

UPDATE ON SINO-EXCEL ENERGY PROPOSED MERGER AND LISTING

The Company has previously advised that Sino-Excel Energy Pte Ltd (formerly Sino-Excel Petroleum Holdings Pte Ltd) ["Sino-Excel"] is to list through a merger and share exchange with Norwood Abbey Ltd.

As shareholders are already aware, the due diligence process has extended for a much longer period that expected. The delays have been unavoidable and derive from the need for a range of structural matters having to be addressed at the Chinese level. To this end, due diligence has been considerably more involved than a local transaction.

The company is now pleased to confirm that a final draft of the Chinese legal due diligence has been received. Further, the audits of the Chinese operating entity have also been completed and released to Norwood. Accordingly, preparation of the Independent Expert's Report (IER) and Investigating Accountant's Report (IAR) are now proceeding.

The Definitive Agreement is in preparation together with a Notice of Meeting.

As a result of the due diligence process and regulatory matters in China, the terms of the proposed transaction have been varied. The Sino-Excel subsidiary, DeBang Resources Ltd ("DB"), will enter into an exclusive Technical Consultation and Services Agreement over the established and significant coal trading operation in Henan Province in the Peoples' Republic of China ("PRC"). The up-front consideration for this arrangement has been reduced from approximately A\$120 million to A\$60 million. This has further de-risked the proposal from Norwood's viewpoint.

DB also intends to acquire coal mining concessions in Henan Province and other provinces in PRC. It was originally intended to bring in options over three existing mines but, following a recent change in government policy limiting mine licences to mines producing greater than one million tonnes per annum each, these three mines will be redefined in three years and have been excluded. The promoters of Sino-Excel are in the process of identifying other prospective mines but these will be progressed only after the coal trading activities are in place in the listed entity.

The basis of the proposed consideration is now as follows:

- 6 times 2010 NPAT
- NPAT assumed to be RMB 60m (approximately A\$10m) and share consideration issued by Norwood on this basis
- If NPAT below RMB 60m Norwood claws back share consideration - difference times 6
- If NPAT above RMB 60m but below RMB 120m (approximately A\$20m), Norwood issues additional share consideration - difference times 6
- If NPAT above RMB 120m, Norwood issues additional share consideration - 25% of difference above RMB 120m times 3.

A further update will be provided once timing in relation to the IER and IAR are confirmed.

To find out more about the Norwood group, visit www.norwoodabbey.com

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