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NORTH ASIA RESOURCES HOLDINGS LIMITED

北亞資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

ISSUE OF US\$3 MILLION UNLISTED CONVERTIBLE BONDS AND US\$10 MILLION UNLISTED CONVERTIBLE BONDS

THE SUBSCRIPTION AGREEMENTS

On 29 October 2010 after trading hours, the Company entered into the US\$3M CB Subscription Agreement and the US\$10M CB Subscription Agreement with the US\$3M CB Subscriber and the US\$10M CB Subscriber respectively.

THE US\$3M CB SUBSCRIPTION AGREEMENT

The Company and the US\$3M CB Subscriber entered into the US\$3M CB Subscription Agreement in respect of the issue of the US\$3M Convertible Bonds in the principal amount of US\$3,000,000 due three years from the US\$3M CB Issue Date convertible into US\$3M CB Conversion Shares at the US\$3M CB Conversion Price of HK\$1.70 per US\$3M CB Conversion Share (subject to adjustments).

Assuming full conversion of the US\$3M Convertible Bonds, a total of 13,676,470 US\$3M CB Conversion Shares will be issued by the Company, representing (i) approximately 1.66% of the Company's existing issued share capital of 822,981,870 Shares; and (ii) approximately 1.63% of the Company's issued share capital as enlarged by the issue of the US\$3M CB Conversion Shares upon full conversion of the US\$3M Convertible Bonds. The US\$3M CB Conversion Shares shall be issued under the General Mandate.

The issue price of each US\$3M CB Conversion Share is approximately HK\$1.70 and the net price to the Company of each US\$3M CB Conversion Share is approximately HK\$1.54.

The estimated net proceeds from the issue of the US\$3M Convertible Bonds of approximately HK\$21,000,000 will be used for the general working capital of the Group, acquisition of iron concession in Mongolia and/or any other possible acquisitions in future.

THE US\$10M CB SUBSCRIPTION AGREEMENT

The Company and the US\$10M CB Subscriber entered into the US\$10M CB Subscription Agreement in respect of the issue of the US\$10M Convertible Bonds in the principal amount of US\$10,000,000 due three years from the US\$10M CB Issue Date convertible into US\$10M CB Conversion Shares at the US\$10M CB Conversion Price of HK\$1.70 per US\$10M CB Conversion Share (subject to adjustments).

Assuming full conversion of the US\$10M Convertible Bonds, a total of 45,588,235 US\$10M CB Conversion Shares will be issued by the Company, representing (i) approximately 5.45% of the Company's then existing issued share capital of 836,658,340 Shares (inclusive of the US\$3M CB Conversion Shares to be issued upon full conversion of the US\$3M Convertible Bonds); and (ii) approximately 5.17% of the Company's issued share capital as enlarged by the issue of the US\$10M CB Conversion Shares upon full conversion of the US\$10M Convertible Bonds. The US\$10M CB Conversion Shares shall be issued under the General Mandate.

The issue price of each US\$10M CB Conversion Share is approximately HK\$1.70 and the net price to the Company of each US\$10M CB Conversion Share is approximately HK\$1.59.

The estimated net proceeds from the issue of the US\$10M Convertible Bonds of approximately HK\$72,500,000 will be used for the general working capital of the Group, acquisition of iron concession in Mongolia and/or any other possible acquisitions in future.

The Subscriptions are conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares.

Completion of the Subscriptions is subject to the satisfaction of the conditions precedent in the Subscription Agreements. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE US\$3M CB SUBSCRIPTION AGREEMENT

Date

29 October 2010 (after trading hours)

Parties

Issuer: the Company

US\$3M CB Subscriber: Grandwin Enterprises Limited

The US\$3M CB Subscriber is a company incorporated under the laws of the BVI. To the best of the Directors' information, knowledge and belief, and having made all reasonable enquiries, the US\$3M CB Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal terms of the US\$3M CB Subscription

Principal amount: US\$3,000,000

US\$3M CB Maturity Date: The third anniversary of the date of issue of the US\$3M Convertible Bonds.

Issue price: The US\$3M Convertible Bonds will be issued at 100% of their principal amount.

Form of the bonds: The US\$3M Convertible Bonds will be in registered form only.

Redemption at maturity: Unless previously redeemed, converted or purchased or cancelled, the Company will redeem all outstanding US\$3M Convertible Bonds on the US\$3M CB Maturity Date at the yield to maturity (as stated below) as at the US\$3M CB Maturity Date plus any accrued but unpaid interest.

Yield to Maturity: The yield to maturity will be determined by the auditors of the Company so that it represents for the US\$3M Bondholders of (a) a gross yield to maturity of 18% per annum, calculated on the outstanding principal amount of the US\$3M Convertible Bonds for the period from and including the US\$3M CB Issue Date to but excluding such date of determination, on an annual compounding basis rounded (if necessary) to two decimal places, with 0.005 being rounded upwards minus (b) all interest paid thereon on or prior to such date of determination.

Interest: 8.0% per annum on the outstanding principal amount of the US\$3M Convertible Bonds, payable annually commencing from the US\$3M CB Issue Date up to (and including) the US\$3M CB Maturity Date. All accrued interest shall be payable in the event of redemption or conversion.

