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HONBRIDGE HOLDINGS LIMITED

洪橋集團有限公司

(incorporated in the Cayman islands with limited liability)

(Stock Code: 8137)

VERY SUBSTANTIAL ACQUISITION; PROVISION OF LOAN; AND RESUMPTION OF TRADING

Financial adviser to Honbridge Holdings Limited



CIMB Securities (HK) Limited

The Acquisition

Reference is made to the announcements of the Company on 18 November 2009, 18 December 2009, 29 January 2010 and 3 March 2010 in relation to the MOU.

On 5 March 2010, Lit Mining (as the seller), VNN (also as the seller and together with Lit Mining, the sellers), Esperento, Mineral Ventures, Infinite Sky (as the buyer), New Trinity, and the Company entered into the Share Purchase Agreement in relation to the Acquisition. The Consideration of US\$390,000,000 (before adjustments) for the Acquisition will be satisfied in cash in the following manners:

- (i) US\$10,000,000, to be deposited with the Escrow Agent on the third Business Day following the approval of the Share Purchase Agreement, the other Transaction Documents and the transactions contemplated thereunder by the Shareholders at the EGM and to be released to the Sellers on the tenth Business Day following the Resource Confirmation Date or, in the event Infinite Sky waives the closing condition regarding Resource Confirmation, the tenth Business Day following such waiver;
- (ii) US \$65,000,000 on the Closing Date;
- (iii) US\$115,000,000 on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained);

- (iv) US\$100,000,000 on the tenth Business Day following the Port Operation Commencement Date; and
- (v) US\$100,000,000 on the tenth Business Day following the Mining Production Commencement Date.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, VNN, Lit Mining, Esperento, Mineral Ventures and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

The authorized capital of SAM consists of 9,999 common shares and one Golden Share, all of which are issued and outstanding as of the date of the Share Purchase Agreement. Upon the transfer of the SAM Shares (other than the Golden Share) owned by Lit Mining on the Closing Date, Infinite Sky and/or New Trinity will own all of the SAM Shares (other than the Golden Share). Upon the transfer of the Golden Share on the tenth Business Day following the Approval Date, Infinite Sky and/or New Trinity, will own the Golden Share. For details, please refer to section headed "The shareholding structure of SAM before the Closing Date, after the Closing Date and after the Approval Date" of this announcement.

The Transaction Documents

On 5 March 2010, the Company entered into the Management Services Agreement, the Loan Agreement and the Voting Undertaking. The Company will enter into the Escrow Agreement, the Security Agreement and the Brazilian Security Agreement, in connection with the Acquisition. Pursuant to the Loan Agreement, the maximum amount of the Loan to be provided by the Company to SAM shall be US\$35,000,000. For details of the above agreements, please refer to the section headed "Transaction Documents" in this announcement.

General

The Acquisition and the transactions contemplated under the Share Purchase Agreement constitute a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. The Acquisition and the transactions contemplated under the Share Purchase Agreement are therefore subject to the reporting, announcement, and Shareholders' approval requirements under the GEM Listing Rules. A circular containing further information on the Acquisition and a notice of the EGM will be despatched to the Shareholders as soon as practicable. As it is expected that additional time is required by the Company to prepare for information to be included in the circular, including, but not limited to the technical report on the mineral resources and valuation reports, it is expected that there will be a delay in despatch of the circular. Further announcement will be made by the Company in this regard.

Resumption of Trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 March 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 April 2010.

Completion of the Share Purchase Agreement is subject to a number of conditions precedent and the risk that the Company may not obtain sufficient funding for the Consideration. Investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the announcements of the Company on 18 November 2009, 18 December 2009, 29 January 2010 and 3 March 2010 in relation to the MOU.

THE SHARE PURCHASE AGREEMENT DATED 5 MARCH 2010

1) Parties:

Lit Mining, as the seller
VNN (also as the seller and together with Lit Mining, the sellers)
Esperento
Mineral Ventures
Infinite Sky Investments Limited, as the buyer
New Trinity Holdings Limited, and
the Company

Under the Share Purchase Agreement, VNN also acts as guarantor of the obligations of Lit Mining, Mineral Ventures and Esperento under the Share Purchase Agreement and the other Transaction Documents, and the Company acts as guarantor of the obligations of Infinite Sky and New Trinity under the Share Purchase Agreement and the other Transaction Documents.

To the best of the directors' knowledge, information and belief having made all reasonable enquiries, VNN, Lit Mining, Esperento, Mineral Ventures and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

2) Assets to be acquired:

100% of the issued share capital of SAM. The issued share capital of SAM consists of 9,999 common shares and the Golden Share. Upon the transfer of the SAM Shares (other than the Golden Share) owned by Lit Mining on the Closing Date, New Trinity will own all of the SAM Shares (other than the Golden Share). Upon the transfer of the Golden Share on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained), Infinite Sky, will own the Golden Share.

Based on the advice of Brazilian counsel, the Golden Share will have no voting rights, except the right to vote in relation to, among others, the following (before the Approval Date):

- (a) sale of assets of BRL100,000 or more;
- (b) sale of any mining rights of any value;

- (c) change in the rights and advantages of the preferred shares;
- (d) creation of preferred shares or conversion of shares;
- (e) redemption or amortization of preferred shares; and
- (f) any decision that might impact or modify, even if indirectly, the contents or the manner in exercising the rights, advantages and privileges of the preferred shares.

The above matters require an unanimous vote of all shareholders (common and preferred). Its purpose is to safeguard the assets of SAM before US\$115 million is paid to VNN, which is a commercial term and the Directors consider that to be reasonable.

3) Consideration:

The Consideration of US\$390,000,000 (before adjustments) for the Acquisition will be satisfied in cash in the following manners:

- (i) US\$10,000,000, to be deposited with the Escrow Agent on the third Business Day following the approval of the Share Purchase Agreement, the other Transaction Documents and the transactions contemplated thereunder by the Shareholders at the EGM and to be released to the Sellers on the tenth Business Day following the Resource Confirmation Date or, in the event Infinite Sky waives the closing condition regarding Resource Confirmation, the tenth Business Day following such waiver. Resource Confirmation means the resource set out in the Technical Report is at least (i) 0.7 billion metric tons of 20% iron of Measured Resource, and (ii) 2.8 billion metric tons of 20% iron of Measured Resource and Indicated Resource in aggregate or such lower numbers as Infinite Sky may accept at its sole discretion;
- (ii) US \$65,000,000 on the Closing Date;
- (iii) US \$115,000,000 on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained);
- (iv) US \$100,000,000 on the tenth Business Day following the Port Operation Commencement Date; and
- (v) US \$100,000,000 on the tenth Business Day following the Mining Production Commencement Date.

As disclosed in the section headed “Information on the Target Group” of this announcement, the indicated resource estimate (using the JORC Code(2004)) prepared by Coffey Mining, a global specialist consultancy firm, on Blocks 7 and Block 8 was approximately 239 million tons. The preliminary indication on the valuation of SAM prepared by an independent valuer based on the indicated resource estimate of 239 million tons is approximately US\$95 million. Given that upon the upgrading of the resources estimate and obtaining of the Resource Confirmation, the Company will be able to close the transaction and only US\$75 million (i.e. US\$10 million deposit plus

US\$65 million payment on the Closing Date) of the Consideration will be paid to the sellers, the Company considers that the Consideration (even before the obtain of the Resource Confirmation) is well supported by a preliminary independent valuation and the level of indicated resource estimate as at the date of the Share Purchase Agreement. Furthermore, at the time when US\$75 million is required to be paid, SAM will have obtained the Resources Confirmation, i.e. the resource set out in the Technical Report is at least (i) 0.7 billion metric tons of 20% iron of Measured Resource, and (ii) 2.8 billion metric tons of 20% iron of Measured Resource and Indicated Resource in aggregate.

The Company will include both valuation reports that i) has only taken into account of the indicated resource estimate; and ii) has taken into account of both the indicated and inferred resource estimate, in the circular.

It is expected that the Consideration will be satisfied by way of Shareholders' loan, bank borrowing, equity fund raising and/or debt financing by the Company. As at the date of this announcement, it is expected that the deposit and the Initial Loan (as defined in the section headed "The Loan Agreement" of this announcement) will be satisfied either by way of potential Share placement or by way of Shareholders' loan to the Company. It is expected that the potential investors will not be related to Lit Mining, VNN, Esperanto and Mineral Ventures or the vendor in the previous very substantial acquisition announced by the Company on 12 November 2009. The Consideration was determined after arm's length negotiation between VNN and the Company taking into consideration factors including the market price of iron ore, mining potential and the resource estimate on Block 7 and 8 of the Project as disclosed in the section headed "Information of the Target Group – Resources" of this announcement, the surrounding infrastructure including access to the Port and the support from VNN to obtain the Required Approval during the development of the Project. Resource estimation in compliance with JORC standard was prepared by Coffey Mining, an independent expert for resource estimate only for Block 7 and Block 8. As at the date of this announcement, no resource estimate was performed in compliance with JORC standard for Blocks 5, 6, 9,10,11,12,13. In determining the Consideration, the Board has considered the fact that SAM holds mineral exploration rights to Blocks 5-13. Nevertheless, the Board is of the view that the Consideration is fair and reasonable without taking into account of the potential resources from Blocks 5, 6, 9,10,11,12,13 and that the Consideration is fair and reasonable even if only the resources for Block 7 and Block 8 is available.

The Share Purchase Agreement provides that Infinite Sky, the Company and New Trinity are not obligated to achieve the Mining Production Commencement Date or the Port Operation Commencement Date, and that therefore, they may elect not to proceed further with the Agreed Scope of Work and/or to fund related expenditures, after the Approval Date. In other words, if the Company elects not to proceed further with the Agreed Scope of Work after the Approval Date, such that the Mining Production Commencement Date and the Port Operation Commencement Date are not achieved, the Group will not incur liability to VNN and Lit Mining in respect thereof and will have no obligation to make the associated payments under (iv) and (v) above. If the Mining Production Commencement Date and/or the Port Operation Commencement is/are achieved and the Group fails to make the associated payments under (iv) and/or (v) above, as the case may be, VNN and Lit Mining will have the right to claim damages against Infinite Sky and the Company for breach of the Share Purchase Agreement, and

to enforce the Brazilian Security Agreement, but will not have the right to terminate the Share Purchase Agreement.

Adjustments to the Consideration:

If the Resource Confirmation occurs prior to the first anniversary of the Start Date, the portion of the Consideration described in (ii) above shall be increased by US\$10,000 for each day prior to the first anniversary of the Start Date on which the Resource Confirmation has occurred. If the Required Approvals are obtained prior to the second anniversary of the Start Date, the portion of the Consideration described in (iii) above shall be increased by US\$10,000 for each day prior to the second anniversary of the Start Date on which the Required Approvals have been obtained. The maximum increase to the Consideration for the Resource Confirmation and the Required Approvals, shall be US\$2,000,000 and US \$3,000,000 respectively.

If the Resource Confirmation has not occurred on or prior to the first anniversary of the Start Date and/or the Required Approvals have not been obtained on or prior to the second anniversary of the Start Date, Infinite Sky shall have the right to reduce the Consideration described in (ii) or (iii), as applicable, by an amount equal to US\$10,000 for each day (i) in the case of Resource Confirmation, from the first anniversary of the Start Date until the Resource Confirmation is achieved or, in the event Infinite Sky decides to waive the condition regarding Resource Confirmation, until the Closing Date; and (ii) in the case of Required Approvals, from the second anniversary of the Start Date or, in the event Infinite Sky decides to waive the condition regarding Resource Confirmation, from the Closing Date until the Required Approvals have been obtained (up to a maximum reduction to the Consideration, in the aggregate, of US\$3,750,000 for the Resource Confirmation and the Required Approvals), unless the failure to reach the Resource Confirmation and/or obtain the Required Approvals is the result of (i) Infinite Sky's failure to provide the Company with all funds necessary to achieve such Resource Confirmation and/or obtain the Required Approvals or (ii) any events outside the reasonable control of VNN and Lit Mining.

4) Performance Bonus:

Infinite Sky shall pay to VNN and Lit Mining a US\$10,000,000 performance bonus within 30 days following the date by which the areas covered by the Exploration Permits have produced an aggregate of two million metric tons of pellet feed counted commencing from the time that mining production has reached at least 80 percent nominal capacity, provided the average Free on Board (FOB) operating cost for such two million metric tons of pellet feed production is equal to or less than BRL44 per ton, as adjusted for inflation or deflation, as the case may be, calculated in accordance with the variation of the Índice Nacional de Preços ao Consumidor Amplo (the Brazilian Consumer Price Index) between the date of the Share Purchase Agreement and the date on which such two million metric tons of pellet feed have been produced.

The Performance Bonus will only be paid if the FOB operating cost for the first 2,000,000 metric tons of pellet feed production is controlled at or under BRL44 (approximately US\$25.08) per ton. The Company considers this is a saving in cost to the Company if, for example, the production is operated at 20,000,000 tons per annum (80% of the maximum capacity of 25,000,000 tons per annum) and saving of US\$1 per ton, that is a saving of US\$20,000,000 in operating cost per annum in the future. As such, the Board considers that the Performance Bonus is fair and reasonable.

