

PROSPECTUS

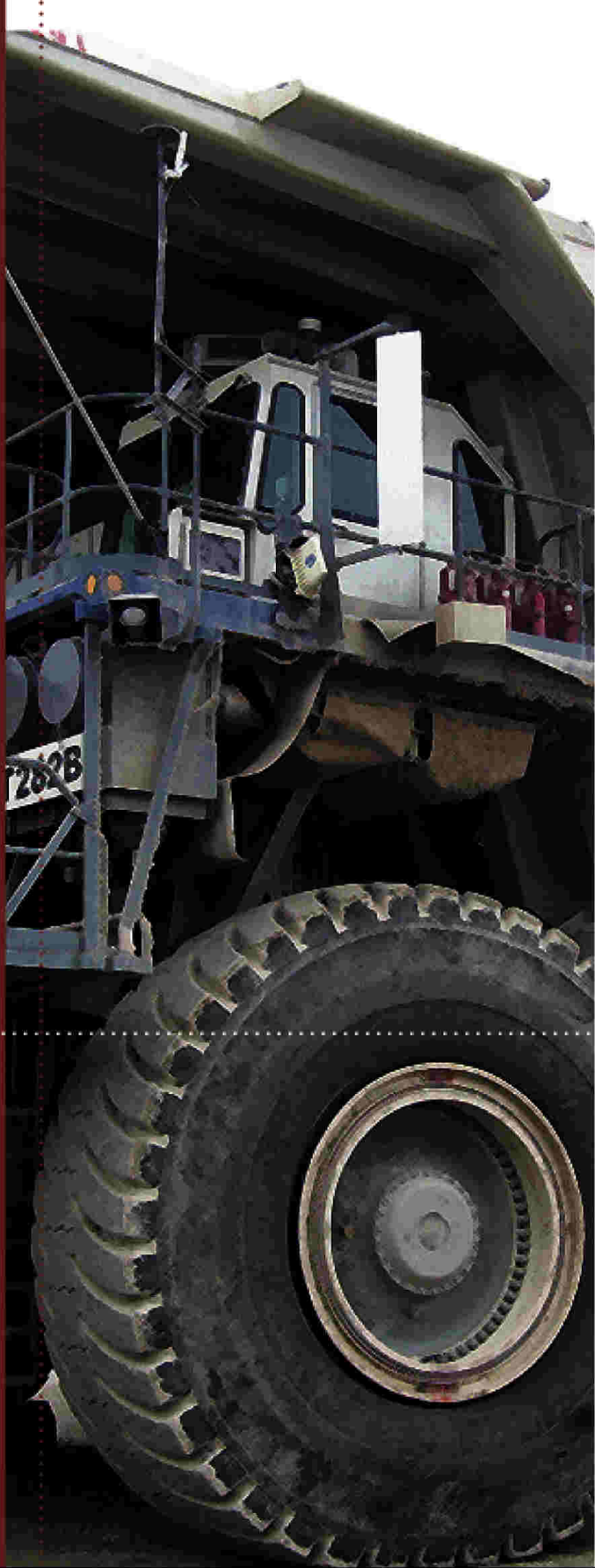
for the offer by CWH Resources Limited of a minimum of 12,500,000 New Shares and a maximum of 15,000,000 New Shares at 20 cents per New Share to raise a minimum of \$2,500,000 and a maximum of \$3,000,000



**CWH
RESOURCES
LIMITED**

ACN 009 230 111

This Prospectus provides important information to assist prospective investors in deciding whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers. The New Shares offered under this Prospectus are of a speculative nature. Neither the Company nor any other person guarantees the performance of the New Shares offered or the return of any investment.



CORPORATE DIRECTORY

DIRECTORS

| | |
|------------------------|--|
| Bao Cheng Luo | Executive Chairman |
| Charles Hock Guan Sher | Non-Executive Director and Chairman of the Audit Committee |
| Wang Wei Guo | Non-Executive Director |
| Peter Blair | Non-Executive Director |
| Li Shun Ming | Non-Executive Director |
| Fu Man Chang | Non-Executive Director |

COMPANY SECRETARY

Eng Chuan (Owen) Ow, CPA

REGISTERED OFFICE

Suite 1503, Level 15, 97-99 Bathurst Street
Sydney NSW 2000
Telephone: +61 2 9268 0555
Facsimile: +61 2 9268 0155
Email: office@cwh.com.au
Website: www.cwh.com.au

SOLICITORS TO THE OFFER

Whittens Lawyers and Consultants
Level 5, 137-139 Bathurst Street
Sydney NSW 2000

INDEPENDENT GEOLOGIST

Minarco Mineconsult
Level 16
Australia Square
264-278 George Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANTS

HLB Mann Judd
Level 19
207 Kent Street
Sydney NSW 2000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000
Telephone: (within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

AUDITORS

HLB Mann Judd
Level 19
207 Kent Street
Sydney NSW 2000

INDEPENDENT TENEMENT CONSULTANT

Mining Tenement Services
Level 13
379 Queen St
Brisbane QLD 4000



IMPORTANT INFORMATION

This Prospectus is dated 15 November 2011 and was lodged with ASIC on that date. ASIC and the ASX take no responsibility for the contents of this Prospectus.

This Offer is conditional on Shareholder approval being granted in accordance with the Notice of Meeting circulated to Shareholders by CWH on 31 October 2011. The Annual General Meeting will be held on 28 November 2011.

At the Company's Annual General Meeting held on 20 January 2011, the Company obtained approval from its Shareholders to change the nature and scale of its activities under ASX Listing Rule 11.1. As a result, the Company must comply with the ASX requirements to re-list on the ASX, which include complying with Chapters 1 and 2 of the ASX Listing Rules.

This Prospectus is issued to raise funds for the Company's new activities and to assist the Company to comply with Chapters 1 and 2 of the ASX Listing Rules.

CWH will apply for the New Shares offered by this Prospectus to be listed for quotation on the ASX within seven days following the date of this Prospectus.

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Applicants should read the entire Prospectus for the purposes of making an informed assessment of the assets and liabilities, financial position and prospects of the Company and the rights and liabilities attaching to the New Shares offered pursuant to this Prospectus.

If you do not understand this Prospectus you should consult your accountant, stockbroker or other professional advisor about its contents.

The New Shares offered under this Prospectus should be considered speculative and potential investors should consider the risk factors outlined in section 5 of this Prospectus.

Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus (excluding the Application Forms during the Exposure Period) which may be viewed in electronic form at <http://www.cwh.com.au> by Australian and New Zealand resident investors only. Persons who receive the electronic form of this Prospectus should ensure that they download and read the entire Prospectus.

The Offer constituted by this Prospectus in electronic or paper form is not available to investors in any other jurisdiction. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by calling the Share Registry:

Computershare Investor Services Pty Limited
Telephone: (within Australia) 1300 369 139
(outside Australia) +61 3 9415 4028

The information on <http://www.computershare.com.au> does not form part of this Prospectus. Applications may only be made on printed copies of the Application Forms attached to or accompanying the Prospectus. The Corporations Act prohibits any person from passing an Application Form to any other person unless it is attached to, or accompanied by, a hard copy of the Prospectus or a complete and unaltered electronic copy of the Prospectus.

The Application Form contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form. Applications under the Offer must be made by completing a paper copy of the Application Form attached to this Prospectus. CWH will not accept a completed Application Form if it has reason to believe that the Applicant has not received a Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Offer Restrictions

The Offer contained in this Prospectus is available to Australian and New Zealand residents. The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia and New Zealand may be restricted by law. Persons who are resident in countries other than Australia and New Zealand should seek professional advice on, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or any person to whom, it would be unlawful to make such an offer or invitation.

No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand.

Exposure Period

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of seven days from the date of lodgement of the

Prospectus with ASIC which may be extended by ASIC for up to a further seven days (**Exposure Period**). CWH is not permitted to process Applications during the Exposure Period. The Exposure Period enables the Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period and all Applications received during the Exposure Period will be treated as if they were received on the Opening Date.

Definitions and Glossary

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary in section 11.

The financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated.

References to time are to Australian Eastern Daylight Time (**AEDT**) unless stated otherwise.

Photographs and Diagrams

The photographs and diagrams in this Prospectus do not depict the operations of CWH unless otherwise stated. Diagrams are intended to be representational only, and may not be to scale.

Underwriting

This Offer is not underwritten.

Professional Advice and Risks of Investing

The information in the Prospectus is not financial product advice and does not take into account your investment objectives, financial status or particular needs. Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for any New Shares pursuant to this Prospectus.

There are risks associated with an investment in CWH and the New Shares offered under this Prospectus must be regarded as a speculative investment.

The New Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or future value.

Details of the key risk factors associated with investing in the Company and applying for the New Shares offered by this Prospectus are set out in section 5.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or the Directors.

Future Performance

Except as required by law, and only to the extent so required, none of the Company or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Forecasts and Forward-Looking Statements

Given the speculative nature of exploration, resources development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

Notwithstanding the above, this Prospectus includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding the Company's financial position, business strategy and plans and objectives for its projects and future operations (including development plans and objectives) which have been based on the Company's current expectations about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future events, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. The statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

Privacy

If you apply for New Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Corporations and tax laws require some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth) (Privacy Act):

- (a) the Share Registry for ongoing administration of the register; and
- (b) the printers and the mailing house for the purposes of preparation and distribution of holding statements and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry at:

Privacy Officer
Computershare Investor Services Pty Limited
GPO Box 7045
Sydney NSW 2001
Email: privacy@computershare.com.au
Telephone: 1300 850 505

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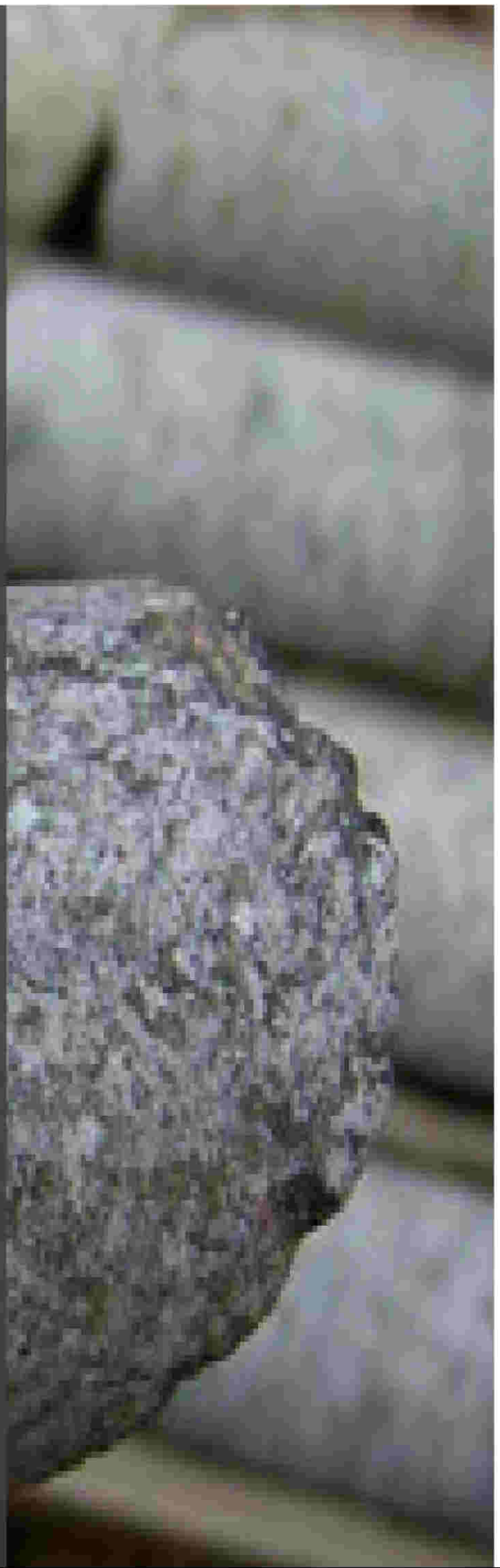
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APPLICATION FORM



CHAIRMAN'S LETTER

Dear Investors

On behalf of the Board of Directors, it gives me great pleasure to offer you this opportunity to invest in CWH Resources Limited (**CWH or the Company**).

The new focus of the Company on resource exploration provides an exciting basis for its future growth.



CWH has assembled a portfolio of three 100 per cent owned tenements in Queensland, Australia (EPM 15900, 18007 and 18160) and has applied for an additional six tenements in Queensland for which it has application status. In respect of the six tenements for which CWH has application status, two of these tenements (EPM 18042 and 18158) are competing applications; however CWH has been ranked as the priority applicant for the two competing applications.

CWH is also a party to a joint venture agreement with Discovery Pty Ltd, a company based in the Republic of Kazakhstan, for the exploration of copper and nickel ores for mining and production in the Alisher mining areas of the Jiliangnuofsike region of the Republic of Kazakhstan. Discovery Pty Ltd holds an exploration permit (geological exploration permit No. 001452 dated 8 June 2009) which covers an area of approximately 11.89 square kilometres.

In this exciting phase of the Company, CWH is seeking to raise a minimum of \$2,500,000 and a maximum of \$3,000,000 (before costs of the Offer) through the issue of a minimum of 12,500,000 New Shares and a maximum of 15,000,000 New Shares at an issue price of 20 cents per New Share.

The purpose of the Offer is to raise capital to specifically fund the development of two of the Company's key tenements in Queensland, referred to as Queensland Project 1 (EPM 18007) and Queensland Project 2 (EPM 18160), as well as to provide the Company with ongoing working capital. The issue of this Prospectus is also to assist the Company to meet the requirements of Chapters 1 and 2 of the ASX Listing Rules so that the Company's Shares can be reinstated to official quotation on the ASX.

The Company is led by an experienced Board of Directors, whose collective experience and technical skills are planned to drive the Company's exploration program and assist the Company acquire additional mining tenements for exploration.

The information in this Prospectus is very important and should be read in detail. Any investment of this nature must be considered speculative and investors should consider seeking independent investment advice before investing in the Company.

I recommend that you consider our Prospectus and I look forward to welcoming you as a Shareholder.

Yours sincerely

CWH RESOURCES LIMITED

A handwritten signature in black ink, appearing to read 'Bao Cheng Luo'.

Bao Cheng Luo
Chairman

SECTION 1 - INVESTMENT HIGHLIGHTS

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

Exploration

While CWH has historically focused on its manufacturing business in China, Chongqing YuAO Construction Co., Ltd, as part of the Company's change of business and focus on mining exploration, the Company has entered into a conditional share transfer agreement with Alliance Investment (Aust) Pty Ltd for the sale of 100% of the issued capital of Chongqing YuAO Construction Co., Ltd (a summary of which is set out in section 9.2, including the conditions of the agreement).

CWH has assembled a portfolio of three 100 per cent owned tenements in Queensland, Australia (EPM 15900, 18007 and 18160) and has applied for an additional six tenements in Queensland for which it has application status. In respect of the six tenements for which CWH has application status, two of these tenements (EPM 18042 and 18158) are competing applications; however CWH has been ranked as the priority applicant for the two competing applications. The table in section 3 provides a summary of the tenements in Queensland in which CWH has an interest. The Company continues to build on its portfolio of tenements in Queensland.

CWH is also a party to a joint venture agreement with Discovery Pty Ltd, a company based in the Republic of Kazakhstan, for the exploration of copper and nickel ores for mining and production in the Alisher mining areas of the Jiliangnuofsike region of the Republic of Kazakhstan (a summary of which is set out in section 9.2). Discovery Pty Ltd holds an exploration permit (geological exploration permit No. 001452 dated 8 June 2009) which covers an area of approximately 11.89 square kilometres.

