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### **Pre-quotation Disclosure**

The following information is provided to the Australian Securities Exchange (**ASX**) for release to the market in connection with the official quotation and trading of the ordinary shares in China Magnesium Corporation Limited.

#### **1 Statement of the 20 largest shareholders**

**Attachment 1** is the statement of the 20 largest shareholders

#### **2 Statement of the 20 largest attaching option holders**

**Attachment 2** is the statement of the 20 largest attaching option holders

#### **3 Distribution of shareholders**

**Attachment 3** is the statement of the distribution of shareholders.

#### **4 Distribution of attaching option holders**

**Attachment 4** is the statement of the distribution of the attaching option holders.

#### **5 Corporate governance statement**

**Attachment 5** is the Company's corporate governance statement.

#### **6 Withdrawal of Prospectus dated 2 June 2010**

The Company confirms that it has withdrawn the prospectus dated 2 June 2010, replacement prospectus dated 15 June 2010, supplementary prospectus dated 12 July 2010 and further supplementary prospectus dated 13 August 2010. All application monies received in relation to the previous prospectus have been refunded in full.

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## 7 Joint venture earn in

The Company confirms that, in accordance with the joint venture agreement between the Company and Pingyao County Maoyuan Porcelain Industry Co., Ltd, the Company has paid the amount of RMB 13,429,401 to earn its minimum 75% interest in Pingyao Luyuan Magnesium Company Limited (**CMC China**).

## 8 Commitments

The Company's proposed use of funds is set out in section 3.3 of the Prospectus. Further details of the expected project expenditure, based on indicative cost estimates provided by potential suppliers, are set out below. Following completion of the Offer, CMC China will proceed to finalise the supply arrangements with each supplier.

Item	Amount (RMB)	Amount (AUD)*
Balance purchase price for the land	6,000,000	909,091
Upgrade of the existing plant to nameplate capacity of 5,000 tpa and expansion of the plant to 20,000 tpa including:		
• Coal to Gas Plant from Zibo Wangfen Coal Gasifier Manufacturer	5,700,000	863,636
• Rotary Kiln & Briquette Making Facilities from Henan Zhongke Engineering Co Ltd	13,400,000	2,030,303
• Deoxidization Facilities from Tongxian Engineering Co Ltd	10,500,000	1,590,909
• Refining and Casting Facilities of Wuxi Electric Furnace Works	4,500,000	681,818
• Civil Engineering Construction of No 13 Metallurgic Construction Co	9,200,000	1,393,939
<b>Total</b>	<b>RMB 43,300,000</b>	<b>AUD 7,469,696</b>

\*Calculated using an exchange rate of AUD1:RMB6.6

As disclosed in the prospectus, monies may not be used precisely in the amounts set out above. Final pricing is subject to change following final negotiations. The Company's management will have broad discretion in applying the proceeds of the Offer. The precise use of funds will depend on the circumstances of the Company and CMC China at any given time and the outcome of final commercial negotiations.

## 9 Terms of attaching options

**Attachment 6** is the terms of the attaching options.

## 10 Attaching options- further disclosure

The purpose of the attaching options is to allow investors (but not the existing shareholders) to increase their equity interest at the IPO price if the key performance milestone is not met (namely practical completion of the new plant on time and within budget by the end of 2011). The exercise of any options will dilute the existing shareholders (in particular the founders of the Company). If plant expansion is practically completed on time and within budget by end of 2011, the options will lapse.

## 11 Regulatory approvals in respect of the plant

CMC China holds the construction approvals that are necessary to upgrade and expand the plant.

On completion of the upgrade and expansion, the following approvals are required before the expanded plant may commence production:

- the Pingyao Development and Reform Commission (Pingyao Fa Zhan Yu Gai Ge Wei Yuan Hui) is required to issue a letter to confirm that the works comprising the upgrade and first phase expansion are complete;
- the Jinzhong Environmental Protection Bureau must confirm that the upgrade and first phase expansion complies with the requirements of the environmental impact approval issued by the Shanxi Provincial Environment Protection Bureau.

## 12 Financial statements

**Attachment 7** is the following financial statements:

- Audited consolidated financial statements for the year ending 30 June 2010.
- Audited financial statements for the year ending 30 June 2009.
- Financial statements for the year ending 30 June 2008.

