645	633	154,757	133,644	–	(8,300)	(389,449)	1,123,156	95,425	1,218,581
Comprehensive income											
Loss for the period	–	–	–	–	–	–	–	(157,363)	(157,363)	(15,639)	(173,002)
Other comprehensive income											
Exchange differences arising on translation of foreign operation	–	–	–	–	–	–	10,353	–	10,353	1,050	11,403
Change in fair value on available-for-sale investments (note 12)	–	–	–	–	16,790	–	–	–	16,790	–	16,790
Deferred tax on fair value gain on available-for-sale investment	–	–	–	–	(16,825)	–	–	–	(16,825)	–	(16,825)
Total other comprehensive income for the period	–	–	–	–	(35)	–	10,353	–	10,318	1,050	11,368
Total comprehensive income for the period	–	–	–	–	(35)	–	10,353	(157,363)	(147,045)	(14,589)	(161,634)
Transactions with equity holders											
Issue of shares (note 17(c) and (d))	51,900	454,050	–	–	–	–	–	–	505,950	–	505,950
Transaction costs attributable to issue of shares (note 17(c) and (d))	–	(9,444)	–	–	–	–	–	–	(9,444)	–	(9,444)
Issue of shares upon conversion of convertible notes (note 16 and 17(e))	42,818	188,640	–	(154,757)	–	–	–	–	76,701	–	76,701
Share-based compensation (note 18)	–	–	–	–	–	8,468	–	–	8,468	–	8,468
Total transactions with equity holders	94,718	633,246	–	(154,757)	–	8,468	–	–	581,675	–	581,675
Balance as at 30 June 2010 (unaudited)	372,944	1,586,891	633	–	133,609	8,468	2,053	(546,812)	1,557,786	80,836	1,638,622

The statutory surplus reserve represents general reserve funds appropriated from the profit after tax of a subsidiary established in the People's Republic of China (the "PRC") in accordance with the PRC laws and regulations.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Net cash used in operating activities	(2,537)	(1,238)
Cash flows from investing activities		
Purchase of available-for-sale investments	(380,970)	(126,427)
Purchases of property, plant and equipment	(8,865)	(2,714)
Proceeds from disposal of property, plant and equipment	4	149
Proceeds from disposal of financial assets at fair value through profit or loss	—	153
Interest received	28	16
Net cash used in investing activities	(389,803)	(128,823)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	505,950	100,350
Proceeds from borrowings	12,000	3,850
Additional finance lease	1,825	1,198
Expenses on issuance of ordinary shares	(9,444)	(1,173)
Repayment of borrowings	(8,017)	(6,512)
Repayment of obligations under finance leases	(1,135)	(1,016)
Interest paid	(600)	(488)
Finance lease charges	(104)	(115)
Net cash generated from financing activities	500,475	96,094
Net increase/(decrease) in cash and cash equivalents	108,135	(33,967)
Cash and cash equivalents at beginning of the period	16,758	59,757
Effects of foreign exchange rate changes	(459)	18
Cash and cash equivalents at end of the period, represented by		
Bank balances and cash	124,434	25,808

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL

Wah Nam International Holdings Limited (the “Company”) is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is an investment holding company. The Company and its subsidiaries (together, “the Group”) are mainly involved in provision of limousine rental and airport shuttle bus services and the exploitation, processing and sales of mineral ore concentrates.

These condensed consolidated financial information are presented in Hong Kong dollar (“HK\$”), unless otherwise stated. These condensed consolidated financial information have been approved for issue by the Board of Directors on 19 August 2010.

2. BASIS OF PREPARATION

The condensed consolidated financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment and financial assets and financial liabilities at fair value through profit or loss.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

New and amended standards adopted by the Group

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2010.

- HKFRS 3 (Revised) “Business Combinations”. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of control is obtained, recognising a gain/loss in the income statement. All acquisition-related costs should be expensed.
- HKAS 27 (Revised), “Consolidated and Separate Financial Statements”. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control over a previous subsidiary is not. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in income statement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

- HKFRS 1 (Amendment), "First-time Adoption of HKFRSs". The amendments address the retrospective application of HKFRSs to particular situations and aims to ensure that entities applying HKFRSs will not face undue cost or effort in the transition process.
- HKFRS 2 (Amendment), "Group Cash-settled Share-based Payment Transaction". The amendments expand on the guidance in HK(IFRIC) — Int 11 to address the accounting in the separate financial statements of a subsidiary when its suppliers/employees will receive cash payments from the parent that are linked to the price of the equity instruments of an entity in the Group. The parent, and not the entity, has the obligation to deliver cash. The amendments state that the entity shall account for the transaction with its suppliers/employees as equity-settled, and recognise a corresponding increase in equity as a contribution from its parent. The subsidiary shall remeasure the cost of the transaction subsequently for any changes resulting from non-market vesting conditions not being met.

Improvements to HKFRS — Amendments to existing standards effective from 1 January 2010 adopted by the Group

HKAS 1	Current/Non-current Classification of Convertible Instruments
HKAS 7	Classification of Expenditures on Unrecognised Assets
HKAS 17	Classification of Leases of Land and Buildings
HKAS 36	Unit of Accounting for Goodwill Impairment Test
HKAS 38	Additional Consequential Amendments Arising from HKFRS 3 (Revised) and Measuring the Fair Value of an Intangible Asset Acquired in Business Combination
HKAS 39	Cash Flow Hedge Accounting
HKFRS 2	Group Cash-settled Share-based Payments Transactions
HKFRS 8	Disclosure of Information about Segment Assets

4. REVENUE

Revenue represents the amounts received and receivable for providing limousine rental and airport shuttle bus services and sales of mineral ore products for the six months ended 30 June 2010. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Income from limousine rental services	44,885	29,899
Income from airport shuttle bus services	6,889	6,568
Sales of copper, lead and zinc ore concentrates	3,415	5,521
	55,189	41,988

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed and used by the executive directors for strategic decision making.

The Group comprises the following main business segments:

Limousine rental services	—	provision of limousine rental services in both Hong Kong and the People's Republic of China ("PRC")
Airport shuttle bus services	—	provision of airport shuttle bus services in Hong Kong
Mining operation	—	exploitation, processing and sales of copper, zinc and lead ore concentrates in the PRC
Others	—	investment in equity securities

The following is an analysis of the Group's revenue and results by business segment for the period under review:

	Six months ended 30 June 2010				
	Limousine rental services HK\$'000 (unaudited)	Airport shuttle bus services HK\$'000 (unaudited)	Mining operation HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue					
Segment revenue from external customers	44,885	6,889	3,415	—	55,189
Results					
Segment results	1,741	588	(156,400)	—	(154,071)
Unallocated income					21
Unallocated expenses					(15,402)
Finance costs					(3,286)
Loss before income tax					(172,738)
Income tax expense					(264)
Loss for the period					(173,002)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Six months ended 30 June 2009				
	Limousine rental services HK\$'000 (unaudited)	Airport shuttle bus services HK\$'000 (unaudited)	Mining operation HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue					
Segment revenue from external customers	29,899	6,568	5,521	—	41,988
Results					
Segment results	(2,892)	(769)	(6,153)	(126)	(9,940)
Unallocated income					10,011
Unallocated expenses					(4,812)
Finance costs					(14,940)
Loss before income tax					(19,681)
Income tax credit					165
Loss for the period					(19,516)

