

FUTURE PLANS

The Company aims to become the leading gold producer in the PRC. A key element of succeeding in this objective is to complete commissioning of the Jinfeng Project's estimated 180,000 oz p.a. open-pit development and subsequently increase production by the early development of the underground mine and the related plant expansion. Following the completion of the underground mine development and related plant expansion, the Company expects the Jinfeng Project to produce at a rate of an estimated 300,000 oz p.a.

In order to achieve this goal, the Company's capital expenditure plans in 2007 and 2008 will focus on the following areas:

Commence development of the underground mine

The Board approved in August 2006 the early commencement of the underground development at the Jinfeng Project. The estimated pre-production capital requirement for the underground development is US\$20 million. Underground development activities at the Jinfeng Project commenced in November 2006.

The development of the underground mine is important to the business strategy of fully optimising the value of the large mineral resource at the Jinfeng Project. Having access to ore sourced from both the open-pit and underground operations will provide increased flexibility and the ability to produce at a higher rate. The Company expects to produce first ore from the underground mine in early 2008.

Expand the capacity of the gold processing facilities

The gold processing facilities have been designed to incorporate the possibility of a 50% capacity expansion in order to accommodate the proposed acceleration of production from the open-pit and underground operations. Some of the unit processes in the current process flowsheet have adequate installed capacity to meet the higher throughput. Where increased capacity is required, allowance has been made in the current design layout for the inclusion of the additional capacity.

The Company expects to commence commissioning of the open-pit gold processing facilities in the first quarter of 2007. The capital requirements for the processing plant expansion will be further assessed once the operational norms are established.

Advance the White Mountain Project

The White Mountain Project is the Company's most advanced exploration project. The Company continues to drill out the White Mountain Project to further upgrade and expand its mineral resource estimates.

The Company anticipates the White Mountain Project will become its second operating mine in the PRC and expects to commence a full feasibility study on the project in 2007, subject to the results of the pre-feasibility study.

Continue to expand operations in the PRC

Leveraging the Group's competitive advantages, the Company intends to continue to grow its operations in the PRC both through exploration and potential future acquisitions. The Company will continue to evaluate potential growth opportunities in a measured and prudent manner to minimise the risk to its shareholders.

FUTURE PLANS AND USE OF PROCEEDS

The Company has recently entered into the Heads of Agreement with Gold Fields Australasia with a view to engaging in exploration for major gold projects bearing the following characteristics:

- possessing the potential of a minimum 5,000,000 oz of gold, or Gold Equivalent, in resources; and
- capable of producing at an approximate minimum rate of 500,000 oz p.a. of gold or Gold Equivalent.

USE OF PROCEEDS

Assuming an indicative price of HK\$55.00, the Company estimates net proceeds to the Company from the Global Offering will be approximately HK\$961 million, before exercise of the Over-allotment Option and after deducting the underwriting commissions and other estimated expenses payable by the Company in relation to the Global Offering. If the Over-allotment Option is exercised in full, the net proceeds to the Company will be approximately HK\$1,129 million. The Company intends to use the net proceeds from the Global Offering as follows:

- up to 16% or HK\$156 million of the net proceeds will be used to fund the pre-production capital cost of the underground development at the Jinfeng Project;
- up to 15% or HK\$141 million of the net proceeds will be used to fund the expansion of the gold processing facilities at the Jinfeng Project;
- up to 4% or HK\$39 million of the net proceeds will be used to fund the feasibility studies for the White Mountain Project;
- up to 58% or HK\$554 million of the net proceeds will be used for project development, acquisitions and exploration activities; and
- the balance of the net proceeds will be used for general corporate purposes, which may include re-financing of existing debt facilities and provision of working capital.

In the event that the Over-allotment Option is exercised in full, the Company currently intends to apply approximately 75% or HK\$126 million of the additional net proceeds received upon exercise of the Over-allotment Option for project development, acquisitions and exploration activities. The remaining net proceeds will be used for general corporate purposes.

In the event the Offer Price is set below the indicative price of HK\$55.00, the Company currently intends to reduce the dollar value of net proceeds allocated for project development, acquisitions and exploration activities, by the difference between the net proceeds received by the Company based on the indicative Offer Price and the actual Offer Price. In determining the Offer Price, the Directors and the Sponsor will take into consideration the demand for the Global Offering, the prevailing market price of the ASX shares on the last trading day on or before the Price Determination Date and the interest of existing Shareholders.

Pending the use of net proceeds to the Company from the Global Offering for the purposes described above, and to the extent permitted under the relevant Australian and Hong Kong law, the Company intends to deposit such net proceeds in short term interest-bearing accounts with licensed third-party institutions.

The Company will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering. All of the net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering will be for the account of the Selling Shareholders.