

STEPHEN LONERGAN
Unit 1
61 Kangaroo Street
MANLY NSW 2095

Remove this top section if desired before framing



Certificate of Registration of a Company

This is to certify that

SORBY MANAGEMENT PTY LTD

Australian Company Number 145 292 486

is a registered company under the Corporations Act 2001 and
is taken to be registered in Queensland.

The company is **limited by shares**.

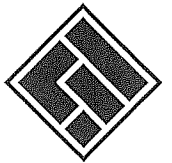
The company is a **proprietary** company.

The day of commencement of registration is
the **nineteenth day of July 2010**.

Issued by the
Australian Securities and Investments Commission
on this nineteenth day of July, 2010.

A handwritten signature in black ink, appearing to read 'A. D'Aloisio'.

Anthony Michael D'Aloisio
Chairman



CERTIFICATE

Certificate of Registration of a Company

This is to certify that

YUGUANG (AUSTRALIA) PTY LTD

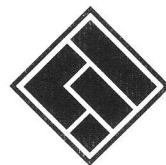
Australian Company Number 145 562 545

is a registered company under the Corporations Act 2001 and
is taken to be registered in Victoria.

The company **is limited by shares.**

The company is a **proprietary** company.

The day of commencement of registration is
the third day of August 2010.



CERTIFICATE

Issued by the
Australian Securities and Investments Commission
on this third day of August, 2010.

Anthony Michael D'Aloisio
Chairman

Sorby Hills Joint Venture Agreement

Kimberley Metals Ltd (Kimberley)

Yuguang (Australia) Pty Limited (HYL)

Sorby Management Pty Ltd (SMP)

Table of Contents

1.	DEFINITIONS AND INTERPRETATION	5
1.1	Definitions	5
1.2	Interpretation.....	8
2.	CONDITIONS PRECEDENT	9
2.1	Condition.....	9
2.2	Termination.....	9
3.	JOINT VENTURE	9
3.1	Association.....	9
3.2	Warranties.....	9
3.3	Participating Interests	10
3.4	Perfection of Transfer of Interest.....	10
3.5	Bonds.....	10
4.	CONTRIBUTIONS.....	10
4.1	Contributions.....	10
5.	MANAGER	11
5.1	Appointment.....	11
5.2	Duties.....	11
5.3	Reporting	12
5.4	Manager's Costs	12
5.5	Indemnity	12
6.	MANAGEMENT COMMITTEE	12
6.1	Formation of Management Committee.....	12
6.2	Appointment of members of Management Committee	13
6.3	Powers of Management Committee	13
6.4	Voting.....	14
6.5	Unanimous voting	14
6.6	Notice of meetings	14
6.7	Quorum.....	15
6.8	Frequency and Place of meetings.....	15
6.9	Chairman of Management Committee	15
6.10	Resolution in writing	15
6.11	Telephone link-up	15
7.	JOINT VENTURE ASSETS.....	15
7.1	Undivided shares	15
7.2	Manager has Possession.....	16
7.3	No partition.....	16
7.4	Several liability	16
7.5	Expenditure to maintain Mining Tenements.....	16
8.	RIGHT TO TAKE IN KIND.....	16
9.	ASSIGNMENT OF PARTICIPATNG INTEREST.....	17
9.1	Prohibition.....	17
9.2	Assignment to Third Party.....	17
9.3	Assumption of Liabilities.....	17
10.	CASH CALLS.....	18

	10.1	Cash Calls.....	18
	10.2	Unpaid Called Sums	18
11.		DEFAULT	18
	11.1	Default	18
	11.2	Consequences of Default.....	19
	11.3	Dilution.....	19
	11.4	Capital Control Restrictions.....	20
12.		BANKABLE FEASIBILITY STUDY, DEVELOPMENT DECISION AND FUNDING	20
	12.1	Decision to undertake a Feasibility Study	20
	12.2	Contents.....	21
	12.3	Delivery to committee.....	21
	12.4	Standard	22
	12.5	Approval by Management Committee	22
	12.6	Financing	22
	12.7	Decision to proceed	22
	12.8	Development Agreement	22
	12.9	Compulsory Purchase.....	23
	12.10	Fair market value	23
	12.11	Assistance with financing	23
13.		NOTICES.....	23
	13.1	Manner of giving	23
	13.2	Manner of delivery	23
	13.3	When delivered	24
14.		OTHER	24
	14.1	No partnership or agency.....	24
	14.2	Good faith	25
	14.3	Access	25
	14.4	Indemnity	25
	14.5	Duration and Termination.....	25
	14.6	Confidentiality	25
	14.7	Withdrawal	26
	14.8	Amendment.....	26
	14.9	Assignment	26
	14.10	No waiver	26
	14.11	No merger	27
	14.12	Further assurances	27
	14.13	Costs and expenses	27
	14.14	Governing law and jurisdiction	27
	14.15	Counterparts	27
	14.16	Announcements	27
	14.17	Language.....	28
	14.18	GST	28
15.		ANCILLARY TENEMENTS	28

Details

Date 30th August 2010

Parties

Date

Parties

1. **Kimberley Metals Limited** ABN 38 129 954 365 of Level 3, 2 Elizabeth Plaza, North Sydney 2060 (**Kimberley**)
 2. **Yuguang (Australia) Pty Limited** ACN 145 562 545 of Suite 525, 1 Queen Road, Melbourne 3004 (**HYL**)
- Sorby Management Pty Ltd** ACN 145 292 486 of Level 3, 2 Elizabeth Plaza, North Sydney 2060 (**SMP**)

Recitals

- A. On 16 April 2010, Kimberley and Yuguang Gold & Lead Co., Ltd. (the ultimate holding company of HYL) entered into a Memorandum of Cooperation (**MOC**) setting out their intention:
- (i) for HYL to subscribe for, and Kimberley to issue, ordinary shares in Kimberley at a price of AUD 0.25 per share, amounting to a total consideration of AUD 5 million, so that immediately after such subscription HYL will hold 15% of all the issued shares of Kimberley; and
 - (ii) to simultaneously enter into a Joint Venture Agreement under the terms of which HYL will acquire a 25% Joint Venture Participating Interest in Kimberley's Sorby Hills lead/silver/zinc project located on Mining Leases 80/196, 80/197, 80/285, 80/286 and 80/287 and Exploration License E80/1187 for a capital contribution of AUD 5 million in cash.
- B. Kimberley, SMP and HYL wish to execute this agreement to implement the establishment of the Joint Venture and acquisition of the Participating Interest referred to in (ii) above.



IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this agreement:

Ancillary Tenements means Exploration Licence E80/1187 and Mining Leases 80/285, 80/286 and 80/287 and any other tenement that may be granted on a consolidation, substitution, replacement or renewal of any of them.

Approved Program and Budget, or separately **Approved Program** or **Approved Budget** as the case may be, means a program and budget relating to Joint Venture activities for a particular period which has been approved by the Management Committee.