The following is an analysis of the Group's assets by business segment:

	As at 30 June 2010				
	Limousine rental services HK\$'000 (unaudited)	Airport shuttle bus services HK\$'000 (unaudited)	Mining operation HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment assets	105,677	24,034	884,932	710,826	1,725,469
Unallocated assets					114,705
Consolidated total assets					1,840,174

	As at 31 December 2009				
	Limousine rental services HK\$'000 (audited)	Airport shuttle bus services HK\$'000 (audited)	Mining operation HK\$'000 (audited)	Others HK\$'000 (audited)	Total HK\$'000 (audited)
Segment assets	101,563	20,213	1,024,342	310,117	1,456,235
Unallocated assets					9,385
Consolidated total assets					1,465,620

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6. FINANCE COSTS

	Six months ended 30 June	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Effective interest expense on convertible notes	2,582	14,337
Interest on bank borrowings wholly repayable within five years	600	488
Interest on obligation under finance leases	104	115
	3,286	14,940

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Current income tax:		
Hong Kong profits tax	742	508
PRC Enterprise Income Tax	—	65
	742	573
Deferred income tax:		
Origination and reversal of temporary differences	(478)	(738)
	264	(165)

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period.

PRC Enterprise Income Tax has been provided at the prevailing rate of 25% (2009: 25%) on the estimated assessable profit applicable to the Company's subsidiaries established in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Cost of inventories	1,309	4,087
Amortisation of intangible asset (included in direct costs)	801	5,148
Amortisation of mining right (included in direct costs)	1,257	3,025
Depreciation	7,428	6,509
Staff costs (<i>note a</i>)	19,255	13,819
Operating lease rentals in respect of office premises	1,530	1,925
Loss on disposal of property, plant & equipment	170	100
Motor vehicles rental charges	10,410	5,354
Fuel and oil	5,022	3,299
Toll charges	2,266	1,982

(a) Staff costs

	Six months ended 30 June	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Directors' emoluments	952	516
Retirement benefit scheme contributions	834	792
Share-based compensation	1,768	—
Other staff costs	15,701	12,511
	19,255	13,819

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible notes and share options.

	Six months ended 30 June	
	2010 (unaudited)	2009 (unaudited)
Loss attributable to the equity holders of the Company (<i>HK\$ thousands</i>)	(157,363)	(18,902)
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of calculating the basic loss per share (<i>thousands</i>)	2,823,328	1,843,320
Adjustment of share options (<i>thousands</i>)	2,703	N/A
Weighted average number of ordinary shares for the purpose of calculating the diluted loss per share (<i>thousands</i>)	2,826,031	1,843,320
Basic loss per share attributable to the equity holders of the Company (<i>HK cents per share</i>)	(5.58)	(1.03)
Diluted loss per share attributable to the equity holders of the Company (<i>HK cents per share</i>)	N/A	N/A

For the periods ended 30 June 2010 and 30 June 2009, the effect of assumed conversion of the convertible notes and share options of the Company was anti-dilutive.

10. MINING RIGHT

	2010 <i>HK\$'000</i> (unaudited)	2009 <i>HK\$'000</i> (unaudited)
Balance as at 1 January	980,568	987,005
Amortisation during the period	(2,847)	(3,025)
Impairment loss	(153,000)	—
Exchange differences	10,950	(1,177)
Balance as at 30 June	835,671	982,803

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired motor vehicles and equipment at a cost of approximately HK\$8,865,000 (30 June 2009: HK\$2,714,000).

12. AVAILABLE-FOR-SALE INVESTMENTS

During the period, the Group acquired available-for-sale investments of approximately HK\$381 million (30 June 2009: HK\$126 million). The increase in fair value of available-for-sale investments during the period amounted to approximately HK\$17 million (30 June 2009: HK\$20 million).

13. TRADE RECEIVABLES

The Group's credit terms granted to customers of limousine rental and airport shuttle bus services range between 60 days and 90 days. Before accepting any new customers, the Group will understand the potential customer's credit quality and approve its credit limits. Credit limits attributed to customers are reviewed regularly.

The aged analysis of the trade receivables, based on invoice date as at the balance date is as follows:

	2010 HK\$'000 (unaudited)	2009 HK\$'000 (audited)
0 — 30 days	10,761	7,091
31 — 60 days	7,906	9,234
61 — 90 days	4,929	3,761
Over 90 days	2,934	1,370
	26,530	21,456

14. TRADE PAYABLES

The aged analysis of trade payables of the Group is as follows:

	2010 HK\$'000 (unaudited)	2009 HK\$'000 (audited)
0 — 30 days	4,561	5,056
31 — 60 days	1,702	1,126
61 — 90 days	415	478
Over 90 days	2,517	3,078
	9,195	9,738

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15. BANK BORROWINGS

During the six months ended 30 June 2010, the Group obtained new bank loans amounting to HK\$12,000,000 (30 June 2009: HK\$3,850,000). The loans carry interest at variable market rate of 1.75% over 1 month HIBOR per annum and are repayable on demand. The proceeds were used to finance the acquisition of property, plant and equipment.

The Group has undrawn banking facilities of HK\$23,159,000 as at 30 June 2010 (31 December 2009: HK\$17,142,000).

As at 30 June 2010, guarantees have been given to a bank by the Company and a related party of Perryville Group's former shareholder with no charge in respect of banking facilities extended to the Perryville Group jointly amounting to approximately HK\$75,200,000 and HK\$50,000,000 respectively (31 December 2009: HK\$63,200,000 and HK\$50,000,000 respectively).

16. CONVERTIBLE NOTES

Convertible Note I

On 13 June 2007, the Company entered into a Sale and Purchase Agreement (the "S&P Agreement") with Parklane International Limited ("Parklane"). Pursuant to the S&P Agreement, the Company conditionally agreed to acquire and Parklane conditionally agreed to sell the entire interests in Perryville Group. The consideration for the acquisition was HK\$170 million of which HK\$50 million was settled by cash and HK\$120 million was settled by issue of convertible notes. The acquisition was completed on 22 October 2007.

The convertible notes entitle the holders to convert them, in whole or part, into ordinary shares of the Company at any time between the date of issue of the convertible notes and their maturity on 22 October 2012 at the conversion price of HK\$0.42 per share subject to anti-dilutive adjustments. On 10 September 2008, the conversion price of the convertible note has been adjusted from HK\$0.42 per share to HK\$0.405 per share as a result of the completion of a placing. If the convertible notes have not been converted, they will be redeemed on 22 October 2012 at par. Interest of 2% will be paid annually up to the maturity date.

The effective interest rate of the convertible notes is 10.2% per annum

In May 2009, the holder of the convertible notes of the Company has converted the remaining HK\$49,650,000 convertible notes into approximately 122,592,000 new ordinary shares of the Company. There was no Convertible note I outstanding as at 31 December 2009 and 30 June 2010.

Convertible Note II

On 30 January 2008, the Company entered into a sale and purchase agreement as amended by a supplemental deed dated 27 June 2008 pursuant to which the Company conditionally agreed to acquire and the vendors conditionally agreed to dispose of the entire issued share capital of the Smart Year Investment Limited, a company legally and beneficially owned as to 90% equity interest in Luchun Xingtai, for a total consideration of HK\$650,000,000. The total consideration has been amended and satisfied (i) as to HK\$119,800,000 in cash; (ii) as to HK\$94,700,000 by the issue of the consideration shares by the Company to the vendors at the issue price; and (iii) as to HK\$435,500,000 by the issue of the convertible notes to the vendors. Details of the acquisition were disclosed in the circular of the Company dated 30 June 2008. The acquisition was completed on 19 September 2008.

