

Set out below is a summary of certain provisions of the constitution of the Company and the Corporations Act, the governing corporate law of the Company, in effect as of the date hereof.

GENERAL

The Company was incorporated in NSW on June 28, 2000. Prior to October 1, 2002, the Company was known as Sino Mining Limited. The Company was listed on the ASX on December 3, 2002.

The rights attaching to shares in the Issuer are detailed in the constitution of the Company, the Corporations Act, the ASX Listing Rules and general law. Set out below is a summary of some material provisions of the constitution of the Company concerning the Company's share capital. A copy of the constitution of the Company is available on request.

SHARE CAPITAL

The issued share capital of the Company as at the Latest Practicable Date is 161,338,503 Shares. The Shares have no nominal or par value (such concept does not exist under Australian law) and are recorded in the accounts of the Company at their issue price.

In addition, the Company has in issue a number of options over the Shares. Details of the number and type of these options are set out in the section headed "Share Capital" in this prospectus.

The Company does not have an authorised share capital, as such term is understood in Hong Kong, that sets the limit to the number of shares a company can issue. There is generally no limit in the Corporations Act on the power of the Directors to issue shares. However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee schemes):

- Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on the ASX from issuing shares or options representing more than 15% of its issued capital in any twelve month period without shareholder approval. Such shareholder approval requires an ordinary resolution passed by a simple majority; and
- Chapter 6 of the Corporations Act forbids the acquisition of a "relevant interest" in voting shares in the Company (whether by transfer or issue) if, as a result, the "voting power" of the acquirer (or any other person) would increase from 20% or below to more than 20%.

There is no similar statutory requirement under Australian law, as is found under Hong Kong law, providing that Shareholders have a right to be offered any Shares in the Company which are being newly issued for cash before the same can be offered to new Shareholders. Consequently, there is no requirement for shareholders in general meetings to provide a waiver to this obligation.

Subject to the ASX Listing Rules, the Company, in accordance with the Corporations Act, may by ordinary resolution:

- consolidate and divide all or any of its shares into shares of larger amount than its existing shares; and
- sub-divide all or any of its shares into shares of smaller amount.

Subject to the Corporations Act, the Company may reduce its share capital in any way.

Subject to the Corporations Act and the ASX Listing Rules, the Company may purchase its own shares on such terms and at such times as may be determined by the Directors from time to time. Subject to the Corporations Act, the Company may give financial assistance to any person for the purchase of its own shares on such terms and at such times as may be determined by the Directors from time to time.

The Directors are not required to hold any Shares in the Company.

Save as disclosed in this document:

- no Share of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
- no Share of the Company is subject to an option granted or created by the Company or is agreed conditionally or unconditionally to be put under an option granted or created by the Company;
- no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share capital of the Company;
- no founder, management or deferred shares have been issued by the Company; and
- no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

SUMMARY OF KEY AUSTRALIAN CORPORATE LAWS

The constitution of the Company, was adopted by a special resolution dated September 25, 2002. The following is a summary of some key issues arising from the Corporations Act, the ASX Listing Rules and the constitution of the Company.

Objects

The Company does not have an objects clause in its constitution because an Australian company, unlike companies incorporated under the laws of Hong Kong, is not required to have an objects clause. Pursuant to section 124 of the Corporations Act, the Company has the legal capacity and powers of an individual and all powers of a body corporate.

Voting rights

Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative of a body corporate. On a show of hands every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote and on a poll every person present who is a Shareholder or proxy, attorney or representative of a Shareholder shall in respect of each fully paid share held by him have one vote per share but in respect of partly paid shares shall have such number of votes being equivalent to the proportion paid up on those shares.

Dividends

Except as permitted by the Corporations Act, no dividend is payable otherwise than out of profits of the Company.

The Directors may determine that a dividend is payable and fix:

- the amount;
- the time of the payment; and
- the method of payment.

The Company in general meeting may determine a dividend, but may do so only if the Directors have recommended a dividend. A dividend determined by the Company in general meeting must not exceed the amount recommended by the Directors.

The Directors, when paying or declaring a dividend, may direct payment of the dividend wholly or partly by distribution of specific assets, including fully-paid shares in, or debentures of, the Company and any other corporation.

All dividends declared but unclaimed may be invested by the Directors as they think fit for the benefit of the Company until claimed. The Company incurs a debt when a dividend is declared. A Shareholder's entitlement to recover an unclaimed dividend would lapse 6 years after the date on which the dividend is declared.