Bankable Feasibility Study means a study of the technical, commercial and economic feasibility of development, mining, treatment, rehabilitation and mine closure in the mining area and producing products, which includes exploration, geological, engineering, environmental and other relevant data and capital and operating cost estimates and (if appropriate) marketing studies in sufficient detail to enable options for optimum development, mining, treatment, rehabilitation and mine closure to be identified in reasonable detail, which study concludes that the activities the subject of the study are economically feasible being a study of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of the mining activities contemplated in the study and is capable of supporting a decision to proceed with Development Operations.

Business Day means a day on which banks are open for general banking business in Perth, Australia.

Chinese Capital Control Restrictions means any embargo, exclusion or other prohibition by Chinese government instrumentalities in accordance with the relevant laws, rules and regulations uniformly applied in China including but not limited to the National Development and Reform Commission, the Ministry of Commerce, the State Administration of Foreign Exchange, the State-owned Assets Supervision and Administration Commission or their respective local branches, which prevents Chinese corporations generally, including but not limited to HYL, from remitting payment from China to Australia for the purpose of resources exploration.

Completion has the meaning given in the Share Subscription Agreement.

Completion Date means the date on which Completion actually occurs.

Condition Precedent means the condition set out in clause 2.1.

Corporations Act means the Corporations Act 2001 (Cth).

Defaulting Participant has the meaning given in clause 11.1 of this agreement.

Development Operations means the construction, supply, completion and commissioning of a commercial mining and/or treatment operation for extraction and processing of products (including by way of retreatment of tailings) or the expansion or variation of an existing mining and/or treatment operation including the construction, expansion, modification or supply of mining plant and a treatment plant, an ore pad and associated crushing systems, conveyors, stockpiles, loading



systems, utilities, vehicles, offices, workshops, and all other facilities, systems, plant, equipment and personnel required for the safe and efficient development, operation and rehabilitation of the mine in accordance with agreed mine plans and, in relation to a Project Plan, means such activities as are consistent with that Project Plan.

Earn-in Amount means AUD 5 million to be contributed by HYL to Expenditure in accordance with clause 4.1.

Encumbrance means any bill of sale (as defined in any statute), mortgage, charge, lien, pledge, hypothecation, title retention arrangement, trust or power, as or in effect as security for the payment of monetary obligation or the observance of any other obligation, or other security or preferential interest or arrangement of any kind with any creditor to have the claims of that creditor satisfied in priority to any other creditor.

Expenditure means expenditure incurred by the Manager from the date of this agreement on a program of exploration, development and/or mining activities in relation to the Tenements that has been approved by the Management Committee or otherwise approved by the parties and includes other expenditure which the Manager may incur on behalf of the Joint Venture under the terms of the Joint Venture.

Fair Market Value means the fair market value for a Participating Interest as at the date a Purchase Notice is issued under clause 125 (or of a Default Purchase Notice issued under clause 11.2 as the case may be) less the amount of all liability of the Non Proceeding Participant (or the non-defaulting participant as the case may be) to meet existing rehabilitation obligations and mine closure obligations as at the date of the Purchase Notice.

Forfeiture Notices means Notices of Intended Forfeiture issued pursuant to Regulation 50 of the Mining Regulations 1981 and dated 21 July 2010, in respect of each of the Ancillary Tenements.

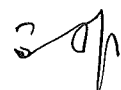
Forfeiture Proceedings means proceedings to forfeit the Ancillary Tenements under sections 96A and/or 97 of the Mining Act commenced by the issue of the Forfeiture Notices.

GST Act means A New Tax System (Goods and Services) Act 1999 (Cth).

Independent Expert has the meaning given in clause 12.10(b).

Insolvency Default Event means the happening of any of the following events in relation to a body corporate:

- (a) it is or it states that it is insolvent or it has failed to comply with a statutory demand as provided in section 459F(1) of the Corporations Act 2001 (Cth);
- (b) a meeting is convened to place it into voluntary liquidation or to appoint an administrator;
- (c) it, or any other person, makes an application to a court for its winding up, being an application that is not stayed, withdrawn or dismissed within 14 days;
- (d) an order is made for it to be wound up or otherwise dissolved;
- (e) the appointment of a controller (as defined in section 9 of the Corporations Act) of any of its assets;



- (f) it proposes to enter into or enters into any form of arrangement (formal or informal) with its creditors or any of them, including a deed of company arrangement;
- (g) it becomes an insolvent under administration, as defined in section 9 of the Corporations Act; or
- (h) anything similar or analogous to any of the above where the body corporate is regulated by laws outside the jurisdiction of the Corporations Act.

Interest Rate means the Westpac 90 day bank bill rate quoted at 11.00am EST on the due date for payment of the cash call plus 2%.

Joint Venture means the unincorporated joint venture between HYL and Kimberley with respect to the exploration and development of the Sorby Hills Project in accordance with the terms of this agreement.

Joint Venture Account has the meaning given in clause 4.1(b).

Joint Venture Assets means immediately prior to Completion all of Kimberley's rights, title, interest, claims, benefits and all other property of whatever kind, real or personal in respect of the Sorby Hills Project, including the Tenements, all of Kimberley's fixtures and fittings situated on the Tenements and all of Kimberley's plant and equipment and all consumables and stock exclusively used in respect of the Sorby Hills Project and after Completion means all such property obtained, produced or acquired by the Joint Venture from time to time.

Management Committee means a committee formed in accordance with clause 6.

Manager means the manager of the Joint Venture having the duties and responsibilities set out in clause 5.

Mining Act means the Mining Act 1978 (WA).

Non-proceeding Participant has the meaning set out in clause 12.5(b).

Participants means Kimberley and HYL in their capacity as holders of a Participating Interest.

Participating Interest means in relation to a Participant that Participant's undivided right, title and interest at the relevant point in time in the rights, liabilities and obligations of a Participant determined under this Agreement and expressed as a percentage of the aggregate of all of the Participants' Participating Interests at that time and includes the following:

- (a) the obligation, subject to the terms of this Agreement, to contribute that percentage of Approved Budget;
- (b) the ownership of the right to receive in kind and to dispose of for its own account that percentage of product;
- (c) the beneficial ownership as a tenant in common of an undivided share in that percentage of Joint Venture Assets; and
- (d) subject to the terms of this Agreement, all other rights (including the right to vote on all voting matters), liabilities and obligations accruing to or incurred by the Participants in or arising out of this Agreement in that percentage.

Permitted Encumbrance means any Encumbrance granted over a Participant's Participating Interest pursuant to a security document in favour of a bank or another



financial institution for the sole purpose of permitting that Participant to raise finance for its proportionate share of the cost of development and/or carrying out of mining operations on the Tenements, **provided, however**, the other Participant has been given prior written notice of the terms of the Encumbrance before it was granted.

Program and Budget means a work program and budget for a given year, or other relevant period, in relation to the conduct of Joint Venture operations undertaken in accordance with this agreement.