Conversion right: The US\$3M Convertible Bonds are convertible in whole or in part by the US\$3M Bondholders into US\$3M CB Conversion Shares at the US\$3M CB Conversion Price at any time during the conversion period (as stated below).

Conversion period: The period commencing from (and including) the date which is three months after the US\$3M CB Issue Date up to ten Business Days prior to the US\$3M CB Maturity Date.

Initial conversion price: HK\$1.70 per US\$3M CB Conversion Share, which represents:–

- (i) a premium of approximately 24.09% to the closing price of the Shares of HK\$1.370 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 19.55% to the average of the closing prices of the Shares of HK\$1.422 per Share for the five consecutive trading days up to and including the Last Trading Date; and
- (iii) a premium of approximately 15.88% to the average of the closing prices of the Shares of HK\$1.467 per Share for the ten consecutive trading days up to and including the Last Trading Date.

The US\$3M CB Conversion Price was determined after arm's length negotiations between the Company and the US\$3M CB Subscriber with reference to the prevailing market price of the Shares.

Adjustments to the conversion price:

The US\$3M CB Conversion Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the US\$3M Convertible Bonds upon occurrence of, among other things, the following events:–

- (i) there shall be an alteration to the nominal value of the Shares by reason of any consolidation or sub-division or re-classification or whatever reasons;
- (ii) the Company shall issue any Shares credited as fully paid by way of capitalization of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account and which would not have constituted a distribution;

- (iii) the Company shall make any capital distribution to holders (in their capacity as such) of Shares or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) the Company shall offer or grant to all or substantially all holders of Shares new Shares for subscription by way of rights, or any options or warrants or other rights to subscribe for new Shares (other than options granted or Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme) at a price which is less than 95 per cent of the market price at the date of the announcement of the terms of the offer or grant;
- (v) the Company shall issue wholly for cash any securities convertible into or exchangeable for or carry rights of subscription for new Shares (other than options granted or Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme), and the total effective consideration per Share initially receivable for such securities is less than 95 per cent of the market price at the date of the announcement of the terms of issue of such securities;
- (vi) the Company shall issue wholly for cash any Shares (other than Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme) or grant any options or warrants or other rights to subscribe for new Shares at a price per Share which is less than 95 per cent of the market price at the date of the announcement of the terms of such issue;

- (vii) an issue of Shares by way of a scrip dividend where the market price of such Shares exceeds the amount of the cash dividend declared by the Company or the relevant part thereof and which would not have constituted a distribution;
- (viii) the US\$3M Bondholders reasonably determine that an adjustment should be made to the US\$3M CB Conversion Price as a result of one or more events or circumstances not referred to in the terms and conditions of the US\$3M Convertible Bonds; and
- (ix) the average closing price of one Share on the Stock Exchange (the “**Year-end-month Average Closing Price**”) as quoted in the official daily quotation sheet of the Stock Exchange (or the equivalent) for all the Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place during the month in which the financial year-end day of the Company falls (the “**Year-end-month**”) in any calendar year plus a premium of 15% thereof is lower than the applicable US\$3M CB Conversion Price in force.

The term “capital distribution” and “total effective consideration” referred to above shall be determined in accordance with the terms and conditions of the US\$3M Convertible Bonds.

US\$3M CB Conversion
Shares:

Upon full conversion of the US\$3M Convertible Bonds at an initial conversion price of HK\$1.70 per US\$3M CB Conversion Share, an aggregate of 13,676,470 US\$3M CB Conversion Shares will be issued, representing approximately (i) 1.66% of the existing issued share capital of the Company; and (ii) 1.63% of the issued share capital of the Company as enlarged by the issue of the US\$3M CB Conversion Shares.

The US\$3M CB Conversion Shares will be issued under the General Mandate granted to the Board pursuant to the resolutions passed by the Shareholders at the special general meeting of the Company held on 22 October 2010.

Negative pledge and security:

The US\$3M Convertible Bonds will be secured by the US\$3M Charge on Preference Shares and the Share Charge on a first priority basis.

Listing:

No application will be made for the listing of the US\$3M Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the US\$3M CB Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the US\$3M Convertible Bonds.

Ranking:

The US\$3M CB Conversion Shares to be issued resulting from the exercise of the conversion rights attaching to the US\$3M Convertible Bonds will rank pari passu in all respects with all other Shares in issue at the date on which the conversion rights attaching to the US\$3M Convertible Bonds are exercised.

Voting:

The US\$3M Bondholders shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of their being the US\$3M Bondholders.

Events of default:

The US\$3M Convertible Bonds will contain events of default provisions which provide that on the occurrence of certain events of default specified in the US\$3M Convertible Bonds, each of the US\$3M Bondholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant US\$3M Convertible Bonds.

Transferability: The US\$3M Convertible Bonds may be assigned or transferred by the US\$3M Bondholders by giving to the Company at least ten Business Days' written notice of the proposed transfer of the US\$3M Convertible Bonds and subject to compliance of the conditions under the US\$3M Convertible Bonds and further subject to the conditions, approvals, requirements and any other provisions of or under:–

- (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations, but only to the extent applicable;
- (ii) the approval for listing in respect of the US\$3M CB Conversion Shares, if so imposed by the Stock Exchange; and
- (iii) all applicable laws and regulations, if any.

There is no restriction on sale of the US\$3M CB Conversion Shares by the US\$3M CB Subscriber.

