



【 Press Release 】

Honbridge Announces: Signing of Definitive Agreement for Project Salinas and Introduction of Strategic Partners

(Hong Kong, 18 April 2010) Honbridge Holdings Limited (“Honbridge”/the “Company”) (HKEx stock code: 8137) has announced that a definitive agreement regarding an acquisition of 100% interests in Sul Americana de Metais S.A. (“SAM”) has been entered into on 5 March 2010 with Votorantim Novos Negócios Ltda (“VNN”) which is a wholly owned subsidiary of Grupo Votorantim (“GV”), an independent Brazilian third party. On 26 March 2010, the Company has entered into a Strategic Cooperation Agreement with Xinwen Mining Group Co., Ltd (“Xinwen”) and a Memorandum of Understanding (“MOU”) with Shandong Iron and Steel Group Co., Ltd (“SDIS”) (“SDIS-MOU”), respectively. Both Xinwen and SDIS are independent third parties.

I. Definitive Agreement on Acquisition of SAM-Salinas Iron Mine

On 5 March 2010, Honbridge and its subsidiaries has entered into a legally binding definitive agreement (the “definitive purchasing agreement”) with VNN and its subsidiaries that Honbridge would acquire 100% interests of SAM, an exploration company under VNN, for a consideration of USD 390 million (“Project Salinas”). The consideration will be settled by five installments upon the completion of: (1) shareholders’ approval of Honbridge, (2) receipt of resource confirmation to the agreed level and achievement of beneficiation standard and the cost of production to an agreed level, (3) receipt of relevant permits for mining operation; (4) commencement of port operation and (5) commencement of mine operation. The five installments will be USD 10 million, USD 65 million, USD 115 million, USD 100 million and USD 100 million respectively. VNN will provide any assistance needed for government licensing process in Brazil to SAM from the current state of mine to the commencement of operation. If

resource confirmation or relevant mining permits are obtained before schedule or if the FOB cost is within BRL\$44 per tonne (subject to inflation), VNN will receive rewards of not more than USD 2 million, USD 3 million and USD 10 million respectively. Honbridge will provide a loan of USD 35 million in total by five installments in one year upon the signing of the agreement to SAM for resource confirmation and beneficiation tests. If Honbridge does not complete the project, the loan will not be repaid.

SAM is a limited company incorporated in the Federative Republic of Brazil ("Brazil") holding 85 exploration rights mainly for iron ore located along the Brazilian states of Minas Gerais and Bahia covering an area of approximately 1,220 km². These mines are grouped into nine exploration areas identified as Blocks 5, 6, 7, 8, 9, 10, 11, 12 and 13. A drilling program of 98 drill holes totalling 12,616 metres have been completed in Blocks 7 and 8 situated in Minas Gerais State, covering 192 km². According to a JORC-compliant report prepared by Coffey Mining, a well-known mining consultant, the indicated and inferred resources reached 239 million tons and 2,600 million tons of ROM (run of mine), average grade approximately at 20%, respectively in Blocks 7 and 8, and prospective resources of which may be more than 6,000 million tons of ROM respectively. According to the results of aeromagnetic survey and geophysical survey, the existence of iron ore in the remaining blocks occupying 1,028 km² has been identified, however, no drillings have been conducted yet. According to the preliminary proposal from VNN, a 25Mtpa (25 million ton per annum) mining plant, product of which graded at 65% Fe or above, is planned to set up in Block 7 and Block 8. Investments in the plant for mining, beneficiation, pipeline transportation and port would be USD 420 million, USD 1,000 million, USD 830 million and USD 330 million respectively, totaling USD 2,580 million.

Established since 1918, GV is one of the largest private conglomerates in Brazil and in Latin America. It is a market leader in cement and concrete, pulp and paper, metals (zinc, aluminum, nickel and steel), orange juice, and provision of financial services in Brazil. GV had more than 60,000 employees in 2008 with net revenue of over USD 19 billion. It is also one of the few enterprises receiving investment-grade ratings in Brazil (by S&P and Fitch).

An expert team organised by Honbridge has completed a field visit to SAM-Salinas in December 2009.

Legal and financial due diligence reviews have also been completed.

II. Introduction of Strategic Partners to Honbridge

On 26 March 2010, Honbridge has entered into a Strategic Cooperation Agreement and an MOU with Xinwen and Shandong Iron and Steel Group Co., Ltd. (“SDIS”) respectively. The signing ceremony was held in Jinan of Shandong Province by Mr. Tan Cheng Yi, chairman of State-owned Assets Supervision and Administration Commission of Shandong Provincial Government, and an important speech was delivered by Mr. Cai Li Min, deputy governor of Shandong Province. Mr. Yan Zhao Wan, deputy director-general of Department of Commerce of Shandong Province, was also present.

Xinwen is a giant state-owned enterprise controlled by the provincial government of Shandong with mining and mining management experience for more than 50 years. Xinwen was ranked 12th among the Top 100 in China’s coal enterprises in 2008. SDIS is a state-owned enterprise under the provincial government of Shandong. It was formed to restructure Jinan Iron and Steel Group Co, Laiwu Steel Group Corp and Shandong Metallurgical Industry Corp and later merged with Rizhao Iron and Steel Group. With annual production capacity of more than 31 million tonnes, SDIS produced 23 million tonnes of crude steel in 2009.

III. Strategic Cooperation Agreement with Xinwen

Xinwen was appointed by Honbridge to establish a project team for Project Salinas representing Honbridge to work as a project manager before the commencement of mine operation in areas of successive exploration, beneficiation testing, techniques for mining and beneficiation, pipeline transportation, port design, improvement of design and construction. 30 million shares will be issued by Honbridge to Xinwen in three years as a consideration for the provision of services.

Xinwen intends to invest at least USD 500 million by way of subscription of shares and/or bonds of Honbridge, loan, prepayment, subcontract of projects under BOT, etc. Honbridge would also grant 300 million share options to Xinwen at an exercise price of HKD 3.15 per share, a premium of approximately 9.8% to the closing share price before Honbridge’s suspension of trading.

Furthermore, Honbridge will cooperate with Xinwen in mineral product trading, selling of Salinas iron ore, introduction of strategic investors, procurement of equipment, etc.

IV. SDIS-MOU

SDIS intends to invest in Honbridge or its project company before or after the completion of risk exploration work such as resource confirmation of Project Salinas by way of subscription of shares and/or bonds of Honbridge, loan, prepayment, subcontract of projects under BOT, etc.

Honbridge will spur SAM to provide pellet feed to SDIS at preferential prices after commencement of Project Salinas' operation.

Furthermore, Honbridge will cooperate with SDIS in mineral product trading, other project acquisitions, introduction of strategic partners, etc.

He Xuechu, the chairman of the Board of Directors of Honbridge, said, "Acquisition of SAM-Salinas iron mine is an important milestone in Honbridge's development in mining sector in which there are both chances and challenges. Introduction of strategic partners is favourable to project's development. The Board wishes that all involved parties would contribute their respective strengths and efforts to the project so as to generate economic benefits to the Company's shareholders and involved parties."

For the announcement regarding this transaction, please click on the links below:

HKEx

<http://gem.ednews.hk/listedco/listconews/gem/20100418/GLN20100418001.pdf>

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