The convertible notes entitle the holders to convert them, in whole or in part, into ordinary shares of the Company at any time between the date of issue of the convertible notes and their maturity on 19 September 2013 at the conversion price of HK\$0.30 per share subject to anti-dilutive adjustments. On 8 February 2010, the conversion price of the convertible notes has been adjusted from HK\$0.30 per share to HK\$0.29 per share as a result of the completion of a placing. If the convertible notes have not been converted, they will be redeemed on 19 September 2013 at par. No interest will be paid up to the maturity date. The Company does not have the right to redeem the convertible notes prior to 19 September 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The effective interest rate of the convertible notes is 14.9% per annum.

In April 2010, the holder of the convertible notes of the Company has converted the remaining HK\$124,171,400 convertible notes into approximately 428,177,000 new ordinary shares of the Company. There was no Convertible note II outstanding as at 30 June 2010.

The fair value of convertible notes is approximate to its carrying amount as at 30 June 2010 and 31 December 2009.

The movement of the liability component of the convertible notes for the period is set out below:

	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Carrying amount as at 1 January	74,119	262,828
Interest expenses	2,582	14,337
Interest paid/payable during the period	—	(396)
Conversion of convertible notes	(76,701)	(159,045)
Carrying amount as at 30 June	—	117,724

17. SHARE CAPITAL

	Number of shares '000 (unaudited)	Share capital HK\$'000 (unaudited)
Ordinary shares of HK\$0.10 each		
Authorised		
As at 1 January 2009, 30 June 2009, 1 January 2010 and 30 June 2010	4,000,000	400,000
Issued and fully paid		
As at 1 January 2009	1,515,342	151,534
Placing of new shares (<i>note a</i>)	111,500	11,150
Conversion of convertible notes (<i>note b</i>)	864,232	86,423
As at 30 June 2009	2,491,074	249,107
As at 1 January 2010	2,782,258	278,226
Placing of new shares (<i>note c and d</i>)	519,000	51,900
Conversion of convertible notes (<i>note e</i>)	428,177	42,818
As at 30 June 2010	3,729,435	372,944

Notes:

- Pursuant to a placing and subscription agreement executed on 17 June 2009, a total of 111,500,000 ordinary shares were issued at an issue price of HK\$0.90 per share, raising net proceeds of approximately HK\$99.18 million. The new shares rank pari passu in all respects with the existing shares.
- During the six months ended 30 June 2009, convertible notes with a principal amount of HK\$49,650,000 and HK\$222,492,000 were converted into shares of HK\$0.10 each in the Company at the conversion price of HK\$0.405 per share and HK\$0.30 per share respectively. Accordingly, a total of 122,592,592 and 741,640,000 ordinary shares of HK\$0.10 per share were issued respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

- (c) Pursuant to a placing and subscription agreement executed on 9 February 2010, a total of 334,000,000 ordinary shares were issued at an issue price of HK\$0.90 per share, raising net proceeds of approximately HK\$297 million. The new shares rank pari passu in all respects with the existing shares.
- (d) Pursuant to a placing and subscription agreement executed on 17 June 2010, a total of 185,000,000 ordinary shares were issued at an issue price of HK\$1.10 per share, raising net proceeds of approximately HK\$199 million. The new shares rank pari passu in all respects with the existing shares.
- (e) During the six months ended 30 June 2010, convertible notes of aggregate principal amount of HK\$124,171,400 were converted into ordinary shares of HK\$0.10 each of the Company at the conversion price of HK\$0.29 per share. Accordingly, a total of 428,177,241 ordinary shares were issued.

18. SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") of the Company was adopted by the Company pursuant to the written resolutions of the sole shareholder passed on 14 August 2002.

The fair value of the share options granted is recognised as an expense, with a corresponding adjustment to share-based compensation reserve over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. The impact of the revision to original estimates, if any, is recognised in profit and loss, with a corresponding adjustment to equity.

On 18 January 2010 and 11 February 2010, the Company granted 9,000,000 and 27,000,000 share options to the eligible persons including the directors, at the exercise price of HK\$1.164 per share and HK\$1.24 per share respectively. Each share option gives the holder the right to subscribe one ordinary share of the Company. None of the options has been exercised or cancelled during current period.

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Number of share options	Exercise period	Exercise price (HK\$)
2010A	18 January 2010	18 January 2010 — 17 January 2011	4,500,000	18 January 2011 — 17 January 2014	1.164
	18 January 2010	18 January 2010 — 17 January 2012	2,250,000	18 January 2012 — 17 January 2014	1.164
	18 January 2010	18 January 2010 — 17 January 2013	2,250,000	18 January 2013 — 17 January 2014	1.164
2010B	11 February 2010	11 February 2010 — 10 February 2011	27,000,000	11 February 2011 — 10 February 2014	1.240

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following table discloses movements of the Company's share options during the period:

	Option type	Outstanding as at 1 January 2010	Granted during period	Outstanding as at 30 June 2010
Directors				
Chan Kam Kwan, Jason	2010A	—	1,500,000	1,500,000
Lau Kwok Kuen, Eddie	2010A	—	1,000,000	1,000,000
Uwe Henke Von Parpart	2010A	—	1,000,000	1,000,000
Yip Kwok Cheung, Danny	2010A	—	1,000,000	1,000,000
Sub-total		—	4,500,000	4,500,000
Employees	2010A	—	4,500,000	4,500,000
Consultants	2010B	—	27,000,000	27,000,000
Total		—	36,000,000	36,000,000

These fair values were calculated using the Binomial model prepared by Vigers Appraisal & Consulting Limited. The inputs into the model were as follows:

	2010A	2010B
Exercise price	HK\$1.164	HK\$1.24
Volatility	83%	82%
Expected option life	4 years	4 years
Annual risk-free rate	1.46%	1.502%
Expected Dividend yield	0%	0%

The Company recognised the total expense of HK\$8,467,826 for the period ended 30 June 2010 in relation to share options granted by the Company.

As at the date of this report, the total number of shares available for issue under the share option scheme is 354,443,548 shares which represents 9.50% of the issued share capital of the company on the date of this report.

19. COMMITMENTS

(a) Operating lease commitments

As at 30 June 2010, the Group had commitments mainly for future minimum lease payments under non-cancellable operating lease in respect of office premises, car parks, and counters in the international airport in Hong Kong which falls due as follows:

	30 June 2010 HK\$'000 (unaudited)	31 December 2009 HK\$'000 (audited)
Not later than 1 year	7,816	2,226
Later than 1 year and no later than 5 years	775	622
	8,591	2,848

Leases are negotiated for an average of two years and rentals are fixed for the lease period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	30 June 2010 HK\$'000 (unaudited)	31 December 2009 HK\$'000 (audited)
Property, plant and equipment Contracted but not provided for	6,626	5,925

20. PLEDGE OF ASSETS

At 30 June 2010, the Group has pledged the motor vehicles with a carrying value of approximately HK\$20,541,000 (31 December 2009: HK\$23,438,000) to secure the general banking facilities granted to a subsidiary of the Group.

21. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these unaudited condensed consolidated financial information, the following transactions were carried out with related parties:

(a) Period/year-end balances

The amounts due from/to related parties included as current assets or current liabilities are unsecured, interest-free and repayable on demand. For the amount due to a related party classified as non-current liability is unsecured, interest-free and is not repayable within the next twelve months.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Short-term employee benefits	3,102	1,763
Share-based compensation	1,668	—
	4,770	1,763

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The consolidated revenue of the Group for the six months ended 30 June 2010 increased by 31.4% to approximately HK\$55.2 million as compared to the corresponding period last year, of which approximately HK\$51.8 million (2009: HK\$36.5 million) was contributed by the provision of limousine rental and airport shuttle bus services and approximately HK\$3.4 million (2009: HK\$5.5 million) was contributed by the sales of copper ore concentrates. As at 30 June 2010, the Group's net asset value amounted to HK\$1,638.6 million (2009: HK\$1,218.6 million) and cash and bank balances, including restricted cash, amounted to HK\$129.6 million (2009: HK\$22.0 million).

Loss attributable to equity holders of the Company increased to HK\$157.4 million as compared to HK\$18.9 million for the same period recorded in 2009 mainly due to the impairment loss on the valuation of mining right. Basic loss per share is HK\$5.58 cents (2009: HK\$1.03 cents).

An impairment loss on the valuation of mining right is recorded during the period amounted to approximately HK\$153.0 million. The management has been closely monitoring the trend of copper price, both spot and the long-term price projections from the experts in the commodity sector. We have also been closely monitoring the recent global economic development and its impact towards copper price. The Directors had discussions on the future long-term copper price that were used in our valuation model. Based on the latest statistics and relevant information available to the directors, contrary to our previous optimistic expectation, we saw that since our last reporting period, the global economic outlook has not been improving as expected and there is still high degree of uncertainty to the recovery of the general economy which may possibly affect the volatility of the copper price. The Directors reckoned that the Company needed to take a more conservative approach in valuing our own mine. An impairment was therefore made to the fair value of our mine as a result of the adjustment of the long-term copper price projection. Such impairment loss, however, did not have any impact on the operating cash flow of the Group.

Provision of limousine rental and airport shuttle bus services

The limousine rental and airport shuttle bus services segments are operated by Parklane Limousine Service Limited and Airport Shuttle Services Limited, both operations are wholly owned by Perryville Group Limited (collectively the "Perryville Group").

The financial performance of Perryville Group, which marked the results of our limousine rental and airport shuttle bus operations, contributed approximately 93.8% of the overall revenue of the Group. Recorded revenue for the period amounted to HK\$51.8 million (2009: HK\$36.5 million) and an increment of 42.0% is noted. The segment reported an operating profit, before amortisation of intangible asset, of HK\$3.1 million, representing an increase of 110.6% over the corresponding period last year. The increase of segment revenue is attributed by the surging demand for limousine rental services in both Hong Kong and the PRC. Significant growth in travel industry in Hong Kong and the PRC region is the major driver of our revenue increase from this business segment. We consider the trend of the business results in line with the growth of the industry.

During the period, increase in the demand for limousine services is brought by the Shanghai World Expo. There recorded a higher growth rate for our business in Shanghai than the other cities. The Group believes that the World Expo effect will continuously benefit our business for the second half of the year.

The Group continues to provide limousine rental services in the PRC and we expect a steady growth from this sector. Nevertheless, the limousine business in Beijing will gradually phase out and resources will be reallocated to focus on more profitable locations such as Shanghai, Guangzhou and Shenzhen.

Mining Operation

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

During the period, Luchun Xingtai has contributed revenue of approximately HK\$3.4 million (2009: HK\$5.5 million), and the loss before amortisation and impairment of mining right was approximately HK\$2.1 million (2009: HK\$3.1 million). The production volume of copper ore concentrates was approximately 125 metal tonnes (2009: 116 metal tonnes) and sales of the copper ore concentrates was approximately 74 metal tonnes (2009: 173 metal tonnes).

The cost of sales of the mining segment mainly includes mining, processing and refining cost, ore transportation costs and waste disposal costs.

Total expenditure associated with the mining operation during the period amounted to approximately HK\$5.6 million (2009: HK\$8.6 million).

We have put majority of our focus at Luchun Xingtai operation for further exploration, hence we have not been operating at a full capacity. We will gradually increase our production capacity once we have achieved a satisfactory result from our further exploration activities. During the period, the expenditure associated with the mining exploration activities amounted to approximately RMB0.4 million and the total accumulative expenditure incurred for exploration activities was approximately RMB1.0 million since September 2009.

UPDATE OF RESERVES

The table below sets out the details of the Company's reserves for the period ended 30 June 2010.

Damajianshan Mine Ore Reserve Summary — 31 December 2007 by BDASIA									
JORC Reserve Category	Ore Tonnage (kt)	Grades				Contained Metals			
		Cu %	As %	Pb %	Ag g/t	Cu kt	As kt	Pb kt	Ag t
Proved	4,648	1.49	5.70	1.28	42.6	69.3	265	59.7	198
Probable	3,150	1.42	6.28	1.49	47.9	44.6	198	47.1	151
Total	7,798	1.46	5.94	1.37	44.8	113.9	463	106.8	349

Saved as disclosed in Appendix VII of the circular dated 30 June 2008, the Company's ore reserves as at this date are estimated to contain 7.798 million tonnes of copper ore, contained in within the Damajianshan copper mine site in China. There were no significant changes to our ore reserves in the Damajianshan mine since the date of the last ore reserve statement published as our production has not gone fully underway.

The mining of 22,364 tonnes of copper ore is recorded from Damajianshan mine during the period, representing a decrease of 7.89% compared to the corresponding period last year. As the Company focused more on exploration activities during the period, more resources has been allocated to this aspect, hence lower production is resulted. The Damajianshan mine has in aggregate consumed only approximately 154,000 tonnes out of 7.798 million tonnes of its ore reserves thus derived in no significant changes to our reserves.

Significant Investments

During the period, the Group has further acquired equity stakes in Brockman Resources Limited ("BRM"), a company listed on the Australian Securities Exchange ("ASX"). We have also added a new investment in Australian iron ore sector through an off-market shares subscription and on-market purchases of the shares of FerrAus Limited ("FRS"). FRS is a company listed on the ASX. FRS is principally engaged in the exploration and development of iron ore and manganese.

As at 30 June 2010, the Group has acquired 27,833,505 shares of BRM, representing approximately 19.67% of the total issued share capital of BRM and the market value of such investment as at 30 June 2010 amounted to approximately HK\$551.2 million.

During the period, the Group has acquired in aggregate 30,201,575 shares of FRS, representing approximately 14.90% of issued FRS shares as at 30 June 2010. The market value of such investment as at 30 June 2010 amounted to approximately HK\$156.5 million.

The change in fair value on available-for-sale investments, together with the corresponding exchange loss due to depreciation of Australia dollar, of approximately HK\$16.8 million was recorded in the available-for-sale investment reserve during the six-month period ended 30 June 2010 for the investments in BRM and FRS as described above.

Going forward, the Group will continue to focus its resources in the mining business. While continuing the activities in our existing mine in Yunan, we will seek for potential acquisition opportunities, both in the PRC and overseas. We are aiming at becoming one of the globally competitive mining companies.

