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### **POTENTIAL JOINT VENTURE PLAN WITH XIAMEN C&D INC.**

**BAAO Mining** has a wide network of distribution channel for raw metal resources in the highly demanding Chinese market. Being an Australia based company; BAAO's focus is to bring high quality Australian metal commodities into China.

In order to increase competitiveness and acquire larger market share in the Chinese base metal market. **BAAO Mining Australia** and **China Xiamen C&D Inc.** have reached the first memorandum of understanding of a potential joint venture agreement. This agreement is based on a 50/50 joint venture partnership in establishing a new company based in Tianjin, China. The core business of the new company will be focusing on importing base metal commodities and supply to the existing distribution channel of both companies.

C&D Inc. ([www.chinacnd.com](http://www.chinacnd.com), Stock Code: 600153) is a modern service-oriented enterprise. The operation of supply chains constitutes the core of the company's business. Specifically, the main areas that the company does business in include supply chain operation, real estate development & property lease and industry investment. By the end of Sep.,2007, the total amount invested by the company in assets stood at RMB 14 billion Yuan, with net assets standing at RMB 4.5 billion yuan.

C&D Inc. has been named as an "AAA Credit-standing Enterprise", and has ranked among China's Top 100 listed companies for successive years. In addition to this, the company's stocks have also been selected as sample stocks of the Shanghai & Shenzhen 300 Index, SSE 180 Index and SSE Dividend Index Sample stocks.