5) Acceleration Event:

Acceleration event (“Acceleration Event”) includes, among others, the followings:

- (a) Mr. He and his Family Group cease to own, directly or indirectly, at least 30 percent of the issued and outstanding shares of the Company;
- (b) Mr. He and his Family Group viewed as a single shareholder cease to be, directly or indirectly, the single largest shareholder of the Company;
- (c) Mr. He ceases to be an executive director of the Company (except only to the extent necessary to comply with rotational retirement requirements under the Company’s by-laws and/or GEM Listing Rules, or due to illness or death);
- (d) The Company ceases to own, directly or indirectly, more than 50 percent of each class of the issued and outstanding capital stock or other securities of Infinite Sky;
- (e) Infinite Sky ceases to own 100 percent of the issued and outstanding capital stock or other securities of New Trinity;
- (f) New Trinity ceases to own 99.9 percent of the SAM Shares (from Closing until, among other things, the earlier of i) the consummation of the transactions described in the section headed “Termination” item (b) of this announcement and ii) the payment of the Approvals Payment);
- (g) the sale of all or substantially all the assets of SAM by Infinite Sky or its affiliate;
- (h) the filing of a voluntary petition in bankruptcy by the Company, Infinite Sky and/or New Trinity, the entry of an order of relief in any bankruptcy or insolvency proceeding involving the Company, Infinite Sky and/or New Trinity or the entry of an order that the Company, Infinite Sky and/or New Trinity is bankrupt or insolvent; or
- (i) the material breach by Infinite Sky of certain covenants in the Share Purchase Agreement from the Closing Date until, among other things, the Approvals Payment, which breach is not cured within 14 calendar days following notice by VNN and Lit Mining.

- I) Upon the occurrence of an Acceleration Event described in clauses (a) through (g) above, the payment of the unpaid portion of the Consideration shall be accelerated and Infinite Sky shall pay VNN and Lit Mining an amount equal to the difference of (A) the Consideration and (B) any portion of the Consideration paid by Infinite Sky to VNN and Lit Mining pursuant to the Share Purchase Agreement prior to such Acceleration Event.
- II) Upon the occurrence of an Acceleration Event described in clauses (h) or (i) above, Infinite Sky shall pay VNN and Lit Mining an amount equal to the difference of (A) US\$190,000,000 and (B) any portion of the Consideration paid by Infinite Sky to VNN and Lit Mining prior to such Acceleration Event.
- III) Upon the occurrence of an Acceleration Event described in clauses (a) through (f) and (h) above at any time prior to approval of the Share Purchase Agreement, the Transaction Documents and the transactions contemplated thereunder by the Shareholders at the EGM, VNN and Lit Mining shall not have the right to payment, but shall instead have the right, but not the obligation, to terminate the Share Purchase Agreement, which right will expire on the 60th day following written notice from Infinite Sky to VNN and Lit Mining informing the occurrence of the Acceleration Event.
- IV) Upon payment by Infinite Sky of the amounts payable pursuant to the above, VNN and Lit Mining shall cause the SAM Shares (including the Golden Share) to be released and delivered to Infinite Sky, free and clear of any encumbrances.

If the Acceleration Event occurs prior to the approval of the Shareholders, (III) will prevail.

The Acceleration Events are a commercial decision between the Vendor Parties and the Company. As VNN needs to assist SAM to obtain the Required Approval in the next two years, the vendors strongly requested that they do not wish to continue the negotiation with other parties they are not familiar with. The Company is willing to accept the Acceleration Events and the Board considers the term is fair and reasonable as Mr. He, the controlling shareholder of the Company, has no intention to lose control of the Company, i.e. Mr. He and his Family Group will own, directly or indirectly, at least 30% of the issued share capital of the Company; Mr. He and his Family Group will continue to be the single largest Shareholder of the Company; and that Mr. He will continue to be an executive Director of the Company. Given the size and funding requirements of the Project, the Board does not rule out the possibility that there may be other substantial shareholders to be introduced to the Company to strengthen the capital base of the Company. However, the Board wants to emphasize that Mr. He has no intention to lose control of the Company and would like to participate in the development of the Project.

6) Default Penalty:

If Infinite Sky fails to pay any portion of the Consideration when such amount is due and payable under the Share Purchase Agreement (each, a “Payment Date”), such unpaid amount (the “Default Amount”) shall bear simple interest, at a rate per annum equal to the applicable LIBOR Rate plus 7.5 percent (accrued from day to day, and calculated on the basis of the actual number of days elapsed in a year of 365 days), from the applicable Payment Date until such Default Amount is paid to VNN and Lit Mining; provided, however, that the failure of Infinite Sky to pay the portion of the Consideration due and payable on the tenth Business Day following the Approval Date (or on the date Infinite Sky waives the requirements that all Required Approvals be obtained) shall not be deemed a breach of the Share Purchase Agreement until the 45th Business Day following the Approval Date. In addition, if Infinite Sky fails to pay any portion of the Consideration when such amount is due and payable on the tenth Business Day following the Port Operation Commencement Date and/or on the tenth Business Day following the Mining Production Commencement Date, for 45 days following the applicable Payment Date, an additional (one-off) amount equal to 5 percent of the Default Amount shall immediately become due and payable to VNN and Lit Mining.

7) Conditions Precedent to the Share Purchase Agreement:

1) Conditions to Infinite Sky and New Trinity:

The obligations of Infinite Sky and New Trinity to complete the Share Purchase Agreement is conditional upon, amongst other things, the satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived, in whole or in part, by Infinite Sky:

- a) Each of the representations and warranties of VNN and Lit Mining as set out in the Share Purchase Agreement shall be true and correct in the terms and conditions as set out in the Share Purchase Agreement;
- b) VNN, Lit Mining, Esperanto, Mineral Ventures and SAM shall have performed and complied in all material respects with all covenants, agreements and obligations contained in the Share Purchase Agreement and the Management Services Agreement as required to be performed or complied with by each of them at or prior to the Closing Date in the terms and conditions as set out in the Share Purchase Agreement;
- c) Non-occurrence of any circumstance or occurrence that has had, or would be reasonably expected to have a material adverse effect (as defined in the Share Purchase Agreement) (Among other things, it being agreed that any event or circumstance that has an adverse impact on SAM in an aggregate of US\$10 million or more shall be a material adverse effect);
- d) The Resource Confirmation shall have occurred;
- e) The beneficiation test shall have been completed, which shall occur upon the achievement of the following metrics:

Qualitative: Pellet feed must have Fe grade of greater than 65%, a phosphorous grade of less than 0.07%; and a Al₂O₃+SiO₂ grade of less than 4%; and

Cost Benchmark: with reference to the applicable AME Mineral Economics cost curve. Free On Board (FOB) cost must (when calculated according to the same assumptions underlying such cost curve, including as to currency exchange rates) occupy the lower 70% of such cost curve.

- f) Each of the Transaction Documents shall have been duly executed and delivered to Infinite Sky;
- g) The approval of the Share Purchase Agreement, the Transaction Documents and the transactions contemplated thereunder by the Shareholders at the EGM;
- h) No order of any Brazilian antitrust authority shall be in effect that prohibits the consummation of the transactions contemplated by the Share Purchase Agreement and the Transaction Documents;
- i) No proceedings involving any reasonable challenge to the transactions contemplated by the Share Purchase Agreement and the Transaction Documents shall be pending or threatened and no order or law shall be in effect that prohibits the transactions contemplated by the Share Purchase Agreement and the Transaction Documents; and
- j) All corporate and other proceedings of VNN, Lit Mining, Esperanto and SAM in connection with the Share Purchase Agreement and the Transaction Documents, shall be reasonably satisfactory in form and substance to Infinite Sky.

II) *Conditions to VNN and Lit Mining:*

The obligations of VNN and Lit Mining to complete the Share Purchase Agreement is conditional upon, amongst other things, the satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived, in whole or in part, by VNN and Lit Mining:

- a) Each of the representations and warranties of the Company, Infinite Sky and New Trinity as set out in the Share Purchase Agreement shall be true and correct in the terms and conditions as set out in the Share Purchase Agreement;
- b) Each of the Company, Infinite Sky and New Trinity shall have performed and complied in all material respects with all covenants and agreements required to be performed or complied with by it at or prior to the Closing Date;

- c) Each of the Transaction Documents shall have been duly executed and delivered to VNN and Lit Mining;
- d) The approval of the Share Purchase Agreement, the Transaction Documents and the transactions contemplated thereunder by the Shareholders at the EGM;
- e) No proceedings involving any reasonable challenge to the transactions contemplated by the Share Purchase Agreement and the Transaction Documents shall be pending or threatened and no order or law shall be in effect the prohibits the the transactions contemplated by the Share Purchase Agreement and the Transaction Documents; and
- f) All corporate and other proceedings of the Company, Infinite Sky and New Trinity in connection with the Share Purchase Agreement and the Transaction Documents, shall be reasonably satisfactory in form and substance to the VNN and Lit Mining.

8) Termination:

The Share Purchase Agreement may be terminated at any time prior to the consummation of the payment of US\$100,000,000 on the tenth Business Day following the Mining Production Commencement Date including, but not limited to the following events:

- i) by the mutual written consent of VNN, Lit Mining and Infinite Sky;
- ii) by Infinite Sky or VNN and Lit Mining, by written notice to the other parties, if (A) among other things, the Approvals Payment have not been made 36 months following the date of the Share Purchase Agreement (the “Termination Date”); provided, however, that the Termination Date shall be automatically extended an additional 12 months if a majority of the Required Approvals have been obtained prior to the date and no Required Approval has been denied pursuant to a final, non-appealable order and VNN and Lit Mining are diligently seeking to obtain any remaining Required Approvals, provided that this right to terminate shall not be exercisable by any party whose failure to comply with the Share Purchase Agreement or the other Transaction Documents has materially contributed to, or resulted in, the failure to make the Approvals Payment; or (B) any order permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the Share Purchase Agreement becomes final and non-appealable;
- iii) by Infinite Sky, by written notice to VNN and Lit Mining, if any of the representations or warranties of VNN and Lit Mining contained in the Share Purchase Agreement shall prove to be inaccurate or untrue and such inaccuracy and untruth would result in the failure to closing condition Ia) as described in the section headed “Conditions Precedent to the Share Purchase Agreement – Conditions to Infinite Sky and New Trinity” above;

- iv) by Infinite Sky, by written notice to the VNN and Lit Mining, if any covenant, agreement or obligation to be performed by VNN and Lit Mining or Esperanto has not been performed in any material respect by the time specified in the Share Purchase Agreement and such breach would result in the failure to closing condition Ib) as described in the section headed “Conditions Precedent to the Share Purchase Agreement – Conditions to Infinite Sky and New Trinity” above;
- v) by VNN and Lit Mining, by written notice to Infinite Sky, if any of the representations or warranties of Infinite Sky contained in the Share Purchase Agreement shall prove to be inaccurate or untrue and such inaccuracy and untruth would result in the failure to closing condition IIa) as described in the section headed “Conditions Precedent to the Share Purchase Agreement – Conditions to VNN and Lit Mining” above;
- vi) by VNN and Lit Mining, by written notice to Infinite Sky, if any covenant, agreement or obligation to be performed by the Company, Infinite Sky and/or New Trinity hereunder has not been performed in any material respect by the time specified in the Share Purchase Agreement and such breach would result in the failure to closing condition IIb) as described in the section headed “Conditions Precedent to the Share Purchase Agreement – Conditions to VNN and Lit Mining” above;
- vii) by VNN and Lit Mining, by written notice to Infinite Sky, upon VNN and Lit Mining’s election to terminate the Share Purchase Agreement upon occurrence of an Acceleration Event as described in the section headed “Acceleration Event (III)” relating to the occurrence of an Acceleration Event described in clauses (a) through (f) and (h) of such section at any time prior to approval of the Share Purchase Agreement, the Transaction Documents and the transactions contemplated thereunder by the Shareholders at the EGM; or
- viii) by VNN and Lit Mining, by written notice to Infinite Sky, upon the occurrence of the Acceleration Event as described in the section headed “Acceleration Event” described in (i) above relating to the occurrence of an Acceleration Event described in clause (i) regarding Infinite Sky’s material breach of certain the covenants in the Share Purchase Agreement from the Closing Date until among other things, the Approvals Payment, provided that VNN and Lit Mining’s right to terminate will expire on the thirtieth calendar day following full payment by Infinite Sky as described in the section headed “Acceleration Event (II)” relating to the occurrence of an Acceleration Event described in clause (i).

The Share Purchase Agreement shall be automatically terminated upon the earliest of the following:

- a) among others, the release and delivery of the Escrow Property to Infinite Sky and the release and delivery of the Lit Mining Deed to VNN and Lit Mining as described in the section headed “Escrow Agreement” items (b) and (c) of this announcement;

- b) the consummation of, among others, the transactions set out in this paragraph. At any time after the Closing Date and before the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained), if (1) Infinite Sky ceases to proceed in any material respect with any Subsequent Scope of Work for any reason other than a material breach by VNN and Lit Mining of the Share Purchase Agreement or by Mineral Ventures and/or VNN of the Management Services Agreement, which material breach continues for a period of 30 days (or if such material breach can be cured but is not capable of being cured within such 30-day period, such longer period of time to cure such material breach, provided that such cure is diligently pursued during and after such 30-day period); (2) the occurrence of an Acceleration Event described in clause (h) of the section headed “Acceleration Event” where payment is not made; and (3) Infinite Sky’s failure to make the payment required on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained) (after allowing for a grace period as provided in the Share Purchase Agreement), in which event, among other things, Infinite Sky, VNN and Lit Mining shall jointly direct the Custodian to release and deliver the New Trinity Certificate to Lit Mining and which shall be the sole remedy of VNN and Lit Mining in respect of Infinite Sky’s failure to make the Approvals Payment;
- c) the failure by the Company to make any loan payment to SAM in accordance with the Loan Agreement for a period of seven days following the date on which such payment was due; or
- d) the payment by Infinite Sky of the amount described in (I) or (II) of the section headed “Acceleration Event” of this announcement (except where it relates to the Acceleration Event described in (i) above relating to Infinite Sky’s material breach of certain covenants in the Share Purchase Agreement) following an Acceleration Event.

Effect of termination:

If the Share Purchase Agreement is terminated pursuant to the termination clause of the Share Purchase Agreement, the Share Purchase Agreement shall have no further force and effect; provided, however, that:

- (a) no party shall be relieved of any liability or damages resulting from, arising under or in connection with such party’s breach of or default under the Share Purchase Agreement prior to any such termination, except to the extent that the parties have expressly agreed to an exclusive remedy under a provision of the Share Purchase Agreement, and
- (b) certain sections of the Share Purchase Agreement, including, but not limited to the confidentiality provision shall remain in full force and effect and survive the termination of the Share Purchase Agreement.