Project Plan means the plan for development of the Sorby Hills Project and being of the same nature and scale as the project described in the Bankable Feasibility Study.

Principal Tenements means Mining Leases 80/196 and 80/197 and any other tenement that may be granted on a consolidation, substitution, replacement or renewal of any of them.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Share Subscription Agreement means the agreement entered into contemporaneously with this agreement between Kimberley and HYL for the subscription for, and issue of, fully paid ordinary shares in the capital of Kimberley.

Share means a fully paid ordinary share in the capital of Kimberley.


Sorby Hills Project means the lead, zinc and silver minerals exploration and development project in the Kimberley Region Western Australia encompassing the Tenements.

Tenements means the Principal Tenements and the Ancillary Tenements.

1.2 Interpretation

In this agreement, unless something else is clearly intended:

- (a) the singular includes the plural and conversely;
- (b) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (c) a reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them;
- (d) a reference to a clause or schedule is a reference to a clause of, or a schedule to, this agreement;
- (e) a reference to an agreement or document (including this agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this agreement or that other agreement or document;
- (f) a reference to a party to this agreement or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives);
- (g) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;



- (h) a reference to conduct includes, a statement or undertaking, whether or not in writing;
- (i) a reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing;
- (j) a reference to dollars, AUD and \$ is to Australian currency;
- (k) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and severally;
- (l) the meaning of general words is not limited by specific examples introduced by including, or for example, or similar expressions;
- (m) references to agree, approve or consent are references to agreement, approval or consent (as the case may be) in writing; and
- (n) nothing in this agreement is to be interpreted against a party solely on the ground that the party put forward this agreement or any part of it.

2. CONDITIONS PRECEDENT

2.1 Condition

This agreement, other than this clause 2, is subject to Completion under the Share Subscription Agreement.

2.2 Termination

In the event that the Share Subscription Agreement terminates prior to Completion under that agreement this agreement will terminate at the same time and cease to be of any further effect except in relation to any rights or liabilities that have accrued prior to termination.

3. JOINT VENTURE

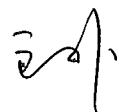
3.1 Association

- (a) From the Completion Date Kimberley and HYL will associate themselves in an unincorporated joint venture for the purpose of jointly exploring for and if warranted developing and mining minerals from the Tenements.
- (b) Pursuant to the Joint Venture each Participant will hold a direct interest in its Participating Interest share of Joint Venture Assets and will have the right to a share of all minerals mined and produced by Joint Venture operations equal to its Participating Interest at that time.

3.2 Warranties

Kimberley warrants to HYL as at the date of this agreement and as at the Completion Date, that:

- (a) subject to the Forfeiture Proceedings, it is the registered holder of a 100% legal and beneficial interest in the Tenements subject to the instruments registered under the Mining Act in relation thereto and the rights of third parties referred to in those instruments;
- (b) except for the Forfeiture Proceedings it is not aware of any proceedings, litigation or claims concerning the whole or any part of the land area



covering the Tenements, or which might jeopardise or impact upon this agreement pending or threatened in any Court or administrative tribunal;

- (c) it has an unfettered right to assign to HYL a 25% Participating Interest, subject to the terms of this agreement;
- (d) it is not in breach of or in default under the terms attaching to the grant of the Principal Tenements, or alternatively any such breach or default has been waived by the Department administering the Mining Act;
- (e) to the best of its knowledge and belief, all work commitments in relation to the Principal Tenements have been met or, if any such work commitments have not been met they have been waived by the Department administering the Mining Act; and
- (f) it has the legal capacity and is authorized by its constituent documents and any relevant legislation to enter into and perform its obligations under this agreement.

3.3 Participating Interests

Subject to compliance by HYL with clause 4.1(b) below on and from the Completion Date the Participating Interests of the parties will be Kimberley 75% and HYL 25%.

3.4 Perfection of Transfer of Interest

The parties acknowledge that transfer of legal title in some Joint Venture Assets including the Tenements will require lodgement and registration of transfer documents with relevant statutory authorities. On the date HYL becomes entitled to a 25% Participating Interest Kimberley will discharge its obligation to transfer a legal interest in these assets by delivering such transfer documents to HYL which subject to due stamping will enable it, or the Manager on HYL's behalf, to register an interest in those Joint Venture Assets in HYL's name.

3.5 Bonds

If and when any security bonds in relation to the Tenements are required to be deposited with any government agency, each Participant will provide those bonds in proportion to its Participating Interest at that time.

4. CONTRIBUTIONS

4.1 Contributions

- (a) The first AUD5 million in Expenditure (**Earn-in Amount**) (including Expenditure incurred from the date of this agreement prior to the Completion Date) will be borne by HYL to earn its initial 25% Participating Interest. The parties agree that these funds will be used to undertake a Bankable Feasibility Study on the Tenements and to keep the Tenements in good standing.
- (b) HYL will pay the Earn-in Amount by depositing this amount on the Completion Date into a bank account in the name of the Joint Venture nominated by the Manager (**Joint Venture Account**).
- (c) The Manager must hold the Earn-in Amount on behalf of HYL and only draw these funds to meet Expenditure incurred in accordance with this agreement.



- (d) After the Manager has exhausted the Earn-in Amount all liabilities, costs and Expenditure incurred in relation to the Joint Venture are to be borne by the parties in proportion to their respective Participating Interests as at the date they are incurred, and are to be paid for by contributions by way of cash calls from the Manager.

5. MANAGER

5.1 Appointment

- (a) SMP will be the Manager of the Joint Venture and, subject to the overriding control and direction of the Management Committee, will manage and control Joint Venture operations on behalf of the parties.
- (b) The Manager will carry out the Joint Venture operations by itself or through its employees, agents or contractors, on behalf of the parties, in accordance with this agreement, and subject to the directions of the Management Committee.
- (c) The Manager will be entitled to appoint a project manager who will have day to day responsibility for the conduct of Joint Venture operations and who will attend Management Committee meetings on behalf of the Manager.