## 13 Reconciliation of audited unconsolidated 30 June 2009 financial statements with the unaudited consolidated 30 June 2009 financial statements

**Attachment 8** is a letter by BDO Kendalls to the Company providing a reconciliation between the unaudited consolidated 30 June 2009 financial statements as disclosed in the Prospectus and the audited unconsolidated financial statements for the year ending 30 June 2009 (which were not included in the Prospectus). The difference between the financial statements is attributable to consolidation adjustments.

## 14 Pro-forma balance sheet

**Attachment 9** is a reviewed pro-forma balance sheet by BDO showing the working capital available on completion of the Offer.

## 15 Escrow

The following securities are subject to escrow:

Number of shares	Escrow period (until)
1,272,000	9 March 2011
4,000,000	30 May 2011
61,380,000	24 months commencing on the date on which quotation of the Company's shares commences

## 16 Update on acquisition of land

The steps taken by CMC China to secure the land are described in section 5.6.4.2 of the Prospectus. Following completion of the Offer, steps are now being taken by CMC China to finalise the land acquisition. The balance of the price payable by CMC China to secure land use rights for the plant expansion is RMB 6 million. The Company expects that, on receipt of the land fees, the Pingyao Land Resource Bureau on behalf of National Land Resource Ministry will issue a Certificate of Land Use Right to CMC China.

Construction on the land can then start immediately as construction approvals have already been granted by the Pingyao Development and Reform Commission.

**ENDS**

## Attachment 1

### Statement of the 20 largest shareholders

	<u>HOLDER NAME</u>	<u>DESIGNATION</u>	<u>UNITS</u>	<u>% OF ISSUED</u>
1 *	BLACKHURST THOMAS TROY		24,000,000	18.76%
2 *	JIA GUICHENG		12,000,000	9.38%
3 *	LI MING		12,000,000	9.38%
4 *	LIANG XINPING		12,000,000	9.38%
5	SOMERLEY GRP LTD		6,079,600	4.75%
6 *	CHAN EWE TWIK		5,500,000	4.30%
7	HSBC CUSTODY NOM AUST LTD		4,000,000	3.13%
8	ALCHEMY SEC PL		3,520,000	2.75%
9 *	ONG HOCK SEONG		2,500,000	1.95%
10	HENROTH PL		2,000,000	1.56%
11	INTEQ LTD		1,920,000	1.50%
12 *	PLUMMER JOHN CHARLES		1,400,000	1.09%
13 *	ADVANCED CAP MGNT PL		1,200,000	.94%
14	WASHINGTON H SOUL PATTINS		1,000,000	.78%
15	BAYONET INV PL	MUTUAL A/C	1,000,000	.78%
16	CITICORP NOM PL		1,000,000	.78%
17	MERRILL LYNCH AUST NOM PL		1,000,000	.78%
18	WHITTINGHAM SEC PL		1,000,000	.78%
19	BERPAID PL		1,000,000	.78%
20	ALLEN STEPHEN		800,000	.63%
	*** TOP 20 TOTAL ***		94,919,600	74.18%
				%

\*\* ALL HOLDERS INCLUDED

\* - DENOTES MERGED HOLDER

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## Attachment 2

### Statement of the 20 largest attaching option holders

	<u>HOLDER NAME</u>	<u>DESIGNATION</u>	<u>UNITS</u>	<u>% OF ISSUED</u>
1	SOMERLEY GRP LTD		1,519,900	12.67%
2	HSBC CUSTODY NOM AUST LTD		1,000,000	8.33%
3	HENROTH PL		500,000	4.17%
4	INTEQ LTD		480,000	4.00%
5 *	PLUMMER JOHN CHARLES		350,000	2.92%
6	WASHINGTON H SOUL PATTINS		250,000	2.08%
7	BAYONET INV PL	MUTUAL A/C	250,000	2.08%
8	CITICORP NOM PL		250,000	2.08%
9	MERRILL LYNCH AUST NOM PL		250,000	2.08%
10	WHITTINGHAM SEC PL		250,000	2.08%
11	BERPAID PL		250,000	2.08%
12	GERAS RYSZARD		150,000	1.25%
13	MILSTERN ENTPS PL	MILSTERN ENTPS A/C	150,000	1.25%
14	MCNEIL NOM PL		140,000	1.17%
15	BARTTER PETER JOHN + J A		125,000	1.04%
16	PETROBE PL	RFT A/C	100,000	.83%
17	BOND STREET CUSTS LTD	CXD - I00665 A/C	100,000	.83%
18	KURRABA INV PL		100,000	.83%
19	DYLIDE PL		100,000	.83%
20	YAP JEANETTE ALICE		100,000	.83%
	*** TOP 20 TOTAL ***		<u>6,414,900</u>	<u>53.43%</u>