Experienced Board of Directors

The Company is led by an experienced Board of Directors, whose collective experience and technical skills are planned to drive the Company's exploration program and assist the Company acquire additional mining tenements for exploration. The Directors may recruit management and/or consultants as and when appropriate. Further details of the Directors are contained in section 4.1.

Offer Statistics

The table below provides a summary of the Shares to be issued under this Offer, if the Offer is fully subscribed and if the Offer is subscribed to the minimum subscription level:

| | Minimum Subscription | Maximum Subscription |
|--|----------------------|----------------------|
| Offer price per New Share | \$0.20 | \$0.20 |
| Number of New Shares to be offered under the Offer | 12,500,000 | 15,000,000 |
| Amount raised under the Offer | \$2,500,000 | \$3,000,000 |
| SHARES ON ISSUE FOLLOWING COMPLETION OF THE OFFER⁽¹⁾ | 88,816,615 | 91,316,615 |

Notes:

- (1) It is noted that as at the date of this Prospectus the Company has approved for issue 4,334,176 Options. If any of these Options are exercised after this Prospectus is issued, the total number of Shares on issue following completion of the Offer will be increased accordingly.

SECTION 2 - DETAILS OF THE OFFER

Description of the Offer

The Offer by this Prospectus consists of an offer to the public to subscribe for a minimum of 12,500,000 New Shares and a maximum of 15,000,000 New Shares at an issue price of 20 cents per New Share in order to raise a minimum of \$2,500,000 and a maximum of \$3,000,000 (before costs of the Offer),

The New Shares issued pursuant to this Prospectus will rank equally with the existing Shares on issue in the Company as at the date of this Prospectus.

*** This Offer is conditional on Shareholder approval being granted in accordance with the Notice of Meeting circulated to Shareholders by CWH on 31 October 2011. The Annual General Meeting will be held on 28 November 2011.**

Purpose of the Offer

The purpose of the Offer is to:

- (a) raise up to \$3,000,000; and
- (b) assist the Company to meet the requirements of Chapters 1 and 2 of the ASX Listing Rules.

The Company intends to apply the funds raised from the Offer to:

- (a) conduct further exploration of Queensland Project 1 and Queensland Project 2 as described in section 3;
- (b) meet the expenses of the Offer; and
- (c) provide working capital for the Company.

Minimum Subscription

The minimum subscription to the Offer is \$2,500,000. In accordance with the Corporations Act, no New Shares will be allotted by the Company until the Minimum Subscription has been received.

If the Minimum Subscription has not been received within three months after the date of this Prospectus, the Company will either:

- (a) repay the Application Monies to Applicants; or
- (b) issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application Monies.

In the event of an over-subscription of the Offer, any excess Application Monies received from Investors will be refunded by cheque without interest.

Underwriter

The Offer is not underwritten.

Opening and Closing Date

The proposed Opening Date for acceptances of the Offer will be 24 November 2011 (the Opening Date will be delayed if the mandatory seven day Exposure Period required by the Corporations Act is extended by ASIC).

The proposed Closing Date for acceptances of the Offer is 20 December 2011.

The Board reserves the right at any time and from time to time to change the Opening Date, the Closing Date and the associated times of the Offer, without giving notice.

Applications for New Shares pursuant to this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. An Application lodged prior to the expiry of the Exposure Period will be treated as though it was received immediately following expiry of the Exposure Period.

Indicative Timetable

| Key Events | Date |
|--|------------------|
| Lodgement of Prospectus with ASIC | 15 November 2011 |
| Opening Date of the Offer | 24 November 2011 |
| Closing Date of the Offer | 20 December 2011 |
| Allocation of New Shares and dispatch of Shareholder statements | 26 December 2011 |
| Anticipated date of reinstatement to official quotation of the Company's Shares (including the admission of the New Shares) on the ASX | 11 January 2012 |

The above dates are indicative only and may change without notice. All times are quoted in Australian Eastern Daylight time (EDT). The Company reserves the right, subject to the Corporations Act and other applicable laws, to vary the dates and times of the Offer or to accept late Applications, without notifying any recipient. Investors are encouraged to submit their Application Form as soon as possible.

* This Offer is conditional on Shareholder approval being granted in accordance with the Notice of Meeting circulated to Shareholders by CWH on 31 October 2011. The Annual General Meeting will be held on 28 November 2011.

Use of proceeds from the Offer

The Directors intend to apply the proceeds from the Offer in the two years after the Offer in the following manner:

| | Minimum Subscription (\$2.5m) | Maximum Subscription (\$3m) |
|--|-------------------------------|-----------------------------|
| Year 1 | | |
| Exploration | | |
| Proposed Exploration Expenditure on projects | \$1,005,000 | \$1,005,000 |
| Administration & other expenses | \$250,000 | \$250,000 |
| Costs of the Offer | \$320,000 | \$320,000 |
| TOTAL YEAR 1 | \$1,575,000 | \$1,575,000 |
| Year 2 | | |
| Exploration | | |
| Proposed Exploration Expenditure on projects | \$675,000 | \$1,175,000 |
| Administration & other expenses | \$250,000 | \$250,000 |
| TOTAL YEAR 2 | \$925,000 | \$1,425,000 |
| TOTAL | \$2,500,000 | \$3,000,000 |

The Directors are satisfied that if \$2,500,000 is raised, the Company can still meet its principal objective of conducting initial exploration of Queensland Project 1 and Queensland Project 2 and have sufficient capital for two years of operations.

Pro-Forma Capital Structure

The table below sets out the capital structure of the Company before the Offer and immediately following the completion of the Offer.

(a) Shares

| | Minimum Subscription | % | Maximum Subscription | % |
|--|----------------------|-------------|----------------------|-------------|
| Shares on issue as at the date of the Prospectus | 76,316,615 | 86% | 76,316,615 | 84% |
| New Shares to be issued under the Offer | 12,500,000 | 14% | 15,000,000 | 16% |
| TOTAL SHARES ON ISSUE FOLLOWING COMPLETION OF THE OFFER⁽¹⁾ | 88,816,615 | 100% | 91,316,615 | 100% |

Notes:

- (1) If any Options are exercised after this Prospectus is issued, the total number of Shares on issue following completion of the Offer will be increased accordingly.

(b) Options

At the Annual General Meeting held on 20 January 2011, the Company obtained approval from Shareholders to issue 10,519,000 Options. As at the date of this Prospectus, 4,334,176 of the Options have yet to be issued. Prior to 30 June 2011, 6,184,824 of these Options were issued and were converted to Shares in the Company and are included in the numbers above.

The Options have an issue price of \$0.17 per Option and an exercise price of \$Nil.

Restricted Securities

The ASX may classify certain existing Shares and Options on issue in the Company (as opposed to the New Shares to be issued under this Prospectus) as being subject to the restricted securities provisions of the ASX Listing Rules. These include Shares and Options issued to promoters, seed capital investors and others prior to the Offer. If so classified, such securities would be required to be held in escrow for a period determined by the ASX and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of the ASX.

Applications

Applications for New Shares under this Offer must be made using the Application Form accompanying this Prospectus.

Payment for the New Shares must be made in full at the issue price of 20 cents per New Share. Applications for New Shares must be for a minimum of 10,000 New Shares and thereafter in multiples of 1,000 New Shares and must be mailed to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Cheques should be made payable to “CWH Resources Limited – Share Offer Account” and crossed “Not Negotiable”.

Completed Application Forms must reach the above address by no later than the Closing Date.

The Company reserves the right to close the Offer early.

Application Monies will be held in a separate bank account on behalf of Applicants until the New Shares offered under this Prospectus are issued. If any application is rejected in whole or in part, the amount tendered in respect of the

New Shares that have not been issued pursuant to the relevant application will be repaid to the unsuccessful Applicant, without interest.

Allotment

If your application is accepted, in whole or in part, the Company will issue New Shares pursuant to your application and dispatch either an issuer sponsored holding statement or a CHESS statement to you as soon as practicable after the Closing Date together with any excess Application Monies. The banking of Application Monies in a trust account does not constitute acceptance of your application.

Subject to the Minimum Subscription under the Offer being received and the ASX granting approval for the Company's Shares to be re-quoted on the ASX, the allotment of the New Shares to Applicants will occur as soon as possible after the Offer is closed; following which statements of shareholdings will be dispatched.

Pending the issue of the New Shares, or return of the Application Monies, the Application Monies will be held in trust for the Applicants. The Company will, at their discretion, retain any interest earned on the Application Monies.

The Directors have the right to allocate New Shares. The Company may reject any Application or allocate any Applicant fewer New Shares than applied for under the Offer. If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded by cheque within 14 days after the Closing Date. Where no New Shares are issued, the Application Money will be refunded in full by cheque within 30 days of the Closing Date. Interest will not be paid on Application Monies refunded.

ASX Listing

The securities of the Company have been suspended from official quotation on the ASX since 21 January 2011, and will remain in suspension until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules.

The Company will, within seven days after the date of this Prospectus, apply for readmission to the Official List of the ASX and for the New Shares to be quoted on the ASX. If an Application is not made within seven days after the date of this Prospectus or if the New Shares offered under this Prospectus are not granted quotation within three months after the date of this Prospectus, the Company shall deal with applications in accordance with the requirements of the Corporations Act. The fact that the ASX may grant quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (CHESS), operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of the ASX, in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to Applicants. Instead, holders of New Shares will receive a statement of their holding in the Company. If an Applicant is broker sponsored, ASTC will send a CHESS statement to the relevant Broker.

Commission on Application Forms

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealer or Australian Financial Services licensee in respect of valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee.

Risk Factors

Investors in the Company should be aware that subscribing for the New Shares via this Prospectus involves a number of risks. Key risks are set out in Section 5 and Investors are urged to consider those risks carefully (and if necessary, consult their professional advisers) before deciding whether to invest in the Company. The risk factors set out in Section 5, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the New Shares. Accordingly, an investment in the Company should be considered speculative.

Dividends

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Any determination by the Directors as to the payment of dividends will depend on a number of factors including the availability of distributable earnings, capital expenditure requirements and the financial position of the Company. No assurances in relation to the payment of dividends can be given by the Company.

Tax Implications

In regards to the subscription for New Shares under this Prospectus, persons should consult their professional tax advisor as the Company and its advisors do not accept any responsibility or liability for any such taxation consequences.

Applicants outside Australia or New Zealand

This Prospectus does not, and is not intended to, constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make the Offer. No action has been taken to register or qualify the New Shares in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and, therefore, persons who come into possession of this Prospectus outside Australia or New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Investors who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consent is required or whether any other formalities need to be considered and followed.

Enquiries in Relation to the Offer

This Prospectus provides information for potential investors in CWH and should be read in its entirety. If after reading this Prospectus you have any questions about any aspect of an investment in CWH, please contact your stockbroker, accountant or professional advisor.

SECTION 3 – COMPANY OVERVIEW

Background

The Company has an operational history of over 20 years since its primary listing on the ASX on 15 December 1988. While CWH has historically focused its activities on its manufacturing business in China, Chongqing YuAO Construction Co., Ltd, following the necessary approval from Shareholders on 20 January 2011, the Company made a strategic shift of operations to mining and resources.

As part of the Company's change of business and focus on resource exploration, on 10 December 2010 the Company entered into a conditional share transfer agreement with Alliance Investment (Aust) Pty Ltd for the sale of 100% of the issued capital of Chongqing YuAO Construction Co., Ltd (a summary of which is set out in section 9.2, including the conditions of the agreement).

As at the date of this Prospectus, CWH has assembled a portfolio of three 100 per cent owned tenements in Queensland, Australia (EPM 15900, 18007 and 18160) and has applied for an additional six tenements in Queensland for which it has application status. In respect of the six tenements for which CWH has application status, two of these tenements (EPM 18042 and 18158) are competing applications; however CWH has been ranked as the priority applicant for the two competing applications. The Company continues to build on its portfolio of tenements in Queensland.

CWH is also a party to a joint venture agreement with Discovery Pty Ltd, a company based in the Republic of Kazakhstan, for the exploration of copper and nickel ores for mining and production in the Alisher mining areas of the Jiliangnuofsike region of the Republic of Kazakhstan (a summary of which is set out in section 9.2). Discovery Pty Ltd holds an exploration permit (geological exploration permit No. 001452 dated 8 June 2009) which covers an area of approximately 11.89 square kilometres.

Change of Nature and Scale of Activities

The move into the resources sector by the Company constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX.

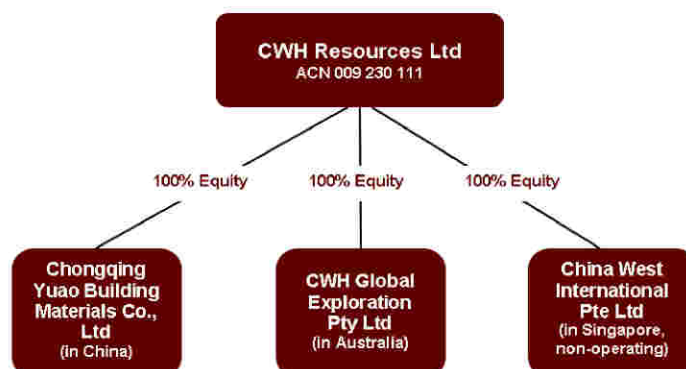
The Company sought and obtained Shareholder approval for the change in the nature and scale of activities of the Company from a focus on investing in building materials, mining, construction and allied industries to become a mining exploration company on 20 January 2011.

Compliance with Chapter 1 of the ASX Listing Rules requires the Company to lodge a prospectus with the ASIC, and this Prospectus has been prepared, in part, for the purpose of satisfying that requirement.

In accordance with Chapter 11 of the ASX Listing Rules, Shares in the Company will remain suspended from trading on the ASX until the Company has satisfied all of its obligations under the ASX Listing Rules, including complying with Chapters 1 and 2.

Corporate Structure

The following diagram provides an indication of the corporate structure of the Company:



Strategy and Objectives

The Company's business plan is to acquire gold, copper, coal, uranium and other mining tenements for exploration. CWH intends to acquire tenements by:

- direct application for tenements with various State mining departments;
- acquisitions of tenements from existing owners; and
- through entering into joint venture arrangements with existing tenement owners.

The short term plan of the Company is to undertake exploration on Queensland Project 1 and Queensland Project 2. The Company intends to achieve this short term plan by:

- undertaking structured and focused exploration programs;
- formation of a management team with experience in exploration; and
- raising additional funds to support these activities.

The medium term plan of CWH is:

- the acquisition of economic resource exploration projects in Australia;
- to become a producer of gold, uranium and possibly other minerals from the existing tenements in Queensland; and
- to consider the acquisition of mining technology focused on tailings treatment, mining waste treatment and other mining activities.

Further details on the projects and tenements of the Company are set out below under the heading 'Projects Overview'.

The Board of Directors

The Company is led by an experienced Board of Directors, whose collective experience and technical skills are planned to drive the Company's exploration program and assist the Company acquire additional mining tenements for exploration.

At the moment, the Company does not have a full time management team. The role of management of the Company is undertaken by the Board of Directors. The Directors may recruit management and/or consultants as and when appropriate

Investors are referred to section 4.1 for a detailed summary of the Directors of the Company.