Conditions Precedent for the US\$3M CB Subscription

US\$3M CB Completion shall be conditional upon, among others,

- (i) listing of and permission to deal in all of the US\$3M CB Conversion Shares being granted, either unconditional or subject to the conditions acceptable to the US\$3M CB Subscriber (if any), by the Listing Committee of the Stock Exchange and a copy of the listing approval having been provided to the US\$3M CB Subscriber;
- (ii) the Warranties in the opinion of the US\$3M CB Subscriber remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the US\$3M CB Subscription Agreement and at US\$3M CB Completion;

- (iii) the Company shall have performed all of its obligations under the US\$3M CB Subscription Agreement on or before the US\$3M CB Completion Date;
- (iv) NARG shall have executed and delivered to the US\$3M CB Subscriber the Supplemental Deed to Share Charge, lodged all relevant documents for registration of the Supplemental Deed to Share Charge in the register of charges of NARG under the laws of the BVI and delivered to the US\$3M CB Subscriber a legal opinion confirming the due execution of the Supplemental Deed to Share Charge by NARG issued by lawyers qualified to practise the laws of the BVI in relation to the Supplemental Deed to Share Charge;
- (v) Mountain Sky shall have executed and delivered to the US\$3M CB Subscriber the US\$3M Charge on Preference Shares, lodged all relevant documents for registration in relation to the US\$3M Charge on Preference Shares under the laws of the BVI and delivered to the US\$3M CB Subscriber a legal opinion confirming the due execution of the US\$3M Charge on Preference Shares by Mountain Sky issued by lawyers qualified to practise the laws of the BVI in relation to the US\$3M Charge on Preference Shares;
- (vi) Business Ally shall have executed and delivered to the Company the US\$3M CB Deed of Accession in relation to the US\$3M Convertible Bonds;
- (vii) the Company and Business Ally have executed the Supplemental Agreement to US\$30M CB and delivered a copy thereof to the US\$3M CB Subscriber;
- (viii) the US\$3M CB Subscriber in its opinion being satisfied with its business, technical, legal and financial due diligence investigations with respect to the Group for the purpose of completion of the subscription for the US\$3M Convertible Bonds;
- (ix) the Share Charge shall remain valid and legally enforceable in accordance with its terms;
- (x) the US\$3M CB Subscription Agreement, the Supplemental Deed to Share Charge and the US\$3M Charge on Preference Shares having been duly executed, sealed (if applicable) and delivered to the US\$3M CB Subscriber by the parties thereto (other than the US\$3M CB Subscriber) at the US\$3M CB Completion, and each of the parties thereto (other than the US\$3M CB Subscriber) having performed and complied with all agreements, obligations and conditions contained in the US\$3M CB Transaction Documents that are required to be performed or complied with by it on or prior to the US\$3M CB Completion Date; and

(xi) there shall not have any change, or development or event likely to involve a prospective change, in the condition (financial or otherwise), results of operations, business or properties of the Group, which is material and adverse and which makes it impracticable to subscribe the US\$3M Convertible Bonds on the terms and in the manner contemplated in the US\$3M CB Subscription Agreement.

In the event that any of the above conditions are not fulfilled at or before 1:00 p.m. (Hong Kong time) on the US\$3M CB Completion Date or such other date as may be agreed in writing between the Company and the US\$3M CB Subscriber, the US\$3M CB Subscription Agreement will lapse and become null and void and the parties to the US\$3M CB Subscription Agreement shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

Conditions Subsequent for the US\$3M CB Subscription

Within 30 days after US\$3M CB Completion, the Company shall procure NARG to transfer all its shareholding in Golden Pogada LLC to Green Paradise such that 99.99% equity interest of Golden Pogada LLC will be held by Green Paradise. The Company shall as soon as practicable provide relevant supporting documents to the US\$3M CB Subscriber showing that the abovementioned transfer has been duly completed according to the laws of Mongolia.

Within 30 days after US\$3M CB Completion, the Company shall provide an updated register of members of Green Paradise showing that the creation of the Supplemental Deed to Share Charge having been updated and entered into the register of members.

Reasons for the US\$3M CB Subscription and Use of Net Proceeds

The Directors consider that the issue of the US\$3M Convertible Bonds will provide the Company with additional funding without having an immediate dilution effect on the shareholding of the existing Shareholders. Further, if the conversion rights attaching to the US\$3M Convertible Bonds are exercised, the capital base of the Company shall be broadened.

The net proceeds from the issue of the US\$3M Convertible Bonds will be approximately HK\$21,000,000, which is intended to be used for the general working capital of the Group, acquisition of iron concession in Mongolia and/or any other possible acquisitions in future.

The Directors consider that the terms of the US\$3M CB Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the US\$3M CB Subscriber, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

THE US\$10M CB SUBSCRIPTION AGREEMENT

Date

29 October 2010 (after trading hours)

Parties

Issuer: the Company

US\$10M CB Subscriber: Business Ally Investments Limited

The US\$10M CB Subscriber is a company incorporated under the laws of the BVI and is a wholly-owned subsidiary of CCB International Asset Management Limited. To the best of the Directors' information, knowledge and belief, and having made all reasonable enquiries, the US\$10M CB Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal terms of the US\$10M CB Subscription

Principal amount: US\$10,000,000

US\$10M CB Maturity Date: The third anniversary of the date of issue of the US\$10M Convertible Bonds.