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## Attachment 3

### Distribution of shareholders

<u>SPREAD OF HOLDINGS</u>	<u>HOLDERS</u>	<u>UNITS</u>	<u>% OF ISSUED CAPITAL</u>
NIL HOLDING			
1 - 1,000			.00 %
1,001 - 5,000			.00 %
5,001 - 10,000	117	950,000	.74 %
10,001 - 100,000	213	11,857,200	9.27 %
100,001 -	<u>102</u>	<u>115,152,800</u>	<u>89.99 %</u>
TOTAL ON REGISTER	<u>432</u>	<u>127,960,000</u>	<u>100.00 %</u>
TOTAL OVERSEAS HOLDERS	41	52,537,600	41.06 %
<u>ANALYSIS BY LOCATION (EXCLUDES ZERO HOLDERS)</u>			
OVERSEAS	41	52,537,600	41.06 %
AUSTRALIA :			
ACT	1	40,000	.03 %
NSW	208	33,582,000	26.24 %
VIC	27	4,690,000	3.67 %
QLD	85	28,958,400	22.63 %
SA	5	198,000	.15 %
WA	62	7,906,000	6.18 %
TAS	2	36,000	.03 %
NT	1	12,000	.01 %
ADDRESS UNKNOWN	<u>0</u>	<u>                    </u>	<u>.00 %</u>
	<u>432</u>	<u>127,960,000</u>	<u>100.00 %</u>

\*\* ALL HOLDERS INCLUDED

\*\*\* COMMON HOLDERS MERGED INTO ONE HOLDING

## Attachment 4

### Distribution of attaching option holders

<u>SPREAD OF HOLDINGS</u>	<u>HOLDERS</u>	<u>UNITS</u>	<u>% OF ISSUED CAPITAL</u>
NIL HOLDING			
1 - 1,000			.00 %
1,001 - 5,000	160	433,300	3.61 %
5,001 - 10,000	69	656,500	5.47 %
10,001 - 100,000	146	4,995,300	41.63 %
100,001 -	<u>15</u>	<u>5,914,900</u>	<u>49.29 %</u>
TOTAL ON REGISTER	<u>390</u>	<u>12,000,000</u>	<u>100.00 %</u>
TOTAL OVERSEAS HOLDERS	36	2,134,400	17.79 %
<u>ANALYSIS BY LOCATION (EXCLUDES ZERO HOLDERS)</u>			
OVERSEAS	36	2,134,400	17.79 %
AUSTRALIA :			
ACT	1	10,000	.08 %
NSW	198	7,120,500	59.34 %
VIC	26	1,135,000	9.46 %
QLD	77	937,100	7.81 %
SA	5	49,500	.41 %
WA	44	601,500	5.01 %
TAS	2	9,000	.08 %
NT	1	3,000	.03 %
ADDRESS UNKNOWN	<u>0</u>	<u>                    </u>	<u>.00 %</u>
	<u>390</u>	<u>12,000,000</u>	<u>100.00 %</u>

\*\* ALL HOLDERS INCLUDED

\*\*\* COMMON HOLDERS MERGED INTO ONE HOLDING

## Attachment 5

### Corporate governance statement

#### China Magnesium Corporation Limited ACN 123 236 731

#### Corporate Governance Statement – November 2010

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This Statement sets out the Company's current compliance with the second edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (**Principles** or **Recommendations**). This statement should be read with the statements made in the Prospectus issued by the Company on 20 September 2010.

The Board is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company, its shareholders and other stakeholders. The Board considers that the Company generally complies with the Principles and, where the Company does not comply, this is primarily due to the current relative size of the Company and scale and nature of its current operations. Comments on compliance and departures are set out below.

The Company acknowledges that it is required to provide a statement in future annual reports disclosing the extent to which the Company has followed the **Principles**.