For the avoidance of doubt, except to the extent that the parties have expressly agreed to an exclusive remedy under a provision of the Share Purchase Agreement, (i) any such termination shall not constitute a waiver by any party of any claim for damages arising from, or relieve any party from liability for, any breach of the Share Purchase Agreement that occurs prior to termination; (ii) any portion of the Consideration that is paid to VNN and Lit Mining on or prior to the termination date shall be retained by VNN and Lit Mining following the termination of the Share Purchase Agreement; and (iii) in the event of termination as stated in the section headed “Termination ii)” above, where Infinite Sky and/or New Trinity remains as the holder of the SAM Shares, VNN shall cause the Golden Share to be transferred to Infinite Sky as soon as practicable upon such termination.

Additional matters regarding termination and liabilities:

If an event outside the control of VNN and Lit Mining occurs that would result in the loss of an Exploration Permit and would permit Infinite Sky not to consummate the Closing, then Infinite Sky will have 15 calendar days from the earlier of (i) the date that VNN and Lit Mining provide notice to Infinite Sky, or (ii) the date that Infinite Sky provides notice to VNN and Lit Mining, of such event to elect to terminate the Share Purchase Agreement. If Infinite Sky elects to terminate the Share Purchase Agreement, then, among other things, Infinite Sky, VNN and Lit Mining shall cause the Escrow Property to be released and delivered to Infinite Sky (or, in the event the Escrow Property has already been released and delivered to VNN and Lit Mining, VNN and Lit Mining shall pay Infinite Sky US\$10,000,000) and the Lit Mining Deed to be released and delivered to Esperento. If Infinite Sky does not elect to terminate the Share Purchase Agreement, then VNN and Lit Mining shall be deemed to have complied with the closing conditions relating to the matters addressed in this paragraph. The parties will otherwise have no further claims relating to such matter.

In the event of a breach by Infinite Sky, New Trinity and/or the Company of the Share Purchase Agreement and/or any Transaction Documents anytime prior to Closing that results in the termination of the Share Purchase Agreement, among other things, VNN and Lit Mining and Infinite Sky shall cause the Escrow Property to be released and delivered to VNN and Lit Mining and the Lit Mining Deed to be released and delivered to Esperento. The parties will otherwise have no further claims (including claims for antecedent breaches) under the Share Purchase Agreement, except for claims, if any, arising from the breach in relation to confidentiality by Infinite Sky, New Trinity and/or the Company.

In the event of a material breach (subject to the provision of the Share Purchase Agreement) by VNN or Lit Mining of the Share Purchase Agreement anytime prior to the Closing that would permit the termination of the Share Purchase Agreement, Infinite Sky will have 15 calendar days from the earlier of (i) the date that VNN and Lit Mining provide notice to Infinite Sky, or (ii) the date that Infinite Sky provides notice to VNN and Lit Mining, of such breach to elect either:

- i) to terminate the Share Purchase Agreement, in which case, among other things, (A) VNN and Lit Mining and Infinite Sky shall cause the Escrow Property to be released and delivered to Infinite Sky (or, in the event the Escrow Property has already been released and delivered to VNN and Lit Mining, VNN and Lit Mining shall pay Infinite Sky US\$10,000,000) and the Lit Mining Deed to be released and delivered to Esperento, (B) VNN and Lit Mining shall pay to Infinite Sky the amounts disbursed by the Company under the Loan Agreement. The parties will otherwise have no further claims relating to this matter; or
- ii) not to terminate and preserve its right to claim indemnity for such breach, subject to the maximum aggregate liability of VNN and Lit Mining as stated in the Share Purchase Agreement.

In the event of a termination of the Share Purchase Agreement as a result of the occurrence of Acceleration Event after the approval of the Share Purchase Agreement, the Transaction Documents and transactions contemplated thereunder by the Shareholders at the EGM, following the relevant payment by Infinite Sky to VNN and Lit Mining, none of VNN, Lit Mining, Esperento or Mineral Ventures shall have any further claims (including antecedent breaches) under the Share Purchase Agreement, except for claims, if any, arising from the breach in relation to confidentiality by Infinite Sky, New Trinity and/or the Company. In the event Infinite Sky has made full payment and VNN and Lit Mining elect not to terminate the Share Purchase Agreement in relation to the occurrence of an Acceleration Event as described in the section headed "Acceleration Event" under clause (i) relating to Infinite Sky's material breach of certain covenants in the Share Purchase Agreement, none of VNN, Lit Mining, Esperento or Mineral Ventures shall have any further claims with respect to breaches arising prior to the date of such payment, except for claims, if any, arising from the breach in relation to confidentiality by Infinite Sky, New Trinity and/or the Company.

9) Certain restrictions regarding SAM

From the date of the Share Purchase Agreement until the Closing Date, the Share Purchase Agreement provides that, among other things, SAM shall conduct its business in the ordinary course of business, consistent with the Agreed Scope of Work. The Share Purchase Agreement also provides various restrictions regarding the business of SAM, such as share issuance, declaration of dividend, and disposal of asset (including exploration permit(s)), which shall not be undertaken unless with the consent of Infinite Sky. For the period from the Closing Date until the Approvals Payment is made to VNN and Lit Mining, the Share Purchase Agreement provides for similar but reverse restrictions which shall not be undertaken unless with the consent of VNN and Lit Mining.

THE TRANSACTION DOCUMENTS

The Management Services Agreement

On 5 March 2010, Mineral Ventures, VNN, the Company and SAM entered into the Management Services Agreement. Pursuant to the Management Services Agreement, Mineral Ventures shall provide management services to SAM in relation to the day-to-day operations of SAM in connection with the Agreed Scope of Work.

During any period when SAM is owned directly or indirectly by VNN and not owned by the Company, the Company shall have the right to designate the chief financial officer of SAM, subject to Mineral Ventures's consent. The chief financial officer shall have full and complete access to all books, records, accounts, contracts, documents and other data and information of SAM concerning the Agreed Scope of Work. The Company shall also have the right to designate a representative (the "Project Representative"), subject to Mineral Ventures's consent. The Project Representative shall have the right to access all and any information related to the Agreed Scope of Work and management services. The Company shall pay Mineral Ventures a management fee each month equal to BRL5,000.

The Management Services Agreement shall be in effect for a term that shall commence on the date of the Management Services Agreement and shall expire on the earliest of (a) receipt by VNN and Lit Mining of all the payments relating to Port Operation Commencement Date and Mining Production Commencement Date, (b) the termination of the Share Purchase Agreement in accordance with its terms, (c) the occurrence of an Acceleration Event other than the Acceleration Event (i) relating to Infinite Sky's material breach of certain covenants in the Share Purchase Agreement, (d) the 48-month anniversary of the date of the Management Services Agreement, and (e) such other date as may be agreed between Mineral Ventures and the Company.

The Company's major obligations in relation to the Agreed Scope of Work under the Management Services Agreement is to provide finance to SAM, appoint a chief financial officer and a Project Representative to SAM to jointly manage SAM with Mineral Ventures. Mineral Ventures's obligation in relation to the Agreed Scope of Work is to provide management services to complete Resource Confirmation and to obtain relevant approvals and permits for SAM. The Company shall be responsible for the payment of all expenses and all other operating expenses related to the administration, operations, and other activities and business affairs of SAM* in connection of the management services and for the Agreed Scope of Work.

SAM management will comprise 3 members, the Project Manager to be designated by VNN/Mineral Ventures, the chief financial officer and the Project Representative to be designated by the Company/Infinite Sky.

* *The Company may make such payments or reimbursements directly or through SAM, including by means of funds lent to SAM pursuant to the Loan Agreement.*

The Loan Agreement

On 5 March 2010, SAM as the borrower, the Company as the lender and Lit Quad entered into the Loan Agreement. Pursuant to the Loan Agreement, the Company agrees to provide the following loan amount to SAM exclusively for the purposes of completing the Initial Scope of Work, including the reimbursement of expenses of VNN pursuant to the Management Services Agreement.

- (a) *Initial Loan.* The Company agrees, subject to the terms and conditions of the Loan Agreement, to make a loan to SAM, on the third Business Day following the issuance of this announcement (the “Initial Disbursement Date”), in an aggregate principal amount of US\$5,000,000 (the “Initial Loan”).
- (b) *Further Loans.* The Company agrees, subject to the terms and conditions of the Loan Agreement, to make further loans to SAM (each a “Further Loan” and, collectively with the Initial Loan, each a “Loan”) on the dates (collectively with the Initial Disbursement Date, each a “Disbursement Date”) and in the principal amounts set forth below:

Disbursement Date	Amount
45 days from the date of the Loan Agreement	US\$5,870,000
90 days from the date of the Loan Agreement	US\$5,000,000
120 days from the date of the Loan Agreement	US\$5,050,000
180 days from date of the Loan Agreement	US\$7,310,000
270 days from date of the Loan Agreement	US\$2,930,000

The Company also agrees to lend up to an additional US\$3,840,000 for contingencies related to the Initial Scope of Work. Any such additional lending will be deemed to be a “Loan” for purposes of the Loan Agreement. The maximum amount of the Loan together with the additional US\$3,840,000 contingencies payment shall be US\$35,000,000 under the Loan Agreement. The estimated capital requirement for the Initial Scope of Work is US\$35 million. Currently, there is no estimated capital requirement for the Subsequent Scope of Work.

The obligation of the Company to make any Further Loans shall terminate on the earlier of (i) the date when the Share Purchase Agreement and the Transactions Documents are rejected by the Shareholders at the EGM, and (ii) the date the Company elects to terminate its obligation to fund such Further Loans pursuant to the events of default by SAM.

SAM shall repay the Loan on the earlier of i) the Business Day immediately following, among others, the Approvals Payment having been made by Infinite Sky; and ii) the termination of the Share Purchase Agreement, whereby Infinite Sky becomes or remains the direct or indirect owner of SAM. The Loan shall not bear interest. Any amount of the Loan already advanced before the Shareholders’ approval at the EGM will not be repaid if the Loan Agreement is rejected by the Shareholders at the EGM. For good and valuable consideration, the Company grants Lit Quad an option to purchase all rights and obligations of the Loan Agreement for a purchase price of US\$1.

Conditions Precedent to Disbursement of Loan

The obligation of the Company to make each of the Initial Loan and the Further Loans on the applicable Disbursement Dates (and Initial Disbursement Date as the case may be) is subject to each of the following conditions:

- (a) the Management Services Agreement and the Share Purchase Agreement shall be in full force and effect;
- (b) the Company shall have received evidence satisfactory to it of the prior registration of the financial terms and conditions of the relevant Loan with the Central Bank under the applicable ROF (Registro de Operação Financeira, the registration required by the Central Bank for cross-border credit transactions, such as the transaction contemplated herein, pursuant to Central Bank Circular no. 3027, of February 21, 2001) to enable SAM to pay all amounts payable hereunder in US\$, including without limitation in respect of principal, interest, fees, commissions and expenses; and
- (c) immediately before and after giving effect to the relevant Loan, no event of default shall have occurred and be continuing.

Option to purchase in favor of Lit Quad

The Company grants to Lit Quad an irrevocable option to purchase all of the Company's rights and obligations under the Loan Agreement for a purchase price of US\$1.00. Given the Loan is in substance the Company's due diligence cost to carry out the Initial Scope of Work, among other things, if the Company breaches its representations, warranties and undertakings, and VNN and Lit Mining decide to terminate the Share Purchase Agreement, or Closing does not occur due to non fulfillment of the closing conditions or SAM is transferred back to VNN and Lit Mining after Closing due to the failure of Infinite Sky to make the Approvals Payment, then Lit Quad can exercise this option such that SAM is not required to repay the Loan to the Company.

Lit Quad may exercise this option at any time during:

- (i) if the Closing Date has not occurred, anytime following the termination of the Share Purchase Agreement, and
- (ii) if the Closing Date has occurred, anytime following the Closing Date when SAM (A) is not owned, directly or indirectly, by the Company, and (B) is owned, directly or indirectly, by Lit Quad or any affiliate of Lit Quad ("Option Exercise Period").

When the exercise notice has been delivered by Lit Quad to the Company and Lit Quad has paid to the Company the purchase price, Lit Quad shall have all the rights and obligations of the Company in respect of the Loan, and the Company shall have no further rights and shall be released from all obligations hereunder, and no further consent or action by any party shall be required. The option will lapse and terminate on the earlier of (i) among other things, the Approvals Payment having been made by Infinite Sky; (ii) the termination of the Share Purchase Agreement, whereby Infinite Sky becomes or remains the direct or indirect owner of

SAM; and (iii) the day of payment by Infinite Sky of the relevant amount upon the occurrence of the Acceleration Event described in (i) above relating to Infinite Sky's material breach of certain covenants in the Share Purchase Agreement.

Reasons for entering into the Management Services Agreement and the Loan Agreement

One of the major commercial term required by the Company and agreed to by VNN is that the Closing will be subject to obtaining the Resource Confirmation, which is solely required by the Company as part of the due diligence to be performed by it. Under the Share Purchase Agreement, the Group is responsible to carry out and pay for the Agreed Scope of Work in order to obtain the Resource Confirmation and the Required Approvals. The Management Services Agreement governs the operational relationship between Mineral Ventures and the Company in order for Mineral Ventures to assist the Company to carry out the Agreed Scope of Work through SAM in order to obtain the Resource Confirmation and the Required Approvals. As mentioned above, the Resource Confirmation is solely required by the Company, the Company and VNN agreed the cost for such due diligence exercise should be borne by the Company rather than by VNN and further agreed that the funding will be provided by the Company through the Loan Agreement. In other words, the Loan in a maximum amount of US\$35 million in substance represents actual costs to be incurred by the Group in order to obtain the Resource Confirmation pursuant to the Share Purchase Agreement and the Loan does not represent any payment of consideration to the sellers under the Share Purchase Agreement. Upon Closing and SAM becoming a wholly owned subsidiary of the Company, the Loan will become a shareholders loan from the Company which will be repayable to the Company in the future.