Projects Overview

CWH has assembled a portfolio of three 100 per cent owned tenements in Queensland, Australia:

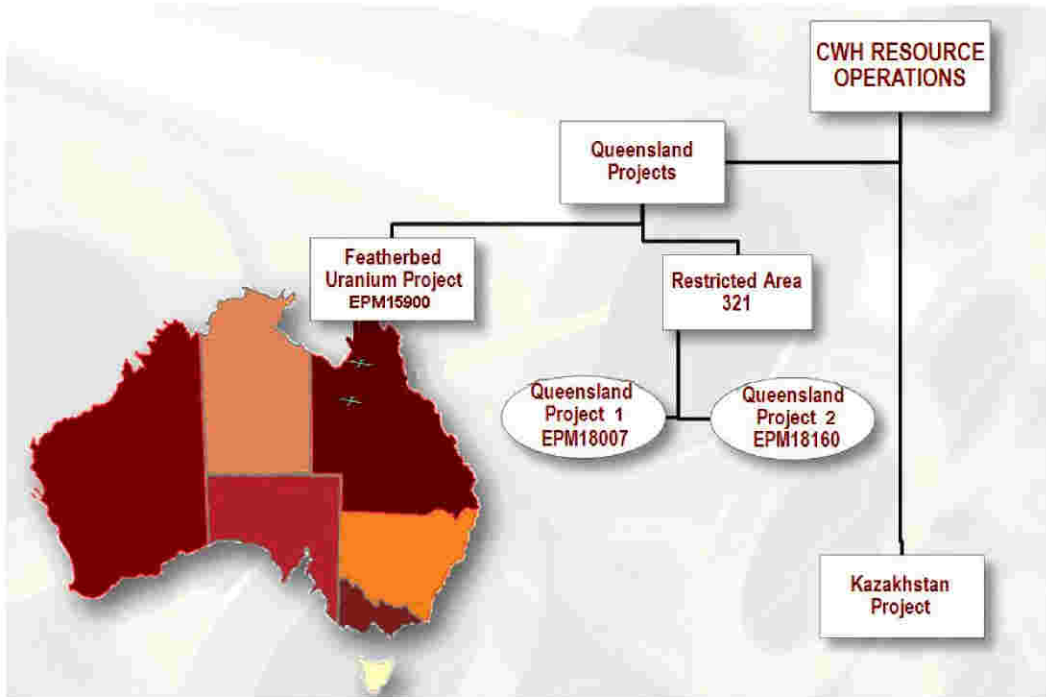
- (a) EPM 18007 – Queensland Project 1;
- (b) EPM 18160 – Queensland Project 2; and
- (c) EPM 15900 – the Featherbed Project.

The Company has also applied for an additional six tenements in Queensland for which it has application status. In respect of the six tenements for which CWH has application status, two of these tenements (EPM 18042 and EPM18158) are competing applications; however CWH has been ranked as the priority applicant for the two competing applications.

The following table provides a summary of the Company's mineral rights in Queensland, Australia:

| Tenement I.D. | Holder | Status | Date Granted | Expiry Date | Sub-blocks held | District | Area Hectares |
|---------------|-----------------------|-----------------------|--------------|-------------|-----------------|----------|---------------|
| EPM 15900 | CWH Resources Limited | Granted | 10-9-08 | 9-9-13 | 68 | Mareeba | 22,440 |
| EPM 18007 | CWH Resources Limited | Granted | 23-12-10 | 22-12-15 | 100 | Mt Isa | 33,000 |
| EPM 18042 | CWH Resources Limited | Competing application | - | - | 100 | Mt Isa | 33,000 |
| EPM 18158 | CWH Resources Limited | Competing application | - | - | 100 | Mt Isa | 33,000 |
| EPM 18160 | CWH Resources Limited | Granted | 23-12-10 | 22-12-15 | 100 | Mt Isa | 33,000 |
| EPM 10261 | CWH Resources Limited | Application | - | - | 100 | Mt Isa | 33,000 |
| EPM 10262 | CWH Resources Limited | Application | - | - | 100 | Mt Isa | 33,000 |
| EPM 10263 | CWH Resources Limited | Application | - | - | 100 | Mt Isa | 33,000 |
| EPM 10264 | CWH Resources Limited | Application | - | - | 100 | Mt Isa | 33,000 |

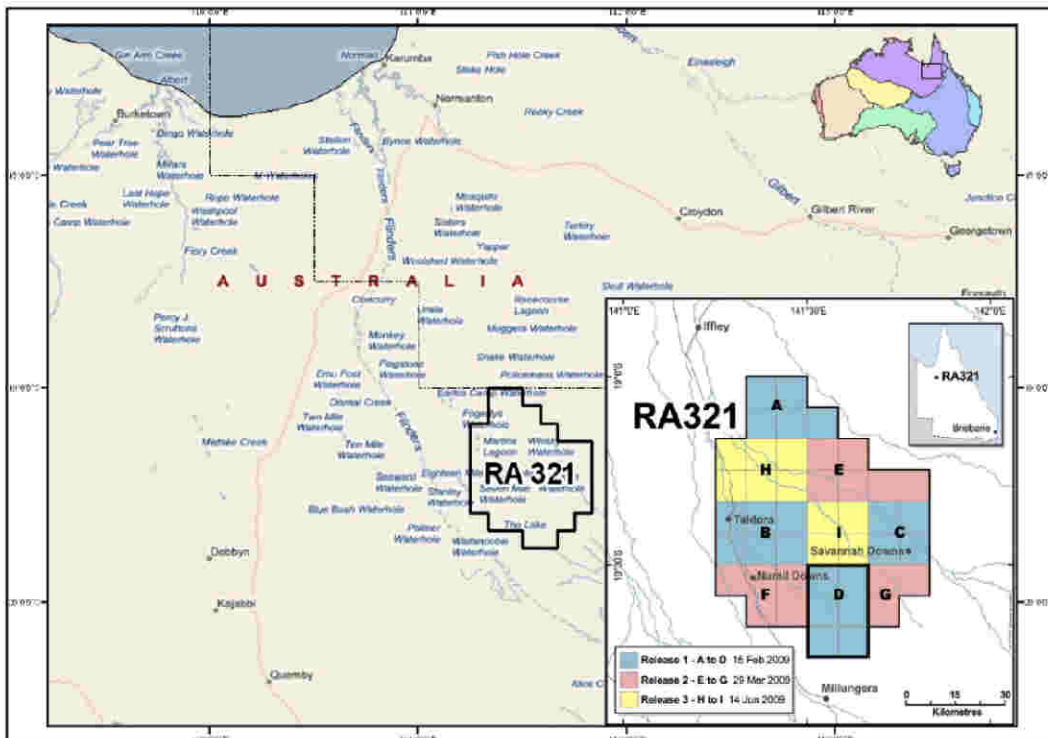
CWH is also a party to a joint venture agreement with Discovery Pty Ltd, a company based in the Republic of Kazakhstan, for the exploration of copper and nickel ores for mining and production in the Alisher mining areas of the Jiliangnuofsike region of the Republic of Kazakhstan (a summary of which is set out in section 9.2). Discovery Pty Ltd holds an exploration permit (geological exploration permit No. 001452 dated 8 June 2009) which covers an area of approximately 11.89 square kilometres.



Restricted Area 321 (RA 321)

Location

RA 321 is located approximately 270km north east of mount Isa and 160km north of Julia Creek.



Geology

Based on strong contrasts in the magnetic intensity of rocks in RA321, the area is divided into two parts, separated by a major interpreted N-S curvilinear fault structure. This structure also has a strong influence on the regional gravity field. Based on the change of magnetic and gravity intensity over the structure, as well as recent seismic interpretation, this divides the two areas into the Mt Isa Inlier and Georgetown Inlier to the West and East, respectively. Both inliers are intruded by a number of interpreted granite and granodiorite bodies.

Thus the major structural element of the Company's Project Areas D and H is a N-S curvilinear fault at least 35km in length. Seismic data has illustrated that this forms an east dipping structure.

(a) Area D (EPM 18007) - Queensland Project 1

Overview

Area D of RA 321 is located in North East Queensland approximately 160km north of Julia Creek and 270km north-east of Mount Isa. EPM18007 was acquired on 23 December 2010. There exists past exploration activities in and around Area D. BHP Minerals Exploration (BHP) conducted exploration in 1992; drilling three holes at depths reaching 258 – 307m. The project was discarded as drilling was not able to penetrate the Proterozoic basement. As a result, a number of aeromagnetic features were not tested.

Target Minerals

In addition to gold, CWH considers that there exists an opportunity to target various styles of mineralisation within Area D. Targeted commodities include copper, lead, zinc and other base metals. Uranium will also be targeted as a secondary metal. Mineralisations targeted within Area D include iron-oxide copper gold (IOCG) deposits, intrusion related gold deposits, Cannington/Broken Hill-style silver deposits, structurally controlled base metals and unconformity-related uranium mineralisation. These styles of mineralisation have been identified in the Proterozoic (2500 – 544 Ma) rock sequences of both the Mount Isa and Georgetown Inliers, which are interpreted to form the basement rocks within RA321.

Previous Exploration

Historically, minimal exploration work has been carried out in Area D. Previous exploration work centred on the oil shales of the Cretaceous Toolebuc Formation within the region. However, selected works were conducted throughout the 1980s and 1990s.

Exploration Program

The Company's proposed exploration program will focus on the collection of additional geological and geophysical data to further define the most prospective areas within Area D. Exploration work will be staged and will be facilitated through airborne geophysical surveys and ground-based gravity surveys. This will be followed by drilling of selected target areas either through aircore, percussion or diamond drilling or via a combination of these methods. The Company will proceed with initial work by conducting high resolution geophysical testing of selected areas to indicate the potential for primary sulphide mineralisation, if any positive results are gathered from drilling.

(b) Area H (EPM 18160) - Queensland Project 2

Overview

Area H of RA 321 is located in North East Queensland approximately 150km north of Julia Creek and 260km north-east of Mount Isa. Area H was repealed on 14 June 2009 as part of the third and last staged release of land from RA 321. EMP 19160 was acquired on 23 December 2010.

Target Minerals

The Company believes that there is an opportunity to target multiple mineralisations within Area H. Notably, under its staged exploration program, CWH will target iron-oxide copper gold deposits, intrusion related gold deposits, Cannington/Broken Hill-style silver deposits, structurally controlled base metals as well as unconformity-related uranium mineralisation.

Exploration Program

The Company plans to undertake exploration in Area H by utilising the traditional mineral systems approach. CWH will use the “source, transport, trap” methodology to define favourable locations for a range of mineral deposit styles. The Company has selected this method given the prior lack of exploration and drilling within the area. The approach is particularly useful as there is limited geological information on Area H.

A complete work program is estimated to span five years. The funds raised from this Prospectus will primarily be used for work to be completed over the initial two years. A comprehensive review will be conducted at the end of year two to assess exploration success.

On the completion of the capital raising, CWH will focus on ongoing data evaluation and analysis. This will include future literature searches, interpretation, processing and modelling of geophysical data, development of 3D geological models and target generation. The Company will also establish appropriate quality assessment and quality control (QAQC) procedures for drilling, sampling and data management. These activities are planned to be completed alongside the set up of an initial field program entailing acquisition of airborne and ground-based geophysical survey data, targeted reconnaissance field work and initial drilling, and compliant statutory reporting.

Featherbed Project (EPM 15900)

Overview

The exploration permit for minerals at Featherbed was approved on 10 September 2008. The Featherbed uranium project is located in the Northern Queensland Coastal Ranges Igneous Province, 120km west of Cairns in Queensland.

Geological Setting

The area, located in Queensland, contains volcanic rocks and granitic intrusions that comprise part of the northern Queensland Coastal Ranges Igneous Province. The northern portion of EPM 15900 contains relatively flat savannah grassland with elevated portions which correspond to prospective igneous rocks and some of these areas could be difficult for vehicle access.

Mineralisation

Region hosts a number of significant uranium deposits, including the Maureen and Ben Lomond deposits.

Project History and Previous Exploration

AREVA Ltd (French Uranium Company) conducted an exploration program on the western half of the tenement in the early 1980s. Mining Exploration Australia Pty Ltd conducted further exploration during 2008 and 2009, utilising airborne detailed magnetic and radiometric surveys that were conducted during 1999.

Prospectivity

Results of AREVA’s previous exploration have shown that EPM 15900 contains similar rock sequences to those that host uranium deposits elsewhere in the region.

The Kazakhstan Project

Overview

Discovery Pty Ltd holds an exploration permit (geological exploration permit No. 001452 dated 8 June 2009) which covers an area of approximately 11.89 square kilometres in the Alisher mining areas of the Jiliangnuofsike region of the Republic of Kazakhstan for the exploration of copper and nickel ores for mining and production (a summary of which is set out in section 9.2).

EPM18042 and EPM18158

Originally, tenements EPM 18042 and EPM 18158 were classified as competing applications. However, CWH has since been ranked as the priority applicant of the tenements, EPM 18042 and EPM 18158. The Queensland Department of Employment, Economic Development and Innovation has made the offer to CWH for the grant of these two exploration permits. DEEDI has advised the applicants that these two EPM’s are about to be advertised, and have commenced the Native Title expedited procedure. Accordingly, the status of tenements EPM18042 and EPM18158 have been changed to “application subjected to native title approval” by the Queensland Government. On 31 August 2011, CWH Resources made an announcement to update the market in this regard.

EPM19261, EPM19262, EPM19263 and EPM19264

On 28 June 2011, the Company lodged an application for the above tenements with the Queensland Department of Employment, Economic Development and Innovation. There are no competing applications and it may take up to 18 months or longer for these tenements to be granted to the Company.

Proposed Future Work

The first two years will involve ongoing data analysis and evaluation as well as the initial drilling work and site reconnaissance field work, after which a comprehensive review will be undertaken to assess exploration success, and the relevance and/or merit of the proposed work programs outlined for Year 3 and beyond.

SECTION 4 - THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

4.1 The Board of Directors

Bao Cheng Luo



Executive Chairman and Joint Company Secretary

Mr Luo was appointed to the Board on 15 August 2003, and was appointed Company Secretary on 29 January 2007.

Mr Luo was responsible for introducing new management techniques to Chongqing Yuao and completed a major restructure of the Company's operations. Mr Luo has over 15 years of experience in management, having held managerial posts in various organisations. These include Chong Xing Mortgage Co., Ltd (between 1992 and 1994), Shanghai Stock Exchange, Chengdu Branch (between 1994 and 1998) and Chengdu Weian Investment Co., Ltd (between 1998 and 1999). Mr Luo was the President of Shenzhen Sunfield S&T Investment Holding Co., Ltd between 1999 and 2000. Currently, Mr Luo is the President of Shenzhen Webmoney Investment Co. Ltd, a post he has held since 2001, as well as the President of Chendu Xuyang Investment Consulting Co., Ltd, which he has held since 1998.

Mr Luo holds a postgraduate degree in Economics from Sichuan University.

Special Responsibilities

Member of the Audit and Remuneration Committee.

Charles Hock Guan Sher



Non-Executive Director and Chairman of the Audit Committee

Mr Sher was appointed to the Board on 15 August 2003.

Mr Sher is currently the Managing Director of Xiamen Huadian Switchgear Co., Ltd., a manufacturing company located in Xiamen involved in design, manufacturing and sales of medium voltage switchgear and circuit breakers. Mr Sher is also currently the Chairman of Inter Fortune International Pte Ltd, an investment holding company located in Singapore. Between 1990 and 2003, Mr Sher held various management and operational positions with the Asea Brown Boveri (ABB) group of companies in Hong Kong, Xiamen and Singapore. Mr Sher last held the position of Vice President of ABB Industry Pte Ltd in Singapore, where he was the Head of Business Area Low Voltage Products for Asia South Region and the Head of Business Area Manufacturing and Electronic Industries for Asia Region before he left the ABB group in 2003. An electrical engineer by training, Mr Sher was involved in the areas of electrical and mechanical projects in various organisations where he worked, including Sunyen Engineering Pte Ltd, Mass Rapid Transit Corporation and Asia Cement (Singapore) Pte Ltd in Singapore. In addition, Mr Sher has been conferred as an Honorary Citizen of Xiamen Municipal Government since 1996.