The management will consider various debt and equity financing options from time to time to build up an optimal capital structure for the Group and strengthen our capital base.

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

CAPITAL STRUCTURE

During the period, the Company has the following movement in the share capital:

- (a) Pursuant to placing and subscription agreement executed on 9 February 2010, a total of 334,000,000 ordinary shares were issued at an issued price of HK\$0.90 per share, raising net proceed of approximately HK\$297 million.
- (b) Pursuant to placing and subscription agreement executed on 17 June 2010, a total of 185,000,000 ordinary shares were issued at an issued price of HK\$1.11 per share, raising net proceed of approximately HK\$199 million.
- (c) During the period, convertible notes of aggregate principal amounts of HK\$124,171,400 were converted into ordinary shares of the Company at the conversion price of HK\$0.29 per share. Accordingly, a total of 428,177,241 ordinary shares of the Company were issued. As of the date of this report, all convertible notes issued by the Group have been converted and there are no further convertible notes outstanding.

CHARGES OF ASSETS

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

MARKET RISK

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

(a) Copper concentrate price risk

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

(b) Exchange rate risk

The Group is exposed to exchange rate risk primarily because our available-for-sale investment is denominated in Australian dollars. Depreciation in Australian dollar may adversely affect our net asset value and earnings when the value of such investment is converted to Hong Kong dollars. During the period, no financial instrument was used for hedging purpose.

CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2010.

STAFF AND REMUNERATION

As at 30 June 2010, the Group employed 385 full time employees (31 December 2009: 552), of which approximately 264 employees were in the PRC. The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide incentives to the employees.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2010, the interests and short positions of the directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies were as follows:

Long positions of ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Luk Kin Peter Joseph	Controlled Corporation (<i>Note</i>)	199,456,276	5.35%

Note: The 96,008,000 shares are held by Equity Valley Investments Limited, a company incorporated in the British Virgin Islands (the "BVI") with limited liability, and the entire issued share capital of which is wholly owned by Mr. Luk Kin Peter Joseph ("Mr. Luk") and 103,448,276 shares are held by Prideful Future Investments Limited, a company incorporated in the BVI with limited liability, and the entire issued share capital of which is wholly owned by Ms. Cheung Sze Wai, Catherine, the spouse of Mr. Luk.

Save as disclosed above and in note 18, none of the Directors and chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2010.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures", at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, was a party to any arrangements to enable the Directors of the Company and their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Leading Highway Limited (<i>Note 1</i>)	Beneficial owner	445,500,000	11.95%
Cheng Yung Pun (<i>Note 1</i>)	Interest held by controlled corporations	445,500,000	11.95%
Shimmer Expert Investments Limited (<i>Note 2</i>)	Beneficial owner	279,548,000	7.50%
Groom High Investments Limited (<i>Note 2</i>)	Interest held by controlled corporations	279,548,000	7.50%
Zhang Li (<i>Note 2</i>)	Interest held by controlled corporations	279,548,000	7.50%
Villas Green investments Limited (<i>Note 3</i>)	Beneficial owner	257,760,000	6.91%
Chong Yee Kwan (<i>Note 3</i>)	Interest held by controlled corporations	257,760,000	6.91%
Smartpath Investments Limited (<i>Note 4</i>)	Beneficial owner	204,752,000	5.49%
Tan Lini (<i>Note 4</i>)	Interest held by controlled corporations	204,752,000	5.49%

Notes:

1. The 445,500,000 shares of the Company are held by Leading Highway Limited, which is wholly owned by Cheng Yung Pun.
2. The 279,548,000 shares of the Company are held by Shimmer Expert Investments Limited, a company wholly owned by Groom High Investments Limited, which is wholly owned by Zhang Li.
3. The 257,760,000 shares of the Company are held by Villas Green Investments Limited, which is wholly owned by Chong Yee Kwan.
4. The 204,752,000 shares of the Company are held by Smartpath Investments Limited, which is wholly owned by Tan Lini.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with its own code on corporate governance practices which incorporates all code provisions in the Code on Corporate Governance Practices (the “CGP Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the six months ended 30 June 2010, except with the following deviation:

Code Provision A.2.1

There was no separation of the role of chairman (the “Chairman”) and chief executive officer (the “CEO”). Mr. Luk Kin Peter Joseph has been appointed as the Chairman of the Company on 16 February 2009 and has assumed the role of both the Chairman and the CEO of the Company. This structure was considered more suitable to the Company at this fast development stage because it could promote the efficient formulation and implementation of the Company's strategies.

As the Group's business becomes more diversified, the Board will review the needs of appointing suitable candidate to assume of the role of the Chairman or the CEO when necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry to all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2010.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors, Messrs. Lau Kwok Kuen, Eddie, Uwe Henke Von Parpart and Yip Kwok Cheung, Danny. Mr. Lau Kwok Kuen, Eddie is the Chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CGP Code. The Audit Committee has reviewed the Group's interim results for the six months ended 30 June 2010.

By Order of the Board
Luk Kin Peter Joseph
Chairman

19 August 2010, Hong Kong

Appendix B

ASX announcements to which the Company has relied on in this Prospectus

- (a) NiQuest Limited Prospectus dated 8 December 2003
- (b) Yilgarn Mining Limited Annual Financial Report 2004
- (c) NiQuest Limited ASX Announcement Name Change dated 20 December 2005
- (d) Brockman Resources ASX Announcement 'Marillana Project Development Update - Brockman to Suspend Stage 1 to focus on larger 15-25 Mpta Stage 2 Project' dated 4 November 2008
- (e) Brockman Resources ASX Announcement 'Marillana Project Development Update - Brockman Awards Stage 2 Pre-Feasibility Study to Ausenco' dated 3 December 2008
- (f) Brockman Resources Annual Report 2008
- (g) Brockman Resources ASX Announcement 'Brockman moves to Definitive Feasibility Study Following Completion of Positive Pre-Feasibility Study at Marillana' dated 10 August 2009
- (h) Brockman Resources ASX Announcement 'Brockman Receives Key Environmental Approval for Marillana Iron Ore Project' dated 18 August 2009
- (i) Brockman Resources ASX Announcement 'Brockman Secures Final Key Native Title Mining Agreement for Marillana Project' dated 2 December 2009
- (j) Brockman Resources Annual Report 2009
- (k) FerrAus Annual Report 2009
- (l) Brockman Resources ASX Announcement 'Brockman's Marillana Iron Ore Project on Track with Grant of Mining Lease' dated 5 January 2010
- (m) Brockman Resources ASX Announcement 'Major Resources Upgrade takes Brockman's Iron Ore Project Closer to Development' dated 9 February 2010
- (n) FerrAus ASX Announcement 'FerrAus Moves to Pre-Feasibility Study After Scoping Study Indicates Potential A\$1.1 Billion NPV' dated 24 February 2010
- (o) Brockman Resources Company Presentation dated February 2010
- (p) FerrAus Investor Presentation dated 29 March 2010
- (q) Brockman Resources Company Presentation dated March 2010
- (r) FerrAus ASX Announcement Third Quarter Activities Report for the period ending 31 March 2010
- (s) Brockman Resources ASX Announcement 'Brockman Identifies Significant New Hematite Targets at West Hamersley' dated 1 June 2010
- (t) FerrAus ASX Announcement 'Major Upgrade Underpins PFS at FerrAus Pilbara Project' dated 16 June 2010
- (u) FerrAus ASX Announcement Mirrin Mirrin resources Upgrade dated 5 August 2010