The Loan represents actual costs to be incurred by the Group in order to obtain the Resource Confirmation as part of its due diligence. The actual cost to obtain the Resource Confirmation is estimated based on amount of work under the Initial Scope of Work and by reference to the current price indices of the cost of work. The estimated breakdown is as follows:

	<i>US\$'million</i>
Drilling	16.34
Beneficiation	2.05
Engineering	2.20
Environmental	4.21
Water supply	0.06
DNPM fees	0.43
Tax	0.26
General administration	5.61
Contingencies	3.84
	<hr/>
Total	<u>35.00</u>

Given that the work schedule of the professional parties (including drilling companies and technical consultants) to be engaged by SAM has a tight working schedule and that their professional cost may increase if the work to obtain Resource Confirmation cannot be commenced quickly, the Board consider that it is to the benefit of the Company to provide the loan to SAM as soon as possible.

The Company considers that the loan arrangement does not constitute a financial assistance under the GEM Listing Rules as:

- 1) If the Share Purchase Agreement and the transactions contemplated thereunder cannot be approved by the Shareholders at the EGM, the Loan will not be repaid as this represents actual costs to be incurred by the Group as part of due diligence in order to obtain the Resource Confirmation;
- 2) When SAM becomes the Company's subsidiary, the Loan will become an inter-company loan of the Company; and
- 3) If the Consideration is not paid in stages but as an one-off amount, the Company will still need to incur the same cost to obtain Resource Confirmation.

The Voting Undertaking

On 5 March 2010, Mr. He and Hong Bridge Capital Limited executed the Voting Undertaking in favour of VNN and Lit Mining. Each of Mr. He and Hong Bridge Capital Limited undertakes to and for the benefit of VNN and Lit Mining that to the extent Mr. He or Hong Bridge Capital Limited is not prohibited or restricted by the GEM Listing Rules, Mr. He or Hong Bridge Capital Limited will vote, in respect of their Shares from time to time, in favour of the Share Purchase Agreement, the Loan Agreement and the other Transaction Documents and the transactions contemplated thereunder at the EGM of the Company to be held by the Company.

The Escrow Arrangement

On the third Business Day following the approval of the Share Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the EGM, Lit Mining, Esperento, Infinite Sky, New Trinity and the Escrow Agent shall enter into an Escrow Agreement for the Escrow Agent to hold the Escrow Property and a deed representing the Lit Mining Shares ("Lit Mining Deed"), with the Escrow Agent.

Release of the Escrow Property:

- a) Upon the tenth Business Day following the Resource Confirmation Date, Infinite Sky and Esperento shall jointly direct the Escrow Agent to release and deliver the Escrow Property to VNN and Lit Mining.
- b) Infinite Sky and Esperento may jointly direct the Escrow Agent to release and deliver the Escrow Property to Infinite Sky at any time after the first anniversary of the Start Date, if the Resource Confirmation Date has not occurred, or Infinite Sky has not waived the condition regarding Resource Confirmation prior to such date.
- c) Infinite Sky and Esperento shall jointly direct the Escrow Agent to release and deliver the Lit Mining Deed to Esperento upon the earlier of (i) the date on which the Escrow Agent releases and delivers the Escrow Property to Infinite Sky and (ii) if the Closing is not completed, the Business Day immediately following the tenth Business Day after the

Resource Confirmation Date or such other date as Infinite Sky and Esperento agree. For the avoidance of doubt, this paragraph shall not apply in the event the closing conditions to the obligations of VNN and Lit Mining have been fulfilled and Infinite Sky is willing and able to proceed to Closing in accordance with the terms of the Share Purchase Agreement.

- d) Upon the termination of the Share Purchase Agreement pursuant to items (iii) and (iv) of the section headed “Termination” in this announcement, Infinite Sky and Esperento shall jointly direct the Escrow Agent to release and deliver the Escrow Property to the Infinite Sky.

The Security Agreement

Subject to the closing conditions set forth in the Share Purchase Agreement, on the tenth Business Day following the Resource Confirmation Date, or, in the event, Infinite Sky decides to waive the condition regarding Resource Confirmation, the tenth Business Day following such waiver, VNN, Lit Mining, Infinite Sky, New Trinity, the Company and the Custodian, as a custodian shall enter into the Security Agreement.

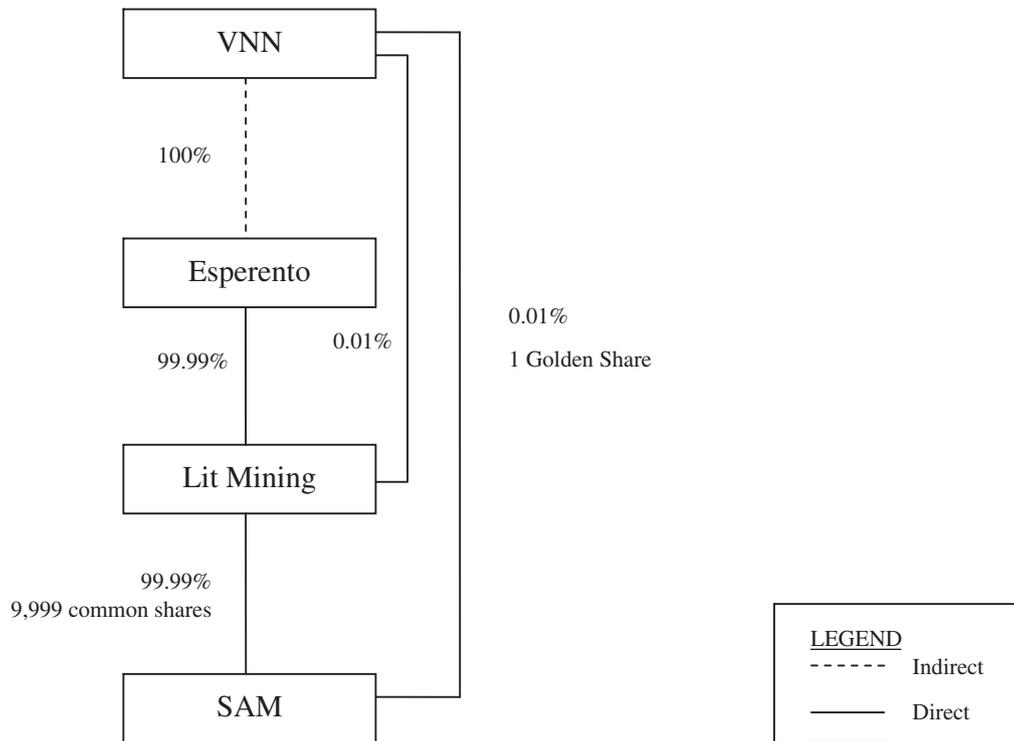
Pursuant to the Security Agreement, Infinite Sky shall pledge, among other things relating to the New Trinity Shares, all of the New Trinity Shares (and any shares of capital stock of New Trinity thereafter acquired by Infinite Sky) including Infinite Sky’s rights and interests to receive distributions of New Trinity’s assets and properties (the “Pledged Interests”) to the Custodian in favor of VNN and Lit Mining. The Pledged Interests shall serve as collateral security for the obligation of the Company and Infinite Sky to make the Approvals Payment in the aggregate amount of US\$115,000,000 (together with related interests) to VNN and Lit Mining.

The Brazilian Security Agreement

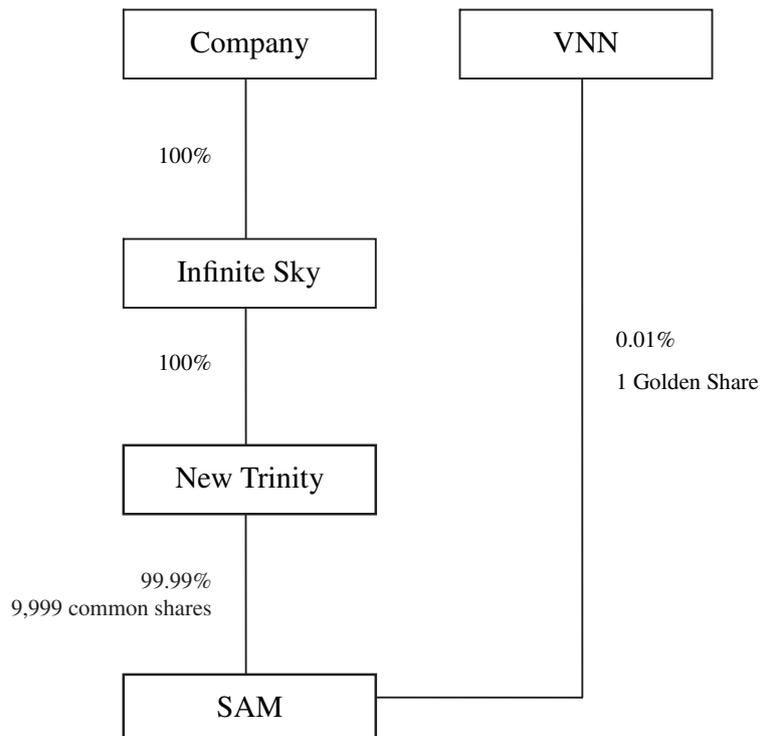
Subject to the closing conditions set forth in the Share Purchase Agreement, on the tenth Business Day following the Resource Confirmation Date, or, in the event, Infinite Sky decides to waive the condition regarding Resource Confirmation, the tenth Business Day following such waiver, VNN, Lit Mining, SAM, Esperento, Infinite Sky, New Trinity and the Company shall enter into the Brazilian Security Agreement, pursuant to which, SAM will pledge its mineral production (i.e. the ore and pellect feed extracted) and all income, cash, rights, goods, distributions and any amounts received, receivable or otherwise distributed or paid as a result of the exploitation or any production in connection therewith to secure (i) payment obligation in the amount of US\$100,000,000 on the tenth Business Day following the Port Operation Commencement Date; and (ii) payment obligation in the amount of US\$100,000,000 on the tenth Business Day following the Mining Production Commencement Date of the Company, under the Share Purchase Agreement, together with all related penalties and interest under the Share Purchase Agreement. Provided that, the Brazilian Security Agreement shall not restrict SAM’s right, title, interest and capacity in/to determining the pricing and the sales of the mineral productions on such terms and conditions as determined in the sole and absolute discretion of SAM. The Brazilian Security Agreement will terminate upon payment in full of the aforementioned payment obligations.

The shareholding structures of SAM before the Closing Date, after the Closing Date and after the Approval Date are as follows:

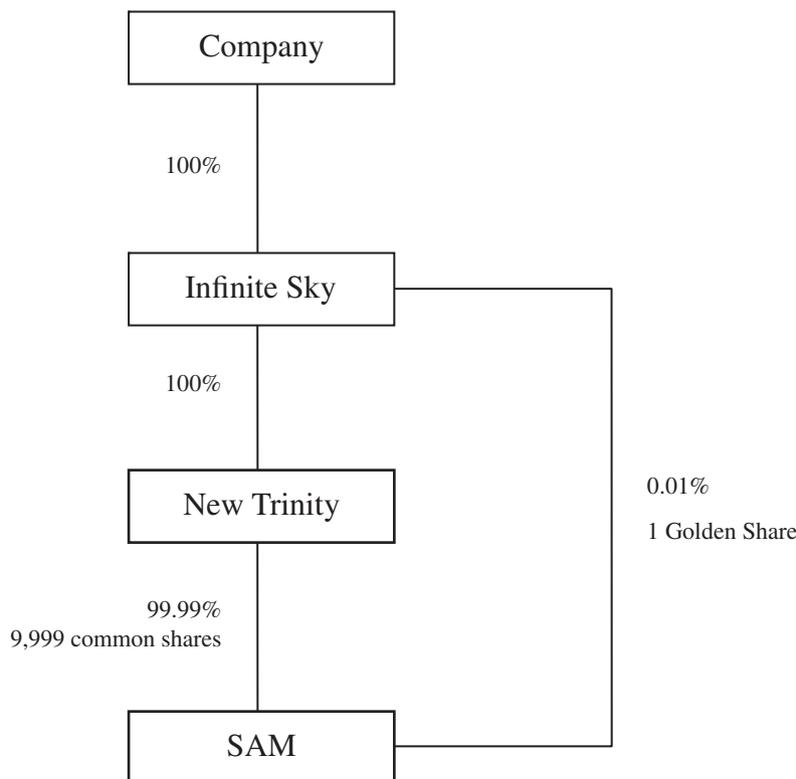
Before the Closing Date



After the Closing Date



After the Approval Date



From the date of the Share Purchase Agreement until the Closing Date, the Share Purchase Agreement provides that, among other things, SAM shall conduct its business in the ordinary course of business, consistent with the Agreed Scope of Work. The Share Purchase Agreement also provides various restrictions regarding the business of SAM, such as share issuance, declaration of dividend, and disposal of asset (including exploration permit(s)), which shall not be undertaken unless with the consent of Infinite Sky. Upon Closing, the Group will have control of the board of directors of SAM. For the period from the Closing Date until the Approvals Payment is made to VNN and Lit Mining, the Share Purchase Agreement provides for similar but reverse restrictions which shall not be undertaken unless with the consent of VNN and Lit Mining. The reason for the latter restrictions is that before VNN and Lit Mining shall have received the Approvals Payment, VNN and Lit Mining may “retake” SAM (indirectly) pursuant to the Security Agreement, in the event, Infinite Sky fails to make such payment when due.