Mr Sher holds a Bachelor of Applied Science in Electrical Engineering from the University of Ottawa, Ontario, Canada. Mr Sher has attended the Asian International Executive Programme by INSEAD Euro-Asia Centre.

Special Responsibilities

Chairman of the Audit and Remuneration Committee.

Wang Wei Guo



Non-Executive Director

Mr Wang was appointed to the Board on 9 February 2009.

Mr Wang has been a securities market consultant since 2005. In 1992, Mr Wang participated in the establishment of China Securities Co. Ltd and has filled various roles up to Vice President and Chairman of the Supervisory Committee. Mr. Wang has also held various management roles within the People's Bank of China and ICBC.

Mr. Wang is a graduate of the Xiamen University with a Master's degree in Economics.

Peter Blair



Non-Executive Director

Mr Blair was appointed to the Board on 20 January 2011.

In the past ten years, Mr Blair has worked in various professions and industries. From 2000 to 2004, Mr Blair worked as the general manager for Tad Electrical Pty Ltd. Mr Blair has also held the roles of Research and Development Commercial Manager and Business Development.

Since 2005, Mr Blair has been involved in the following fields: Waste Management Consultancy, Electrical Consultancy, Mining/Mineral Exploration Consultancy and Property Development.

Li Shun Ming



Non-Executive Director

Mr Li was appointed to the Board on 6 April 2011.

Mr Li graduated from Fuzhou University with a Bachelor Degree of Science in 1984 and held a position as a teacher in Fu Zhou No. 7 Middle School between 1985 and 1987. Mr Li was then employed by Fujian International Trade Association in 1988.

Mr Li came to Australia around August 1990 for further education. Mr Li served as the Managing Director of Fujian Mining Pty Ltd, which was established by him in 1985. Mr Li was also the chairman of Hunan Huiyuan Mining Pty Ltd, which was also founded by him in 2002. Mr Li was also appointed as Vice President and General Manager of Fujian Xianglong Wine Pty Ltd in 1997.

Since 2010, Mr Li has acted as Vice President and Deputy of Asia Department in ACP Mining Pty Ltd in Australia. Mr Li was also a Chairman of Southern Global Resources Pty Ltd in December 2010.

Fu Man Chang



Non-Executive Director

Mr Fu was appointed to the Board on 6 October 2008.

Mr Fu is Chairman of the Board of State Nuclear Power Automation System Engineering Co., Ltd., an operating unit of the State Nuclear Power Technology Corporation of China. Mr Fu is also currently Chief Secretary of China Nuclear Society.

Mr Fu has had a distinguished career in Nuclear Power engineering in China with particular expertise in control and instrumentation systems. His prior positions have included:

- Director of Technology and International Cooperation Department of China Nuclear Engineering Group Co., Ltd;
- Permanent Vice Representative of China to the IAEA;
- Director of Nuclear Electric Power Bureau of CNNC;
- Head of the Second Institute of Nuclear Engineering; and
- Onsite design team leader and quality inspector (for the Second Institute of Nuclear Engineering) at Dayawan (Daya Bay) Nuclear Power Station.

From 1985 to 1987, Mr Fu was a Visiting Scholar at the University of Manchester Institute of Science and Technology (UMIST) and was the Chairman of the Federation of Students Studying in the UK.

Mr Fu is a member of the Evaluation Committee of National Science and Technological Advancement Award and of the Evaluation Committee of Science and Technological Advancement Award of China Nuclear Engineering Group Co., Ltd. and is a visiting professor of World Nuclear University.

In 2005, Mr Fu was awarded by the French Nuclear Association a gold prize for international cooperation.

Eng Chuan (Owen) Ow

Company Secretary

Mr Ow was appointed as Company Secretary on 12 April 2010

Mr Ow is the principal of Kingston ECT, a CPA firm in Sydney CBD. Mr Ow has over 20 years of experience as an accountant in the accounting profession and commerce both in Australia and overseas. Mr Ow's professional experience includes auditing trading companies, banks, finance companies, and non-profit organisations; providing accounting, company secretarial and taxation advice to individuals, business entities and public listed companies and the implementation of computerised accounting systems.

Mr Ow graduated from the University of Ballarat in 1984 with a Bachelor of Business majoring in accounting and data processing. Mr Ow has been a member of CPA Australia since 1984 and a registered tax agent since 1990.



4.2 Corporate Governance

The Company's main corporate governance policies and practices are summarised below:

The Board of Directors

The Company's Board of Directors is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives.

The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board's membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

Independent Professional Advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration Arrangements

The remuneration of Executive Directors will be decided by the Board, without the affected Executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of the remuneration of Non-Executive Directors within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current limit, which may only be varied by Shareholders in a general meeting, is an aggregate amount of \$350,000 per annum.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

Continuous Disclosure Policy

The Company Secretary has been appointed as the person responsible for communications with the ASX. This Company Secretary is also responsible for ensuring the compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX. The Company Secretary is responsible for the communications strategy to promote the effective communications with Shareholders and encourage effective participation at general meetings. The Company adheres to best practice in its preparation of notices of meetings to ensure all Shareholders are fully informed.

Trading Policy

The Company has in place a securities dealing policy which sets out the requirements for all Directors, executives, employees, contractors, consultants and advisers of the Company dealing in the Company's Securities. Key management personnel (including Directors, executives and senior managers) of the Company may not deal in the Company's securities without prior approval of the Chairman (or in the Chairman's absence the Board or Managing Director) and first notifying the Chairman and the Company Secretary of the intention to trade. The Chairman may not deal in the Company's Securities without prior approval of the Board or the next most senior Director, and notifying the Company Secretary of the intention to trade. The Company Secretary must be subsequently notified by key management personnel of any trade that has occurred.

Key management personnel may not, except in exceptional circumstances requiring prior written approval of the Chairman (or in the Chairman's absence the Board or the Managing Director), deal in the Company's securities during "closed periods" that operate from:

- (a) 1 January up to and including the day on which CWH's half-year results are released; and
- (b) 1 July up to and including the day on which CWH's full year results are released.

Communicating with Shareholders

The Board ensures that Shareholders are kept informed of all major developments that affect their Shareholding or the Company's state of affairs through quarterly, half-yearly, annual and ad hoc reports. All Shareholders are encouraged to attend the Annual General Meeting to meet the Chairman and Directors and to receive the most updated report on the Company's activities.

The Company maintains a website at <http://www.cwh.com.au> to provide Shareholders with information on the Company's activities. Shareholders may communicate with the Company through its email address, office@cwh.com.au.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit Committee

The Company has established an audit committee.

Identification and Management of Risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

SECTION 5 - RISK FACTORS

This section sets out certain key specific risks associated with an investment in the Company. Nevertheless, this section does not exhaustively list the risks that may have a material effect on the financial position and performance of CWH and the value of its securities, CWH's exploration (and any future) development and mining activities or ability to fund those activities.

An investment in the New Shares is speculative due to the nature of CWH's business. The Board recommends that Investors consider the risks described below and information contained elsewhere in this Prospectus, as well as consult with their professional advisors, before deciding whether or not to apply for the New Shares offered by this Prospectus.

Applicants should have the financial ability and willingness to accept the risks and possible lack of liquidity associated with an investment in the Company. The New Shares are only suitable for investors who understand the potential risk of capital loss, for whom an investment in the New Shares constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in CWH. The value of any investment can go down and shareholders may lose their entire investment in CWH.

The principal activities of CWH, and its subsidiaries, to date have been limited. Consequently, there is a limited operating history upon which to base an assumption that CWH will be able to successfully implement its business plans and may not achieve its business goals. No representation is or can be made as to the future performance of CWH and there is no assurance that CWH will realise its aims.

General, Economic and Political Conditions

The value of CWH's securities is likely to fluctuate depending on various factors including, but not limited to: (a) inflation, (b) interest rates, (c) domestic and international economic growth, (d) changes to taxation legislation, interpretation and policies, (e) legislative change, (f) political instability, (g) disasters, (h) industrial disputes, (i) social unrest, (j) war on a local or global scale, (k) mining industry conditions, (l) stock market conditions in Australia and elsewhere, (m) changes in investor sentiment towards particular market sectors, (n) acts of God, and (o) acts of terrorism.

Sovereign Risk

The Company's projects are subject to the risks associated in operating in Australia, the Republic of Kazakhstan and otherwise overseas. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mine properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Regulatory Risk

The Company will need to obtain regulatory approvals and licences to undertake its operations in Australia and the Republic of Kazakhstan and to maintain and renew tenure of its tenements through regulatory compliances. There is no guarantee that such approvals and licences will be granted or such regulatory compliances accepted. In addition, various conditions may be imposed on existing tenements and the grants of such regulatory approvals and licences which may impact on the tenure or the cost or the ability of CWH to mine the tenements.

There can be no assurance against social and economic uncertainty and no assurance that the regulatory requirements will not change, which may affect CWH's operations. These changes may include, but are not limited to, foreign ownership of licences, taxation and royalties and land access.

The Company's tenements located in Australia are subject to legislative requirements of Australia with respect to the processes for application, grant, conversion and renewal. Tenements are also subject to conditions, the payment of annual rent and the meeting of minimum annual expenditure commitments. There is no guarantee that any applications, conversions or renewals for CWH's tenements will be granted. The inability of CWH to meet conditions, rent and expenditure requirements may adversely affect the standing of its tenements and CWH could lose title or

interest in its tenements. A summary of the conditions attaching to the tenements is contained in the Mining Tenement Report in section 8.

On 23 August 2010, the Queensland Minister of Natural Resources Mines and Energy, Mr Stephen Robertson MP, announced a new policy framework aimed at protecting Queensland's strategic cropping land. At this stage and until policy and draft legislation has been finalised, CWH does not know the extent of the impact of this policy on its future exploration and development activities in Queensland.

Risks specifically associated with operating in the Republic of Kazakhstan

CWH is a party to a joint venture agreement with Discovery Pty Ltd, a company based in the Republic of Kazakhstan, for the exploration of copper and nickel ores for mining and production in the Alisher mining areas of the Jiliangnuofsike region of the Republic of Kazakhstan (a summary of which is set out in section 9.2). Discovery Pty Ltd holds an exploration permit (geological exploration permit No. 001452 dated 8 June 2009) which covers an area of approximately 11.89 square kilometres.

Accordingly, the Company will be subject to the risks associated with operating in the Republic of Kazakhstan. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents

Kazakhstan's legal system is less developed than more established countries and this could result in the following risks:

- (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (b) a higher degree of discretion held by various government officials or agencies;
- (c) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (e) relative inexperience of the judiciary and court in matters affecting the Company.

Native Title and Aboriginal Heritage - Aboriginal Sites of Significance

The Company's activities in Australia are subject to the Native Title Act 1993 (Cth) and its interpretation. The Native Title Act legally recognises the title rights of indigenous Australians over areas where those rights have not been lawfully extinguished. State and Commonwealth native title legislation regulates the recognition, application and protection of native title. Native title may affect the status, renewal and conversion of existing tenements and the granting of new tenements. Indigenous land use agreements, including terms of compensation, heritage survey and protection agreements or other agreement types may need to be negotiated with affected parties.

The Native Title Act prescribes procedures applicable to the grant of tenements which apply even in the case of, for instance, a granted exploration licence being "converted" to, say, a mining lease. Compensation may become payable in respect of any impact which the grant of any tenements or other activities has on native title. A tenement holder may be liable for the payment of compensation for the effect of mining and exploration activities on any native title rights and interests that exist in the area covered by a tenement. Compensation may be payable in forms other than money, including the transfer of property and the provision of goods and services. It is not currently possible to assess whether compensation will be payable by CWH to native title holders in relation to any of the tenements held by CWH, but such compensation could be significant.

There may be sites and objects of significance to indigenous Australians located on the land relating to CWH's tenements. State and Commonwealth Aboriginal heritage legislation aims to preserve and protect these sites and objects from use in a manner inconsistent with Aboriginal tradition. The Company proposes carrying out 'clearance surveys' before conducting any exploration work that would disturb the surface of the land. The Company's

tenements may contain some such sites of significance, which would need to be avoided or cause delays. It is possible that areas containing mineralisation or an economic resource may also contain sacred sites, in which case they may remain unexploited. Access agreements will need to be negotiated with affected parties.

Native title, Aboriginal heritage or other indigenous matters are matters of substantial risk (giving rise to the threat that certain tenements may not be granted, access to certain tenements may be denied or delayed in addition to potentially significant cost exposure in respect of things such as negotiations, surveys, incentive payments and compensation to name but a few) as the legislative framework provides frequently uncertain routes to the endeavour by both stakeholders (that is explorers/miners and indigenous peoples) to attain certainty.

It is not possible to quantify the financial or other impact native title and Aboriginal heritage will have upon CWH as, amongst other things, the processes involved with:

- (a) identifying all indigenous peoples with a relevant interest;
- (b) registering an indigenous land use agreement;
- (c) obtaining access to land without infringing the provisions of the Aboriginal Heritage Act;

are open ended, can involve substantial delay and cost and there can be no certainty as to the outcome, with it being possible for projects to be entirely frustrated.

This could be the case, for instance, even in circumstances where:

- (a) a native title party consents to the grant of an exploration licence and assists the exploration endeavour thereon (and the discovery of an otherwise economic deposit);
- (b) CWH, in order to exploit that discovery, applies for a mining lease (or other required approval, consent, authority etc) but such grant, approval, consent or authority is not forthcoming by reason of an objection by the same or another native title party;
- (c) the Native Title Act may have an effect on the tenements (or future tenements) held by CWH. Delays may be experienced if evidence of native occupation or heritage exists on any land to which CWH requires access. When exercising a right or permission for access to any land, CWH is required to act so as not to disturb physical evidence of human occupation or prehistoric or historic significance without specific statutory permission.

The Company has not undertaken any research or investigations into Native Title, other than as disclosed in the report of Mining Tenement Services at section 8.

Operational and Technical Difficulties

Possible operational and technical difficulties might unexpectedly be encountered in achieving CWH's objectives. These difficulties may be caused by failure to achieve the economic grade or quality postulated by geological interpretations to be used by CWH at any of CWH's projects and may result in downgrading, termination or writing off of the respective exploration project.

Expenditure risks

The outcome of exploration programs outlined in this Prospectus will affect the future performance of CWH and the value of the New Shares. There will be no revenue from CWH's projects until a mine is approved and developed through to production. Mine development requires detailed budgeting based on a feasibility study to enable estimates of mine development expenditure. These estimates may vary and cause delays in development and changes in development plans. There are long lead times required in the purchase of mining equipment which leads to market risk between ordering and purchase. In the event that any project does not offer returns sufficient to increase the value of the Company, a business decision might be made that the project is not worthy of further development and that it should be written off. Commercial production may be curtailed or shut down for considerable periods of time, causing CWH to incur losses, due to any of the following factors: (a) disruptions to the transport chain (road, rail, and port infrastructure and ocean freight); (b) lack of market demand; (c) changes in government regulation in Australia and/or the Republic of Kazakhstan; (d) production allocations; or (e) force majeure.

Freehold Access

Within Australia the interests of holders of freehold land encroached by the tenements are given special recognition by state specific mining legislation. As a general proposition, a tenement holder must obtain the consent of the owner

of freehold land before conducting operations on the freehold land. There can be no assurance that CWH will secure rights to access those portions of the tenements encroaching freehold land. However, the grant of freehold extinguishes native title so wherever the tenements encroach freehold land, CWH is in the position of not being affected by the Native Title Act, albeit aboriginal heritage matters will still be of concern.