5.2 Duties

The rights and obligations of the Manager will be governed by this agreement, and for the avoidance of doubt, will include but will not be limited to the following:

- (a) preparing and submitting to the Management Committee Programs and Budgets, and all estimates and reports as are required by this agreement;
- (b) exploring for lead, zinc and silver within the Tenements and acquiring materials, supplies, plant, buildings, machinery, equipment and services;
- (c) obtaining, evaluating and, with the approval of the Management Committee, accepting quotes and tenders, and entering into and administering all contracts required for the performance of works and services necessary to conduct Joint Venture operations;
- (d) paying on behalf of the Participants out of funds provided by the Participants all costs and expenses incurred by the Manager in the conduct of Joint Venture operations and for such purpose opening, maintaining and operating bank accounts including, without limitation, the Joint Venture Account, on behalf of the Participants for the purposes of the Joint Venture;
- (e) complying with all statutory obligations in relation to the Joint Venture and Joint Venture Assets;
- (f) acting as the Participants' agent and representative for the purposes of the management, administration and enforcement of all agreements entered into between the Participants (or the Manager on their behalf) and third parties;
- (g) effecting and maintain all insurances appropriate in relation to Joint Venture Assets and the Manager's employees and agents engaged in Joint Venture operations, or required by law or regulations and any additional insurances which the Management Committee require be effected;
- (h) engaging, dismissing, supervising and controlling consultants, experts, advisers, superintendents, engineers, design, legal, accounting and other



professional and advisory services, Chinese translators and interpreters, and independent contractors, employees and other labour, and determining the terms and conditions of such engagement and generally having conduct of industrial relations;

- (i) ensuring that all required project approvals are applied for, obtained and maintained;
- (j) keeping the Joint Venture Assets free and clear of all Encumbrances, except for Permitted Encumbrances and those existing at the time of, or created concurrent with, the acquisition of such Joint Venture Assets, or liens arising in the ordinary course of business which must be released or discharged in a diligent manner, or encumbrances specifically approved by the Management Committee;
- (k) subject to an Approved Program and Budget, negotiating and entering into of agreements, whether they be with governmental or private parties, necessary or appropriate for or in connection with the construction and operation of the facilities located on the Tenements;
- (l) duly preparing and lodging all statutory reports relating to the Tenements;
- (m) keeping true and correct books, accounts and records of the Joint Venture's operations; and
- (n) furnishing a monthly summary of its operations.

5.3 Reporting

The Manager will provide monthly reports to the parties within 7 days of the end of the month on Joint Venture operations and Expenditures.

5.4 Manager's Costs

The Manager will be entitled to charge the Joint Venture for its costs in administering the Joint Venture and performing its duties as Manager, on a cost basis. Each Participant will have the right to audit such costs on reasonable notice and at its expense. The Manager's costs will be included in cash calls.

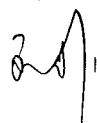
5.5 Indemnity

Except where arising from the wilful misconduct or gross negligence of the Manager, the parties will indemnify the Manager for all costs, expenses and liabilities incurred in its capacity as manager in proportion to their respective Participating Interests.

6. MANAGEMENT COMMITTEE

6.1 Formation of Management Committee

From Completion a Management Committee will be formed initially comprising 2 representatives appointed by Kimberley and one representative appointed by HYL and otherwise in accordance with clause 6.2.



6.2 Appointment of members of Management Committee

A Participant may appoint the number of representatives corresponding to its Participating Interest as set out below:

Participating Interest	Representatives
Less than 30%	1
30% to 80%	2
Greater than 80%	3

However for so long as Kimberley and HYL are the only participants in the Joint Venture the holder of a majority Participating Interest may have 2 representatives and the holder of a minority Participating Interest may have 1 representative.

Kimberley and HYL may respectively appoint an alternate to act in place of each of their respective representatives and may replace each of their respective representatives and alternates from time to time.

6.3 Powers of Management Committee

- (a) The business and affairs of the Joint Venture are to be under the control and direction of the Management Committee. The Management Committee is to decide all matters in relation to the business and affairs of the Joint Venture including, but not limited to:
- (i) adoption of annual Programs and Budgets;
 - (ii) contracts or arrangements between the Manager and a Related Body Corporate;
 - (iii) receiving and consideration of the Bankable Feasibility Study Report from the Manager;
 - (iv) decisions to undertake and to approve the Bankable Feasibility Study;
 - (v) a decision to commence Development Operations following completion of a Bankable Feasibility Study;
 - (vi) approval of any expenditure which exceeds greater than 10% of expenditure of any approved Program and Budget;
 - (vii) creation of any Encumbrances other than a Permitted Encumbrance over the whole or part of a Participating Interest;
 - (viii) the adoption of an accounting procedures manual for the Joint Venture;
 - (ix) the appointment of auditors for the Joint Venture;
 - (x) the delegation of matters to any sub-committee and the Manager;
 - (xi) the giving of directions to, and the setting of spending limits and other control mechanisms for any sub-committees and the Manager;

30/1



- (xii) the establishment of policies from time to time covering the Joint Venture operations.
- (b) All decisions of the Management Committee bind the parties and the Manager.
- (c) The Management Committee shall also appoint a secretary. The secretary must be a mutually appointed nominee of the parties and must keep all minutes, prepare agendas for meetings and coordinate all communications among members of the Management Committee.
- (d) The secretary shall provide each Participant with a copy of minutes recording all decisions within 15 Business Days of the meeting of the Management Committee.

6.4 Voting

- (a) Only one of the representatives appointed by a Participant may vote at a meeting of the Management Committee. The representative is entitled to a number of votes equal to his or her appointer's Participating Interest.
- (b) Except as provided in clause 6.5 all decisions are to be taken by a simple majority of votes.

6.5 Unanimous voting

The following matters will require approval of all Participants entitled to vote:

- (a) adoption of annual Programs and Budgets;
- (b) any decision relating to contracts or arrangements between the Manager and its Related Body Corporate;
- (c) subject to clause 12.1 decisions to undertake and to approve the Bankable Feasibility Study;
- (d) subject to clause 12.5(b) decisions to commence Development Operations following completion of a Bankable Feasibility Study;
- (e) approval of any expenditure which exceeds greater than 10% of expenditure of any Approved Program and Budget;
- (f) any change to the portfolio of Tenements comprising Joint Venture Assets; and
- (g) creation of any Encumbrances other than a Permitted Encumbrance over the whole or part of a Participating Interest.

6.6 Notice of meetings

A notice of meeting of the Management Committee:

- (a) is to be given to each representative at least 14 days prior to the meeting;
- (b) may be given at any time by a Participant, and
- (c) is to describe the business to be conducted at the meeting.

Business not described in the notice may not be dealt with at the meeting unless the Management Committee unanimously decides otherwise or where one party gives prior notice to the other party of at least 5 Business Days in advance of the meeting

3

to include additional matters to be considered in that meeting. If a notice does not describe any item of business, that does not invalidate a meeting or any decisions in regard to that item unanimously taken at the meeting.

6.7 Quorum

The quorum for a meeting of the Management Committee is one representative appointed by Kimberley and one by HYL. Where the quorum is not present within 30 minutes of the time appointed for the meeting, the meeting shall be adjourned to the same place, date and time the following week. If a quorum is not present at that reconvened meeting, then the representatives present at the reconvened meeting shall be deemed to constitute a quorum for the purposes of the business before that meeting.

6.8 Frequency and Place of meetings

- (a) The Management Committee will meet once every three months.
- (b) The location of the Management Committee meetings will alternate between Sydney Australia at the premises of Kimberley, Henan province China at the premises of HYL and Kununurra Western Australia at the premises of the Manager or any other location mutually agreed by the parties.
- (c) The Joint Venture will bear the costs associated with the attendance of each Participant's representative and the project manager, at meetings of the Management Committee.