INFORMATION ON THE TARGET GROUP

SAM is a wholly-owned subsidiary of VNN. Based on the information provided by VNN, its financial adviser, its website and its presentation material, VNN is the venture capital/new business development division of Grupo Votorantim, one of the largest Latin American private industrial conglomerates, with over 60,000 employees and net revenue of USD19.0 billion for the year ended 31 December 2008. Grupo Votorantim, founded as a textile company in 1918, has diversified its activities into cement and concrete, pulp and paper, metals (zinc, aluminium, nickel and steel), orange juice, and financial services. Owned by the Ermírio de Moraes family, Grupo Votorantim is a non-publicly traded group and is one of

the few investment grade companies in Brazil (by Standard & Poor's and Fitch Ratings). The Directors believe that market status and local network of VNN would have positive impact on the Project, which includes the obtaining of relevant approvals and permits from local government. SAM is a private company incorporated in Brazil and is principally engaged in the identification and exploration of iron mineral resources in the Brazilian states of Minas Gerais and Bahia. As of the date the Share Purchase Agreement, SAM and its affiliates hold 85 exploration permits of which 5 is in application process (inclusive of 7 permits held by its affiliates which is in the process of being transferred to SAM and 5 permits which are in application/registration process). In addition, as of the date the Share Purchase Agreement, SAM also has outstanding bid for 19 exploration permits.

The following information on SAM and the Project is provided by VNN:

Location

As of the date of the Share Purchase Agreement, SAM and its affiliates holds 85 exploration permits (of which 5 is in application process) covering an area of approximately 122,091.87 ha. In addition, as of the date the Share Purchase Agreement, SAM also has outstanding bid for 19 exploration permits. The permits are grouped into nine exploration areas identified as Blocks 5 to 13, located along a mineralized trend of approximately 270km in the north of Minas Gerais (Blocks 6 to 13) and the south of Bahia (Block 5). SAM does not possess any exploitation rights for Block 5 to 13. Blocks 5 to 13 are not adjacent to and/or have any relationship with the three exploration licenses held by Xianglan Brazil under the previous acquisition. The location of Blocks 5 to 13 is about 350 km away from the nearest of the 3 exploration licenses held by Xianglan Brazil.

Details of the exploration permits are as follows:

Exploration Permits hold by SAM:

No.	State	DNPM Process	Block	Validity/Until	Period		Areas covered approx. (ha)
					Extension Requested	Extension Granted Until	
1	MG	830018/2006	7	23 Nov 2009	16 Sep 2009 (note 1)	–	2,000
2	MG	830019/2006	7	23 Nov 2009	15 Sep 2009	21 Jan 2012	2,000
3	MG	830037/2006	13	14 Dec 2009	16 Sep 2009 (note 1)	–	15.1
4	MG	830038/2006	7	28 Nov 2009	16 Sep 2009	–	2,000
5	MG	830234/2006	REGIONAL	29 Dec 2009	05 Oct 2009	–	1,666.73
6	MG	830281/2007	9	14 Oct 2011	–	–	1,617.44
7	MG	830282/2007	9	14 Oct 2011	–	–	1,645.46
8	MG	830283/2007	12	14 Oct 2011	–	–	1,894.83
9	MG	830284/2007	12	14 Oct 2011	–	–	1,898.72
10	MG	830285/2007	12	14 Oct 2011	–	–	1,539.33
11	MG	830286/2007	12	14 Oct 2011	–	–	1,873.2
12	MG	830291/2007	11	14 Oct 2011	–	–	1,788.23
13	MG	830302/2007	10	14 Oct 2011	–	–	1,139.62

No.	State	DNPM Process	Block	Validity/Until	Period		Areas covered approx. (ha)
					Extension Requested	Extension Granted Until	
14	MG	830309/2007	12	14 Oct 2011	-	-	1,470.21
15	MG	830310/2007	12	14 Oct 2011	-	-	464.99
16	MG	830313/2007	12	14 Oct 2011	-	-	1,491.82
17	MG	830318/2007	REGIONAL	14 Oct 2011	-	-	1,917.56
18	MG	830321/2007	11	14 Oct 2011	-	-	1,982.61
19	MG	830324/2007	REGIONAL	14 Oct 2011	-	-	1,227.73
20	MG	830327/2007	10	30 Jul 2011	-	-	2,000
21	MG	830328/2007	10	30 Jul 2011	-	-	2,000
							(note 3)
22	MG	830329/2007	10	14 Oct 2011	-	-	1,423.81
23	MG	830332/2007	10	14 Oct 2011	-	-	1,069.15
24	MG	830333/2007	10	30 Jul 2011	-	-	2,000
25	MG	830334/2007	10	30 Jul 2011	-	-	2,000
26	MG	830335/2007	10	30 Jul 2011	-	-	2,000
							(note 3)
27	MG	830336/2007	10	14 Oct 2011	-	-	1,947.7
28	MG	830337/2007	10	15 Sep 2011	-	-	2,000
29	MG	830338/2007	10	30 Jul 2011	-	-	2,000
30	MG	830339/2007	10	30 Jul 2011	-	-	2,000
31	MG	830341/2007	10	30 Jul 2011	-	-	2,000
32	MG	830342/2007	10	18 Feb 2012	-	-	1,941.69
							(note 3)
33	MG	830343/2007	10	30 Jul 2011	-	-	2,000
34	MG	830363/2007	10	15 Sep 2011	-	-	2,000
35	MG	830583/2006	REGIONAL	16 Mar 2010	05 Oct 2009	-	912.57
36	MG	830651/2007	REGIONAL	14 Oct 2011	-	-	921.24
37	MG	830652/2007	REGIONAL	14 Oct 2011	-	-	374.54
38	MG	830656/2007	13	30 April 2012	-	-	682.72
39	MG	830657/2007	13	14 Oct 2011	-	-	1,348.18
40	MG	830664/2007	13	14 Oct 2011	-	-	1,891.48
41	MG	830669/2007	13	18 Feb 2012	-	-	1,260.84
42	MG	831026/2007	13	11 Mar 2012	-	-	302.25
							(note 4)
43	MG	831027/2007	REGIONAL	11 Mar 2012	-	-	1,166.27
							(note 4)
44	MG	831028/2007	8	13 May 2011	-	-	956.84
45	MG	831029/2007	8	13 May 2011	-	-	1,667.11
46	MG	831272/2007	9	04 Apr 2012	-	-	1,814.96
							(note 5)
47	MG	831274/2007	REGIONAL	18 Feb 2012	-	-	1,541.21
48	MG	831519/2008	7	26 Aug 2012	-	-	722.94
49	MG	831561/2006	REGIONAL	09 May 2010	-	-	1,178.1
50	MG	831566/2006	REGIONAL	09 May 2010	-	-	1,985.33
51	MG	831567/2006	REGIONAL	09 May 2010	-	-	1,814.88
52	MG	831582/2006	REGIONAL	05 May 2010	-	-	2,000
53	MG	831587/2006	REGIONAL	09 May 2010	-	-	2,000
54	MG	831588/2006	REGIONAL	22 Jun 2010	-	-	1,911.69

No.	State	DNPM Process	Block	Validity/Until	Period		Areas covered approx. (ha)
					Extension Requested	Extension Granted Until	
55	MG	831593/2006	REGIONAL	22 Jun 2010	–	–	1,543.92
56	MG	832587/2006	7	12 Sep 2010	–	–	1,930.68
57	MG	832948/2006	REGIONAL*	19 Feb 2011	–	–	2,000
58	MG	832951/2006	REGIONAL*	19 Feb 2011	–	–	420.63
59	MG	832952/2006	REGIONAL*	19 Feb 2011	–	–	1,779.52
60	MG	832953/2006	REGIONAL*	28 Sep 2010	–	–	812.09
61	MG	832954/2006	REGIONAL*	19 Feb 2011	–	–	899.83
62	MG	832955/2006	REGIONAL*	19 Feb 2011	–	–	586.91
63	MG	832956/2006	REGIONAL*	19 Feb 2011	–	–	1,183.58
64	MG	832957/2006	REGIONAL*	19 Feb 2011	–	–	1,173.23
65	MG	832958/2006	REGIONAL*	19 Feb 2011	–	–	1,605.24
66	MG	833047/2005	6	23 May 2009	23 Mar 2009	17 Aug 2011	1,000
67	MG	833190/2005	REGIONAL	16 Mar 2010	14 Jan 2010 (note 2)	–	57.61
68	MG	833196/2005	13	23 Nov 2009	16 Sep 2009 (note 1)	–	1,522.03
69	BA	871534/2006	5	20 Oct 2009	19 Aug 2009	–	821.02
70	BA	872785/2008	5	01 Aug 2011	–	–	390.3
71	BA	873859/2007	5	13 Dec 2010	–	–	988.1
72	MG	834114/2008	REGIONAL	27 Nov 2012	–	–	378.03
73	MG	834115/2008	12	27 Nov 2012	–	–	1,723.91

* SAM is in the process of communicating with DNPM to change these exploration Permits from copper to iron ore. The change of the ore does not impact the validity and/or term of the exploration Permits, and there is no specific requirement to obtain DNPM approval for change of ore in the Exploration Authorization phase.

Notes:

1. There is no DNPM decision over the extension request. According to the Company's Brazilian legal advisors based on its understanding of the applicable laws and regulations and practice of the DNPM and subject to filing of necessary documents and provision of necessary information, the Directors do not expect any material legal impediments for SAM to obtain the requested extension.
2. DNPM Technical Department issued an opinion in favour of the extension request approval.
3. The area is reduced by DNPM to exclude area covered by hydro power plant.
4. The area is reduced by DNPM to exclude area covered by environmental conservation area.
5. The area is reduced to exclude area within a State Park.

In application process:

No.	State	DNPM Process	Block	Application Date	Areas covered approx. (ha)
1	MG	830738/2009	7	09 Apr 2009	1,526.97
2	MG	830739/2009	7	09 Apr 2009	1,621.78
3	MG	830740/2009	7	09 Apr 2009	1,354.15
4	MG	830741/2009	7	09 Apr 2009	1,758.25
5	MG	830742/2009	7	09 Apr 2009	1,141.99

According to the Company's Brazilian legal advisor based on its understanding of the applicable laws and regulations and practice of the DNPM and subject to filing of necessary documents and provision of necessary information, the Directors do not expect any material legal impediments for the above applications to be approved.

Transfer from SAM's affiliates pending approval from DNPM:

No.	State	DNPM Process	Block	Validity/Until	Period		Areas covered approx. (ha)
					Extension Requested	Extension Granted Until	
1	MG	834200/2007	REGIONAL	18 Feb 2012	-	-	1,796.17
2	MG	834201/2007	REGIONAL	10 Nov 2012	-	-	1,486.72
3	MG	834202/2007	REGIONAL	11 Mar 2012	-	-	1,748
4	MG	834204/2007	REGIONAL	27 May 2012	-	-	1,818.92
5	MG	834205/2007	REGIONAL	27 May 2012	-	-	1,022.98
6	MG	834210/2007	REGIONAL	02 Apr 2012	-	-	1,261.71
7	BA	870999/2006	5	16 Jun 2009	17 Apr 2009	-	268.52

Note: DNPM Technical Department issued an opinion in favour of the extension request approval.

Outstanding bids:

No.	State	DNPM Process	Block	Areas covered approx. (ha)
1	MG	831810/2006	12	1,759.57
2	MG	831811/2006	12	2,000
3	MG	831812/2006	12	1,127.59
4	MG	831813/2006	12	2,000
5	MG	831815/2006	12	1,141.01
6	MG	831816/2006	12	1,739.89
7	MG	831817/2006	12	1,552.59
8	MG	831819/2006	12	1,939.08
9	MG	831820/2006	12	1,294.25
10	MG	831824/2006	12	1,905.26
11	MG	831825/2006	12	1,695.28
12	MG	831826/2006	12	2,000

No.	State	DNPM Process	Block	Areas covered approx. (ha)
13	MG	832084/2006	8	1,611.30
14	MG	832085/2006	8	1,202.2
15	MG	832086/2006	8	2,000
16	MG	832087/2006	8	1,591.55
17	BA	874502/1994	5*	831,74
18	BA	874512/1994	5*	826,8
19	MG	833189/2005	7	328,67

* *This bid was originally awarded to SAM. The award is subject to an appeal by other participant.*

MG: State of Minas Gerais

BA: State of Bahia

“Regional” represents properties with minor or no exploration and which have not been allocated a block number.

As disclosed above, 8 Exploration Permits of Block 7 is either under extension request or in application process. According to the Company’s Brazilian legal advisors, the Directors do not expect any material legal impediments for SAM to obtain the requested extension and approvals for the applications. In relation to the 4 exploration permits under Block 8 under outstanding bids, they took place after the signing of MOU and hence would not affect the current resource estimation as disclosed in this announcement. The loss of individual exploration licenses does not affect the Director’s assessment on the Consideration.

As disclosed in the announcement of the Company dated 18 November 2009 in relation to the MOU, SAM, together with its affiliates, hold the mineral rights to 94 exploration permits as at the date of the MOU. In the period between the date of the MOU and the date of the Share Purchase Agreement, SAM has relinquished 9 exploration permits to DNPM. The relinquishing of 9 exploration permits to DNPM was suggested by VNN and agreed by the Company that based on the work performed by VNN, the 9 exploration permits have no economic and commercial value. All the 9 relinquished exploration permits are classified as “Regional”, i.e. they do not belong to any block. The exclusion of those 9 exploration permits does not affect the Directors’ assessment on the Consideration as those permits were not included in Blocks 5 to 13 of the Project.

Blocks 8 and 7 are located approximately 410km north of Belo Horizonte, the capital of the State of Minas Gerais. Block 8 is located 48km to the southwest, and Block 7 is located 39km to the northwest, of the town of Salinas. The straight-line distance between the two Blocks is 25km.

Blocks 8 and 7 can be accessed from Belo Horizonte (the capital of the State of Minas Gerais) via Federal roads BR-135 and BR-251 and by local paved and unsealed roads.