- (v) FerrAus Appendix 3B dated 14 October 2010
- (w) FerrAus Annual Report 2010
- (x) Brockman Resources Annual Report 2010
- (y) Brockman Resources ASX Announcement - Brockman Delivers Positive Marillana Feasibility Study dated 29 September 2010
- (z) Brockman Resources Quarterly report for the period ending 30 September 2010
- (aa) Brockman Resources Appendix 5B for the quarter ending 30 September 2010
- (bb) Brockman Resources Appendix 3B dated 3 November 2010
- (cc) ASX Company Information for Brockman Resources dated 9 November 2010

Appendix C

Australian Announcement of the Brockman Resources Takeover bid

Australian Announcement of the FerrAus Takeover bid



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

10 November 2010

**Wah Nam International Holdings Limited Announces Takeover Offer
for Brockman Resources Limited (Brockman Resources)**

Wah Nam International Holdings Limited ARBN 143 211 867 (**Wah Nam**) today announces its intention to make an off-market takeover offer, through its wholly owned subsidiary, Wah Nam International Australia Pty Ltd ACN 134 696 727 (**Wah Nam Australia**), for all of the ordinary fully paid shares in Brockman Resources Limited ACN 009 372 150 (**Brockman Resources Share**) that it does not already own (the **Offer**).

Wah Nam has also today announced an intention to make an off-market takeover offer, through Wah Nam Australia, for all of the ordinary fully paid shares in FerrAus Limited ACN 097 422 529 (ASX: FRS) (**FerrAus**) that it does not already own.

Wah Nam is a limited liability company incorporated in Bermuda and listed on the Hong Kong Stock Exchange (**HKEx**) (Stock code: 159).

Brockman Resources is a limited liability company incorporated in Australia and listed on the Australian Securities Exchange (ASX: BRM).

The all scrip Offer is based on 30 Wah Nam ordinary fully paid shares (**Wah Nam Share**) for every 1 Brockman Resources Share.

Total consideration payable by Wah Nam under the Offer, assuming 100% acceptance (including all Brockman Resources option holders exercising their options and accepting the Offer), would be approximately 3,508,672,380 Wah Nam Shares.



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

The Offer equates to a value of approximately A\$6.47 per Brockman Resources Share based on the VWAP of Wah Nam Shares on the HKEx during the 2 full trading days of 8 November 2010 and 9 November 2010 and an Australian dollar/Hong Kong dollar exchange rate of 7.82 (at close of trade in Hong Kong on 9 November 2010).

The Offer is subject to conditions which are set out in the Annexure to this announcement.

Wah Nam is currently entitled to a:

- 22.63% relevant interest in Brockman Resources; and
- 19.90% relevant interest in FerrAus.

Benefits to Brockman Resources shareholders

Wah Nam Australia believes the Offer is compelling to Brockman Resources shareholders for the following key reasons:

- Brockman Resources shareholders are being offered a substantial and attractive premium to the closing price of Brockman Resources Shares on the ASX on 9 November 2010, being the trading day prior to this announcement, and VWAP of Brockman Resources Shares on the ASX across a broad range of time periods, namely:
 - a 89.9% premium to the VWAP for the 180 days to 9 November 2010 (the last trading day before the date of this announcement);
 - a 79.6% premium to the VWAP for the 90 days to 9 November 2010;
 - a 74.2% premium to the VWAP for the 60 days to 9 November 2010;
 - a 61.5% premium to the VWAP for the 30 days to 9 November 2010; and
 - a 42.8% premium to the closing price of Brockman Resources Shares on 9 November 2010.
- As a Wah Nam shareholder, Brockman Resources shareholders may benefit from the Wah Nam group's ability to attract financing for the Marillana Project.
- Brockman Resources shareholders will become shareholders in Wah Nam. If the Offer is successful, to Wah Nam's knowledge, it will become the only HKEx listed company developing a significant Australian hematite iron ore deposit.
- If the Offer is successful, Wah Nam Shares will be listed on the ASX in addition to its listing on the HKEx.

華南

華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

About Wah Nam

Wah Nam, through its subsidiaries, is principally engaged in:

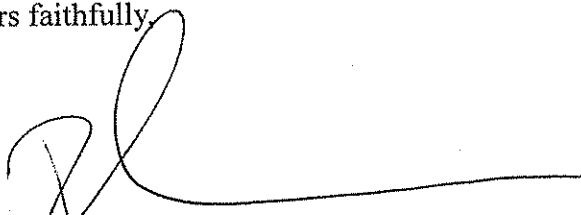
- the exploitation, processing and sale of mineral resources, including copper, zinc and lead ore concentrates in the PRC;
- the provision of limousine rental and airport shuttle bus transportation services in Hong Kong and the PRC; and
- the investment of funds in equity securities.

Further information about Wah Nam can be found on its website www.wnintl.com.

Wah Nam is in the process of preparing a formal bidder's statement and will lodge that document with the ASX, ASIC and Brockman Resources as soon as practicable.

OSK Capital Hong Kong Limited is acting as Hong Kong corporate adviser, Capital Investment Partners is acting as Australian corporate adviser and Clayton Utz is acting as legal adviser to Wah Nam in relation to the Offer.

Yours faithfully,



Luk Kin Peter Joseph

Chairman – Wah Nam International Holdings Limited





華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

Annexure - Conditions of the Offer

Defeating Conditions

The Offer will be subject to the following defeating conditions:

(a) Wah Nam shareholder approval

The requisite majority of Wah Nam shareholders approving:

- (i) the acquisition by Wah Nam Australia of all of the Brockman Resources Shares not already owned by Wah Nam Australia; and
- (ii) the allotment and issue of the consideration Wah Nam Shares; and

where Wah Nam Australia has announced a variation in the Offer pursuant to section 650B of the Corporations Act:

- (iii) the acquisition of Brockman Resources Shares by Wah Nam Australia on those varied terms, and
- (iv) the allotment and issue of the consideration Wah Nam Shares,

at general meeting by poll.

(b) Prescribed Occurrences

Between the date of this announcement and the end of the offer period (each inclusive), no prescribed occurrence (the events listed in sub sections 652C (1) and (2) of the Corporations Act) occurs.

(c) 50% minimum acceptance

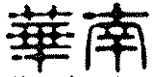
At the end of the offer period, Wah Nam Australia has a relevant interest in more than 50% of all Brockman Resources Shares.

(d) No regulatory actions

Between the date of this announcement and the end of the offer period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a government agency;
- (ii) no action or investigation is announced, commenced or threatened by any government agency; and
- (iii) no application is made to any government agency (other than by Wah Nam or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of Brockman Resources Shares under the Offer or the completion of any transaction contemplated by the bidder's statement, or seeks to require the divestiture by Wah Nam Australia of any Brockman Resources Shares, or the divestiture of any material assets of Brockman Resources or the Wah Nam group.



