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## **A JOINT VENTURE BETWEEN BAAO MINING AND XIAMEN C&D INC.**

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 in March 2007. Today, the two parties have established a 50/50 joint venture entity, Bao (Tianjin) Mining Co., Ltd, located in Tianjin, China. The core business of the new company is 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 September 2007, the total amount invested by the company in assets stood at RMB 16 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.

This co-operation will enhance Bao Mining's credibility and effectively expand the scale of our business. We believe with our extensive local knowledge and experiences in the Chinese metal resource market, we will be able to acquire a substantial position as a leading mineral supplier in China.