The climate in the region is semi-arid and the local altitude varies from 600 meters to 1,000 meters. The surrounding infrastructure is adequate with road access to the major towns in the region. Power is available through either the national or local grid. The nearest ports to the region are located approximately 400km in a straight line from Blocks 8 and 7. Montes Claros is the closest airport, with regular commercial flights from Belo Horizonte and São Paulo, and is located 150km to the west of Block 8.

Geology, mineralogy, resources and reserves

The iron mineral deposits of Blocks 8 and 7 are composed of iron-rich diamictites of Neoproterozoic age, developed in a distal glacial-marine environment with probable hydrothermal contribution and precipitation of iron-rich fluids. The mineralization comprises hematite and hematitemagnetite diamictites, with subordinated hematite quartzites and rare hematite schist layers, the latter in general representing mylonitic zones associated with the regional deformation.

Mineralogy

Hematite and magnetite, followed by subordinated goethite, are the main iron minerals in the deposits, with hematite largely predominant in Block 8 and hematite and magnetite in equal amounts in Block 7. Phosphorus occurs almost exclusively as apatite in Block 8, and in Block 7 a minor part of the phosphorus occurs associated with iron hydroxides.

Resources

The Block 8 ore body is 5.52km long and has an average width of 3.06km with an average thickness of 79 meters and general attitude of N-S/15-22E. The mineralization in Block 8 is thicker and has higher grades to the east, indicating high resource potential along the dip of the deposit.

The Block 7 ore body extends over 11.2km and has an average width of 1.38km and an average thickness of 60 meters. The attitude of the northern portion of the ore body is N40E/10-15SE and the southern portion's attitude is N70E/15-18SE.

Due to the low-angle dip of the mineralization, the strip ratio for both Blocks is low.

Advanced exploration, development and test work has been performed on Blocks 8 and 7 covering an exploration area of approximately 2,600ha and 7,900ha, respectively, including surface and geophysical mapping (1:10,000 scale), diamond drilling (98 holes for approximately 11,500 meters) and sampling, following strict quality assurance/quality control procedures.

Coffey Mining Pty Ltd (“Coffey Mining”) is a global specialist consultancy firm which provides a wide range of technical services and products to all sectors of the international mining industry. Coffey Mining has over 50 years of experience and has provided consulting services in the mining industry for more than 70 countries. Coffey Mining was requested by VNN to prepare a resource estimate (using the JORC Code (2004)) for the Block 7 and Block 8 mineralized zones, located in the Salinas region of Minas Gerais State, Brazil. The exhibit

below summarizes the mineral resource estimation (in compliance with JORC standard) prepared by Coffey Mining, an independent expert for resource estimate, mine plan and tailings:

Block 8 – 14% Fe Lower Cutoff Grade Applied			
Block 7 – 15% Fe Lower Cutoff Grade Applied			
Deposit	Category	Million tons	Fe (%)
Block 8	Indicated	214	21.90%
	Inferred	1,571	20.04%
	Total	1,785	20.26%
Block 7	Indicated	25	21.71%
	Inferred	1,031	20.55%
	Total	1,056	20.58%
Total		2,842	20.38%

Source: Coffey Mining

The mineral characteristics of the resource are:

- Block 8 – 22% friable; 34% semi-compact; 44% compact; and
- Block 7 – 11% friable; 49% semi-compact; 40% compact.

The Company will include i) a technical report on the estimated resource duly prepared by an independent technical adviser; and ii) valuation reports duly prepared by an independent valuer that a) has only taken into account of the indicated resource estimate; and b) has taken into account of both the indicated and inferred resource estimate, in the circular. The technical report and the valuation reports will be made up to a date not more than six months before the date of the circular.

Initial drilling on Block 8 and Block 7:

For Block 8, the following initial drilling has been performed by VNN:

- 50 drill-holes completed in first drilling, spaced 400 X 400m, partly 200 X 200m, drilled depth between 30m to 270m, totaling 6,000m
 - 40 at the flat zone
 - 10 along the valley of Lamarão Creek to test the down-dip mineralization
 - Mineralization thickness: 78m to 180m
 - Specularite with few magnetite
- 8 new drill-holes with depth between 65m to 270m, totaling 1,910m; visual estimate of probable mineralized intervals.

For Block 7, the following initial drilling has been performed by VNN:

- 53 drill-holes up to date, spaced 400 X 400m, partly 200 X 200m, drilled depth between 30m to 270m, totaling 6,620m

The existence of iron ore in the remaining blocks has been identified after the airborne geophysical survey, however, no drillings in other blocks have yet been commenced.

Potential resources

Coffey Mining has estimated additional potential resources of approximately 3,700 million tons in Block 8, and 2,500 million tons in Block 7, totaling over 6,000 million tons of estimated additional potential resources with mineralization confirmed during surface mapping. These potential resources require further evaluation to be confirmed (Source: Coffey Mining).

SAM also holds mineral exploration rights to Blocks 5, 6, 9, 10, 11, 12 and 13, with iron ore mineralization identified in all of them and with potential for the delineation of new deposits.

Based on the data provided by VNN and SAM which was not prepared under JORC Code:

- Blocks 5 and 6 have estimated resources of approximately 200 million tons with grades between 32.9% to 65.2%, 15 drill-holes totalling 1,027 metres, 35 trenches.
- There is potential for multi-billion tons as Blocks 9, 10 and 11, however no drilling has been performed.
- A very long trend of 22 kilometres was found in Block 12 furthering an additional length of 35 kilometres outside the mining area. Ore grades from the block are between 22% iron and 68.2% iron. There is potential for multi-billion tons, however no drilling has been performed.
- A 9.2 kilometre long trend was found in Block 13 with an average thickness of 50 metres. There is potential for over 1.1 billion tons of iron ore, however no drilling has been performed.

SAM's blocks are located adjacent to iron mineral deposits and prospects owned by other exploration, mining and steel companies, including local companies and Anglo American, one of the world's largest diversified mining and natural resource groups, BHP Billiton, one of the world's largest diversified natural resources companies, Companhia Siderúrgica Nacional ("CSN"), one of the largest and most competitive integrated steel companies in Latin America, and Vale, a mining company headquartered in Brazil.

The Company will focus on Blocks 7 and 8 and there is currently no development plan and timetable of the remaining blocks (Blocks 5, 6, 9 to 13).

Transportation and infrastructure

The Company currently expected that the pellet feed will be transported as a slurry by a pipeline, 490km in length, from the concentration plant in Block 7 to Porto Sul, located in the State of Bahia. There is infrastructure with road access to the major towns in Salinas, Brazil.

In addition, the Company currently expected that SAM will export its pellet feed production from the Port. Porto Sul will be located in an area of 1,770ha, approximately 25km north of the city of Ilhéus, and will be mainly dedicated to the export of iron ore with a total handling capacity of 50.0mt pa by 2011. A loading terminal will be located approximately 2.4km from the coast with a 19 meter draft, suitable for capesize vessels.

FOB Cost structure

Based on information issued by a financial adviser and provided by VNN, the free on board operating cost is estimated at US\$19.66/ton of pellet feed, considering the exchange rate of BRL2.20 to US\$1.00, when the yearly production is reached at 25 million tons at 65% Fe or above. For reference purpose, as extracted from the table “Price of transactions of iron ore in the PRC on 1st” 1日國內鐵礦遠期交易價 in the industry website “mysteel.com”, the FOB selling price of iron ore (65% Fe) manufactured in Brazil and delivered to Tianjian, China as at 1 April 2010 was approximately US\$142/ton. However, investors should note that the above FOB price is for reference only and does not represent the actual transaction price which will always be subject to the market conditions. Consequently, the Board expresses no opinion as to how the actual transaction prices in the future will correspond with the above FOB price as at the date of this announcement.

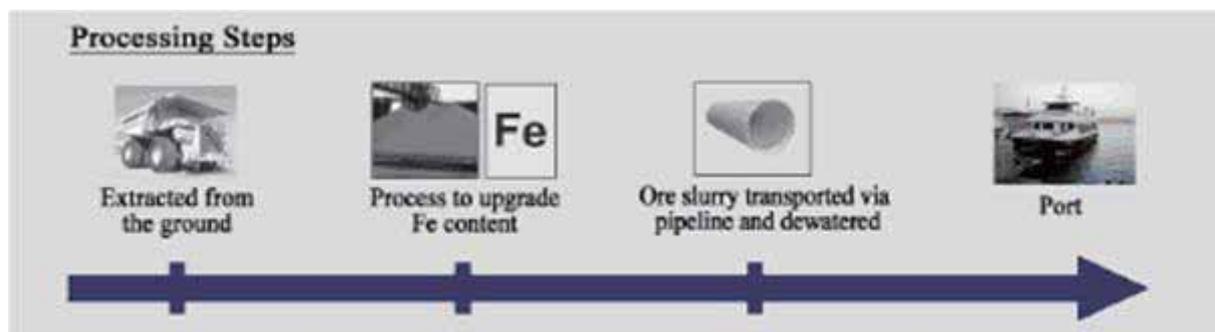
Based on VNN’s preliminary assessment, the estimated total investment in mining, beneficiation, pipeline and port is expected to be around US\$2,600 million (based on the exchange rate of BRL2.20 = US\$1.00) and the breakdown is as follows:

	<i>US\$’ million</i>
Mining	422
Beneficiation	1,004
Pipeline	828
Port	326
Estimated total investment amount for the Project	2,580

Based on the results of the due diligence on the Project and to the best knowledge of the Board, the Board considers that the estimation is reasonable.

Processing Steps

It is expected that the iron ore will be extracted and processed in the State of Minas Gerais and the State of Bahia, then transported as slurry to Porto Sul in the State of Bahia.



The expected timetable for the Project is as follows:

Start Date – 3 Business Days after the date of this announcement

Resource Confirmation Date – 9 months to 1 year after the Start Date

Closing Date – 10 Business Days after the Resource Confirmation Date

Approval Date – no concrete timetable, subject to the approvals and permits in relation to the commencement of construction of the mine, plant, pipeline and the Port by the relevant governmental departments in Brazil. It is expected that the period required will be approximately 24 months from the Start Date

Mining Production Commencement Date/ Commencement date of exploitation – no concrete timetable, subject to the Approval Date. It is expected that the period required will be approximately 36 months to 48 months from the Start Date

Port Operation Commencement Date – no concrete timetable, subject to the Approval Date. It is expected that the period required will be approximately 36 months to 48 months from the Start Date.

Studies performed by VNN on the Project

VNN has performed a JORC-compliant resource estimates for Blocks 8 and 7 and a mining plan on the Project. In addition, VNN has also performed studies on processing, tailings, water availability, pipeline, port, rail and environmental in relation to the Project.

On mining plan and tailings, based on the information provided by VNN, the Project will consist of two open pit mines (Block 8 and Block 7), which together is estimated to be able to produce an annualized 25 million tons of pellet feed by the second half of 2014. The Project conceptual mine plan and tailings disposal plan were prepared by Coffey Mining. The plans envisage utilization of mined areas of the open pits for tailings disposal.

On processing, based on the information provided by VNN, SAM has undertaken extensive ore characterization studies, bench and pilot scale testwork and has developed a process route to economically process its ore, consisting of conventional processes such as gravitational concentration with spirals, classification using hydrocyclones and reverse cationic flotation.

The development of the process route comprises:

- Ore studies (chemical composition per fraction, mineralogy characterization, lithology, description, work index, compactness distribution, liberation degree of iron oxides and ore density);
- Exploratory tests on bench scale, considering several technologies of ore concentration such as direct flotation of iron minerals, magnetic separation and gravitational concentration;
- Extensive tests with the most promising technologies; and
- Continuous pilot tests (small scale) using the sequence of operations as designed in the process route.

Based on the results of the concentration tests, it was possible to determine with a degree of confidence that the iron recovery is 65.3%. All testwork was performed with core samples that were representative of the deposit (chemical composition, compactness distribution and lithology). The amount of each sample tested was sufficient to reproduce the process.

On water availability, based on the information provided by VNN, the preliminary estimate of the water requirements for the project by VNN is approximately 50 million cubic meters per annum, comprising 12 million cubic meters for the pipeline and a further 38 million cubic meters for the processing plant. Water requirements for the beneficiation process will be re-assessed once the project's processing route is finalized. If additional water is required, underground sources at Block 8 and Block 7 will be evaluated.

On pipeline and port, based on the information provided by VNN, it is expected that the pellet feed will be transported as a slurry by a pipeline, 490km in length, from the concentration plant in Block 7 to Porto Sul, located in the State of Bahia. SAM will export its pellet feed production from the Port. Porto Sul will be located in an area of 1,770ha, approximately 25km north of the city of Ilhéus, and will be mainly dedicated to the export of iron ore with a total handling capacity of 50.0mt pa by 2011. A loading terminal will be located approximately 2.4km from the coast with a 19 meter draft, suitable for capesize vessels.

On environmental, Block 8 and Block 7 are located in a region with predominantly savanna vegetation, in great part adversely affected by the eucalyptus plantations and exploitation of native vegetation. Based on reviewed performed by VNN's adviser, the possible environmental impacts in the areas of Blocks 8 and 7 and concluded that the Project should be approved from an environmental perspective, provided that best practice environmental standards are adopted.

The Company has appointed Felsberg E Associados, a reputable legal firm in Brazil experienced in mining transactions to perform the legal due diligence of the Project and Terco Grant Thornton, a member of Grant Thornton International in Brazil to perform financial due diligence on the Project. In addition, as disclosed in the Company's announcement dated 18 December 2009, the Company has sent a team of technical experts to Brazil lead by the Company's CEO to carry out technical inspection of the iron ore resources and to have interviews with the local government officials.

Upon review of the studies performed by VNN and upon completion of the above mentioned due diligence trip to Brazil, the preliminary findings of the Project by the Board are as follows:

1. Information provided by VNN is true and credible.
2. Grades of iron ore can be higher than 20% Fe.
3. Beneficiation techniques are feasible, more tests are needed to determine the most economically efficient route.
4. Proposal of pellet feed transferred by pipeline is feasible.
5. Conditions for port construction are favourable, especially, for capesize vessel ports.