	Recommendation	Compliance	Comment
<b>Principle 1: Lay solid foundations for management and oversight</b>			
1.1	Establish the functions reserved to the Board and those delegated to senior management and disclose those functions.	Complies	The Company has adopted a Board Charter, Audit Committee Charter, Code of Conduct, Continuous Disclosure and Shareholder Communication Policy, Share Trading Policy, Board Performance Evaluation Policy, CEO Performance Evaluation Policy and a Risk Management Policy (collectively, the <b>Charters and Policies</b> ) to

	Recommendation	Compliance	Comment
			assist it to discharge the Company's corporate governance obligations. These will be available on the Company website. The Board Charter provides that the Board delegates responsibility for the day to day operations and running of the Company to Mr Tom Blackhurst (CEO).
1.2	Disclose the process for evaluating the performance of senior management.	Complies	The Board Charter, Board Performance Evaluation Policy and CEO Evaluation Policy detail the procedure for the regular evaluation of the performance of the Board (including directors and committees) and the CEO. These will be available on the Company's website.
1.3	Provide the information indicated in <i>Guide to reporting on Principle 1</i> .	Will comply	The material information has been disclosed in the prospectus. The policies will be available on the Company's website. The Company will provide a statement in future annual reports disclosing any departure from Recommendations 1.1, 1.2 or 1.3. The Company will also include a statement as to whether a performance evaluation of senior executives has taken place in the reporting period in accordance with the Board policies.
<b>Principle 2: Structure the Board to add value</b>			
2.1	A majority of the board should be independent directors.	Complies	The following Directors are independent according to the Principles: <ul style="list-style-type: none"> <li>• William Bass;</li> <li>• Peter Robertson; and</li> <li>• Michael Clarey.</li> </ul> Tom Blackhurst and Xinping Liang are not independent.
2.2	The chairperson should be an independent director.	Complies	William Bass is the Chairman and is an independent director.

	Recommendation	Compliance	Comment
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Complies	The CEO is Tom Blackhurst and the Chairman is William Bass.
2.4	The board should establish a nomination committee.	Does not Comply	<p>Whilst the ASX Principles suggest a committee be established comprising at least 3 directors, a majority of whom are independent, with an independent chair, they recognise that for smaller boards the same efficiencies may not be obtained through establishing a separate committee.</p> <p>The Board has adopted a Board Performance Evaluation Policy to ensure that the performance of the board is reviewed annually and to ensure that appropriate steps are taken for selection and appointment of appropriate candidates to the Board. The Board is comprised of three independent directors and two non-independent directors, and has an independent chair.</p> <p>Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the ASX Principles to be materially detrimental to the Company.</p>
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	Complies	<p>The Board has adopted a Board Evaluation Policy to regularly evaluate the performance of the Board and determine how effectively the Board, the Directors and the Committees are fulfilling their roles and duties.</p> <p>The policy will be available on the Company's website.</p>
2.6	Provide the information indicated in <i>Guide to reporting on Principle 2</i> .	Will comply	<p>The material information has been disclosed in the Prospectus.</p> <p>The Company will provide a corporate governance statement in future annual reports including the information required by the ASX Principles.</p> <p>The Company will provide an explanation of any departures from</p>

	Recommendation	Compliance	Comment
			<p>Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6 in future annual reports.</p> <p>The Charters and Policies will be available on the Company's website.</p>
<b>Principle 3: Promote ethical and responsible decision-making<sup>1</sup></b>			
3.1	<p>Establish and disclose a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:</p> <p>(a) the practices necessary to maintain confidence in the company's integrity;</p> <p>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</p> <p>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices</p>	Complies	<p>The Board has adopted a Board Charter, a Code of Conduct and various policy statements that formalise the roles and responsibilities of the Board.</p> <p>The Board Charter and the Code of Conduct provide that the Directors will act ethically and in accordance with high standards of personal and professional conduct.</p>
3.2	Establish and disclose the policy concerning trading in company securities by directors, officers and employees.	Complies	<p>The Company has adopted in particular a Share Trading Policy that imposes certain restrictions on directors, officers and employees trading in the securities of the Company. The restrictions have been imposed to prevent inadvertent contraventions of the insider trading provisions of the Corporations Act.</p> <p>This policy, which accords with the 2010 amendments to Recommendations, will be available on the Company's website.</p>

<sup>1</sup> The Company acknowledges the 2010 amendments to the Recommendations and intends to comply with those amendments from the date of their commencement.