6.9 Chairman of Management Committee

- (a) The Manager's representative on the Committee will be the chairman at the Committee.
- (b) The chairman does not, in the case of an equality of votes, have a second or casting vote.

6.10 Resolution in writing

A resolution in writing signed by at least one representative of Kimberley and one representative of HYL will be as valid and effectual as if it had been passed at a duly convened meeting of the Management Committee. A written resolution may consist of one or several documents in like terms.

6.11 Telephone link-up

Meetings of the Management Committee may, in addition to taking place where the representatives are physically present together, take place by telephone link-up or by other audio or audio-visual telecommunication link-up.

7. JOINT VENTURE ASSETS

7.1 Undivided shares

- (a) Except as otherwise provided above, no person other than the Participants under this agreement is entitled to register any interests in respect of the Tenements.
- (b) The parties will own the Joint Venture Assets as tenants in common in their respective Participating Interests from time to time. If the ownership of any Joint Venture Asset is registered or recorded in the name of:



- (i) one Participant only, then that Participant holds the asset on trust for itself and the other Participant in their respective Participating Interests; or
- (ii) the Manager, then it holds the asset on trust for the parties in their respective Participating Interests.

7.2 Manager has Possession

The Manager will have exclusive possession of the Joint Venture Assets for the purpose of conducting Joint Venture operations.

7.3 No partition

Each Participant waives any right it may have to a partition or division of the Joint Venture Assets and it will not seek a partition or division of the Joint Venture Assets, whether by way of physical partition, judicial sale or otherwise.

7.4 Several liability

The rights, obligations and liabilities of each Participant under this agreement and in respect of the Joint Venture are several in their respective Participating Interests and not joint nor joint and several.

7.5 Expenditure to maintain Mining Tenements

Notwithstanding anything else contained in this agreement, the Management Committee is to be taken to have authorised the Manager to incur Expenditures sufficient to enable:

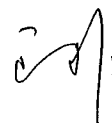
- (a) compliance with the minimum expenditure and other statutory requirements applying to the Tenements from time to time so as to keep them in good standing; and
- (b) compliance with any obligations already imposed on the parties or attaching to Joint Venture Assets, whether of a financial nature or otherwise, which were incurred pursuant to a prior decision of the Management Committee or pursuant to any previously Approved Program; and
- (c) protection of life and property in an emergency situation.

8. RIGHT TO TAKE IN KIND

- (a) Each Participant will own and have the right and obligation separately to take in kind a share equal to its Participating Interest of minerals derived from the Tenements. Subject to clauses 8(b) and 8(c), each Participant may arrange the sale or other disposition of and the receipt of proceeds from that share.
- (b) Kimberley will make available to HYL from Kimberley's share of minerals pursuant to clause 8(a) a proportion of minerals equal to the proportion of Shares held by HYL in all Shares at the time the minerals are extracted by the Joint Venture. This share of minerals will be made available by Kimberley to HYL on market terms.

Worked Example of effects of clauses 6(a) and 6(b)

By way of example only, if at the time the minerals are extracted, HYL holds a Participating Interest of 25% and holds 33% of all issued Shares in Kimberley it will be entitled to receive 50% of the minerals derived from the



Tenements being the sum of its 25% Participating Interest entitlement and, on market terms, 33% of Kimberley's 75% Participating Interest entitlement.

- (c) The parties will enter into good faith discussions to agree marketing arrangements for the offtake and disposal of all minerals after a Project Plan has been developed but prior to the entry into of financing arrangements.
- (d) Kimberley's obligation to supply minerals to HYL under clause 8(b) is subject to approval by the shareholders of Kimberley if required under the Listing Rules of the Australian Securities Exchange at the time of supply.

9. ASSIGNMENT OF PARTICIPATING INTEREST

9.1 Prohibition

- (a) Subject to clauses 9.1(b) and 9.2, a Participant may not, without the prior consent of the other Participant, assign, sell or otherwise dispose of, the whole or any part of its Participating Interest.
- (b) A Participant (**Assignor**) which is not a Defaulting Participant may at any time without obtaining the prior consent of the other Participant (**Continuing Participant**) assign the whole (but not part) of its Participating Interest to a Related Body Corporate (**Assignee**). The Assignor must, within 14 days following the date of the assignment, notify the Continuing Participant of the identity of the Assignee and its relationship to the Assignor. The Assignor continues to be bound by this agreement and is not released from any of its obligations or discharged from any of its liabilities under this agreement unless the Continuing Participant agrees.

9.2 Assignment to Third Party

A Participant may sell the whole or a part of its Participating Interest on the following terms:

- (a) If a Participant (the **Assignor**) receives a bona fide offer (the **Offer**) to purchase the whole or a part of its Participating Interest which it desires to accept, the Assignor must first give notice (**Sale Notice**) to the other Participant (the **Continuing Participant**) of the name of the offeror (the **Assignee**) and of the consideration for and the other terms and conditions of the Offer and the following provisions shall apply:
 - (i) the Sale Notice will constitute an offer by the Assignor to the Continuing Participant to sell its Participating Interest on the terms of the Offer which the Continuing Participant may accept by notice to the Assignor given within 30 days after receipt of a Sale Notice;
 - (ii) if the Continuing Participant does not accept the Offer within the 30 day period the Assignor will be free to sell the Participating Interest to the Assignee on the terms of the Offer within three months of the date of the Sale Notice.

9.3 Assumption of Liabilities

Any sale or assignment by a Participant of the whole or a proportion of its Participating Interest pursuant to this clause 9 will only be effective if and when:

- (a) the Assignee (if not already a party to the agreement) agrees in writing with the Continuing Participant(s) to assume, observe perform and satisfy all or



the relevant proportion of the liabilities and obligations of the Assignor arising under the agreement and;

- (b) the Assignee pays or makes adequate and acceptable provision for payment of, any moneys owing by the Assignor to the Manager or to the Continuing Participant(s) under this agreement; and
- (c) provided the Assignee has the technical and financial resources required to fulfil its obligations as a Participant. In the event that a Continuing Participant objects to an Assignee on the basis that it does not meet these requirements either Participant may refer the matter to an independent expert appointed by the Australian Institute of Mining & Metallurgy whose decision must be made within 30 days of referral and whose decision will be binding on all parties. The costs of such expert will be borne by the party requesting the review.

10. CASH CALLS

10.1 Cash Calls

Subject to clause 4 of this agreement:

- (a) the Manager will issue cash calls monthly for payment of Expenditures to be incurred by the Manager in the calendar month two months ahead in accordance with the approved Program and Budget.
- (b) The parties must pay cash calls within 60 days of receipt of the call.

10.2 Unpaid Called Sums

Each cash call unpaid by its due date constitutes a debt:

- (a) due and payable by the Defaulting Participant to the Manager, or the other Participant if that Participant has paid the unpaid cash call on behalf of the Defaulting Participant; and
- (b) on which interest is payable by the Defaulting Participant at the 90 day bank bill rate quoted by Westpac Bank on the due date, plus 3% from the due date to and including the date of actual payment.