Commodity and Currency Price Volatility

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of CWH, including global and regional demand for, and supply of, a particular commodity, forward selling by producers and the level of production costs in major commodity-producing regions. Commodity prices are also affected by macroeconomic factors such as expectations regarding inflation and interest rates. Commodities are principally sold throughout the world in US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian and US dollars, and/or adverse movements in commodity prices could have a materially adverse affect on CWH's financial position and performance. The Company may undertake measures deemed necessary by the Board to mitigate such risks.

Exchange rate movements between the Australian dollar and the US dollar and/or other currencies respectively may increase CWH's expenses, as CWH's exploration costs may be denominated in other currencies.

Commodity Markets and Prices

If CWH's exploration is successful and results in commodity production, the marketability of that commodity depends on the requirements and demands of the international marketplace. The Company may not be able to negotiate profitable off take agreements. Customers may default in their contractual obligations. Potential defaults could include non-payment or failure to take delivery of contracted volumes. Should such a default occur, CWH may be unable to find other customers.

Depressed commodity prices would affect CWH's business. Future revenues, operating results, profitability, future rates of growth and the carrying value of any properties held depend heavily on prevailing market prices for commodities. Any substantial or extended decline in the price of commodities would have a material adverse effect on the financial condition and results of operations of the Company. Various factors beyond the control of CWH will affect commodity prices, including:

- (a) exchange rates;
- (b) domestic supplies of commodities;
- (c) economic conditions;
- (d) marketability and quality of production;
- (e) consumer demand;
- (f) price trend for commodity types;
- (g) price, availability and acceptability of alternate commodities;
- (h) weather conditions; and
- (i) Government (local, state, federal) regulation.

Development and Mining

Possible future development of a mining operation at any of CWH's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineral resources, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

In the event that CWH commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents. No assurances can be given that CWH will achieve commercial viability through the development and/or mining of its projects.

Resource Estimates

Resource estimates are expressions of judgment only based on knowledge, experience and industry practice. Often these estimates are appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates, including that resources mined may be of a different quality, tonnage or strip ratio from the estimates. Resource estimates are necessarily imprecise and depend, to some extent, on interpretations which may ultimately prove to be inaccurate and require adjustment. Adjustments to mineral resource estimates could affect CWH's development and mining plans.

Environment

The Company's projects are subject to Australian State and Commonwealth laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials as well as the applicable laws and regulations in the Republic of Kazakhstan. As with all exploration and mining projects, CWH's projects are expected to have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws and regulations.

Clean up concerns

In relation to CWH's planned programs, issues could arise from time to time with respect to abandonment costs, consequential clean up costs, environmental concerns and other liabilities. In most of these instances, CWH could become subject to liability if, for example, there is environmental pollution or damage from CWH's exploration activities and there are consequential clean up costs at a later point in time. It is not possible to quantify any such contingent liability and, whilst no guarantee can be given, CWH has received no claims or advices which would suggest that there is any particular exposure in relation to any of its present interests.

Shortage of Capital

The funds raised by the Offer will be used to carry out CWH's objectives as detailed in this Prospectus. However, CWH may require additional capital to fund further exploration at CWH's existing projects, undertake feasibility studies, develop mining operations, meet its future obligations and/or acquire new projects. The Company's ability to raise further capital, either equity or debt, within an acceptable time, of sufficient quantum and on terms acceptable to CWH will vary according to a number of factors, including:

- (a) prospectivity of projects (existing and/or future);
- (b) the results of exploration, subsequent feasibility studies, development and mining;
- (c) stock market and industry conditions; and
- (d) the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to CWH on favourable terms, or at all. If adequate funds are not available on acceptable terms, CWH may not be able to further develop its projects or assume further obligations in the future.

Liquidity and Realisation Risks

There can be no guarantee that an active market in the New Shares will develop or that the price of the New Shares will increase. Moreover, there may be relatively few buyers or a relatively high number of sellers of the Shares of the Company on the ASX at any given time, which may increase not only the volatility of the market price of the New Shares but also the prevailing market price at which Shareholders can sell their New Shares. This may result in Shareholders receiving a market price for their shares that is less than the price paid for their shares.

Tax Issues

There may be tax implications arising from the acquisition of the New Shares, any possible receipt of dividends (both franked and un-franked) and the disposal of the New Shares. All prospective investors should carefully consider these tax implications and, if uncertain as to the relevant taxation issues, obtain further advice from a qualified professional adviser. Tax liabilities are the responsibility of each individual investor and CWH will not be responsible for any tax or related penalties incurred by investors.

Directors

The Company is dependent on a small and skilled team to undertake the business of CWH and implement its exploration and development programs. If any Directors were to leave CWH, CWH may not be able to find suitable replacements. Consequently, the exploration and development programs of CWH could be affected by the lack of suitable Directors, managers, employees or staff. The responsibility of overseeing day-to-day operations and the

strategic management of CWH is concentrated amongst a small number of key executives. The loss of such key employees could have the potential to have a detrimental impact on CWH until the skills that are lost are adequately replaced.

Competition Risk

The Company faces competition in its business, to the extent that there are new entrants or changes in strategy by existing competitors of CWH. While CWH will undertake all reasonable due diligence in its business decisions and operations, CWH will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the projects and business of CWH.

Insurance Risk

CWH intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, CWH's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of CWH. Insurance of all risks associated with resource exploration, development and production is not always available and where available the costs can be prohibitive.

Joint Venture Risk and Other Third Party Risks

The Company may wish to operate certain projects with third parties through joint ventures and CWH may be adversely affected by the financial failure or default by a joint venture party. The Directors are unable to predict the risk of:

- (a) financial failure or default by a participant in any joint venture to which the Company may become a party; or
- (b) insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- (c) insolvency or other managerial failure by any of the other service providers used by the Company or its operators for any activity.

Specifically, it is noted that the Company has entered into a joint venture agreement with Discovery Pty Ltd, a company based in the Republic of Kazakhstan, for the exploration of copper and nickel ores for mining and production in the Alisher mining areas of the Jiliangnuofsike region of the Republic of Kazakhstan (a summary of which is set out in section 9.2). Discovery Pty Ltd holds an exploration permit (geological exploration permit No. 001452 dated 8 June 2009) which covers an area of approximately 11.89 square kilometres. The Company is therefore reliant upon Discovery Pty Ltd complying with their obligations. CWH may be adversely affected by the financial failure or default by Discovery Pty Ltd.

Litigation Risk

As disclosed in section 9.6, the Company is in dispute with R.F.G.T. Australia Pty Ltd (**RFGT**) in relation to a Geotechnical Services Agreement. Investors are referred to section 9.6 for a summary of the dispute with RFGT.

SECTION 6 - INDEPENDENT GEOLOGIST'S REPORT



CWH Resources Ltd

Independent Geological Review of EPM
18007 & EPM 18160 Contained Within
Areas D & H of RA321

Job No: ADV-SY-03787

Date: 26 October 2011



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5. Mining Unknown Factors

The ability of any person to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond MMC's control and that MMC cannot anticipate. These factors include, but are not limited to, site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments. Any of these factors may substantially alter the performance of any mining operation.

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1. INTRODUCTION

1.1 Engagement and Scope of Work

1.1.1 Scope of Work

The Scope of Work ("SOW") includes the following:

- Collection of available data as provided by MC Capital and CWH.
- Review of documentation.
- Prepare a letter appraising the assets, with reference to exploration targets and prospectivity, which is suitable for inclusion in a prospectus, and
- Present outcomes in a teleconference with CWH and MC Capital as required.

1.1.2 Deliverables

The following items will be produced and handed over to MC Capital as part of the SOW:

- Brief letter for inclusion in the CWH prospectus.

The deliverables do not include working copies of the internal or commercial software.

1.1.3 Dependencies

The successful execution of this report will depend on a number of matters, including, but not limited to, the following:

- Review to be based only on information provided by CWH and MC Capital,
- Timely supply of the relevant technical data that is to be reviewed.
- The technical data that is available is sufficiently comprehensive for the review.
- MMC assumes all deposits to be greenfields and hence no site visit required.
- Access for MMC staff (and associates) to relevant key personnel, associated with the project that can answer relevant technical questions.

1.1.4 Exclusions

It is recognised that the MMC scope will not include the following aspects:

- Site visits.
- In-ground (or other) estimation of geological resources.

1.1.5 Report Contributors

Contributors to this report include the following:

Report Content - Trevor Stevenson

Peer Review – Igor Bojanic

2. EXECUTIVE SUMMARY

2.1 Introduction

The Directors of CWH Resources Ltd. ("CWH") have commissioned Minarco-MineConsult ("MMC") to prepare an Independent Geologist's Report ("Report") on the exploration property interests held by CWH in North Queensland. These are referred to in this report as the "CWH Tenements" or the "CWH Projects".

This Report has been prepared at the request of the Directors for inclusion in a Prospectus ("the Prospectus") is issued by CWH for an Initial Public Offering ("IPO") to be dated on or about November 2011. Through the Prospectus, CWH intends to raise \$3 million by the issue of 15 million fully paid ordinary shares each of 20 cents.

Mr Trevor Stevenson, who is a duly authorised representative of MMC, has prepared the text and other parts of the Report. Mr Stevenson has had over 35 years experience in the minerals industry and is a Fellow of The Australasian Institute of Mining and Metallurgy, a member of the Mineral Industry Consultants Association and a CP Geo. He specialises in advanced project assessment and exploration management.

The exploration projects of CWH are situated in the north-west corner of Queensland. Gold and base metals are the main target commodities. Mr Stevenson has a wealth of experience in the exploration for and assessment of gold resources (as well as many other commodities). He has not visited the main prospect areas of the CWH Projects.

Mr Stevenson has been supplied with geological and other information and data on the project areas. In addition, Mr. Stevenson has accessed other available information that he considered to be relevant to the preparation of the Report.

Mr Stevenson has relied on the observations and interpretations of previous explorers, exploration consultants and CWH staff. CWH has indemnified both Mr. Stevenson and MMC for liability arising from reliance on information provided or from available information not provided and for any further activities relating to enquiries from the Australian Stock Exchange and the Australian Securities and Investments Commission ("ASIC") with regard to the Report.

The properties are classified as exploration projects as defined by the ASX and VALMIN Code and are therefore considered speculative in nature.

For the purpose of clarity, the author states that he has not undertaken a site visit for the purposes of this report at the request of CWH but relies on the reports of previous workers and his own familiarity with the interpreted geology of the region.

The views and conclusions expressed in this Report are solely those of MMC and Trevor Stevenson. Generally however these views concur with the views of CWH.

An appraisal of all the above mentioned information forms the basis of this Report.

All references to mineral resources are consistent with the most recent Australasian Code (and Guidelines to the Code) for Reporting of Identified Mineral Resources and Ore Reserves: Reports prepared by the Joint Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia ("JORC").

Mr. Stevenson observes Section 947B of the Corporations Act 2001. In accordance with Corporations Regulation 7.6.01 (1) (u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, the independent report is not financial product advice but is intended to provide investors with expert opinion on matters relevant to an investment in CWH. Trevor Stevenson and MMC are not operating under an Australian financial services licence and the advice in the independent report is an opinion on matters other than financial products and does not include advice on a financial product.

In providing this report:

- a) MMC have assumed the information, reports and search results provided by various agencies are accurate and correctly reflect the particulars of the concessions to which this report relates;
- b) MMC cannot comment on any obligations of the Company that may arise from agreements that are not registered as a dealing, encumbrance or otherwise noted on the information we have used, and
- c) MMC note that the holding of the concessions is subject to continued compliance with the terms and conditions and the provisions of the relevant state or national legislation under which they were granted.

Declaration

Neither the writer nor MMC have any material interest either direct or indirect in CWH nor in any of the mineral assets included in this report nor in any other CWH asset nor has any such interest existed previously. No commercial relationship has existed between MMC and CWH prior to their appointment to prepare this report.

Fees for the preparation of this report are being charged at normal commercial rates with expenses being reimbursed at cost. Payment of fees and expenses is in no way contingent upon the outcome of the proposed listing of CWH.

2.2 Project Summary

2.3 Location and Access

The areas selected and acquired as Exploration permits for Minerals (EPMs) are shown in Figure 1. They are:

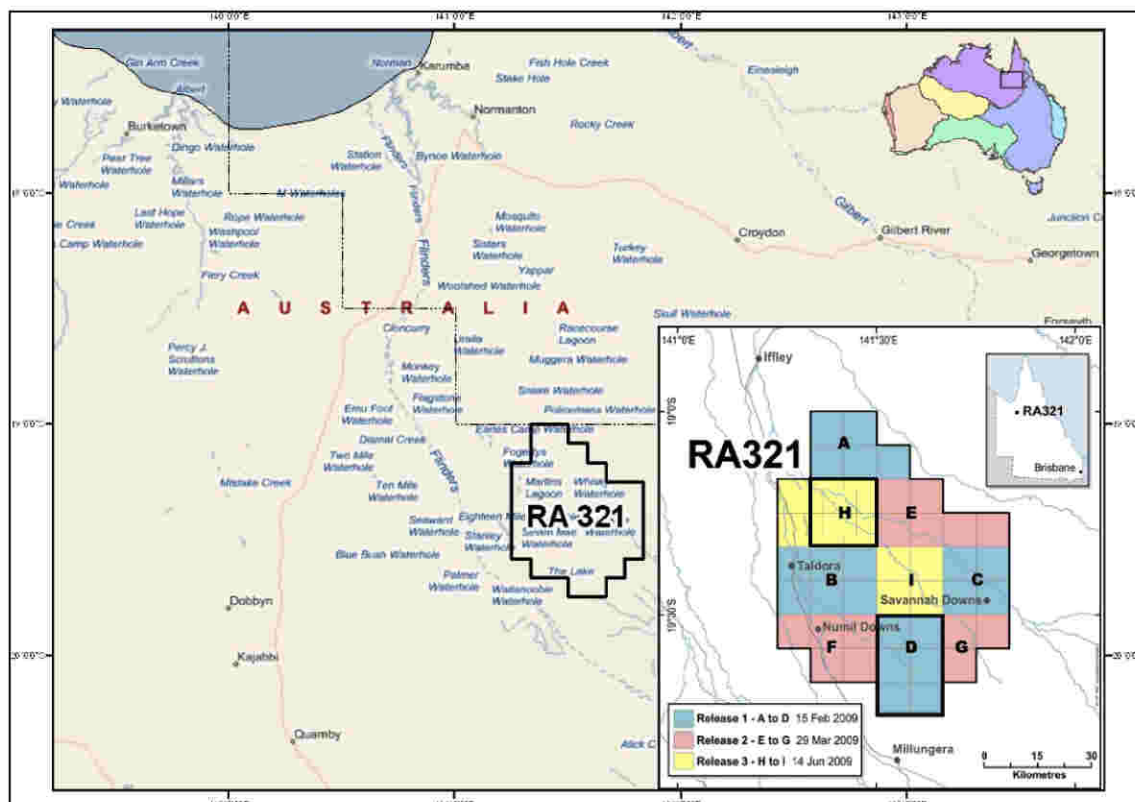
- Area D of RA 321 is located in NE Queensland approximately 160km north of Julia Creek, and 270km NE of Mount Isa
- Area H of RA 321 is located in NE Queensland approximately 150km north of Julia Creek, and 260km NE of Mount Isa. Area H was repealed on the 14th June 2009 as part of the third and last staged release of land from RA 321.

A visual representation of the blocks and sub-blocks contained in the Application is shown in Figure 1, and is detailed below in Table 2-1.