	Recommendation	Compliance	Comment
3.3	Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	Will comply	The Company will provide an explanation of any departures from Recommendations 3.1, 3.2, and 3.3 in future annual reports.  The Charters and Policies will be available on the Company's website.
<b>Principle 4: Safeguard integrity in financial reporting</b>			
4.1	The board should establish an audit committee.	Does not comply	Whilst the ASX Principles suggest a committee be established comprising at least 3 directors, a majority of whom are independent, with an independent chair, they recognise that for smaller boards the same efficiencies may not be obtained through establishing a separate committee.  The Board will focus on issues relevant to the integrity of the Company's financial reporting, including the independence of the external auditor.  Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the ASX Principles to be materially detrimental to the Company.
4.2	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> <li>• Only non-executive directors;</li> <li>• A majority of independent directors;</li> <li>• An independent chairperson, who is not chairperson of the board;</li> <li>• At least three members.</li> </ul>	Does not comply	The Board is comprised of three independent directors and two non-independent directors, and has an independent chair.  All Board members are financially literate (i.e. able to read and understand financial statements) and have an understanding of the industry in which the Company operates. William Bass is a Chartered Accountant and has relevant financial expertise.
4.3	The audit committee should have a formal charter.	Complies	The Board has adopted an audit committee charter that focuses on issues relevant to the integrity of the Company's financial reporting,

	Recommendation	Compliance	Comment
			including the independence of the external auditor.
4.4	Provide the information indicated in <i>Guide to reporting on Principle 4</i> .	Will comply	The Company will provide an explanation of any departures from Recommendations 4.1, 4.2, 4.3 and 4.4 in future annual reports.  The Charters and Policies will be available on the Company's website.
<b>Principle 5: Make timely and balanced disclosure</b>			
5.1	Establish and disclose written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level of that compliance.	Complies	The Company has adopted a Continuous Disclosure and Shareholder Communication Policy so as to comply with its continuous disclosure obligations once listed. Details of the policy are contained in the Prospectus at 13.8.5.
5.2	Provide the information indicated in <i>Guide to reporting on Principle 5</i> .	Will comply	The Company will provide an explanation of any departures from Recommendations 5.1 and 5.2 in future annual reports.  The Charters and Policies will be available on the Company's website.
<b>Principle 6: Respect the rights of shareholders</b>			
6.1	Establish and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Complies	As stated in the Prospectus at 13.8.5 and in the Continuous Disclosure and Shareholder Communication Policy, the Board will seek to ensure that shareholders are fully informed of all relevant developments.
6.2	Provide the information indicated in <i>Guide to reporting on Principle 6</i> .	Will comply	The Company will provide an explanation of any departures from Recommendations 6.1 and 6.2 in future annual reports.  The Charters and Policies will be available on the Company's website.
<b>Principle 7: Recognise and manage risk</b>			

	<b>Recommendation</b>	<b>Compliance</b>	<b>Comment</b>
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	Complies	The Company has adopted a Risk Management Policy, under which the Board accepts responsibility to ensure appropriate risk management policies and procedures are in place.  The Risk Management Policy requires that the CEO develop and implement Risk Management Plans for certain areas of risk.
7.2	Require management to implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Complies	The Board requires the CEO to design an approach to managing material business risks and its day to day implementation.  The Company's approach to risk management, and the effectiveness of its implementation, is to be reviewed formally at least annually by the Board.
7.3	The Board should disclose whether it has received assurance from the CEO that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Will comply	The Board will require the Chief Executive Officer to provide such a statement at the relevant time.
7.4	Provide the information indicated in <i>Guide to reporting on Principle 7</i> .	Will comply	The Company will provide a statement in future annual reports including the information required by the ASX Principles.  The Company will provide an explanation of any departures from Recommendations 7.1, 7.2, 7.3 and 7.4 in future annual reports.  The Charters and Policies will be available on the Company's website.
<b>Principle 8: Remunerate fairly and responsibly</b>			
8.1	The board should establish a remuneration committee.	Does not comply	Whilst the ASX Principles suggest a remuneration committee be established comprising at least 3 directors, a majority of whom are

	Recommendation	Compliance	Comment
			<p>independent, with an independent chair, they recognise that for smaller boards the same efficiencies may not be obtained through establishing a separate committee.</p> <p>The Board has adopted a Board Performance Evaluation Policy and CEO Performance Evaluation Policy.</p> <p>The Board is comprised of three independent directors and two non-independent directors, and has an independent chair.</p> <p>Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the ASX Principles to be materially detrimental to the Company.</p>
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives. <sup>2</sup>	Complies	Information on remuneration is in the Prospectus at 12.5 and 13.5.
8.3	Provide the information indicated in <i>Guide to reporting on Principle 8</i> .	Will comply	<p>The Company will provide an explanation of any departures from Recommendations 8.1, 8.2 and 8.3 in future annual reports.</p> <p>The Charters and Policies will be available on the Company's website.</p>

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<sup>2</sup> Again, the Company acknowledges the 2010 amendments to the Recommendations.