Distribution of assets on a winding-up

On winding up, the liquidators of the Company may divide by sanction of special resolution among the Shareholders in kind the whole or any part of the property of the Company and may, for that purpose, set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders according to their rights and interests in the Company.

Transfer of shares

The transfer document of any shares must be in writing in any usual or common form or in any other form which the Directors may approve or in such form as is required under the ASTC Settlement Rules.

A Shareholder may not, however, dispose of any restricted securities during the escrow period pertaining to them except as permitted by ASX or the ASX Listing Rules.

Except where required or permitted by law, the Listing Rules or the ASTC Settlement Rules, there is no restriction on the transfer of shares.

Variation of rights

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may, whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class and a special resolution passed at the Company's general meeting.

The rights conferred on the holders of the shares of any class are deemed not to be varied by the creation or issue of further shares ranking equally with the first-mentioned shares unless otherwise:

- expressly provided by the terms of issue of the first-mentioned shares; or
- required by the Corporations Act.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.

Issue of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Corporations Act and the ASX Listing Rules, shares are under the control of the Directors who may issue all or any of the same to such persons at such times and on such terms and conditions and having attached to them such preferred, deferred or other special rights or such restrictions, as the Directors think fit.

Unmarketable Parcels

In certain circumstances the Company may sell unmarketable parcels of shares held by Shareholders (i.e. those that have a value of less than A\$500) (“Unmarketable Parcels”). This is consistent with, and subject to, the ASX Listing Rules and the Corporations Act.

The Constitution provides that the power of the Company to sell Unmarketable Parcels may be invoked only once in any 12 month period.

The Company cannot require a Shareholder to sell an Unmarketable Parcel. All Shareholders holding an Unmarketable Parcel will be given an opportunity to request that it retain its Unmarketable Parcel. The ASX Listing Rules also contain a number of safeguards that protect the holders of Unmarketable Parcels including:

- the Company may only seek to sell any Unmarketable Parcels once in any 12 month period;
- the Company must notify the relevant Shareholder of its intention to sell the Unmarketable Parcel;
- the Shareholder must be given at least a six week notice period from the date that the notice is sent in which to tell the Company that it wishes to retain its Unmarketable Parcel, and if the Shareholder does so inform the Company, the Unmarketable Parcel will not be sold;
- the sale of the Unmarketable Parcel must stop following the announcement of any takeover bid for the Company but may be started again after the close of offers made under the takeover bid;
- only the Unmarketable Parcels held by Shareholders who do not respond in writing to the Company during the notice period or who expressly state that they want their Unmarketable Parcel sold, may be sold by the Company; and

- the Company must pay the costs of the sale.

Remuneration of Directors

As at the Latest Practicable Date, subject to the ASX Listing Rules, the directors (other than a “Managing Director” or an executive director whether by employment or consultancy) may be paid as remuneration for their services, an aggregate maximum sum of A\$650,000 per annum unless otherwise determined from time to time by the Company in general meeting. The maximum amount of A\$650,000 was approved by a resolution of the shareholders of the Company on May 30, 2006.

Subject to the Corporations Act and to the provisions of any contract between the Company and a managing director or executive officer, the remuneration of the managing director or of an executive director may from time to time be fixed by the directors and may be by way of salary or commission or participation in profits or by all these modes but may not be by a commission on or a percentage of operating revenue. This remuneration may be in addition to any remuneration which the managing director may receive as a Director of the Company.

Indemnity

To the extent permitted by the Corporations Act, the Company may indemnify:

- every person who is or has been an officer of the Company; and
- where the Board considers it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company,

against any liability incurred by that person in his or capacity as an officer of the Company or of the related body corporate.

The Company must not indemnify a person against any of the following liabilities incurred as an officer or auditor of the Company:

- a liability owed to the Company or a related body corporate;
- a liability for a pecuniary penalty order under the Corporations Act or a compensation order under the Corporations Act; or
- a liability that is owed to someone other than the Company and did not arise out of conduct in good faith.

Pensions and gratuities for Directors

With the approval of the Company in general meeting, the Directors may;

- upon a Director ceasing to hold office; or
- at any time after a Director ceases to hold office; or

whether by retirement or otherwise, pay to:

- the former Director; or

- any of the legal personal representatives or dependants of the former Director in the case of death;

a lump sum in respect of past services of the director of an amount not exceeding the amount either permitted by the Corporations Act or the ASX Listing Rules.