11. DEFAULT

11.1 Default

A Participant becomes a Defaulting Participant if it:

- (a) subject to clause 11.4, fails to pay a cash call by the due date (**Cash Call Default**);
- (b) commits any other material breach of any of its material obligations under this agreement;
- (c) permits any Encumbrance (other than a Permitted Encumbrance) to be created over or attached to its Participating Interest; or
- (d) commits or becomes subject to an Insolvency Default Event.

11.2 Consequences of Default

- (a) If any of the default events set out in clause 11.1 occurs then a non-defaulting Participant may at any time thereafter and provided the default event has not by then been rectified serve a written notice of default on the Defaulting Participant specifying the nature of the default (**Default Notice**).
- (b) If within 30 days after the giving of a Default Notice the default event has not been remedied, the Defaulting Participant will not, until such default has been remedied (and provided such default is not contested), be entitled to:
 - (i) attend or vote at any Management Committee meeting;
 - (ii) otherwise be consulted or participate in any decision, or other action of the parties or of the Management Committee, or any sub-committee; or
 - (iii) receive any reports from the Manager.
- (c) If either of the default events listed in clauses 11.1(b), or (c) (but not clause 11.1(a)) occurs, then:
 - (i) a non-defaulting Participant may at any time thereafter and provided the default event has not by then been rectified serve a written notice of default on the Defaulting Participant specifying the nature of the default (**Default Purchase Notice**); and
 - (ii) if within 60 days after the giving of a Default Purchase Notice the default event has not been remedied, the non-defaulting Participant will be entitled within 6 months after such notice to purchase the Defaulting Participant's Participating Interest for Fair Market Value less 10% and less the sum of all amounts paid by the non-defaulting participant to cure any default event of the Defaulting Participant and amounts due from the defaulting party under this agreement, including interests. Fair Market Value will be determined by an independent expert in accordance with clause 12.10(b).

11.3 Dilution

- (a) If a Cash Call Default continues for more than 60 days after the issue of the Default Notice the non-defaulting Participant shall have the right to dilute the Defaulting Participant's Participating Interest and the Defaulting Participant's Participating Interest will be reduced in accordance with the formula set out in paragraph (b) below. The Participating Interest of each Participant will be calculated and will be effective, immediately following the date of the default
- (b)

$$I = \frac{A + ADC}{B + BDC} \times 100$$

Where:

- I represents the Participating Interest of the relevant Participant.
- A represents the total of actual contributions to Joint Venture Expenditure by the Defaulting Participant at the date immediately following the default;



B represents the total of actual contributions to Joint Venture Expenditure by all Participants at the date immediately following the default;

ADC represents the deemed contributions of the Defaulting Participant; and

BDC represents the deemed contributions of all Participants.

The deemed contributions of Kimberley will be AUD 15 million. The deemed contributions of HYL will be NIL however the Earn-in Amount will be included in HYL's actual contributions.

This clause 11.3 will cease to apply once the Participants have approved a Bankable Feasibility Study.

11.4 Capital Control Restrictions

Where the Earn-in Amount has been exhausted and HYL is unable to pay a cash call by the due date due solely to Chinese Capital Control Restrictions preventing it from remitting funds out of China, provided HYL can provide evidence to Kimberley reasonably satisfying Kimberley that such restrictions have prevented the payment, clause 11.3 will not apply. HYL must, within 60 days after any such restrictions are removed, pay the cash call plus interest on the amount of the cash call at the Interest Rate, calculated daily from the original due date for payment of the cash call to the actual date of payment.. A failure to meet this requirement will give rise to the operation of clause 11.3.

12. BANKABLE FEASIBILITY STUDY, DEVELOPMENT DECISION AND FUNDING

12.1 Decision to undertake a Feasibility Study

- (a) Either Participant may initiate, by written notice to the other Participant and to the Manager, a proposal to the Management Committee to consider the preparation of a Bankable Feasibility Study. Within 30 days of the giving of such a notice the Management Committee must decide whether or not to proceed to undertake the proposed Bankable Feasibility Study.
- (b) If the Management Committee decides not to proceed to undertake the proposed Bankable Feasibility Study after the matter has been considered at least three consecutive Management Committee meetings (which may be held one month apart) a Participant which has voted in favour of undertaking that Bankable Feasibility Study may elect to have the study carried out on its own behalf and at its cost, provided that such Participant has given written notice to the other Participant of its intention to undertake the Bankable Feasibility Study at its own cost.
- (c) A Participant that did not approve the undertaking of the Bankable Feasibility Study shall be entitled to approve the completed Bankable Feasibility Study provided it pays the other Participant the greater of the following:
 - (i) double of the non-participating Participant's portion of costs in conducting the Bankable Feasibility Study; or
 - (ii) the total cost of the Bankable Feasibility Study.



12.2 Contents

A Bankable Feasibility Study will consider, assess and report on, in terms satisfactory to the Management Committee, each of the following to the extent relevant to the potential project:

- (a) the quality of the assets and potential scale of future production;
- (b) the most appropriate exploration and mining methods and recommend parameters for the most viable Development Operations;
- (c) potential marketing, pricing and revenue returns on the sale of product and/or infrastructure services;
- (d) estimates of capital costs and operating costs likely to be incurred in establishing and conducting Development Operations, including costs to be incurred in mine development, pre-production and crushing and treatment;
- (e) analyses of how to proceed with Development Operations to economically and commercially extract product;
- (f) regulatory approvals, agreements and arrangements entered into or to be entered into with the State Government and the Federal Government (as applicable) and agencies;
- (g) any necessary land and facilities access agreements or arrangements in respect of the relevant Joint Venture Assets;
- (h) any necessary agreements or arrangements (including payment of compensation) to Aboriginal native title claimants, pastoral lease holders and the like;
- (i) financial and taxation due diligence (including stamp duty);
- (j) modelling to assess returns on capital;
- (k) environmental planning in relation to Development Operations and development of the relevant project facilities;
- (l) a schedule of relevant approvals necessary before production may commence;
- (m) legal due diligence and review;
- (n) indicative term sheets for offtake sales between the parties and potential purchasers of product and indicative term sheets for available project finance in connection with the development of Development Operations for the Project acceptable to a bank or another financial institution for the purpose of raising financing for the establishment and carrying out of the proposed Development Operations; and
- (o) such other matters as may be appropriate so as to complete the scope of works for the Bankable Feasibility Study.

12.3 Delivery to committee

A Bankable Feasibility Study report (**Bankable Feasibility Study Report**) will be produced and delivered to the parties not later than 60 days from the completion of a Bankable Feasibility Study (or such later date as may be agreed by the parties), to allow sufficient time for the parties to review and vote on the Bankable Feasibility

307

RFB

Study Report in accordance with the indicative project schedules and timelines identified in clause 12.5 and any other applicable provision of this agreement.