Issue price: The US\$10M Convertible Bonds will be issued at 100% of their principal amount.

Form of the bonds: The US\$10M Convertible Bonds will be in registered form only.

Redemption at maturity: Unless previously redeemed, converted or purchased or cancelled, the Company will redeem all outstanding US\$10M Convertible Bonds on the US\$10M CB Maturity Date at the yield to maturity (as stated below) as at the US\$10M CB Maturity Date plus any accrued but unpaid interest.

Yield to Maturity: The yield to maturity will be determined by the auditors of the Company so that it represents for the US\$10M Bondholders of (a) a gross yield to maturity of 18% per annum, calculated on the outstanding principal amount of the US\$10M Convertible Bonds for the period from and including the US\$10M CB Issue Date to but excluding such date of determination, on an annual compounding basis rounded (if necessary) to two decimal places, with 0.005 being rounded upwards minus (b) all interest paid thereon on or prior to such date of determination.

Interest: 8.0% per annum on the outstanding aggregate principal amount of the US\$10M Convertible Bonds, payable annually commencing from the US\$10M CB Issue Date up to (and including) the US\$10M CB Maturity Date. All accrued interest shall be payable in the event of redemption or conversion.

Conversion right: The US\$10M Convertible Bonds are convertible in whole or in part by the US\$10M Bondholders into US\$10M CB Conversion Shares at the US\$10M CB Conversion Price at any time during the conversion period (as stated below).

Conversion period: The period commencing from (and including) the date which is three months after the US\$10M CB Issue Date up to ten Business Days prior to the US\$10M CB Maturity Date.

Initial conversion price: HK\$1.70 per US\$10M CB Conversion Share, which represents:–

- (i) a premium of approximately 24.09% to the closing price of the Shares of HK\$1.370 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 19.55% to the average of the closing prices of the Shares of HK\$1.422 per Share for the five consecutive trading days up to and including the Last Trading Date; and
- (iii) a premium of approximately 15.88% to the average of the closing prices of the Shares of HK\$1.467 per Share for the ten consecutive trading days up to and including the Last Trading Date.

The US\$10M CB Conversion Price was determined after arm's length negotiations between the Company and the US\$10M CB Subscriber with reference to the prevailing market price of the Shares.

Adjustments to the conversion price:

The US\$10M CB Conversion Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the US\$10M Convertible Bonds upon occurrence of, among other things, the following events:–

- (i) there shall be an alteration to the nominal value of the Shares by reason of any consolidation or sub-division or re-classification or whatever reasons;
- (ii) the Company shall issue any Shares credited as fully paid by way of capitalization of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account and which would not have constituted a distribution;

- (iii) the Company shall make any capital distribution to holders (in their capacity as such) of Shares or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) the Company shall offer or grant to all or substantially all holders of Shares new Shares for subscription by way of rights, or any options or warrants or other rights to subscribe for new Shares (other than options granted or Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme) at a price which is less than 95 per cent of the market price at the date of the announcement of the terms of the offer or grant;
- (v) the Company shall issue wholly for cash any securities convertible into or exchangeable for or carry rights of subscription for new Shares (other than options granted or Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme), and the total effective consideration per Share initially receivable for such securities is less than 95 per cent of the market price at the date of the announcement of the terms of issue of such securities;
- (vi) the Company shall issue wholly for cash any Shares (other than Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme) or grant any options or warrants or other rights to subscribe for new Shares at a price per Share which is less than 95 per cent of the market price at the date of the announcement of the terms of such issue;

- (vii) an issue of Shares by way of a scrip dividend where the market price of such Shares exceeds the amount of the cash dividend declared by the Company or the relevant part thereof and which would not have constituted a distribution;
- (viii) the US\$10M Bondholders reasonably determine that an adjustment should be made to the US\$10M CB Conversion Price as a result of one or more events or circumstances not referred to in the terms and conditions of the US\$10M Convertible Bonds; and
- (ix) the Year-end-month Average Closing Price as quoted in the official daily quotation sheet of the Stock Exchange (or the equivalent) for all the Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place during the Year-end-month in any calendar year plus a premium of 15% thereof is lower than the applicable US\$10M CB Conversion Price in force.

The term “capital distribution” and “total effective consideration” referred to above shall be determined in accordance with the terms and conditions of the US\$10M Convertible Bonds.

US\$10M CB Conversion
Shares:

Upon full conversion of the US\$10M Convertible Bonds at an initial conversion price of HK\$1.70 per US\$10M CB Conversion Share, an aggregate of 45,588,235 US\$10M CB Conversion Shares will be issued, representing approximately (i) 5.45% of the then existing issued share capital of the Company (inclusive of the US\$3M CB Conversion Shares to be issued upon full conversion of the US\$3M Convertible Bonds); and (ii) 5.17% of the issued share capital of the Company (inclusive of the US\$3M CB Conversion Shares to be issued upon full conversion of the US\$3M Convertible Bonds) as enlarged by the issue of the US\$10M CB Conversion Shares.

The US\$10M CB Conversion Shares will be issued under the General Mandate granted to the Board pursuant to the resolutions passed by the Shareholders at the special general meeting of the Company held on 22 October 2010.