Directors' interests in contracts

Subject to the Corporations Act and the ASX Listing Rules, any Director may be or become a director, officer, employee or member of any other company promoted by the Company or in which the Company may be interested as vendor, shareholder or otherwise.

Each Director must disclose that Director's interests to the Company and the Directors must ensure to record any such declaration in the minutes of the relevant meeting. The Company must advise ASX without delay of any material contract involving the Director's interests in accordance with the ASX Listing Rules.

Restrictions on Directors' voting

Except as permitted by the Corporations Act and subject to the ASX Listing Rules, a Director who has a material personal interest in a matter that is being considered at a meeting of the Directors must not vote on or in relation to the matter or be counted in the quorum or be present at the meeting when such matter is being considered.

Number of Directors

The number of directors must be such number not less than three and not more than ten as the Company may determine in general meeting. All Directors shall be natural persons. At least two Directors must be persons who ordinarily reside within Australia.

A director is not required to hold any share in the Company.

Directors' appointment and retirement by rotation

At each annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three nor a multiple of three, then the number nearest (but not exceeding) one-third, and any other director who has held office for three years or more (except the managing director), must retire from office.

The Directors to retire at any annual general meeting must be those who have been longest in office since their last election, but, as between persons who became directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election.

General meetings

In accordance with the Corporations Act, the Company must hold an annual general meeting at least once every calendar year, and within the period of 5 months after the end of the financial year, at such time and place as determined by the Directors.

A general meeting of the Company may also be convened by:

- the Directors, at any time they think fit; and
- Shareholder(s) holding at least 5% of the total votes (the Shareholder(s) must pay the expenses of calling and holding the meeting, except where the Shareholder(s) request the Directors to convene the meeting in accordance with the next paragraph).

The Directors may also convene a general meeting on the request of:

- no less than 100 Shareholders entitled to vote at the general meeting; or
- Shareholder(s) entitled to at least 5% of the total voting rights of all Shareholders.

If the Directors do not convene a general meeting within 21 days of being requisitioned to do so, the Shareholder(s) representing more than 50% of the votes of all the Shareholders who requested the meeting may convene a meeting. The meeting must then be held within three months of the request being given to the Company. The Company must repay the requisitioning Shareholders any reasonable expenses incurred by them by reason of the failure of the Directors to convene a meeting. The Company may recover the amount of expenses from the Directors.

At least 28 days notice must be given to the Shareholders of a general meeting.

Election of directors

In accordance with the Corporations Act, while the Company has a financial year ending December 31, the annual general meeting of the Company will be held in April or May of each year.

Notices of intention to propose a person for election as a director (and the candidate's consent to be elected) may be lodged with the Company at any time during the period commencing immediately after the previous annual general meeting and ending 30 calendar days prior to the annual general meeting at which the candidate seeks election.

Written notice of each annual general meeting will be given to all of the Company's shareholders (including those who are Hong Kong residents) at least 28 days prior to the annual general meeting. The notice of meeting will contain particulars of the proposed election of directors, including details of each candidate that has been nominated for election.

Disclosure of shareholding

The Corporations Act requires that a Shareholder with a voting power of 5% or more of the ordinary Shares must give a prescribed notice to the Company and ASX of the fact, and that Shareholder must continue to give a prescribed notice if there is a movement of at least 1% in their holding.

Classes of shares

A company may have only one class of ordinary Shares unless the ASX approves the terms of an additional class. The Company has only one class of ordinary Shares.

Reductions of capital

An ordinary resolution of shareholders is required for an equal reduction of capital. A reduction of capital is an equal reduction of capital if:

- it relates only to ordinary Shares; and
- it applies to each holder of ordinary Shares in proportion to the number of ordinary Shares he/she holds; and
- the terms of the reduction are the same for each holder of ordinary Shares.

Any other reduction of capital is a selective reduction. A special resolution of shareholders is required for a selective reduction of capital.

Redeemable shares

A company can only issue preference shares if the rights attached to the preference shares are set out in its constitution, or have been otherwise approved by a special resolution of shareholders. A company may only redeem redeemable preference shares on the terms on which they were issued. A company may only redeem redeemable preference shares if the shares are fully paid-up and out of profits or the proceeds of a new issue of shares made for the purpose of redemption.