12.4 Standard

The Bankable Feasibility Study Report must be of an acceptable standard to enable the Participants to confirm that the Project is commercially and technically feasible to support the decision of the Management Committee to proceed with a decision to proceed with Development Operations under clause 12.6.

12.5 Approval by Management Committee

Each Participant shall at a meeting of the Management Committee which shall be held as soon as possible and not later than 30 days after the delivery to the parties of the Bankable Feasibility Study Report consider and vote on a resolution in respect of the Bankable Feasibility Study Report such that either:

- (a) each Participant shall vote to approve the Bankable Feasibility Study Report for the Project which is deemed to be a decision of the Management Committee to proceed with the Project Plan, subject to each Participant being able to secure finance in accordance with clause 12.6; or
- (b) one Participant may vote to approve, and the other Participant vote to reject, the Bankable Feasibility Study Report for the Project, in which case the Participant that voted to approve the Bankable Feasibility Study Report for the Project Plan, may within 60 days thereafter issue notice (**Purchase Notice**) to the other Participant (**Non Proceeding Participant**) exercising rights of compulsory purchase under clause 12.9.

12.6 Financing

- (a) Each Participant who votes to approve the Bankable Feasibility Study Report as described in clause 12.5 shall have 150 days to secure financing for its share of the costs of developing the mine as detailed in the Bankable Feasibility Study and to commit irrevocably to the Project Plan.
- (b) In the event a Participant fails to secure financing for its share of the project costs within this prescribed time period that Participant shall be deemed not to have approved the Bankable Feasibility Study report pursuant to clause 12.5(b).

12.7 Decision to proceed

The approval of a Bankable Feasibility Study for the Sorby Hills Project by the Management Committee will be regarded as a decision to proceed, subject to financing, with Development Operations by the parties for that Project.

12.8 Development Agreement

If the Management Committee approves the Bankable Feasibility Study, prior to commencement of Development Operations the parties will negotiate and enter a separate development and operating joint venture agreement that will apply to the Development Operations and production operations. Such agreement will be consistent with this agreement but shall include such additional and more detailed provisions as are prudent and normal for a mining development joint venture such as:

- (a) rights of compulsory purchase at fair market value on a default; and

(b) cross charges,

but shall not include dilution as a remedy in the event of a failure to meet a cash call.

12.9 Compulsory Purchase

If a Participant issues a valid Purchase Notice under clause 12.5(b) that Participant may, purchase the Non-proceeding Participant's Participating Interest for Fair Market Value within 6 months after such notice. Fair Market Value will be determined in accordance with clause 12.10.

12.10 Fair market value

- (a) The Fair Market Value of the Participating Interest of the Non-proceeding Participant and the terms of sale will be negotiated and agreed in good faith by the Participants. If the Participants are unable to agree within 30 days of the date of the Purchase Notice the terms of sale and Fair Market Value will be determined by an Independent Expert.
- (b) If required under clause 12.10(a) the Fair Market Value will be undertaken by an independent chartered accountant of at least ten years experience agreed between the Participants, and if they cannot agree, by an independent chartered accountant of the same qualification appointed at the request of any of them by the President of the Australian Institute of Mining and Metallurgy at the time of the Election Notice. The decision of the Independent Expert will be final and binding on the Participants.

12.11 Assistance with financing

If the parties agree to commence Development Operations, the parties agree to negotiate in good faith terms on which HYL may assist Kimberley to fund its share of the cost of development, although at no time will HYL be under any obligation to provide this finance.

13. NOTICES

13.1 Manner of giving

Any notice given under this agreement must be in writing and signed by or for the sender.

13.2 Manner of delivery

Notices must be delivered by post, hand, fax or email transmission to the relevant address below:

(a) to Kimberley:

Level 3, 2 Elizabeth Plaza
North Sydney NSW 2060

Attention: Executive Chairman

Fax: 612 9927 2050

Email: jimwall@kimberleymetals.com.au



- (b) to HYL: Suite 525, 1 Queen Road
Melbourne Vic 3004

Attention: Piao Xijing

Fax:
Email: yuguang6287@sina.com
- (c) to SMP: Level 3, 2 Elizabeth Plaza
North Sydney NSW 2060

Attention:

Fax:
Email:

13.3 When delivered

- (a) Notices will be taken to be duly given:
- (i) in the case of delivery in person, when delivered;
 - (ii) in the case of delivery by post, two (2) Business Days after the date of posting (if posted to an address in the same country) or seven (7) Business Days after the date of posting (if posted to an address in another country);
 - (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error; and
 - (iv) if sent by facsimile or email transmission, on the day the transmission is sent (but only if the sender's facsimile or email system generates a message confirming successful transmission of the total number of pages of the notice).
- (b) If the result under clause 13.3(a) is that a notice would be taken to be given on a day that is not a Business Day in the place to which the notice is sent, then it will be taken to have been given on the next Business Day in that place.

14. OTHER

14.1 No partnership or agency

Nothing contained or implied in this agreement is intended to create a partnership between the parties or (except as otherwise provided) establish either party as an agent or representative of the other. Except as otherwise provided in this agreement, a party has no authority to bind the other party, or to act for, or to incur any obligation or assume any responsibility on behalf of, the other party or the Joint Venture.



14.2 Good faith

Each party is to act in good faith towards the other party including, but not limited to:

- (a) being just and faithful in all activities and dealings with the other party; and
- (b) attending diligently to the conduct of all activities in relation to the Joint Venture in which the party is involved.

14.3 Access

Each Participant is entitled, at its own risk and expense, to access to:

- (a) the area of the Tenements at all times, on giving reasonable notice to the Manager, for the purpose of inspecting the conduct of Joint Venture operations; and
- (b) all results of Joint Venture operations; and
- (c) all information concerning the Joint Venture in the possession or under the control of the Manager.

14.4 Indemnity

- (a) Subject to paragraph (b), the participants will bear all loss incurred in relation to the Joint Venture in proportion to their respective Participating Interests when they are incurred.
- (b) A Participant is not obliged to indemnify the other Participant against any loss incurred by the other as a result of the other's negligence or any breach or default of the other under this agreement or a contravention by the other of any statute or regulation of the Commonwealth of Australia or any Australian State or Territory.

14.5 Duration and Termination

The Joint Venture will continue until the earliest to occur of the following events and for so long afterwards as shall be necessary to enable the Manager to complete the winding up of all Joint Venture activities and to carry out all rehabilitation work required on the Tenements, including any mining area:

- (a) the parties agree to terminate the Joint Venture;
- (b) one Participant's Participating Interest becomes 100%;
- (c) the expiry of the last of the Tenements.