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

(e) No material transactions

Between the date of this announcement and the end of the offer period (each inclusive), neither Brockman Resources nor any subsidiary of Brockman Resources:

- (i) acquires, offers to acquire or agrees 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 A\$5 million or makes an announcement about such a transaction;
- (ii) disposes, offers to dispose or agrees 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 A\$5 million or makes an announcement about such a disposal;
- (iii) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than A\$5 million, other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;
- (iv) incurs or commits to, or grants to another person a right the exercise of which would involve Brockman Resources incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than A\$5 million or makes an announcement about such a commitment; or
- (v) discloses (without having disclosed to the ASX prior to the date of this announcement) the existence of any matter described in sub-paragraphs (i) to (iv) above, or announces an intention or proposal to do anything described in sub paragraphs (i) to (iv) above.

(f) No material adverse change

Between the date of this announcement and the end of the offer period (each inclusive), no event, change or condition occurs, is announced or becomes known to Wah Nam 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:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of Brockman Resources, since 30 June 2010;
- (ii) the status or terms of arrangements entered into by Brockman Resources; or
- (iii) the status or terms of any approvals, licences or permits from government agencies applicable to Brockman Resources,

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



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

(g) Non-existence of certain rights

No person (other than a member of the Wah Nam group) has or will have any right (whether subject to conditions or not) as a result of Wah Nam Australia acquiring Brockman Resources Shares under the Offer to:

- (i) acquire, or require the disposal of, or require Brockman Resources or its subsidiaries to offer to dispose of, any material asset of Brockman Resources or any of its subsidiaries; or
- (ii) terminate, or vary the terms of performance of, any material agreement of Brockman Resources or any of its subsidiaries.

(h) No dividends or distributions

Between the date of this announcement and the end of the offer period (each inclusive), neither Brockman Resources nor any subsidiary of Brockman Resources, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

(i) No related party transactions

Between the date of this announcement and the end of the offer period (each inclusive), Brockman Resources does not enter into or otherwise become a party to any transaction with a related party or related entity.

(j) Stock Market Index Decline

Between the date of this announcement and the end of the offer period (each inclusive), the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the date of this announcement at any time on any ASX trading day.

(k) Exchange Rate Variation

Between the date of this announcement and the end of the offer period (each inclusive), the exchange rate of A\$ to HK\$ does not appreciate more than 10% from the closing level of that rate on the day before this date of the announcement.

(l) No incorrect or misleading filings

Between the date of this announcement and the end of the offer period (each inclusive), Wah Nam Australia does not become aware through ASIC or otherwise, that any document filed by or on behalf of Brockman Resources 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.



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

Statutory Condition

The Offer and any contract that results from acceptance of it is subject to a statutory condition that:

- (i) an application is made to the HKEx for admission to quotation of the consideration Wah Nam Shares within 7 days after the start of the bid period; and
- (ii) an application is made to the ASX for admission to quotation of all Wah Nam Shares within 7 days after the start of the bid period; and
- (iii) permission for admission to quotation of the consideration Wah Nam Shares on the HKEx and all Wah Nam Shares on the ASX is granted no later than 7 days after the end of the bid period.

The Offer will not be freed from this statutory condition.

Definitions for the purposes of this Annexure

Words used in this announcement that are defined in the Corporations Act 2001 (Cth) have the meaning given by the Corporations Act 2001 (Cth).



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0169
SEHK Stock Code: 0169

10 November 2010

**Wah Nam International Holdings Limited Announces Takeover Offer
for FerrAus Limited (FerrAus)**

Wah Nam International Holdings Limited ARBN 143 211 867 (**Wah Nam**) today announces its intention to make an off-market takeover offer, through its wholly owned subsidiary, Wah Nam International Australia Pty Ltd ACN 134 696 727 (**Wah Nam Australia**), for all of the ordinary fully paid shares in FerrAus Limited ACN 097 422 529 (**FerrAus Share**) that it does not already own (the **Offer**).

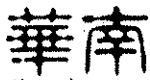
Wah Nam has also today announced an intention to make an off-market takeover offer, through Wah Nam Australia, for all of the ordinary fully paid shares in Brockman Resources Limited ACN 009 372 150 (ASX: BRM) (**Brockman Resources**) that it does not already own.

Wah Nam is a limited liability company incorporated in Bermuda and listed on the Hong Kong Stock Exchange (**HKEx**) (Stock code: 159).

FerrAus is a limited liability company incorporated in Australia and listed on the Australian Securities Exchange (ASX: FRS).

The all scrip Offer is based on 6 Wah Nam ordinary fully paid shares (**Wah Nam Share**) for every 1 FerrAus Share.

Total consideration payable by Wah Nam under the Offer, assuming 100% acceptance (including all FerrAus option holders exercising their options and accepting the Offer), would be approximately 1,033,748,940 Wah Nam Shares.



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

The Offer equates to a value of approximately A\$1.29 per FerrAus Share based on the VWAP of Wah Nam Shares on the HKEx during the 2 full trading days of 8 November 2010 and 9 November 2010 and an Australian dollar/Hong Kong dollar exchange rate of 7.82 (at close of trade in Hong Kong on 9 November 2010).

The Offer is subject to conditions which are set out in the Annexure to this announcement.
Wah Nam is currently entitled to a:

- 19.90% relevant interest in FerrAus; and
- 22.63% relevant interest in Brockman Resources.

Benefits to FerrAus shareholders

Wah Nam Australia believes the Offer is compelling to FerrAus shareholders for the following key reasons:

- FerrAus shareholders are being offered a substantial and attractive premium to the closing price of FerrAus Shares on the ASX on 9 November 2010, being the trading day prior to this announcement, and VWAP of FerrAus Shares on the ASX across a broad range of time periods, namely:
 - a 44.4% premium to the VWAP for the 180 days to 9 November 2010 (the last trading day before the date of this announcement);
 - a 59.9% premium to the VWAP for the 90 days to 9 November 2010;
 - a 62.3% premium to the VWAP for the 60 days to 9 November 2010;
 - a 63.2% premium to the VWAP for the 30 days to 9 November 2010; and
 - a 52.2% premium to the closing price of FerrAus Shares on 9 November 2010.
- As a Wah Nam shareholder, FerrAus shareholders may benefit from the Wah Nam group's ability to attract financing for the FerrAus Pilbara Project.
- FerrAus shareholders will become shareholders in Wah Nam. If the Offer is successful, to Wah Nam's knowledge, it will become the only HKEx listed company developing a significant Australian hematite iron ore deposit.
- If the Offer is successful, Wah Nam Shares will be listed on the ASX in addition to its listing on the HKEx.

華南

華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

About Wah Nam

Wah Nam, through its subsidiaries, is principally engaged in:

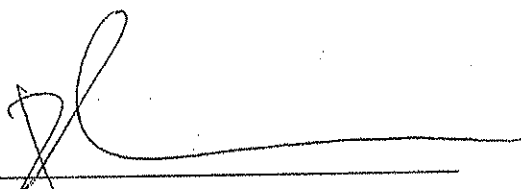
- the exploitation, processing and sale of mineral resources, including copper, zinc and lead ore concentrates in the PRC;
- the provision of limousine rental and airport shuttle bus transportation services in Hong Kong and the PRC; and
- the investment of funds in equity securities.

Further information about Wah Nam can be found on its website www.wnintl.com.

Wah Nam is in the process of preparing a formal bidder's statement and will lodge that document with the ASX, ASIC and FerrAus as soon as practicable.

OSK Capital Hong Kong Limited is acting as Hong Kong corporate adviser, Capital Investment Partners is acting as Australian corporate adviser and Clayton Utz is acting as legal adviser to Wah Nam in relation to the Offer.