Table 2-1

| Area ID | Area (km ²) | Sub-blocks | Location / Area Name | Block Identification Map (BIM) |
|---------|-------------------------|------------|------------------------------|---|
| D | 484 | 150 | Approx 270km NE of Mount Isa | Normanton 3067, 3068, 3139, 3140, 3211, 3212 (all sub-blocks) |
| H | 323 | 100 | Approx 260km NE of Mount Isa | Normanton 2777, 2778, 2849, 2850 (all sub-blocks) |

Figure 1: Geography of Region Showing RA321



2.4 Regional Geology

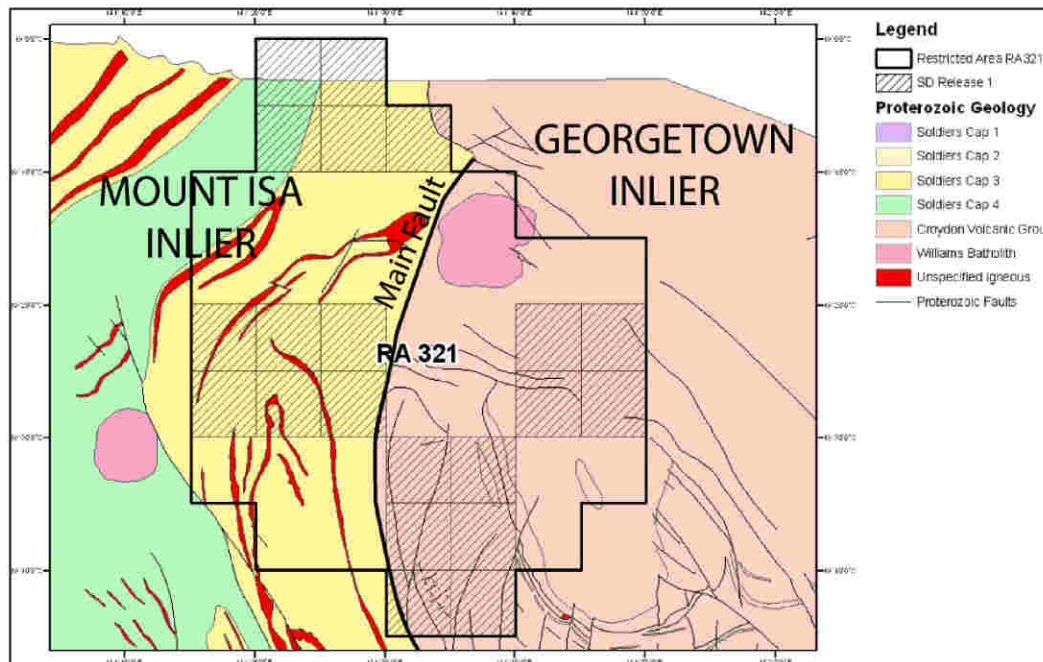
Restricted Area 321 is located approximately 270km NE of Mount Isa and 160km north of Julia Creek, Figure 1. The area is covered by Quaternary alluvial sediments of varying thickness and extent, overlying up to 300m of Mesozoic Carpentaria Basin sedimentary rocks. For the purposes of the geological interpretation set out in this report, “basement” is defined as the Pre- Mesozoic rocks underlying the Carpentaria Basin. Basement rocks are considered to be relatively prospective compared with Mesozoic and younger-aged rocks, therefore the interpretation of basement geology is the basis of the prospectivity analysis and ground selection within RA 321.

2.5 Basement Geology

Within the RA, the geology of the underlying basement is poorly understood due to lack of outcrop and thick cover sequences; however a N-S trending curvilinear fault has been interpreted as cutting through the centre of the RA. Seismic data indicates that this structure forms a shallow, east dipping structure. Based on its geometry and the contrast in the magnetic susceptibility of rocks either side of it, the structure is interpreted as a probable thrust fault. The North West Queensland Mineral Province (NWQMP) study (QDME et al., 2000) has interpreted the rocks to the west of the Main Fault as equivalents to those in the Eastern Succession of the Mount Isa Inlier, namely Soldiers Cap Group (SCG); and to the east of the Main Fault as belonging to the Croydon Volcanic Group, which is included in the Esmeralda Supersuite of the Georgetown Inlier. The interpretation is based on the geophysical data, particularly the similarity of magnetic/gravity signatures to their interpreted exposed equivalents to the east and west. (Figure 2)

It is the Proterozoic basement rocks that are being targeted for precious and base metal mineralization by CWH. The Eastern Succession of the Mount Isa Inlier is considered to be very well endowed in terms of base metal and Au deposits.

Figure 2: Interpreted Geology of the Mount Isa and Georgetown Inliers (GSQ/NWQMP Project (QDME et al., 2000))



2.5.1 Mount Isa Inlier

In the NWQMP Report (QDME et al., 2000), SCG sequences 3 and 4 are interpreted to form part of the basement underlying RA 321. Where these sequences are exposed in the Mount Isa Inlier they have been dated as 1663 – 1600 Ma and consist of metamorphosed siliciclastic and clastic rocks that have been intruded by minor mafic and ultramafic dykes and sills.

Soldiers Cap Group 3 is host to a number of mineral deposits within the Mount Isa Inlier, including the rich Cannington Ag-Pb-Zn mine.

The Eastern Succession of the Mount Isa Inlier is intruded by the Williams-Naraku Batholith intrusive suite, which has been dated as 1530 – 1493 Ma. These intrusions are generally oxidised, felsic, I-type, moderately – strongly fractionated and high K, and consist of porphyritic biotite, and hornblende-biotite granite. The Williams-Naraku intrusives are associated with widespread metasomatism (Na, Na-Ca and Fe) in SCG 3 sequences, and most importantly, with a number of deposits of Au and base metals. Both the NWQMP interpretation and CWH's interpretation include a number of intrusives with similar magnetic/gravity signatures to the Williams-Naraku batholiths intrusives in the Mount Isa Inlier within RA 321.

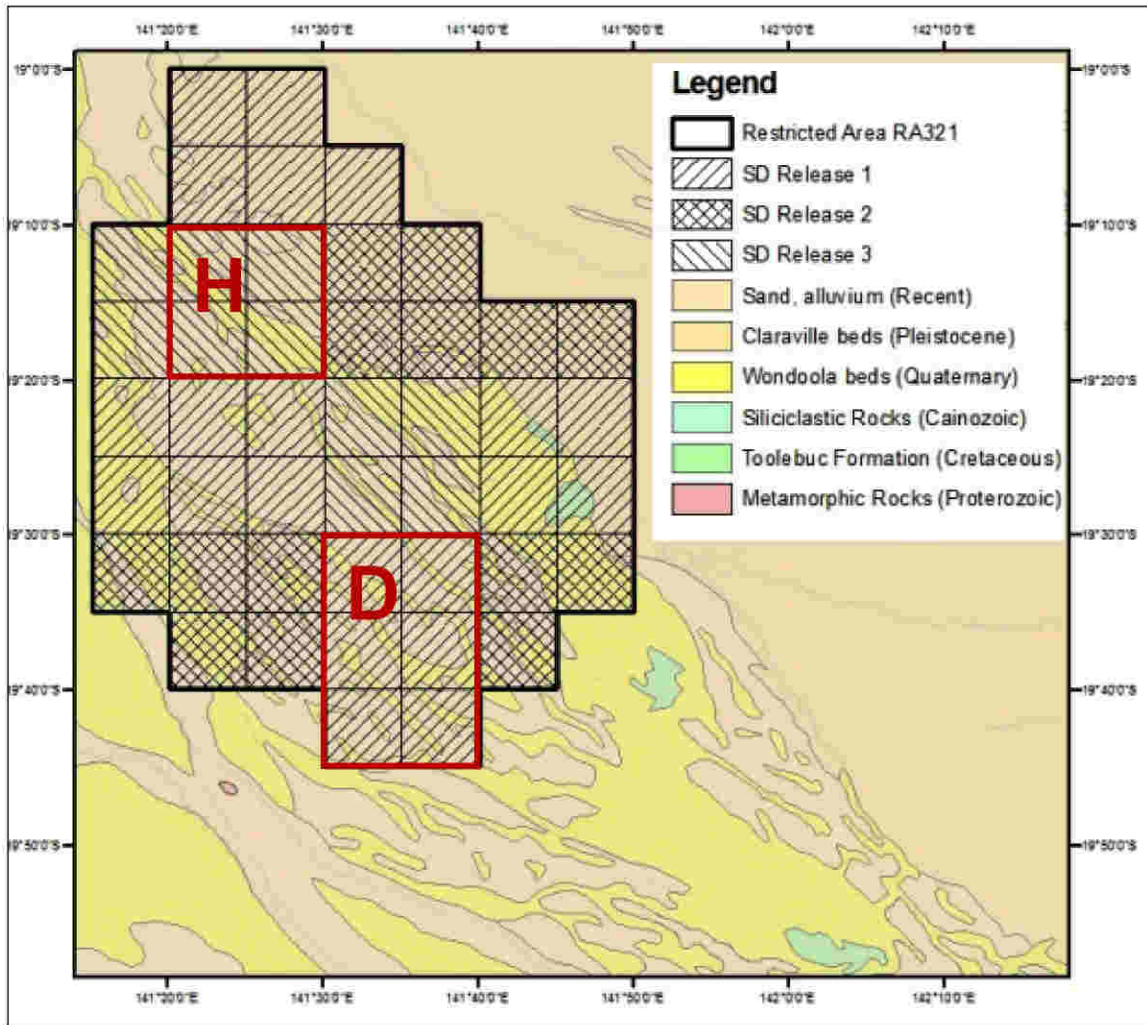
3.1.2.2 Georgetown Inlier

The Esmeralda Supersuite is interpreted to form the western part of the Georgetown Inlier, beneath RA 321 (Budd et al., 2001). The Esmeralda Supersuite includes the extrusive Croydon Volcanic Group, which hosts mineralisation in the historic Croydon Goldfields area to the east of RA 321. The Croydon Volcanic Group consists of intermediate and felsic extrusive rocks that are approximately 1548 – 1560 Ma. They are grey, graphitic, and variably crystal-bearing ignimbrite, which has been mostly recrystallised.

In exposed areas of the Georgetown Inlier, intrusives of the Esmeralda Supersuite have been dated as 1558 ± 4 Ma, and are described as granites and monzogranites with lesser granodiorites (Budd et al., 2001). The intrusives are felsic, fractionated, may be both oxidised and reduced and contain magnetite, as well as garnet, muscovite and graphite inclusions. The intrusives are comagmatic with the Croydon Volcanic Group extrusives (Budd et al., 2001).

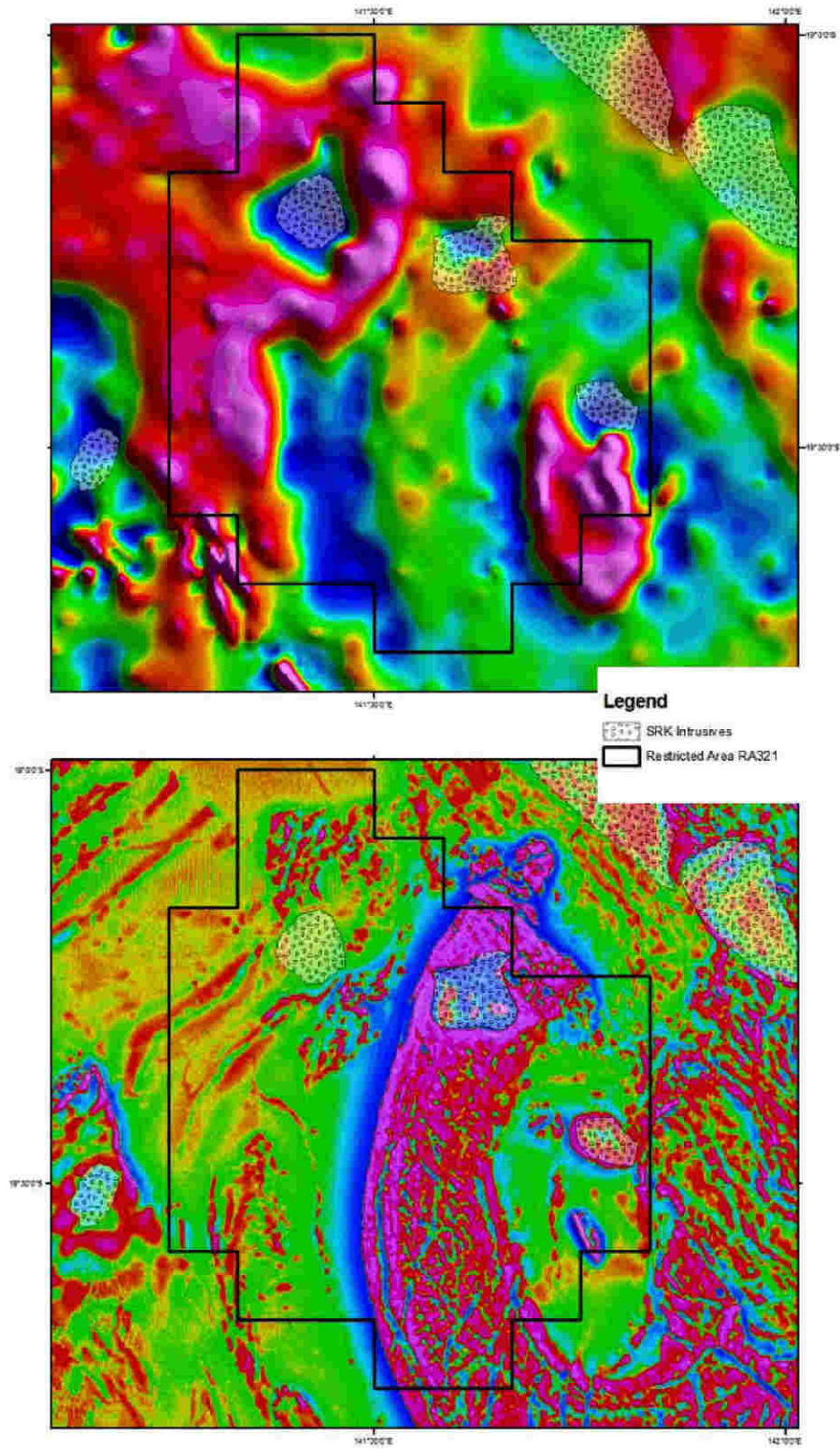
There is no known outcrop of the Georgetown Inlier within RA 321, or adjacent areas (Figure 3). However, drill holes from previous exploration programmes have sampled pre-Mesozoic rocks, which are most likely to be basement. In 1994, drilling by North Exploration in the NE part of the RA at Forest Creek intersected dominantly phyllites with moderate disseminated magnetite and tourmaline (Wightman, 1994).

Figure 3: Outcrop Geology of RA 321 and Surrounding Area.



In the NE part of RA 321 at Mundjero Creek, there is a large negative magnetic anomaly and a corresponding smaller scale moderate to low gravity anomaly (Figure 4). Queensland Metals drilled three holes in the 1980s to test the geophysical anomalies, which consists of a high magnetic susceptibility on the outer edges with a central low (Eeson & Burban 1985). The drill holes intersected magnetite-bearing granodiorite at depths of between 237m and 251m, which may indicate the presence of the Esmeralda Intrusive suite in the eastern part of RA 321.

Figure 4: SRK Enhancements of Geophysical data; 1VD Bouguer Gravity (top) and 1VD RTP Magnetic data (lower).



In summary, the western part of the Georgetown Inlier, underlying the RA 321, appears to consist of a series of nested granitic plutons of unknown age that may be part of the Esmeralda Supersuite.

2.5.2 Carpentaria Basin

The Mesozoic-age Carpentaria Basin overlies Middle to Upper Proterozoic basement of both the Mount Isa and Georgetown Inliers. Much of current understanding of the basin in this area has been derived from water bores. Generally, the basin is comprised of dominantly quartzose sandstone sequences conformably overlain by mudstone sequences. These sequences are not regarded to be prospective for precious minerals or base metals. However, within the Carpentaria Basin, the Toolebuc limestone has previously been explored for vanadium and oil shale.