Negative pledge and security:

The US\$10M Convertible Bonds will be secured by the US\$10M Charge on Preference Shares and the Share Charge on a first priority basis.

Listing:

No application will be made for the listing of the US\$10M Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the US\$10M CB Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the US\$10M Convertible Bonds.

Ranking:

The US\$10M CB Conversion Shares to be issued resulting from the exercise of the conversion rights attaching to the US\$10M Convertible Bonds will rank pari passu in all respects with all other Shares in issue at the date on which the conversion rights attaching to the US\$10M Convertible Bonds are exercised.

Voting:

The US\$10M Bondholders shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of their being the US\$10M Bondholders.

Events of default:

The US\$10M Convertible Bonds will contain events of default provisions which provide that on the occurrence of certain events of default specified in the US\$10M Convertible Bonds, each of the US\$10M Bondholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant US\$10M Convertible Bonds.

Transferability: The US\$10M Convertible Bonds may be assigned or transferred by the US\$10M Bondholders by giving to the Company at least ten Business Days' written notice of the proposed transfer of the US\$10M Convertible Bonds and subject to compliance of the conditions under the US\$10M Convertible Bonds and further subject to the conditions, approvals, requirements and any other provisions of or under:–

- (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations, but only to the extent applicable;
- (ii) the approval for listing in respect of the US\$10M CB Conversion Shares, if so imposed by the Stock Exchange; and
- (iii) all applicable laws and regulations, if any.

There is no restriction on sale of the US\$10M CB Conversion Shares by the US\$10M CB Subscriber.

Conditions Precedent for the US\$10M CB Subscription

US\$10M CB Completion shall be conditional upon, among others,

- (i) listing of and permission to deal in all of the US\$10M CB Conversion Shares being granted, either unconditional or subject to the conditions acceptable to the US\$10M CB Subscriber (if any), by the Listing Committee of the Stock Exchange and a copy of the listing approval having been provided to the US\$10M CB Subscriber;
- (ii) the Warranties in the opinion of the US\$10M CB Subscriber remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the US\$10M CB Subscription Agreement and at US\$10M CB Completion;
- (iii) the Company shall have performed all of its obligations under the US\$10M CB Subscription Agreement on or before the US\$10M CB Completion Date;

- (iv) NARG shall have executed and delivered to the US\$10M CB Subscriber the Supplemental Deed to Share Charge, lodged all relevant documents for registration of the Supplemental Deed to Share Charge in the register of charges of NARG under the laws of the BVI and delivered to the US\$10M CB Subscriber a legal opinion confirming the due execution of the Supplemental Deed to Share Charge by NARG issued by lawyers qualified to practise the laws of the BVI in relation to the Supplemental Deed to Share Charge;
- (v) Mountain Sky shall have executed and delivered to the US\$10M CB Subscriber the US\$10M Charge on Preference Shares, lodged all relevant documents for registration in relation to the US\$10M Charge on Preference Shares under the laws of the BVI and delivered to the US\$10M CB Subscriber a legal opinion confirming the due execution of the US\$10M Charge on Preference Shares by Mountain Sky issued by lawyers qualified to practise the laws of the BVI in relation to the US\$10M Charge on Preference Shares;
- (vi) Business Ally shall have executed and delivered to the Company the US\$10M CB Deed of Accession in relation to the US\$10M Convertible Bonds;
- (vii) the Company and Business Ally have executed the Supplemental Agreement to US\$30M CB;
- (viii) the US\$10M CB Subscriber in its opinion being satisfied with its business, technical, legal and financial due diligence investigations with respect to the Group for the purpose of completion of the subscription for the US\$10M Convertible Bonds;
- (ix) the Share Charge and the September Charge on Preference Shares shall remain valid and legally enforceable in accordance with its terms;

- (x) the US\$10M CB Subscription Agreement, the Supplemental Deed to Share Charge and the US\$10M Charge on Preference Shares having been duly executed, sealed (if applicable) and delivered to the US\$10M CB Subscriber by the parties thereto (other than the US\$10M CB Subscriber) at the US\$10M CB Completion, and each of the parties thereto (other than the US\$10M CB Subscriber) having performed and complied with all agreements, obligations and conditions contained in the US\$10M CB Transaction Documents that are required to be performed or complied with by it on or prior to the US\$10M CB Completion Date; and
- (xi) there shall not have any change, or development or event likely to involve a prospective change, in the condition (financial or otherwise), results of operations, business or properties of the Group, which is material and adverse and which makes it impracticable to subscribe the US\$10M Convertible Bonds on the terms and in the manner contemplated in the US\$10M CB Subscription Agreement.

In the event that any of the above conditions are not fulfilled at or before 1:00 p.m. (Hong Kong time) on the US\$10M CB Completion Date or such other date as may be agreed in writing between the Company and the US\$10M CB Subscriber, the US\$10M CB Subscription Agreement will lapse and become null and void and the parties to the US\$10M CB Subscription Agreement shall be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

Conditions Subsequent for the US\$10M CB Subscription

Within 30 days after US\$10M CB Completion, the Company shall procure NARG to transfer all its shareholding in Golden Pogada LLC to Green Paradise such that 99.99% equity interest of Golden Pogada LLC will be held by Green Paradise. The Company shall as soon as practicable provide relevant supporting documents to the US\$10M CB Subscriber showing that the abovementioned transfer has been duly completed according to the laws of Mongolia.