## Attachment 6

### Terms of attaching options

1 If a Project Delay occurs, then subject to and conditional upon these terms and conditions, the Holder is entitled to subscribe for the allotment and issue of one fully paid ordinary share in the Company upon payment of the Exercise Price (**Option**).

2 The Exercise Price of each Option is \$0.25 per share (**Exercise Price**).

3 Each Option expires at the earlier of the following times:

3.1 If a Project Delay has not occurred - at 5.00pm AEST on the date of the Practical Completion Announcement.

3.2 If a Project Delay has occurred - at 5.00pm AEST on the third anniversary of the date of grant expected to be 25 October 2013.

(**Expiry Date**).

4 Any Option not exercised by the Expiry Date lapses and will be cancelled.

5 An Option is exercisable if, and only if, a Project Delay occurs.

A **Project Delay** occurs if, on or before the Completion Date the Company has not made the Practical Completion Announcement.

**Completion Date** means 30 December 2011 unless extended in accordance with these terms and conditions of grant.

**Practical Completion Announcement** means an announcement to ASX by the Company that Practical Completion of the Upgrade and First Phase Expansion has been achieved at a capital expenditure cost of RMB 52.6 million or less.

**Practical Completion** means the issue of a letter from the Pingyao Development and Reform Commission (Pingyao Fa Zhan Yu Gai Ge Wei Yuan Hui) or other Chinese regulatory authority having appropriate jurisdiction, that the works comprising the Upgrade and First Phase Expansion are complete except for minor defects which do not prevent those works from being reasonably capable of being used.

**Upgrade and First Phase Expansion** has the meaning given to those expressions in the Company's Prospectus dated 20 September 2010.

6 If a Force Majeure Event occurs which:

6.1 will have a material adverse effect on the timing of Practical Completion of the Upgrade and First Phase Expansion; and

6.2 is announced to ASX by the Company together with the details of the Force Majeure Event,

the Completion Date is extended by a period of time equal to the period of time that the Force Majeure Event affects the timing of Practical Completion.

**Force Majeure Event** means a circumstance that is beyond the reasonable control of the Company. It includes:

6.3 acts of God, lightning strikes, earthquakes, floods, droughts, storms, rock falls, cave ins, escape of gas, tempests, mud slides, washaways, explosions, cyclones, landslides, adverse weather conditions, fires, epidemics and any natural disaster;

6.4 acts of war (declared or undeclared), acts of public enemies, riots, civil commotions, malicious damage, sabotage, blockade, revolution, riot or insurrection.

7 A certificate will be issued for each Option. If there is more than one Option on a certificate and prior to the Expiry Date, those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.

8 If an option becomes exerciseable, the Option may be exercised by giving notice in writing to the Company at its registered office accompanied by the Option certificate and payment of the required Exercise Price. All cheques must be payable to the Company and be crossed not negotiable.

9 After an Option is validly exercised, the Company must issue and allot the Shares within 10 Business Days of the exercise of the Option and subject to the securities of the Company being listed on ASX and to any restrictions imposed on each Option or shares issued upon exercise of each Option under the Listing Rules of ASX, do all such acts, matters and things to obtain the grant of quotation for the Shares on ASX no later than 3 Business Days after the date of issue and allotment of the Shares.

10 Shares issued on the exercise of an Option will rank equally with all existing shares on and from the date of issue in all respects. Options will not be granted quotation on ASX. Options may be transferred in the same manner as Shares unless classified as restricted securities under the ASX Listing Rules and may be exercised by any other person or body corporate.

11 There are no participating rights or entitlements inherent in an Option and a holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. An Option holder may participate in new issues of securities to holders of Shares only if and to the extent that an Option has been exercised and a share has been issued in respect of the exercise before the record date for determining entitlements to the new issue. The Company must give notice to the Option holder of any new issue not less than the period before the record date for determining entitlements to the issue, as required under the Listing Rules.

12 If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

12.1 the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

12.2 no change will be made to the Exercise Price.

- 13 If there is any reconstruction of the issued share capital of the Company, the number of Shares to which the Option holder is entitled, and/or the Exercise Price, must be reconstructed in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital), but in all other respects, the terms for the exercise of a Option will remain unchanged.

**Attachment 7**

**Financial statements**

See attached.

**Attachment 8**

**Reconciliation of audited unconsolidated 30 June 2009 financial statements  
with the unaudited consolidated 30 June 2009 financial statements**

See attached.

For personal use only

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**Attachment 9**

**Pro-forma balance sheet**

See attached.