14.6 Confidentiality

- (a) Subject to clause 14.6(b), the parties must maintain absolute confidentiality concerning all matters relating to Joint Venture operations.
- (b) A party may make such disclosures in relation to Joint Venture operations as it may think necessary:
 - (i) to its professional advisers, agents, financiers, officers and employees (but only to the extent that they reasonably need to know the information in order to fulfil their responsibilities or duties);



- (ii) to comply with any law or the requirement of any Government Agency, regulatory body (including any relevant stock exchange);
 - (iii) to any intending bona fide purchaser (but only to the extent that they reasonably need to know the information);
 - (iv) for the purposes of carrying out their rights and obligations under the Joint Venture;
 - (v) to the extent that that information is or becomes publicly available other than by reason of a breach of this document.
- (c) Prior to disclosing any information under clause 14.6(b)(ii) a party must, as far as practical, first provide a copy of such proposed disclosure to the other party for its comment and approval.

14.7 Withdrawal

- (a) A Participant may withdraw from the Joint Venture at any time on three months written notice (**Withdrawal Notice**) to the other Participant but will remain liable for all liabilities that have accrued prior to withdrawal including its share, if any, of any rehabilitation obligations.
- (b) A withdrawing Participant must transfer its Participating Interest to the continuing Participant.
- (c) The parties agree that if a withdrawing Participant holds a Participating Interest of 25% or more, its interest will be deemed to have a value of \$50,000 and that if the withdrawing Participant holds a Participating Interest of less than 25%, its Participating Interest will be deemed to have a value of \$20,000 (**Withdrawal Amount**). The withdrawing Participant may in the Withdrawal Notice demand payment of the Withdrawal Amount for the transfer to the continuing Participant of its Participating Interest. To the extent the withdrawing Participant remains liable for any amount under the Joint Venture the continuing Participant may set off the Withdrawal Amount against these liabilities.

14.8 Amendment

No amendment or variation of this agreement is valid or binding on a Participant unless made in writing executed by both parties.

14.9 Assignment

The rights and obligations of each party under this agreement:

- (a) are personal; and
- (b) except as specifically allowed under this agreement:
 - (i) cannot be disposed of, encumbered or otherwise dealt with; and
 - (ii) neither party may attempt, or purport, to do so without the prior consent of the other party.

14.10 No waiver

- (a) No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver.

- (b) A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.
- (c) A waiver is not valid or binding on the party granting that waiver unless made in writing.

14.11 No merger

The rights and obligations of the parties will:

- (a) not merge on the completion of any transaction contemplated by this agreement; and
- (b) survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

14.12 Further assurances

Each party agrees to do all things and sign all documents necessary or desirable to give full effect to the provisions of this agreement and the transactions contemplated by it and refrain from doing all acts and things that could hinder performance by any party of its obligations under this agreement.

14.13 Costs and expenses

- (a) Each party must bear its own costs arising out of the negotiation, preparation and execution of this agreement and any other document executed pursuant to this agreement.
- (b) HYL will bear all stamp duty in respect of the earning-in of a 25% Participating Interest in the Sorby Hills Project and Joint Venture.

14.14 Governing law and jurisdiction

- (a) This agreement is governed by and construed in accordance with the laws of Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia in connection with matters concerning this agreement.

14.15 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts when exchanged will be taken to constitute one document.
- (c) An executed counterpart may be delivered by facsimile.

14.16 Announcements

- (a) Immediately after this agreement has been signed, the parties may make such announcements to ASX as are reasonably acceptable to both parties.
- (b) A party may disclose anything in respect of this agreement as required:
 - (i) by any applicable law; or
 - (ii) by any recognisable stock exchange on which its shares are listed,



but to the extent possible, it must consult with the other party before making the disclosure and use its reasonable endeavours to agree on the form and content of the disclosure.

14.17 Language

This agreement is executed in both Chinese and in English. Should any conflicts occur between the two versions, the English version will prevail.

14.18 GST

- (a) **GST, Supply, Tax Invoice**, and **Supply** have the meanings given to those expressions in the GST Act.
- (b) The parties agree that Kimberley's Supply of a 25% interest in the Tenements and other Joint Venture assets under this agreement is the supply of a going concern under sections 38-325 of the GST Act and that the Supply is GST-free for the purposes of the GST Act.
- (c) Despite clause 14.18(b), if Kimberley is served with a demand, assessment or other correspondence from the Australian Taxation Office indicating that the Supply under this agreement is not the Supply of a going concern, Kimberley will promptly forward a copy of such demand, assessment, or correspondence to HYL. HYL must pay to Kimberley within 10 Business Days of receiving the relevant document an additional amount equal to the amount of GST payable on the relevant Supply to which the document relates.
- (d) If clause 14.18(c) requires HYL to pay an additional amount on account of GST on the Supply, HYL's obligation to pay Kimberley that additional amount is subject to Kimberley issuing a Tax Invoice to HYL at or before the time of payment of that additional amount.
- (e) HYL warrants that it is or will be registered for GST purposes at the Completion Date.

15. ANCILLARY TENEMENTS

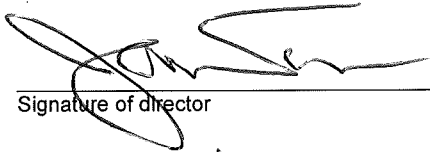
While Kimberley is using all reasonable endeavours to have the Forfeiture Proceedings withdrawn or terminated, it cannot guarantee that forfeiture of all or any of the Ancillary Tenements will not proceed pursuant to the Forfeiture Notices.



Signing page

EXECUTED as an agreement.

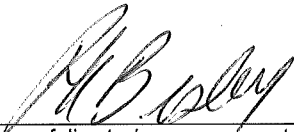
Executed by Kimberley Metals Limited ABN 38
129954365 pursuant to section 127(1) of the
Corporations Act 2001

 ←

Signature of director

JAMES WALL

Name of director (print)

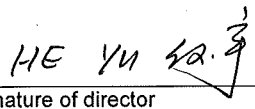
 ←

Signature of director/~~company secretary~~
(Please delete as applicable)

ROBERT BESLEY

Name of director/~~company secretary~~ (print)

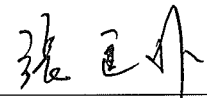
Executed by Yuguang (Australia) Pty Limited
ACN 145 562 545 pursuant to section 127(1) of
the Corporations Act 2001

 ←

Signature of director

YU HE

Name of director (print)

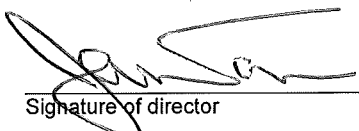
 ←

Signature of director/~~company secretary~~
(Please delete as applicable)

张震

Name of director/~~company secretary~~ (print)

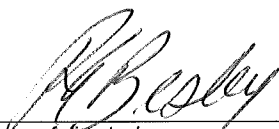
Executed by Sorby Management Pty Ltd ACN
145 292 486 pursuant to section 127(1) of the
Corporations Act 2001

 ←

Signature of director

JAMES WALL

Name of director (print)

 ←

Signature of director/~~company secretary~~
(Please delete as applicable)

ROBERT BESLEY

Name of director/~~company secretary~~ (print)