Within 30 days after US\$10M CB Completion, the Company shall provide an updated register of members of Green Paradise showing that the creation of the Supplemental Deed to Share Charge having been updated and entered into the register of members.

Reasons for the US\$10M CB Subscription and Use of Net Proceeds

The Directors consider that the issue of the US\$10M Convertible Bonds will provide the Company with additional funding without having an immediate dilution effect on the shareholding of the existing Shareholders. Further, if the conversion rights attaching to the US\$10M Convertible Bonds are exercised, the capital base of the Company shall be broadened.

The net proceeds from the issue of the US\$10M Convertible Bonds will be approximately HK\$72,500,000, which is intended to be used for the general working capital of the Group, acquisition of iron concession in Mongolia and/or any other possible acquisitions in future.

The Directors consider that the terms of the US\$10M CB Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the US\$10M CB Subscriber, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

General Mandate

The Conversion Shares will be issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the special general meeting held on 22 October 2010 subject to the limit up to 20% of the then issued ordinary share capital of the Company as at the date of the special general meeting. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Bonds.

The maximum number of Shares to be issued under the General Mandate is 164,596,374 Shares. As at the date of this announcement, the Directors have not exercised any of the power to allot and issue any Shares pursuant to the General Mandate. The Conversion Shares will utilize 59,264,705 Shares that are allowed to be allotted and issued under the General Mandate, and the balance of 105,331,669 Shares will remain outstanding under the General Mandate (approximately 63.99% thereof). The Subscription and the issue of Conversion Shares are not subject to Shareholders' approval.

Effect on Shareholding Structure

The shareholding structures of the Company as at the date of this announcement and upon full conversion of the Convertible Bonds are shown as follows:

	As at the date of this announcement		Immediately after full conversion of the US\$3M Convertible Bonds		Immediately after full conversion of the US\$3M Convertible Bonds and the US\$10M Convertible Bonds	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Integrated Asset Management (Asia) Limited (“IAM”) (note 1)	140,591,657	17.08	140,591,657	16.80	140,591,657	15.94
Mountain Sky (note 2)	155,350,000	18.88	155,350,000	18.57	155,350,000	17.61
Sub-total	295,941,657	35.96	295,941,657	35.37	295,941,657	33.54
Public Shareholders						
The US\$3M CB Subscriber	0	0	13,676,470	1.63	13,676,470	1.55
The US\$10M CB Subscriber	0	0	0	0	45,588,235	5.17
Other public Shareholders	527,040,213	64.04	527,040,213	62.99	527,040,213	59.74
Sub-total	527,040,213	64.04	540,716,683	64.63	586,304,918	66.46
Total	822,981,870	100	836,658,340	100	882,246,575	100

Notes:

- IAM is wholly and beneficially owned by Mr. Yam Tak Cheung.
- Mountain Sky is beneficially owned as to approximately 91.43% by Mountain Sky Resources Holdings Limited (“Mountain Sky Holdings”). Mountain Sky Holdings is beneficially owned as to 40% by Mr. Chan Kwan Hung and 40% by M&S Investment Consultants Limited. M&S Investment Consultants Limited is wholly and beneficially owned by Ms. Kung Lui. Mountain Sky holds 1,645,210,000 Preference Shares.

AMENDMENT TO THE US\$30M CONVERTIBLE BONDS

Adjustment Mechanism to the US\$30M CB Conversion Price of the US\$30M Convertible Bonds

Upon the US\$3M CB Completion or the US\$10M CB Completion (whichever is the earlier), in addition to the existing adjustment mechanism under the terms and conditions of the US\$30M Convertible Bonds, the US\$30M CB Conversion Price will also be adjusted upon occurrence of the following event:–

- the Year-end-month Average Closing Price as quoted in the official daily quotation sheet of the Stock Exchange (or the equivalent) for all the Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place during the Year-end-month in any calendar year plus a premium of 15% thereof is lower than the applicable US\$30M CB Conversion Price in force.

Appointment as Security Agent in relation to the Share Charge

In order to share the entire issued shares of Green Paradise as a common security of the US\$3M Convertible Bonds, the US\$10M Convertible Bonds and the US\$30M Convertible Bonds, upon the US\$3M CB Completion or the US\$10M CB Completion (whichever is the earlier), in connection with the Share Charge, Business Ally will be appointed as security agent of (1) the US\$3M Bondholders in respect of the US\$3M Convertible Bonds; (2) the US\$10M Bondholders in respect of the US\$10M Convertible Bonds; and (3) the US\$30M Bondholders in respect of the US\$30M Convertible Bonds.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The following table summaries the fund raising activities of the Group for the twelve months immediately preceding the date of this announcement:—

Date of Announcement	Event	Intended use of proceeds as announced	Actual use of proceeds
18 December 2009	Placing of up to 232,140,000 existing Shares at not less than HK\$1.68 per Share	Approximately HK\$380 million for the newly acquired mining business in Mongolia (<i>Note 1</i>)	Applied for the partial payment of an acquisition of two alluvial gold mines in Mongolia by the Company.
8 September 2010	Issuing of convertible bonds in the principal amount of US\$30,000,000 convertible into Shares at the conversion price of HK\$1.70 per Share	Approximately HK\$243 million for the general working capital of the Group, acquisition of iron concession in Mongolia and/or any other possible acquisitions in future	Applied for the general working capital of the Group and acquisition of iron concession in Mongolia