Based on the above, the Board considers that the development plan is positive and preliminary the Project can be implemented and continued accordingly.

Based on the results of the due diligence on the Project and to the best knowledge of the Board, the Board considers that the information on SAM and the Project is accurate and complete in all material respects and not be misleading or deceptive.

Mining Technical Committee

As announced by the Company on 22 March 2010, a mining technical committee was set up on 22 March 2010 and the following founding members of the committee were appointed.

- (1) Dr. DAI Ta Gen, aged 58, graduated from Central South University of Technology with his doctor's degree in 1989 and is the Dean of Geosciences and Environmental Engineering Faculty of Central South University as well as a professor and a tutor of doctoral students. Being the expert who takes the special allowance from the State

Council, Dr. DAI participates in major posts in geological sector. He is also the vice president of Hunan Geology Society, the president of Hunan Society of Mineralogy, Petrology and Geochemistry and a member of Teaching Committee of Applied Geology in Education Department.

Dedicating in geological studies for more than 30 years, Professor DAI has made lots of significant achievements in the area, especially in the prospecting for successive mineral resources.

- (2) Dr. LIU Jian Xin, aged 48, obtained his Applied Globe Physics bachelor degree from Central South Mining Institute in July 1983, Applied Globe Physics master degree from Central South University of Technology in 1990 and Globe Exploration and Information Technology doctoral degree from Central South University in 2006. Dr. LIU is the Dean of Information Physics Engineering Faculty of Central South University as well as a professor and a tutor of doctoral students. Dr. LIU is a leader of the state main focus subject “Globe Exploration and Information Technology” and the Hunan Province Higher Education “Mineral Resources and Disasters Exploration” research innovation team leader.

Dr. LIU has many years of experience in mineral resources exploration, and engineering exploration theoretical and applied studies. He possesses stable research direction and has received many research achievements in prediction and precise position of high depth mineral resources, production mines high depth globe physics three dimensional mapping, globe physics high precision processing and comprehensive explanation, engineering globe physics exploration, etc.

Dr. LIU is also the ninth and tenth Hunan Province committee member of the Political Consultative Conference, the chairman of Hunan Province Globe Physics Society and a committee member of China Globe Physics Society.

- (3) Dr. LUO Bao Lin, born in March 1947, educated in Tsinghua University and Chinese Academy of Sciences and obtained a Ph.D. in Science. Dr. LUO has been working in the research of testing of beneficiation with achievements in flotation and magnetic separation. Dr. LUO has been visiting scholar and visiting professor in The University of British Columbia, Canada and Kunsan National University, South Korea. He has been the technical advisor/technical consultant of a number of copper-zinc ore, gold ore, copper-iron ore enterprises. Dr. LUO is also the expert who takes the special allowance from the State Council.

The Board considers that with the appointment of the above members of the mining technical committee which has extensive experience in the mining industry, the Project will be developed and managed by the Company efficiently.

Brief summary of certain relevant mining laws and regulations in Brazil

As advised, the Brazilian federal government owns all mineral resources existing either in the soil or subsoil of Brazil. Accordingly, any exploration or exploitation of such mineral resources, save for certain exceptions, require a grant of concession by the Brazilian federal government. These concessions essentially consist of application for exploration authorization, exploration authorization and mining concessions, and are granted by the Ministry of Mines and Energy (the “MME”) through the DNPM, the Brazilian governmental body regulating mining activities. DNPM has the general discretion to reject any application failing to meet the relevant geographical, geological, technical or procedural criteria, and an application may be refused should it be determined that the exploration or mining activities involved are harmful to the public good or to interests that outweigh the usefulness of exploration or exploitation of the deposits. The exploration licenses granted by the DNPM entail a preliminary stage, authorizing lab and field work to perform the necessary geological, geophysical, geochemical survey, excavation, outcropping, drilling and other exploration activities. Upon completion of the exploration work, a detailed report on the explored area’s mineral reserves, the characteristics of the mineral substances and the feasibility of exploitation is generally required to be submitted to the DNPM irrespective of the outcome of the exploration. Review of the report by the DNPM takes on average 6 months to 1 year and the approval of such report by the DNPM will generally entitle the holders of the exploration licenses to apply for and be granted the mining concession by the MME. Upon approval by the DNPM of such report, the holders of the exploration licenses will have one year to apply for the corresponding mining concession and this one year term may be extendable for an additional one year with cause. Application for the granting of a mining concession is made to the MME and must contain detailed geological and geophysical information on the areas concerned, including (i) a description of the mineral deposits to be exploited; (ii) a description of the mining field’s topographical location and indication of neighboring concession areas; (iii) a map of the area to be mined, indicating its boundaries and properties affected by the proposed mining, with the names of the respective surface right holders; (iv) reference to any easements that may be required; (v) a working plan for exploitation including a description of the mining method, scale of production and processing facilities; and (vi) proof of sources and availability of sufficient funds to work the mine. Upon receipt of an application for a mining concession, the DNPM will review it and forward it to be finally reviewed by the MME before the mining concession is granted. There are no specified criteria or standards to the granting of a mining concession as each decision is “taylor-made” to fit a specific context. However, there are some mining rules, such as the Mining Technical Rules, and guidelines issued by the DNPM which it may make references to in coming up with a decision. The procedures associated with reviewing an application for a mining concession, its grant and other ancillary steps normally take up to 2 years. (However, the time taken can vary substantially from case to case.) After the mining concession is granted and published in the Official Gazette, the mining company will have 90 days to apply to the DNPM for investiture in effective possession of the corresponding mineral deposit for which a fee must be paid. Following such application, the mining company will have 6 months to start the preparatory work contemplated in the mine working plan, counted from the publication date of the mining concession in the Official Gazette. Once mining commenced, it may not be interrupted without the authorization of the DNPM for a period longer than 6 consecutive months or otherwise the mining concession may be revoked.

Financial information

The unaudited turnover and loss of SAM based on its management accounts were as follows:

	For the financial year ended	
	31 December 2008	31 December 2009
	('000)	('000)
Turnover	–	–
Loss before taxation	BRL47 (equivalent to approximately HK\$209)	BRL2,961 (equivalent to approximately HK\$13,147)
Loss after taxation	BRL47 (equivalent to approximately HK\$209)	BRL2,961 (equivalent to approximately HK\$13,147)

Note: the management accounts are prepared in accordance with International Financial Reporting Standards

The unaudited net assets of SAM as at 31 December 2009 was approximately BRL37,580,000 (equivalent to approximately HK\$166,855,000). The accountants' report of SAM will be included in the circular to be published in accordance with the GEM Listing Rules.

REASONS FOR THE ACQUISITION

The Company is principally engaging in refining and trading of silicon and research and development of highly purified silicon for solar cells, magazine publishing and advertising activities. Since the Company was taken over by Hong Bridge Capital Limited in October 2007, the Group under the existing management has been continuously looking for appropriate investment opportunities in the energy and resources sector. To implement such strategy, the Company entered into a conditional agreement for the acquisition of 66% equity interest in Xianglan Do Brasil Mineração Ltda, which holds the exploration licenses for three manganese mineral resources in the Bahia State of Brazil on 7 November 2009. Such transaction was completed on 24 March 2010. Details have been disclosed in the announcement of the Company dated 12 November 2009 and the circular of the Company dated 24 February 2010. The Share Purchase Agreement will enable the Company to fully implement its strategy in the energy and resources sector. It is the intention of the Company to be engaging in development and mining activities of the Project. The Board expects that the Acquisition will enlarge the business scope of the Company in addition to the acquisition of Xianglan Brazil announced on 12 November 2009.

The Company intends to dispose the business associated with magazine publishing and advertising activities as and when the opportunities arise. As at the date of this announcement, the Company has not made any concrete agreement, arrangement, understanding and negotiation in relation to disposal of the magazine publishing business. On the other hand, the Company will continue with the business involved in the refining and trading of silicon and research and development of highly purified silicon for solar cells.

The Board considers that the Company has been and will continue to be engaging in the energy and resources industry. It is mentioned in the circular of the Company dated 24 February 2010 that it is one of the plans of the Group to resell its interest in Xianglan Brazil and the Company will consider which plan will bring the biggest benefit to the Company and its Shareholders. The Board considers that such trading activities of mining assets is also within the business scope of the energy and resources sector. However, it is the intention of the Company to be engaging in development and mining activities of the Project.

The internal consumption of steel in China has been increasing rapidly since 1990s, and particularly in recent years. The PRC's demand for steel is driven by the extensive and continual construction of infrastructures (such as power stations, ports, highways and railways) as a result of its rapid industrialisation. As both iron and manganese are important elements in the steel refining process, the Company considers that the mining industry related to iron and manganese resources has considerable development potential. As announced by the Company on 12 November 2009 and a circular published on 24 February 2010, the Company entered into a conditional agreement for the acquisition of 66% equity interest in Xianglan Do Brasil Mineração Ltda, which holds the exploration licenses for three manganese mineral resources in the Bahia State of Brazil. Such agreement was completed on 24 March 2010.

The Directors believe that demand of iron mineral resources will exceed supply in China in the future and consider that it is a good opportunity to invest in iron mineral exploration. The Directors consider that the Acquisition provides a good opportunity for the Company to invest in an iron mineral resources exploration company with substantial resources with significant expansion potential.

The Directors also consider favorably of the Acquisition because Minas Gerais State is an important iron producing area in Brazil, and Salinas is surrounded by an enormous ore cluster with substantial reserves which the Directors expect will become a significant development with more advanced infrastructure in the future. Based on information from Instituto de Desenvolvimento Integrado de Minas Gerais (Minas Gerais State Integrated Development Institute) ("INDI"), being the State Government's operational arm for matters related to investment attraction and support to investors, the State of Minas Gerais is the second most industrialized state in Brazil and produces 44% of the country's mineral output and 35.5% of the Brazilian steel in 2007. The State of Minas Gerais produces approximately 70% of iron ore in Brazil in 2007.

Further, although no exploration activities have been conducted in Blocks 9 – 13 and detailed explorations in Blocks 5 – 8 have not been completed, VNN believes the potential for additional reserves is significant. In addition, the low-angle dip of the mineralization enables easier exploitation, and might also contribute to the low FOB operating cost.

Despite that the Project may involve substantial investment in addition to the payment of the Consideration, the Directors considered that the Project shows a high development potentials to the Company. It is expected that the Consideration, the Loan and the capital investment may be satisfied by the following fund raising plans.

(1) by way of bank borrowings of the Company;

- (2) by entering into prepayment arrangement with PRC steel conglomerates that (likely to be State Owned Enterprises) require iron ore as raw materials. The Company expects that under such arrangement, the steel conglomerates will provide the Company with a prepayment amount for future delivery of iron pellet feed to the steel conglomerates;
- (3) by outsourcing of certain production process to other parties such as mining companies and port operators and obtain funding via their investment to the Project;
- (4) by introduction of strategic investor for the Project; and
- (5) by share placement of the Company.

The Board considered that if the above mentioned plans 2 and 3 can provide sufficient funding to the Company for the Project, the funding needs via placement will be reduced. In implementing the fund raising plan for the Project, the Board will use its best endeavor to reduce the potential dilution of shareholding interest to its minority shareholders and to the Controlling Shareholders.

The Directors believe that the terms of the Share Purchase Agreement and the Management Transaction Documents are fair and reasonable and in the interest of the Shareholders as a whole.

The Company is actively identifying and looking for large steel conglomerates, mining companies and port operators to be involved in the further development of the Project. As at the date of this announcement, the Company has entered into a strategic cooperation agreement with 新汶礦業集團有限責任公司 (Xinwen Mining Group Co., Ltd), a PRC state-owned enterprise, which is principally engaged in mining activities, and a memorandum of understanding with 山東鋼鐵集團有限公司 (Shandong Iron and Steel Group Co., Ltd), a PRC state-owned enterprise which is principally engaged in the production and sale of iron and steel products, details of which has been disclosed in the announcement of the Company dated 30 March 2010.

According to information provided by VNN, SAM is in the process of negotiating with certain Brazilian local governmental authorities (the “Authorities”), and it is expected that the parties may enter into a memorandum of understanding, under which for the purpose of encouraging economic activities, increased employment and income growth, the Authorities will provide support and assistance to SAM in relation to the Project, including with regard to financing, with funds administrated by the Development Bank of Minas Gerais SA, subject to budgetary limits and obtaining of licenses required for the Project.

RISKS ASSOCIATED WITH THE ACQUISITION

1. Relevant permits for the mining activities

Mining activities are subject to extensive governmental regulations, policies and controls. There is no assurance that SAM will be able to obtain the relevant permits to conduct the mining activities. Any delays or denial in obtaining such permits for conducting the mining activities will adversely affect the commercial production of the mines and operation and financial performance of the Group.

2. Uncertainty about the mineral resources

It is anticipated that the Measured Resources and Indicated Resources to be stated in the technical reports would be based on a number of assumptions on principal factors and variables, which may prove to deviate from the actual state of the mines, and which would be beyond the Company's control. Consequently, the actual amount of resources derived from the mines may deviate materially from the amount to be stated in the technical reports.

In addition, there is no guarantee that the mines contain sufficient mineral resources for commercial production.

3. Fluctuation of metal prices

The value of the mines and the profitability of the Group's mining operations and earnings may be affected by fluctuations in the market prices of metal, in particular, the prices of iron ores, and the cyclical nature of the international market. These fluctuations may be influenced by numerous factors which are beyond the control of the Group, including global productions of and industrial demands for metals, in particular, iron ores, and the global economic conditions. Any sustained adverse movements in metal prices are expected to have a negative impact on the Group's financial condition and results of operation of the mines.