2.5.3 Cover Sequences

RA 321 is covered by an approximately 60m thick Quaternary sequence consisting of alluvial sands, fluvial sands and gravels, and some Cainozoic sandstones and siltstones. These are not considered to be prospective for mineral exploration.

2.6 Previous Work in RA 321

Minimal exploration work has been carried out in this area. The perception of deep cover from lack of outcrop, modelled depths to magnetic basement and deep drill holes that did not intersect basement, have contributed to a general lack of exploration within RA 321. However, there was some activity in the 1980s and 1990s, with the main conclusions summarised below.

2.6.1 1984 – 1986 Queensland Metals

Queensland Metals held Authority to Prospect (ATP) 3742 "Savannah Downs" and ATP 4012 "Croydon" over the period 1984 to 1986. The Savannah Downs tenement was located immediately to the east of Area H, within RA 321. The Croydon tenement was located immediately to the northeast of RA321.

ATP 3742

Work was conducted on ATP 3742 during the period 1984 to 1985 (Eeson & Burban, 1985). The objective of the exploration was to test a large aeromagnetic anomaly which appeared to be spatially related to a fluorine anomaly of the ground water.

Exploration work conducted by Queensland Metals on ATP 3742 included:

- Aeromagnetic/radiometric surveys and ground magnetic surveys
- Review and interpretation of regional water bore data
- Landsat studies, and
- Three diamond drill holes (SDH1-3) on geophysical targets (i.e. Northern, Central and Southern Anomalies).

Queensland Metals considered that the magnetic anomaly, thought to indicate magnetite or pyrrhotite rich basement was spatially and genetically linked to the fluorine anomaly, and initiated the exploration program based on this concept. Anomalous fluorine is associated with a diverse range of mineral deposits, including skarn-type tin mineralisation in the Herberton – Mt Garnet tin fields, Broken Hill Pb-Zn deposits and Olympic Dam U-Cu-Au deposits.

The results of the drilling program indicated the presence of a nearly identical magnetite-rich granodiorite in all 3 holes. They also noted that the granodiorite intrusion was not associated with fluorite or high fluorine bearing minerals. A Rb-Sr age (from samples collected from SDH 2) of approximately 400Ma indicated a Palaeozoic age for the granodiorite, which was unexpected as basement was interpreted to be Proterozoic in age.

Queensland Metals concluded that the cause of the magnetic anomaly was related to the relatively high concentration of primary magnetite within the granodiorite, without any indication of associated mineralisation. The tenement was relinquished in 1986.

ATP 4012

Authority to Prospect 4012 was acquired by Queensland Metals to investigate a coincident regional gravity anomaly and fluorine-rich groundwater anomaly from water bore data in the area.

Exploration work conducted within ATP 4012 included:

- Gravity survey and interpretation of gravity data
- Analysis of groundwater from a water bore in the area, and interpretation of regional water bore data, and
- Two diamond drill holes (4012-1 and 4012-2), drilled to depths of 440m and 495m respectively.

Drill hole 4012-1 intersected probable Proterozoic-age metasedimentary rocks (quartz-chlorite, feldspar± garnet, hornfels and quartz-muscovite hornfels) and an altered and veined metagabbro from 373.3m. Drill hole 4012-2 intersected quartz-veined schist from 366.2m. No mineralisation was detected in the core, although minor anomalous Pb, Zn and Cu values were detected associated with a quartz vein in 4012-2. The results of the drilling program did not indicate a source for the groundwater fluorine anomaly. Queensland Metals considered that further exploration for the source of the anomaly was not warranted based on a lack of geological information and explanation for the geochemical anomaly, as well as the cost of ongoing drill programs.

2.6.2 1992 BHP Minerals Exploration

Work was conducted on EPMs 7967, 7970, 7972, 7974 and 8320, "the Millungera Project", by BHP Minerals in 1992 (Wilde, 1992; Hart, 1994). The objective was to investigate a number of magnetic anomalies and a fluorine anomaly in the ground water (> 30ppm), in an attempt to assess the potential for Broken Hill-type base metal mineralisation in the Proterozoic rocks.

The main exploration work conducted by BHP Minerals on EPMs 7972, 7974 and 8320 included:

- Aeromagnetic and radiometric survey
- Ground magnetic profiles
- Three diamond drill holes (MUP 02- MUP 04) to depths exceeding 250m.

All of the drill holes failed to penetrate the Proterozoic basement which was being targeted and BHP therefore considered the depths to be prohibitive for exploration and eventual production. The aeromagnetic targets that were selected remain untested.

2.6.3 1993 – 1995, North Limited

EPM 9298 "Gidya"

During the period 1993 to 1994, North Limited conducted exploration on EPM 9298, known as the Gidya Prospect (Wightman, 1994, 1995b). The tenement was located in the southeast of RA 321. Area selection was based on similar geophysical characteristics to the Olympic Dam deposit. The Gidya prospect was located a broad gravity high coincident with relatively small, elongated discrete magnetic anomaly.

Exploration work conducted within EPM 9298 included:

- A review of existing AGSO gravity and aeromagnetic data
- Detailed gravity and ground magnetic surveys to further define anomalies and provide detail for modelling and selection of drill targets, and
- Drilling of 5 pre-collared diamond drill holes, including down hole geophysics and geochemical analysis of drill cores.

Drill hole data confirmed predictions of depth to basement, based on magnetic and gravity modelling by North Limited. All five holes intersected basement at depths between 174m – 221m. Basement rocks consisted of well-bedded metasedimentary rocks (phyllites) with disseminated magnetite in 4 of the holes, and quartzite in the remaining hole. No mineralisation of economic significance was detected.

North Limited interpreted the Gidya gravity anomaly to be caused by a basin or roof pendant of higher density sediments within granite, and that the elongated magnetic anomaly was caused by a synclinal structure of the metasediments. They considered that the anomalies had been adequately tested and the tenement was therefore relinquished in 1994.

EPM 9862 "Williams Project"

EPM 9862 was located approximately 60km southwest of Mount Fort Bowen, and to the southwest of RA 321. The area was selected for exploration based on an open range hydro-geochemical study that revealed anomalous Cu, As and Au values (Wightman, 1995b).

Exploration work conducted in the EPM included:

- The collection and analysis of water bore samples in addition to a comprehensive review of open file water bore data
- Airborne magnetics and radiometric surveys, and
- Two pre-collared diamond drill holes, WILPDS1 and WILPDS2 to depths of 408.3m and 366m respectively.

The drill holes intersected flat to shallow-dipping slate at depths of 315.1m (WILPDS1) and 265m (WILPDS2). The core did not contain any economic mineralisation and failed to explain the anomalous hydro-geochemical results. The tenement was relinquished based on the interpretation that prospective basement was too deep to warrant further investigation (Wightman, 1995b).

2.6.4 1994 – 1996, WMC Exploration

The target of exploration within the Cooradine EPM was Cu-Au mineralisation of the style that occurs within the Proterozoic basement of the Eastern Succession of the Mount Isa Inlier.

Exploration activities conducted during the two year program within EPM 10325 included:

- Review and interpretation of previous exploration data, including regional and open-file geophysical datasets
- Aeromagnetic survey and interpretation, and
- Regional gravity survey and interpretation.

The prospectivity of the tenement was downgraded based on a lack of encouraging results from geophysical surveys. A re-prioritisation of exploration projects within the company led to the relinquishment of the EPM.

2.6.5 1994 – 1997, Wiluna Mines

A number of exploration projects were conducted by Wiluna Mines from 1994 to 1997 (Johnson & Withers, 1995, 1996, 1997), the results of which are summarised below. The exploration strategy was based on targeting Au and/or base metals within Proterozoic basement rocks beneath the Mesozoic cover in all tenements.

EPM 10053 “Mundjero Creek North” and EPM 10055 “Mundjero Creek South”

Exploration work conducted in the EPM's included:

- Review and interpretation of available open file geophysics and historical data, and
- Gravity survey to identify potential drilling targets.

The Mundjero Creek anomaly was interpreted from the geophysical data as a magnetically zoned intrusion on a basement horst. The review and interpretation of geophysical data did not identify any potential drill targets therefore the tenements were relinquished.

EPM 10054 “Mount Fort Bowen”

Exploration work conducted in the EPM included:

- Aeromagnetic survey
- Detailed gravity survey
- Rock chip sampling of outcropping basement
- Soil surveys, and
- Drilling of rotary hole FBRC1 to 219m.

Anomalous Au values were detected in soil samples within EPM 10054 and drill hole FBRC1 was planned to test the anomaly and investigate the stratigraphy of the basement rocks. The hole intersected conglomerate, sandstone and minor shale, which was interpreted by Wiluna Mines to be Upper Proterozoic in age and possibly related to the weakly Au-mineralised Quamby Conglomerate in the Mount Isa Inlier. However, assay results from the drill core were generally low and no significant mineralisation was defined.

There were no additional interesting drill targets identified from the gravity and magnetic surveys, and the prospectivity of the area was downgraded due to the interpretation of the presence of a ≥ 300 m of Upper Proterozoic sediments below the Mesozoic basin. The more prospective Mid Proterozoic basement (as mineralised in the Mount Isa Inlier) was considered to be present at a level too deep in the stratigraphy to warrant further exploration, and the tenement was relinquished.

EPM 10884 “Forest Creek”

Exploration work conducted in the EPM included:

- Open file research, and
- A gravity survey over the area.

Wiluna Mines targeted the coincident gravity and magnetic anomalies in this EPM, which covered much of the same area as the North Limited EPM 9298 (Section 2.6.3). Wiluna Mines concluded that the basement rocks intersected in North Limited’s Gidya and Williams drill holes were probably Upper Proterozoic lithologies, rather than the relatively more prospective Mid Proterozoic basement (mineralised within the Mount Isa Inlier). The gravity survey and reviews of open file data resulted in a reappraisal of the prospectivity of the area, and the tenement was relinquished in 1996.

EPM “Caroline Creek” and EPM “Etta Plains” EPM 10992

Exploration work conducted in the EPM’s included:

- Open file research, and
- A gravity survey over the areas.

A more detailed gravity survey failed to define areas of shallower basement within the tenements and open file research resulted in a reappraisal of the prospectivity of the EPM’s. Therefore, the tenements were relinquished in 1996.

2.6.6 North West Queensland Mineral Province Study

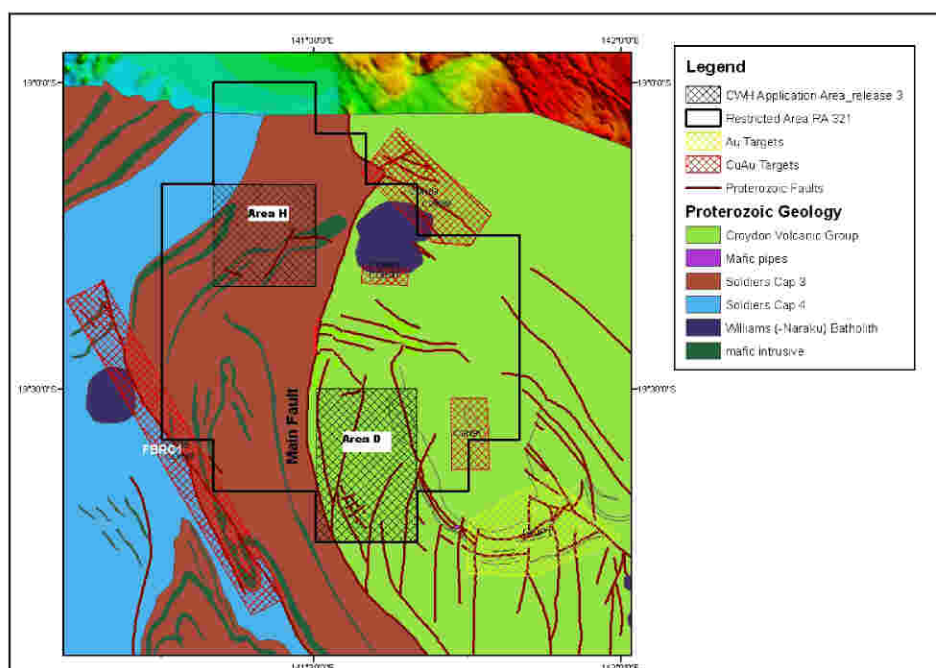
The NWQMP study included the RA 321 area in its interpretation of basement geology and structure. RA 321 was located at the far north-eastern extent of the study, and the interpretation was based on geophysical characteristics of basement rocks in the area, particularly in comparison to geophysical signatures of basement rocks exposed within the Mount Isa and Georgetown Inliers.

The NWQMP study identified a number of target areas for minerals exploration within and around RA 321. These are shown in Figure 5.

Prospective deposit types indicated by the NWQMP study in the area include:

- IOCG
- Intrusion-related Au, and
- Stratabound Ag-Pb-Zn.

Figure 5: NWQMP Geological Interpretation Showing Target Areas for Exploration (QDME, 2000).



2.7 Geological Interpretation

Interpretation of previous exploration data and enhanced geophysical datasets has identified a number of interesting features within RA 321. The major features of the geological interpretation are summarised below:

- The Proterozoic basement comprises two different geological terrains (Mount Isa and Georgetown Inliers) and is probably the source of most of the magnetic/gravity signature of the area. These terrains are separated by the presence of a major NS curvilinear, east dipping thrust fault.
- Numerous discrete ellipsoidal-shaped intrusives occur within both the Mount Isa and Georgetown Inlier parts of the area, and are interpreted as either Proterozoic in age, or Palaeozoic, based on one Rb/Sr date from Queensland Metals drilling (see Section 2.6.1).
- The magnetic signature to the east of the Main Fault, within the interpreted Croydon Volcanics, implies a large underlying granite or granodiorite batholith (possibly part of the Esmeralda Supersuite) with characteristic concentric fracture/fault patterns indicating a “roof zone” to the pluton. This rock type may have been intersected in diamond holes drilled by Queensland Metals in 1985 (Section 2.6.1).
- Relatively undeformed and well-bedded Upper Proterozoic basement is interpreted to exist above the structurally complex Mid-Proterozoic Mount Isa Inlier basement, and below the Mesozoic-age Carpentaria Basin, based on drilling and seismic data. Results of the seismic data in the area indicate that the sedimentary sequence may be at least 3 km thick to the west of the Main Fault (Hutton and Korsch, 2008).
- An area of relatively lower magnetic signature at the approximate centre of the interpreted batholiths within the Croydon Volcanics may also be Upper Proterozoic basement sedimentary rocks, as intersected by North Limited’s drilling in 1994 (Section 2.6.3), in a synclinal structure overlying the interpreted “roof-zone” of the granite or granodiorite batholith.
- A number of mafic intrusives of unknown age are interpreted in the western part of RA 321, probably manifesting as dykes or sills through Mid- and/or Upper Proterozoic metasedimentary rocks. These mafic intrusives can generally be mapped out by their relatively stronger magnetic susceptibility.
- A number of regionally significant NW striking structures exist throughout the area, which can be clearly identified on magnetic and gravity images and appear to offset many magnetic features within the RA.
- At least one regionally significant NE striking structure is present in the western part of RA 321, and was also identified on the image of seismic line 07GA-IG1 (Hutton and Korsch, 2008).
- Numerous, nested igneous intrusions occur, particularly in the Georgetown Inlier.
- A number of N-S to NNE-SSW faults intersecting NW-SE fault systems, producing potential dilation zones.
- Drill holes show that basement is relatively deep, particularly for Middle Proterozoic rocks.
- Drill holes by Queensland Metals showed that a number of strong, conical shaped magnetic lows may be related to fractionated, felsic intrusions.