Note 1: For details of the intended use of proceeds, please refer to the announcement of the Company dated 17 May 2010.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Board” the board of Directors

“Business Day” a day (other than Saturday and Sunday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business

“BVI” British Virgin Islands

“Company”	North Asia Resources Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed and traded on the Main Board of the Stock Exchange
“Completion”	US\$3M CB Completion and US\$10M CB Completion
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Conversion Shares”	US\$3M CB Conversion Shares and US\$10M CB Conversion Shares
“Convertible Bonds”	US\$3M Convertible Bonds and US\$10M Convertible Bonds
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 22 October 2010 to allot, issue and deal with up to 164,596,374 Shares, being the limit of 20% of the Shares in issue as at the date of the passing of the resolution
“Green Paradise”	Green Paradise Enterprises Ltd., a company incorporated under the laws of the BVI and is wholly owned by NARG
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Days”	29 October 2010, being the last trading day on which the Shares were traded prior to the date of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Main Board”	the Main Board of the Stock of Exchange
“Market Price”	the average of the closing prices of fully paid ordinary shares of the Company on the Stock Exchange as quoted in the official sheet of the Stock Exchange (or the equivalent) for each of the last five Stock Exchange trading days on which dealings in the Shares on the Stock Exchange took place ending on the last such trading day preceding the day on or as of which the market price is to be ascertained
“Mountain Sky”	Mountain Sky Resources (Mongolia) Limited, a company incorporated under the laws of the BVI which holds 1,645,210,000 Preference Shares as at the date of this announcement
“NARG”	North Asia Resources Group Limited (北亞資源集團有限公司), a company incorporated under the laws of the BVI and a wholly-owned subsidiary of the Company
“Preference Shares”	the 2,363,710,400 convertible preference shares issued by the Company which is held as to 1,645,210,000 by Mountain Sky and 718,500,400 by Ultra Asset
“September Charge on Preference Shares”	the charge on preference shares dated 8 September 2010 and executed by Mountain Sky in favour of Business Ally in relation to the charge of 468,120,805 Preference Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amount payable in the event of any voluntary or involuntary liquidation or dissolution of the Company

“Share Charge”	the share charge dated 8 September 2010 executed by NARG (as the chargor) in favour of Business Ally (as the chargee) over the entire issued shares of Green Paradise (to be amended by the Supplemental Deed to Share Charge)
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	US\$3M CB Subscription and US\$10M CB Subscription
“Subscription Agreements”	US\$3M CB Subscription Agreement and US\$10M CB Subscription Agreement
“Supplemental Agreement to US\$30M CB”	the supplemental agreement relating to the US\$30M Convertible Bonds for amending certain terms of the US\$30M Convertible Bonds
“Supplemental Deed to Share Charge”	the supplemental deed to the Share Charge, pursuant to which certain terms of the Share Charge are amended so that the Convertible Bonds will be secured by the Share Charge
“Ultra Asset”	Ultra Asset International Ltd., a company incorporated under the laws of the BVI which holds 718,500,400 Preference Shares as at the date of this announcement
“Warranties”	the representations, warranties and undertakings contained or referred to in Clause 6 and Schedule 1 of the Subscription Agreements
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“US\$”	United States dollars, the lawful currency in the United States of America

“US\$3M Bondholder(s)”	holder(s) of the US\$3M Convertible Bonds
“US\$3M Charge on Preference Shares”	the share charge to be executed by Mountain Sky (as the chargor) in favour of the US\$3M CB Subscriber (as the chargee) over certain number of the Preference Shares (the number of the Preference Shares subject to the US\$3M Charge on Preference Shares shall have a market value which shall be equivalent to 3 times of the subscription price of the US\$3M Convertible Bonds payable by the US\$3M CB Subscriber to the Company (based on the volume average price for the Shares quoted on the Stock Exchange for the last 15 trading days prior to the date of the US\$3M CB Subscription Agreement)
“US\$3M CB Completion”	completion of the US\$3M CB Subscription Agreement including the issue of the US\$3M Convertible Bonds by the Company to the US\$3M CB Subscriber in accordance with the terms and conditions of the US\$3M CB Subscription Agreement
“US\$3M CB Completion Date”	the completion date shall be on or before 12 November 2010 and shall be two (2) Business Days after all of the Conditions Precedent for the US\$3M CB Subscription have been fulfilled by the Company or, as the case may be, waived by the US\$3M CB Subscriber (or such later date as the parties may agree in writing)
“US\$3M CB Conversion Price”	the initial conversion price of the US\$3M Convertible Bonds of HK\$1.70 per US\$3M CB Conversion Share
“US\$3M CB Conversion Share(s)”	the 13,676,470 new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the US\$3M Convertible Bonds, based on the initial conversion price of HK\$1.70 per US\$3M CB Conversion Share
“US\$3M Convertible Bonds”	the convertible bonds in the aggregate sum of US\$3,000,000 to be issued by the Company to the US\$3M CB Subscriber pursuant to the US\$3M CB Subscription Agreement