4. Significant and continuous capital investment

The mining business requires significant and continuous capital investment. The major mine exploration and production projects may exceed the original budgets and may not be completed as planned and may not achieve the intended economic results or commercial viability. Actual capital expenditures for the new business may significantly exceed the Group's budgets because of various factors beyond the Group's control, which in turn may affect the Group's financial condition.

5. Work safety

Any occurrence of accidents may disrupt the mining operation of the Group and may result in suspension of operation, financial losses, compensatory claims, fines, penalties or damage to the reputation of the Group.

General

The Acquisition and the transactions contemplated under the Share Purchase Agreement constitute a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. The Acquisition and the transactions contemplated under the Share Purchase Agreement are therefore subject to the reporting, announcement, and Shareholders' approval requirements under the GEM Listing Rules. A circular containing further information on the Acquisition and a notice of the EGM will be despatched to the Shareholders as soon as practicable. As it is expected that additional time is required by the Company to prepare for

such information to be included in the circular, including, but not limited to the technical reports on the mineral resources and valuation reports, it is expected that there will be a delay in despatch of the circular. Further announcement will be made by the Company in this regard.

Resumption of Trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 March 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 April 2010.

Completion of the Share Purchase Agreement is subject to a number of conditions precedent and the risk that the Company may not obtain sufficient funding for the Consideration. Investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition by the Company of the SAM Shares pursuant to the terms and conditions of the Share Purchase Agreement
“Agreed Scope of Work”	means the Initial Scope of Work and any Subsequent Scope of Work
“Al ₂ O ₃ ”	the element symbol of aluminium oxide
“AME Mineral Economics”	A firm of independent economists in the metal and mineral industries with research offices in Australia and affiliations in North America, South America, Africa and China
“Approval Date”	the later of the Closing Date and the date on which the Required Approvals have been obtained
“Approvals Payment”	the amount of US\$115,000,000 payable by Infinite Sky to VNN and Lit Mining on the tenth Business Day following the Approval Date (or the date Infinite Sky waives the requirements that all Required Approvals be obtained).
“Brazilian Security Agreement”	an agreement to be entered into by VNN, Lit Mining, SAM, Esperanto, Infinite Sky, New Trinity and the Company as described in the section headed “The Brazilian Security Agreement” of this announcement

“Block 7”	means the area represented by the exploration Permit numbers 830.018/2006, 830.019/2006, 830.038/2006, 832.587/2006 and 831.519/2008, the five applications represented by the numbers 830.738/2009, 830.739/2009, 830.740/2009, 830.741/2009 and 830.742/2009 and a bid represented by the number 833.189/2005
“Block 8”	means the area represented by the exploration Permit numbers 831.029/2007 and 831.028/2007 and the four bids represented by the numbers 832.084/2006, 832.085/2006, 832.086/2006 and 832.087/2006
“Board”	the board of Directors
“Business Day”	means any day other than a Saturday, Sunday or day on which commercial banks in New York City, Hong Kong and San Paulo are required or authorised to be closed
“Central Bank”	the Central Bank of Brazil, Banco Central De Brasil or any successor thereof
“Closing”	The consummation of the purchase and the sale of the SAM Shares (other than Golden Share) as provided in the Share Purchase Agreement
“Closing Date”	on the earlier of the tenth Business Day following the Resource Confirmation Date or in the event, Infinite Sky waives the condition regarding the occurrence of the Resource Confirmation, the tenth Business Day following such waiver, or at such other time and place and on such other day as shall be mutually agreed upon in writing by Infinite Sky, VNN and Lit Mining.
“Company”	Honbridge Holdings Limited, a company incorporated in the Cayman Islands with limited liabilities, the Shares of which are listed on the GEM
“Consideration”	US\$390,000,000, subject to adjustment as described in the section headed “Adjustments to the Consideration” of this announcement
“Custodian”	The Bank of New York Mellon
“Disbursement Date”	the date on which the Company makes a loan to SAM
“Director(s)”	the director(s) of the Company

“DNPM”	the Departamento Nacional de Producao Mineral, which is the National Department of Mineral Production under the Ministry of Mines and Energy in Brazil, the objectives of which are to foster the planning and promotion of exploration and mining of mineral resources, to supervise geological and mineral exploration and the development of mineral technology, as well as to ensure, control and monitor the exercise of mining activities throughout the Brazilian national territory, in accordance with the Mining Code, the Mineral Water Code and respective legislations and regulations that complement them
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought appropriate, to approve, among other matters (if any), the Share Purchase Agreement, the Transaction Documents and the transactions contemplated thereunder
“Escrow Agent”	The Bank of New York Mellon
“Escrow Agreement”	an agreement to be entered into by Lit Mining, Esperento, Infinite Sky, New Trinity and the Escrow Agent as described in the section headed “The Escrow Arrangement” of this announcement
“Escrow Property”	US\$10,000,000, together with any interest accrued thereon
“Esperento”	Esperento S.à r.l., a Grand Duchy of Luxembourg private limited liability company (société à responsabilité limitée), an indirect wholly-owned subsidiary of VNN; Esperento is an investment holding company
“Exploration Permits”	The exploration permits held by SAM and its affiliates which will be transferred to SAM as set out in the Share Purchase Agreement and any other exploration permits acquired by SAM after the date of the Share Purchase Agreement, but excluding any exploration permits relinquished after the date of the Share Purchase Agreement
“Family Group”	any of Mr. He’s spouse, parents, siblings and/or descendants and any person or entity (other than an individual), the sole owners or beneficiaries of which are any of Mr. He, his spouse, parents, siblings and/or descendants
“Fe”	the element symbol of iron
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Golden Share”	one preferred share of SAM
“Group”	the Company and its subsidiaries
“Infinite Sky”	Infinite Sky Investments Limited, a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of the Company
“Initial Scope or Work”	the work in respect of resource definition at Block 7 and Block 8 and the consideration of mining, processing, infrastructure and port facility alternatives as set out in the Share Purchase Agreement, including (a) drilling up to 60,000 meters of HQ diamond core drilling with the goal of achieving a resource of (i) at least 0.7 billion metric tons of at least 20 percent iron of Measured Mineral Resource, and (ii) at least 2.8 billion metric tons, in the aggregate, of at least 20 percent iron of Measured Resource and Indicated Resource, (b) performing pilot tests for up to 50 metric tons of iron ore to continue the process route development, (c) developing engineering for the mine, processing plant, pipeline and Port to FEL 2 Level, (d) producing an environmental impact study to obtain the provisional license for the mine, processing plant, pipeline and Port, and (e) securing provisional water rights concerning the Jequitinhonha River from the Agência Nacional de Águas, prior to the Resource Confirmation Date, as amended, modified or supplemented from time to time in accordance with the terms of the Management Service Agreement. The Initial Scope of Work was determined by both the Company and VNN
“Iron Mineral Resource(s)”	as defined by reference to the JORC Code, 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 Iron Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Iron Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories

“Indicated Resource”	as defined by reference to the JORC Code, that part of a Iron 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. An Indicated Resource has a lower level of confidence than that applying to a Measured Resource, but has a higher level of confidence level than that applying to an Inferred Resource
“Inferred Resource”	as defined by reference to the JORC Code, that part of a Iron Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability. An Inferred Resource has a lower level of confidence than that applying to an Indicated Resource
“JORC”	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
“JORC Code”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources as prepared by JORC
“Loan Agreement”	An agreement entered into by SAM, the Company and Lit Quad on 5 March 2010 as described in the section headed “The Loan Agreement” of this announcement
“LIBOR Rate”	means a rate of interest equal to the offered rate for 12-month deposits in dollars for the London Interbank Eurodollar market at 11:00 a.m. (London time) on the Business Day immediately prior to the applicable Payment Date
“Lit Mining ”	Lit Mining Coöperatief U.A., a Netherlands cooperative (coöperatie) and an indirect wholly-owned subsidiary of VNN; Lit Mining is an investment holding company
“Lit Mining Shares”	shares of Lit Mining
“Lit Quad”	Lit Quad Ltd., a British Virgin Islands limited company, and an indirect wholly-owned subsidiary of VNN

“Management Service Agreement”	an agreement entered into by Mineral Ventures, VNN, the Company and SAM on 5 March 2010 as described in the section headed “The Management Services Agreement” of this announcement
“Mineral Ventures”	Mineral Ventures Participações Ltda., a Brazilian limited company and a wholly owned subsidiary of VNN; Mineral Ventures is principally engaged in the provision of management services to exploration companies as well as conducting proprietary mineral exploration
“Mining Payment”	the amount of US\$100,000,000 payable by the Company to VNN and Lit Mining on the tenth Business Day following the Mining Production Commencement Date
“Mining Production Commencement Date”	means the later of (a) the Closing Date, (b) the Approval Date, and (c) the date by which an aggregate of 100,000 metric tons of pellet feed from any of the areas represented by the Exploration Permits has been shipped commercially.
“Measured Resource”	as defined by reference to the JORC Code, that part of a Iron Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity. Mineralisation may be classified as a Measured Resource when the nature, quality, amount and distribution of data are such as to leave no reasonable doubt, in the opinion of the competent person determining the Iron Mineral Resource, that the tonnage and grade of the mineralisation can be estimated to within close limits and that any variation from the estimate would be unlikely to significantly affect potential economic viability
“MOU”	the memorandum of understanding dated 17 November 2009 entered into between the Company and VNN in relation to the possible Acquisition
“Mr. He”	Mr. He Xuechu, the chairman and executive Director of the Company
“New Trinity”	New Trinity Holdings Limited, a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of the Company

“New Trinity Certificate”	a certificate representing all the issued and outstanding shares of New Trinity
“Port”	means the port facility for the export of bulk commodities to be built at Porto Sul in the State of Bahia, Brazil or any other location set forth in the Agreed Scope of Work, as contemplated by the Transaction Documents.
“Port Operation Commencement Date”	means the later of (a) the Closing Date, and (b) the date by which an aggregate of 100,000 metric tons of pellets or pellet feed have been shipped through the Port on a commercial basis.
“PRC”	the People’s Republic of China
“Project”	an integrated mine-pipeline-port project designed by SAM to produce 25mtpa of pellet feed with a life of mine of 20 years
“Required Approvals”	approvals and permits in relation to the commencement of construction of the mine, plant, pipeline and Port as detailed in the Share Purchase Agreement
“Resource Confirmation”	the scenario where the resource set out in the Technical Report is at least (i) 0.7 billion metric tons of 20% iron of Measured Resource, and (ii) 2.8 billion metric tons of 20% iron of Measured Resource and Indicated Resource in aggregate or such lower numbers as Infinite Sky may accept at its sole discretion
“Resource Confirmation Date”	the date on which the Resource Confirmation shall have occurred
“Resource Estimate”	the resource estimate prepared in accordance with the JORC code for Blocks 7 and 8 by an independent international geological consultancy firm jointly selected and appointed by Infinite Sky, VNN and Lit Mining
“SAM” or “Target”	Sul Americana de Metais S.A., a company incorporated in Brazil and an indirect wholly-owned subsidiary of VNN
“SAM Shares”	the entire issued share capital of SAM which consist of 9,999 common shares and the Golden Share
“Security Agreement”	an agreement to be entered into by VNN, Lit Mining, Infinite Sky, New Trinity, the Company and the Custodian as described in the section headed “The Security Agreement” of this announcement

“Share(s)”	ordinary share(s) of HK\$0.001 each in the capital of the Company
“Share Purchase Agreement”	the share purchase agreement dated 5 March 2010 entered into between Lit Mining and VNN as the sellers, Esperanto and Mineral Ventures; Infinite Sky, as the buyer, New Trinity, and the Company in relation to the Acquisition as more particularly set out under the section headed “The Share Purchase Agreement Dated 5 March 2010” of this announcement
“Shareholder(s)”	holder(s) of the Shares
“SiO ₂ ”	the element symbol of silicon dioxide
“Start Date”	the date of the initial disbursement under the Loan Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Scope of Work”	means the work in respect of resource and/or reserve definition at Block 7 and Block 8 or other exploration Permits and the consideration and implementation of mining, processing, infrastructure and port facility alternatives that is agreed or to be agreed to in accordance with the Management Services Agreement in relation to any period following the completion of the Initial Scope of Work, as amended, modified or supplemented from time to time in accordance with the terms of the Management Services Agreement. The Subsequent Scope of Work will be determined by both the Company and VNN
“Technical Report”	a resource estimate of Block 7 and Block 8 in accordance with the JORC Code based on the Initial Scope of Work and to be prepared by an independent international geological consulting firm to be jointly engaged by VNN and Lit Mining, and Infinite Sky
“Transaction Documents”	the Share Purchase Agreement, and other agreement, including the Escrow Agreement, the Loan Agreement, the Management Services Agreement, the Security Agreement, the Voting Undertaking and the Brazilian Security Agreement, in connection with the completion of the transactions contemplated by the Share Purchase Agreement
“Voting Undertaking”	the voting undertaking executed by Mr. He and Hong Bridge Capital Limited in favour of VNN and Lit Mining on 5 March 2010

“VNN”	Votorantim Novos Negócios Ltda., a company incorporated in Brazil and the venture capital/new business development division of Grupo Votorantim, one of Latin America’s largest industrial conglomerates
“BRL”	Brazilian Real, the lawful currency of the Federative Republic of Brazil
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

On behalf of the Board
Honbridge Holdings Limited
LIU Wei
Director and CEO

Hong Kong, 16 April 2010

As at the date of this announcement, the Board comprises Mr. He Xuechu, Mr. Liu Wei, William and Mr. Shi Li Xin as executive directors; and Mr. Chan Chun Wai, Tony, Mr. Fok Hon and Mr. Ma Gang as independent non-executive directors.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the “GEM Listing Rules” for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

In this announcement, unless otherwise stated, BRL has been converted to HK\$ and US\$ at the rate of BRL 1 = HK\$4.44 and BRL1 = US\$0.57 for illustration purpose only. No representation is made that any amounts in BRL or HK\$ or US\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company's website www.8137.hk.