Share repurchases

Share repurchases must be authorised by the Company in a general meeting or by a special resolution, subject to limited exceptions. An exception applies where the proposed repurchase would not exceed 10% of the smallest number, at any time during the previous 12 months, of voting shares in the Company.

Financial assistance

Financial assistance for the acquisition of a company's own shares is generally prohibited, except with shareholder approval or where an exception applies. The principal exception is where the assistance does not materially prejudice:

- the interests of the company or its shareholders; or
- the company's ability to pay its creditors.

Dividends

Dividends may only be paid out of profits.

Statutory derivative actions

A shareholder or an officer of the Company may bring proceedings on behalf of the Company where leave is granted by the Court. The Court must grant leave if it is satisfied that:

- it is probable that the Company will not itself bring the proceedings; and
- the applicant is acting in good faith; and

- it is in the best interests of the Company that the applicant be granted leave; and
- there is a serious question to be tried; and
- at least 14 days written notice has been given to the Company of the intention to apply for leave.

Protection of minorities

A Shareholder may apply for a court order where the conduct of the Company's affairs is, among other things, oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a shareholder or shareholders. The orders that may be sought include winding up, amendment to the Constitution, orders regulating the conduct of the Company's affairs, orders for the purchase of shares, orders that the Company institute, defend or discontinue specified proceedings, and other similar orders.

Disposal of assets

The Corporations Act contains no specific restrictions on the powers of directors to dispose of the assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care to act in good faith, for a proper purpose and in the best interests of the company.

The Company cannot give a financial benefit to a related party of the Company without Shareholder approval, unless one of the exceptions specified in Part 2E of the Corporations Act applies. A related party is a director or a person or entity related to a director.

Under ASX Listing Rule 11.1, if the Company proposes to make a significant change to the nature or scale of its activities, the Company must comply with the requirements of the ASX, which are likely to include shareholder approval, and may require the Company to re-comply with the requirements for admission to the official list of the ASX.

Under ASX Listing Rule 10.1, the Company cannot acquire a "substantial asset" from, or dispose of a "substantial asset" to, a director or an entity holding 10% or more of the Company's issued voting securities without shareholder approval. For this purpose, a "substantial asset" is an asset valued at 5% or more of the equity interests of the Company.

Accounting and auditing requirements

An Australian public company that is listed on the ASX, such as the Company, must prepare half yearly and annual financial statements which must be audited. The annual financial statements and the auditors report must also be laid before the annual general meeting of Shareholders.

Register of members

The Company must keep a register of its members. The register may be kept in hard copy, or on computer.

Inspection of books and records

On application by a Shareholder, the court may make an order:

- authorising the applicant to inspect books of the Company; or
- authorising another person to inspect books of the Company on the applicant's behalf.

Special resolutions

The Corporations Act provides that a resolution is a special resolution when it has been passed by a majority of not less than 75% of the votes cast by members entitled to vote on the resolution. Written resolutions signed by all the members entitled to vote for the time being of the Company may take effect as special resolutions.

Subsidiary owning shares in parent

The Corporations Act does not permit a company to hold shares in its parent company.

Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by:

- a majority in number of the members present and voting; and
- 75% of the votes cast on the resolution.

The transaction must also be approved by order of the court. While a dissenting shareholder would have the right to express to the court his/her view that the transaction should not be approved, the court will generally approve the transaction where it has been approved by the requisite majorities of shareholders and it complies with the Corporations Act.

Winding Up

A company may be wound up either by an order of the court or by a special resolution of its members.

Stamp duty on transfers

No Australian stamp duty is payable on transfers of shares in a listed company that is registered in NSW.

RIGHTS ATTACHING TO PREFERENCE SHARES

The Company currently has no preference shares on issue. The holders of preference shares in a company listed on the ASX have the same rights as shareholders holding ordinary shares as regards receiving notice, reports and audited accounts, and attending general meetings of the Company. A preference shareholder shall have the right to vote in each of the following, but in no other circumstances:

- during a period during which a dividend (or part of a dividend) in respect of the share is in arrears;
- on a proposal to reduce the Company's share capital;
- on a resolution to approve the terms of a buy-back agreement;
- on a proposal that affects rights attached to the share;
- on a proposal to wind up the Company;
- on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- during the winding up of the Company.

