



XIAOXIAO EDUCATION LIMITED
ACN 140 573 762
242 Angas Street | Adelaide SA 5000 | Australia

23 September 2014

Mr Simon Daniels
Adviser, Listings (Sydney)
ASX Compliance
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

By Email

Dear Mr Daniels

**Re: Progress Report on Offer - Xiaoxiao Education Limited
(ASX: XXL)**

FOR IMMEDIATE RELEASE

Summary

I refer to ASX Announcements regarding an approach by Mr Xu Zi to acquire a majority of the ordinary shares in Xiaoxiao Education Limited (**XXL**). Specifically, Mr Xu wishes to purchase all of the issued ordinary shares in the capital of Xiaoxiao Education Ltd held by Madam Yongrong Tong.

Mr Xu will be the Managing Director and owner of Unicorn Resources Limited (previously Australia China Mining), which through a subsidiary, controls Qijiang Pingdong Mining Company Limited (PRC), a China based company intending to enter into iron ore mining production in the Chongqing province of the Peoples Republic of China (PRC).

In consideration for the abovementioned, Mr Xu offers an asset being the Datong Daluo iron ore mine (**'Datong'**) situated in the Chongqing Province, PRC.

Mr Xu intends to change the business nature of XXL to involvement in the Chinese mining sector, delivering assets in that sector to the Company, and to consequently dispose of the existing education assets.

This letter provides the ASX and the market with an update on the progress of the Offer to date.

Market Update

Due to circumstances beyond the control of XXL, there has been a delay in concluding the proposal. However, the parties are now ready to conclude the transaction.

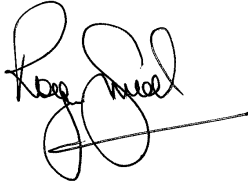
The delay has also required a new General Meeting of Shareholders to be called to consider a number of Resolutions relating to the Xu proposal. These are effectively the same Resolutions as passed by XXL Shareholders at the General Meeting held on 20 December 2012, but are required to be put to Shareholders again as a result of the lapse of time.

Therefore, NOTICE is given that a General Meeting of Xiaoxiao Education Limited ABN 26 140 573 762 (Company) will be held at the offices of Computershare Limited, Yarra Falls, 452 Johnston Street Abbotsford Victoria on Friday 24th October 2014 at 10.00 a.m.

The XXL Board has required the previous Expert Geologists Report to be reviewed and updated. The Board appointed the eminent geology company Westoria, who are involved in the assessment and evaluation of mineral properties, to provide a new Independent Expert Geologist's Report. The Report has been prepared on the available information and site trip to the Datong mine in China, up to and including 28 February 2014. Westoria have completed a substantial report, and in part concluded "Westoria considers that there is sufficient technical merit to justify the proposed programmes and associated expenditure".

The Independent Directors urge all Minority Shareholders to read the Shareholder Pack carefully and, if required, seek professional advice on the Offer. All votes are important and Shareholders are requested to either attend the Meeting or lodge their proxies. I will provide Shareholders, and the market, with the results of the General Meeting and any other relevant matters, after the conclusion of the Meeting.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Roger Smeed', with a long horizontal line extending from the bottom of the signature.

Roger Smeed
Deputy Chairman