“US\$3M CB Deed of Accession”	the deed of accession for appointing Business Ally as security agent of the US\$3M Bondholders
“US\$3M CB Issue Date”	the date on which the US\$3M Convertible Bonds are issued by the Company to the US\$3M CB Subscriber under the US\$3M CB Subscription Agreement
“US\$3M CB Maturity Date”	the date falling on the third anniversary of the US\$3M CB Issue Date
“US\$3M CB Subscriber”	Grandwin Enterprises Limited, a company incorporated under the laws of the BVI
“US\$3M CB Subscription”	the subscription by the US\$3M CB Subscriber for the US\$3M Convertible Bonds pursuant to the US\$3M CB Subscription Agreement
“US\$3M CB Subscription Agreement”	the subscription agreement dated 29 October 2010 entered into between the Company and the US\$3M CB Subscriber in respect of the US\$3M CB Subscription
“US\$3M CB Transaction Documents”	the US\$3M CB Subscription Agreement, the Supplemental Deed to Share Charge, US\$3M Charge on Preference Shares and any other documents relating to the transactions contemplated therein which may be entered into from time to time
“US\$10M Bondholder(s)”	holder(s) of the US\$10M Convertible Bonds

“US\$10M Charge on Preference Shares”	the share charge to be executed by Mountain Sky (as the chargor) in favour of the US\$10M CB Subscriber (as the chargee) over certain number of the Preference Shares (the number of the Preference Shares subject to the US\$10M Charge on Preference Shares shall have a market value which shall be equivalent to 3 times of the subscription price of the US\$10M Convertible Bonds payable by the US\$10M CB Subscriber to the Company (based on the volume average price for the Shares quoted on the Stock Exchange for the last 15 trading days prior to the date of the US\$10M CB Subscription Agreement)
“US\$10M CB Completion”	completion of the US\$10M CB Subscription Agreement including the issue of the US\$10M Convertible Bonds by the Company to the US\$10M CB Subscriber in accordance with the terms and conditions of the US\$10M CB Subscription Agreement
“US\$10M CB Completion Date”	the completion date shall be on or before 12 November 2010 and shall be two (2) Business Days after all of the Conditions Precedent for the US\$10M CB Subscription have been fulfilled by the Company or, as the case may be, waived by the US\$10M CB Subscriber (or such later date as the parties may agree in writing)
“US\$10M CB Conversion Price”	the initial conversion price of the US\$10M Convertible Bonds of HK\$1.70 per US\$10M CB Conversion Share
“US\$10M CB Conversion Share(s)”	the 45,588,235 new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the US\$10M Convertible Bonds, based on the initial conversion price of HK\$1.70 per US\$10M CB Conversion Share
“US\$10M Convertible Bonds”	the convertible bonds in the aggregate sum of up to US\$10,000,000 to be issued by the Company to the US\$10M CB Subscriber pursuant to the US\$10M CB Subscription Agreement

“US\$10M CB Deed of Accession”	the deed of accession for appointing Business Ally as security agent of the US\$10M Bondholders
“US\$10M CB Issue Date”	the date on which the US\$10M Convertible Bonds are issued by the Company to the US\$10M CB Subscriber under the US\$10M CB Subscription Agreement
“US\$10M CB Maturity Date”	the date falling on the third anniversary of the US\$10M CB Issue Date
“US\$10M CB Subscriber or Business Ally”	Business Ally Investments Limited, a company incorporated under the laws of the BVI and a wholly-owned subsidiary of CCB International Asset Management Limited
“US\$10M CB Subscription”	the subscription by the US\$10M CB Subscriber for the US\$10M Convertible Bonds pursuant to the US\$10M CB Subscription Agreement
“US\$10M CB Subscription Agreement”	the subscription agreement dated 29 October 2010 entered into between the Company and the US\$10M CB Subscriber in respect of the US\$10M CB Subscription
“US\$10M CB Transaction Documents”	the US\$10M CB Subscription Agreement, the Supplemental Deed to Share Charge, US\$10M Charge on Preference Shares and any other documents relating to the transactions contemplated therein which may be entered into from time to time
“US\$30M Bondholders”	holder(s) of the US\$30M Convertible Bonds
“US\$30M CB Conversion Price”	the initial conversion price of the US\$30M Convertible Bonds of HK\$1.70 per US\$30M CB Conversion Share
“US\$30M CB Conversion Share”	the 136,764,705 new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the US\$30M Convertible Bonds, based on the initial conversion price of HK\$1.70 per US\$30M CB Conversion Share

“US\$30M
Convertible Bonds” the convertible bonds in the sum of US\$30,000,000 issued
by the Company to the US\$30M CB Subscriber on 14
September 2010

“%” per cent.

By order of the Board
North Asia Resources Holdings Limited
King Jun Chih, Joseph
Chairman

Hong Kong, 29 October 2010

As at the date of this announcement, Mr. King Jun Chih, Joseph, Mr. Tse Michael Nam and Mr. Yang Xiaoqi are the executive Directors, Mr. Chan Kwan Hung and Mr. Wu Chi Chiu are the non-executive Directors and Mr. Lim Yew Kong, John, Mr. Mak Ping Leung and Mr. Leung Po Wing, Bowen Joseph, GBS, JP are the independent non-executive Directors.