TAKEOVER REGULATION

The Company is incorporated in Australia where it has its head office and place of central management. Accordingly, although the Shares will trade on the Stock Exchange and the ASX, transactions involving Shares in the Company will not, for such time as the Company is considered not to be a "public company" in Hong Kong, be subject to the provisions of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases which regulates takeovers in Hong Kong. However, Chapter 6 of the Corporations Act contains provisions that are similar or analogous to certain provisions of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

The takeovers provisions of the Corporations Act apply to dealings in the Shares. The Corporations Act forbids the acquisition of a "relevant interest" (basically power to vote or dispose of the share) in the voting shares in a company incorporated in Australia if, as a result, the "voting power" of the acquirer (or any other person) would increase from 20% or below to more than 20%. Similarly, such an acquisition is forbidden if any person who already has more than 20%, but less than 90%, of the voting power increases their voting power in the target company. However, it is not mandatory for a person who already exceeds these thresholds to make a takeover bid for all Shares.

There are several exceptions which allow acquisitions which would otherwise be prohibited from taking place. These exceptions include acquisitions:

- under a formal takeover offer in which all Shareholders can participate;
- with the approval of the Shareholders given at a general meeting of the Company; and
- in 3% increments every six months (provided that the acquirer has had voting power of at least 19% in the target company for at least six months).

A person who has made a takeover bid where at the end of the offer period that person (and its associates) have a relevant interest in 90% of the issued shares and acquired 75% (by number) of shares held by other shareholders, may compulsorily acquire any remaining shares it does not hold at the same price offered under the bid, within one month after the end of the offer period. Even if a takeover bid has not been made, a person who otherwise lawfully acquires a relevant interest in 90% of the issued shares is able to acquire the remaining shares for fair value (confirmed by an independent expert), within six months after the person first acquires an interest in 90% of the issued shares.

There have not been any public takeover bids in respect of the Shares during the current or previous financial year.

Under the Australian Foreign Acquisition and Takeovers Act, a non-Australian foreign person or entity cannot acquire a substantial interest in 15% or more, or two or more foreign entities or persons cannot acquire an aggregate substantial interest in 40% or more, of the Company's issued shares, without first obtaining approval from the Foreign Investment Review Board.

TAXATION

Any discussion of taxation and related matters contained in this prospectus does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Shares and, in particular, does not address tax considerations for shareholders in their jurisdictions of residence. Investors should consult their own legal and tax advisers with respect to the tax consequences of an investment in the Shares in their particular circumstances.

Australian Dividend Withholding Tax

Shareholders may be subject to Australian dividend withholding tax on dividends paid in relation to their Shares. The general rate of dividend withholding tax is 30% of the gross dividend. However, where the shareholder is resident in a country that has a double tax agreement with Australia, the double tax agreement may cap the rate of dividend withholding tax to a rate not exceeding 15% of the gross dividend. As withholding tax is a final tax, no other Australian tax is generally payable on the dividend. Dividends paid to a non-resident of Australia will however not be subject to Australian dividend withholding tax to the extent that the dividends have been fully franked. The concept of franking reflects that the underlying profits from which the dividends have been sourced have been subject to Australian corporate income tax.

Australian Capital Gains Tax

Most shareholders that are non-resident of Australia who hold their Shares on capital account will not be subject to Australian capital gains tax ("CGT") on disposal of their Shares (or another CGT event occurring in relation to their Shares). Shares will only be subject to Australian CGT if the non-resident shareholder has an "indirect Australian real property interest" at the time of the disposal (or other capital gains tax event). An "indirect Australian real property interest" generally exists where a non-resident of Australia (together with associates) holds a 10% or more interest in a company and more than 50% of the value of the company's assets is attributable to "taxable Australian property" (real property situated in Australia and mining, quarrying or prospecting rights in Australia). As at the Latest Practicable Date, the Group does not hold any "taxable Australian property". Shareholders who hold their shares on revenue account or as trading stock should seek their own independent taxation advice as to the taxation implications of disposal of their Shares.

GENERAL

Deacons, the Company's legal counsel on Australian law, has sent to the Company a letter of advice summarising certain aspects of Australian company law. This letter is available for inspection as referred to in "Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection" of this prospectus. Any person wishing to have a detailed summary of Australian company law or advice on the differences between it and the laws of any other jurisdiction is recommended to seek independent legal advice.