Yours faithfully,



Luk Kin Peter Joseph

Chairman – Wah Nam International Holdings Limited



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

Annexure - Conditions of the Offer

Defeating Conditions

The Offer will be subject to the following defeating conditions:

(a) Wah Nam shareholder approval

The requisite majority of Wah Nam shareholders approving:

- (i) the acquisition by Wah Nam Australia of all of the FerrAus Shares not already owned by Wah Nam Australia; and
- (ii) the allotment and issue of the consideration Wah Nam Shares; and

where Wah Nam Australia has announced a variation in the Offer pursuant to section 650B of the Corporations Act:

- (iii) the acquisition of FerrAus Shares by Wah Nam Australia on those varied terms, and
- (iv) the allotment and issue of the consideration Wah Nam Shares,

at general meeting by poll.

(b) Prescribed Occurrences

Between the date of this announcement and the end of the offer period (each inclusive), no prescribed occurrence (the events listed in sub sections 652C (1) and (2) of the Corporations Act) occurs.

(c) 90% minimum acceptance

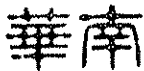
At the end of the offer period, Wah Nam Australia has a relevant interest in at least 90% of all FerrAus Shares.

(d) No regulatory actions

Between the date of this announcement and the end of the offer period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a government agency;
- (ii) no action or investigation is announced, commenced or threatened by any government agency; and
- (iii) no application is made to any government agency (other than by Wah Nam or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of FerrAus Shares under the Offer or the completion of any transaction contemplated by the bidder's statement, or seeks to require the divestiture by Wah Nam Australia of any FerrAus Shares, or the divestiture of any material assets of FerrAus or the Wah Nam group.



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

(e) No material transactions

Between the date of this announcement and the end of the offer period (each inclusive), neither FerrAus nor any subsidiary of FerrAus:

- (i) acquires, offers to acquire or agrees 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 A\$5 million or makes an announcement about such a transaction;
- (ii) disposes, offers to dispose or agrees 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 A\$5 million or makes an announcement about such a disposal;
- (iii) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, involving a commitment of in aggregate greater than A\$5 million, other than in the ordinary course of business, or makes an announcement in relation to such entry, offer or agreement;
- (iv) incurs or commits to, or grants to another person a right the exercise of which would involve FerrAus incurring or committing to, any capital expenditure or liability in respect of one or more related items of in aggregate greater than A\$5 million or makes an announcement about such a commitment; or
- (v) discloses (without having disclosed to the ASX prior to the date of this announcement) the existence of any matter described in sub-paragraphs (i) to (iv) above, or announces an intention or proposal to do anything described in sub paragraphs (i) to (iv) above.

(f) No material adverse change

Between the date of this announcement and the end of the offer period (each inclusive), no event, change or condition occurs, is announced or becomes known to Wah Nam 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:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of FerrAus, since 30 June 2010;
- (ii) the status or terms of arrangements entered into by FerrAus; or
- (iii) the status or terms of any approvals, licences or permits from government agencies applicable to FerrAus,

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



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

(g) Non-existence of certain rights

No person (other than a member of the Wah Nam group) has or will have any right (whether subject to conditions or not) as a result of Wah Nam Australia acquiring FerrAus Shares under the Offer to:

- (i) acquire, or require the disposal of, or require FerrAus or its subsidiaries to offer to dispose of, any material asset of FerrAus or any of its subsidiaries; or
- (ii) terminate, or vary the terms of performance of, any material agreement of FerrAus or any of its subsidiaries.

(h) No dividends or distributions

Between the date of this announcement and the end of the offer period (each inclusive), neither FerrAus nor any subsidiary of FerrAus, declares, distributes, or resolves to pay or provide any dividend, bonus or other share of its profits or assets.

(i) No related party transactions

Between the date of this announcement and the end of the offer period (each inclusive), FerrAus does not enter into or otherwise become a party to any transaction with a related party or related entity.

(j) Stock Market Index Decline

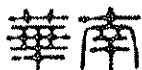
Between the date of this announcement and the end of the offer period (each inclusive), the S&P/ASX300 index does not fall more than 15% from the closing level of that index on the day before the date of this announcement at any time on any ASX trading day.

(k) Exchange Rate Variation

Between the date of this announcement and the end of the offer period (each inclusive), the exchange rate of A\$ to HK\$ does not appreciate more than 10% from the closing level of that rate on the day before this date of the announcement.

(l) No incorrect or misleading filings

Between the date of this announcement and the end of the offer period (each inclusive), Wah Nam Australia does not become aware through ASIC or otherwise, that any document filed by or on behalf of FerrAus 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.



華南投資控股有限公司
WAH NAM INTERNATIONAL HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
Incorporated in Bermuda with Limited Liability

香港聯合交易所上市公司股票號碼: 0159
SEHK Stock Code: 0159

Statutory Condition

The Offer and any contract that results from acceptance of it is subject to a statutory condition that:

- (i) an application is made to the HKEx for admission to quotation of the consideration Wah Nam Shares within 7 days after the start of the bid period; and
- (ii) an application is made to the ASX for admission to quotation of all Wah Nam Shares within 7 days after the start of the bid period; and
- (iii) permission for admission to quotation of the consideration Wah Nam Shares on the HKEx and all Wah Nam Shares on the ASX is granted no later than 7 days after the end of the bid period.

The Offer will not be freed from this statutory condition.

Definitions for the purposes of this Annexure

Words used in this announcement that are defined in the Corporations Act 2001 (Cth) have the meaning given by the Corporations Act 2001 (Cth).

Corporate Directory

Registered Office

Wah Nam International Holdings Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Telephone: (+852) 3169 3631
Facsimile: (+852) 3169 3630
Website: www.wnintl.com

Independent Technical Advisers

Behre Dolbear Asia, Inc.
999 Eighteenth Street Suite 1500
Denver CO 80202,
United States of America

Directors

Luk Kin Peter Joseph
Chairman and Chief Executive Officer

Chan Kam Kwan Jason
Director

Lau Kwok Kuen Eddie
Non-Executive Director

Uwe Henke Von Parpart
Non-Executive Director

Yip Kwok Cheung Danny
Non-Executive Director

Solicitors to the Offer

Australia

Clayton Utz
Level 27, QV.1 Building
250 St Georges Terrace
Perth, WA 6000, Australia

Hong Kong

Michael Li & Co
14th floor, Printing House
6 Duddell Street
Central, Hong Kong

PRC

Guantao Law Firm
17th floor, Tower 2, Yingtai Center
No. 28 Finance Street
Xicheng District
Beijing 100140, The People's Republic of China

Company Secretary

Chan Kam Kwan Jason

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco, WA 6008, Australia

Corporate Advisers

Australia

Capital Investment Partners Pty Ltd
Level 22, Allendale Square
77 St Georges Terrace
Perth, WA 6000, Australia

Hong Kong

OSK Capital Hong Kong Limited
11th Floor, Hip Shing Hong Centre
55 Des Voeux Road
Central, Hong Kong

Registrars

Australia

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth, WA 6000, Australia

Hong Kong

Tricor Secretaries Limited
26th floor Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Lead Manager

Capital Investment Partners Pty Ltd
Level 22, Allendale Square
77 St Georges Terrace
Perth, WA 6000, Australia

Auditor

PricewaterhouseCoopers
22nd floor Prince's Building
Central, Hong Kong

Application Form