Results of this interpretation indicate that the geology under the Quaternary, Cainozoic and Mesozoic sequences probably consists of Upper to Middle Proterozoic rocks of the Mount Isa and/or Georgetown Inliers, as situated over RA 321. Basement belonging to the Mount Isa Inlier may be represented by Soldiers Cap Group 3 and 4, with the possibility of a younger Proterozoic basin in the western part of RA 321.

2.8 Proposed Exploration Work program

2.8.1 Description of Work Program

Based on the initial geological review work (Section 3), a staged exploration program that focuses on the collection of additional geological and geophysical data to further define the most prospective areas within Area D of RA 321, is proposed. This will be facilitated through airborne geophysical surveys and ground-based gravity surveys, followed by drilling (aircore/percussion/diamond) of selected target areas. Positive results of the initial work may be followed up by high resolution geophysical testing (EM, IP, and/or 2D seismic surveys; depending on depth of cover issues) of selected areas to indicate the potential for primary sulphide mineralisation, and targeted diamond drilling.

The work program is budgeted over a 5 year period. However, at the end of Year 2 (and then the end of Year 3), a comprehensive review will be undertaken to assess exploration success, and the relevance and/or merit of the proposed work programs outlined for Year 3 and beyond.

YEAR 1 will focus on:

- Ongoing data evaluation and analysis; including further literature searches, interpretation, processing and modelling of geophysical data, development of a 3D geological model and target generation
- Set up of appropriate QAQC procedures for drilling, sampling and data management
- Initial field program (subject to compliance with Native Title provisions) including:
 - targeted site reconnaissance field work
 - initial drilling (chip ± diamond)
 - acquisition of airborne and/or ground geophysical survey data, and
- Statutory reporting.

With the main objectives of:

- Reassessing the current geological interpretation over the area (including a detailed assessment of depth to prospective lithology, structural architecture, and geophysical / alteration signatures), to facilitate the selection of prospective areas, preliminary target generation and ranking of targets
- Ensuring all relevant geological, geophysical and geochemical data for the project area is compiled into an appropriate GIS database
- Confirming and refinement of basic geological interpretations and assist in planning follow-up exploration drilling/sampling programs and supplementary geophysical survey work (as required).

YEARS 2 and 3 will focus on field based work, including:

- An initial stage of (targeted ± stratigraphic) drilling, sampling, logging, laboratory analysis and petrological work, with follow up drilling and testing programs as required based on results of the initial drilling
- Smaller-scale high resolution airborne or ground-based geophysical survey work, e.g., EM, IP and/or 2-D seismic on specific target areas / geological structures
- Ongoing data (re)evaluation and analysis, including addition of new project data, updating of the GIS database, statutory reporting, etc, and
- Post survey/drilling rehabilitation work as required.

With the main objectives of:

- Testing as many target areas / anomalies, etc as early in the exploration program as is practical
- Update and refinement of the 3D geological model, testing of mineralisation targets and evaluation of target areas
- Refinement of the exploration program based on results of initial drilling and geophysical survey work as required, and
- Commencement of some preliminary resource delineation work, if initial drilling work is successful.

YEARS 4 and 5 will focus on

- If targeting has been successful, field programs are likely to move to a resource delineation stage with less a focus on identifying / drilling out greenfield target areas / anomalies, and/or
- If targeting has not been completely successful funding will be allocated for a scaled back exploration program, which would be focussed on the testing the extents to already defined mineralisation.

With the main objectives of:

- Resource delineation (where required), and/or
- Testing of outstanding target areas / anomalies.

2.9 Discussion and Conclusions

The prospects held by CWH are well located and encompass prospective geology and mineralisation. The results from previous work justify additional detailed exploration in targeting both large tonnage, moderate to high grade systems as well as small tonnage, high grade deposits.

The area has undergone several phases of geophysical exploration resulting in various anomalies being identified, including elevated fluorine values from water analyses and magnetic and gravity anomalies defined through various stages of airborne and regional surface surveys.

Elevated Fluorine levels may be associated with several types of ore deposits, including:

- Skarn type deposits (Pine Creek type)
- Stratiform massive sulphide deposits (Broken Hill type)
- Stratabound Pb-Zn deposits (Mississippi Valley type)
- IOCGU deposits (Olympic dam type).

Magnetic and gravity anomalies are generally indicative of deposits relatively high in iron, usually in the form of magnetite or pyrrhotite. These may be related to Banded Iron Formations (BIF) or areas of hydrothermal alteration. Elevated values of iron may be associated with types of deposits including:

- IOCGU deposits
- Skarn deposits
- Mississippi Valley Type deposits
- Iron Ore deposits
- Broken Hill Type deposits.

Appropriate mineralisation models have been selected to be used as tools for targeting specific areas of the RA on the basis of minerals prospectivity. These models will also help to define appropriate exploration techniques that will be used to target economic precious and base metals mineralisation within the areas.

Mineralisation models selected as appropriate for consideration during the geological review include:

- IOCG deposits and mineralisation styles (e.g., Ernest Henry, Olympic Dam)
- Cannington / Broken Hill-style base metal (Ag-Pb-Zn) deposits
- Intrusion-related Au deposits
- Mesothermal structurally-controlled Au ± Sn (historic Croydon goldfields), and
- Uranium (Unconformity-related U in Upper Proterozoic rocks, palaeochannels in Mesozoic rocks, and possible U in Tertiary sediments).

Due to the minimal exposure of prospective host lithologies and limited drilling data contributing to a generally poor understanding of the geology of the eastern and western parts of the Mount Isa and Georgetown Inliers, exploration activity concentrating on the types of targets listed above is particularly appropriate to the prospectivity assessment of areas within RA 321.

2.10 References

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Johnson D. and Withers J., 1997, Wiluna Mines Ltd. *CR# 29154*. EPM 10054 "Mt Fort Bowen". Final and Annual Report for the Period Ended 10 April 1997.

Application for Exploration Permit for Minerals – Area D of Restricted Area 321. China West International Holdings Limited. Compiled by: SRK Consulting (Australasia) Pty Ltd. February 2009.

Application for Exploration Permit for Minerals – Area H of Restricted Area 321. China West International Holdings Limited. Compiled by: SRK Consulting (Australasia) Pty Ltd. June 2009.

SECTION 7 - INVESTIGATING ACCOUNTANT'S REPORT



Accountants | Business and Financial Advisers

14 November 2011

The Directors
CWH Resources Limited
Suite 1503, Level 15
97-99 Bathurst Street
SYDNEY NSW 2000

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

INTRODUCTION

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 14 November 2011 ("Prospectus") for the issue by CWH Resources Limited (formerly China West International Holdings Limited) ("CWH Resources" or "the Company") of up to a maximum of 15,000,000 ordinary shares at an issue price of 20 cents each to raise a total of up to \$3,000,000 before the expenses of the issue. The minimum subscription is 12,500,000 shares at an issue price of 20 cents each to raise a total of up to \$2,500,000 before the expenses of the issue.

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of CWH Resources Limited.

STRUCTURE OF REPORT

This Report has been divided into the following sections:

1. Background Information;
2. Scope of Report;
3. Financial Information;
4. Subsequent Events;
5. Statements; and
6. Declaration.

HLB Mann Judd ("HLB") was appointed as the Company's auditor on 20 January 2011.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  international. A world-wide network of independent accounting firms and business advisers.

1. BACKGROUND INFORMATION

CWH Resources was listed on the Australian Securities Exchange on 15 December, 1988. The current directors of CWH Resources are:

| | |
|---------------------------|--|
| Mr Bao Cheng Luo | Executive Chairman |
| Mr Charles Hock Guan Sher | Non-Executive Director and Chairman of the Audit Committee |
| Mr Wang Wei Guo | Non-Executive Director |
| Mr Peter Blair | Non-Executive Director |
| Mr Li Shun Ming | Non-Executive Director |
| Mr Fu Mang Chang | Non-Executive Director |

As at the date of this Report, the issued share capital of the Company is 76,316,615 fully paid ordinary shares.

We understand that the funds raised by the issue of shares under the Prospectus will be applied as follows:

- mining exploration;
- general working capital (administration and other expenses); and
- expenses of the Offer.

Further details are set out in section 2 of the Prospectus.

2. SCOPE OF REPORT

HLB has been requested to prepare this Report presenting the following information, all as set out in Appendix 1 to this Report:

- (a) Consolidated Balance Sheets of CWH Resources Limited and its controlled entities (“the group”) as at 30 June 2011 and 30 June 2010. These Balance Sheets have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards;
- (b) Consolidated Statements of Comprehensive Income of the group for the year ended 30 June 2011 and 30 June 2010. These Statements have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards;

- (c) Consolidated Statement of Changes in Equity of the group for the year ended 30 June 2011. This Statement has been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards;
- (d) Pro forma Consolidated Balance Sheets as at 30 June 2011 of the group including the matters referred to in 3(b) below. These Balance Sheets have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards.
- (e) A pro forma Consolidated Statement of Comprehensive Income for the year ended 30 June 2011, including the matters referred to in 3(c) below. This Statement has been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards.

The Directors have prepared and are responsible for the historical and pro forma information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates, for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

We performed an audit of the historical financial information for the year ended 30 June 2011, including the 30 June 2010 comparatives, and a review of the pro forma financial information for the year ended 30 June 2011, of the group, as referred to in paragraphs (a), (b), (c), (d) and (e) above in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements. Our audit of the historical financial information was carried out in accordance with Australian Auditing Standards. Our review of the pro forma information was carried out in accordance with Australian Standard on Review Engagements 2405 “*Review of Historical Financial Information Other than a Financial Report*” and included such enquiries and procedures which we considered necessary for the purposes of this Report. Our review of the pro forma information was limited primarily to an examination of the pro forma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the pro forma information included in this Report or elsewhere in the Prospectus.

Our audit report on the consolidated financial report of CWH Resources for the year ended 30 June 2011 has previously been issued. Comments on our audit report are included at 3(d) below.

In relation to the information presented in this Report:

- (a) support by another person, corporation or an unrelated entity has not been assumed;
- (b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- (c) the going concern basis of accounting has been adopted.

3. FINANCIAL INFORMATION

(a) Discontinued operation

On 10 December 2010 CWH Resources Limited entered into a contract for the sale of all of the shares it owns in Chongqing YuAO Building Materials Co., Ltd (“CYABM”), a controlled entity. At that date CWH Resources Limited owned 100% of the issued capital of CYABM.

That sale agreement is subject to conditions which had not been satisfied as at 30 June 2011, and accordingly the consolidated balance sheet as at that date prepared by Directors and lodged with the Australian Securities Exchange disclosed the assets and liabilities of the controlled entity as a “discontinued operation”, which required that all of the assets of the controlled entity be disclosed as a single item on the balance sheet, entitled “Assets classified as held for sale”, and similar disclosure of the liabilities of the controlled entity.

(b) Pro forma Balance Sheet

Appendix 1 includes pro forma consolidated Balance Sheets of CWH Resources as at 30 June 2011 as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 30 June 2011, as if they had happened on 30 June 2011:

- (i) The issue by the Company pursuant to the Prospectus of 15,000,000 ordinary shares at an issue price of 20 cents each, raising \$3,000,000 (“the maximum”), or of 12,500,000 ordinary shares at an issue price of 20 cents each, raising \$2,500,000 (“the minimum”);
- (ii) The sale of all of the shares in the 100% owned controlled entity CYABM for consideration as set out in the agreement for sale of those shares;
- (iii) The write off to the issued capital account of the cash costs of the Prospectus, being an estimated \$320,000 as detailed below:

| | \$ |
|--|----------------|
| ASX Listing Fee, ASIC Lodgement Fee and Share Registry | 50,000 |
| Legal Fees | 105,000 |
| Independent Geologist’s Fees | 13,000 |
| Investigating Accountant’s Fees | 36,000 |
| Prospectus Preparation Fees | 100,000 |
| Printing, Road Show Costs, Travel Expenses and Miscellaneous | 11,000 |
| Report on tenements | 5,000 |
| | <u>320,000</u> |

(c) **Pro forma Statement of Comprehensive Income**

Appendix 1 also includes a pro forma Statement of Comprehensive Income for the year ended 30 June 2011 as it would appear after incorporating the sale referred to in 3(b)(ii) above.

(d) **Auditor's Report**

(i) *Qualified Auditor's Report*

Our auditor's report on the consolidated financial statements of CWH Resources for the year ended 30 June 2011 includes a qualified auditor's opinion, in relation to the amounts included in the consolidated balance sheet of CWH Resources as at 30 June 2011 as assets of the discontinued operation referred to at 3(a) above. As stated in Note 3 in the attached Appendix 1, the balance sheet as at 30 June 2011 included in the audited financial report and reproduced in the attached Appendix 1 includes the assets of CYABM at a recoverable amount determined on the basis of an assumption that the sale contract referred to at 3(a) above will be completed in the near future, and the assets of CYABM will be sold for an amount above their carrying amount in the balance sheet as at 30 June 2011. The sale agreement is subject to approval by a Chinese Government authority. Should that sale agreement not be completed, the assumption used in determining the recoverable amount of the assets of CYABM will not be valid, and a re-assessment of recoverable amount will be required.

Had the recoverable amount of CYABM assets as at 30 June 2011 been determined on a different basis, adjustments may have been required to the carrying value of assets of the discontinued operation at that date, and an impairment loss may have had to be recognised at that date. The determination of recoverable amount may also be impacted by the possibility of closure of CYABM's production facility before 31 December 2011, as disclosed in Note 3 in Appendix 1.

For full details of the qualified auditor's report, refer to the full financial report of CWH Resources Limited for the year ended 30 June 2011.

(ii) *Emphasis of Matter – Going Concern*

Our auditor's report on the consolidated financial statements of CWH Resources for the year ended 30 June 2011 included a paragraph (known as an "Emphasis of Matter" paragraph) entitled "*Material Uncertainty Regarding Continuation as a Going Concern*" in relation to the ability of CWH Resources to continue as a going concern. Their Emphasis of Matter paragraph does not modify our auditor's opinion on those financial statements.

The Emphasis of Matter paragraph drew attention to Note 1(a) to the financial report for the year ended 30 June 2011, which indicates that the consolidated entity recorded a loss after income tax from continuing operations for the year ended 30 June 2011 of \$1,693,052, and a loss from discontinued operations of \$943,157 for that period; also, the balance sheet of the consolidated entity as at 30 June 2011 discloses a deficiency of net assets of \$1,205,725, and a deficiency of current assets of continuing operations in relation to current liabilities of continuing operations of \$523,233. Further, Note 4 to the financial statements for the year ended 30 June 2011 discloses that there has been a significant delay in completing the sale of the discontinued operation, and a Notice issued by a Chinese local government authority might require closure of the operations of the discontinued operation, if not sold, before 31 December 2011.

These conditions, along with other matters as set forth in the abovementioned Note 1(a) and Note 4, indicate the existence of material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets at their carrying values and discharge its liabilities in the normal course of business.

For full details of the Emphasis of Matter paragraph, refer to the full financial report of CWH Resources for the year ended 30 June 2011.

4. SUBSEQUENT EVENTS

In our opinion, there have been no material items, transactions or events subsequent to 30 June 2011 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. STATEMENTS

- (a) Based on our audit, the historical financial information of CWH Resources for the years ended 30 June 2011 and 30 June 2010, as set out in Appendix 1 to this Report, presents fairly the financial position of the group as at those dates and the performance of the group for those periods in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Australian Accounting Standards and other mandatory reporting requirements in Australia for the years then ended; other than the inclusion in the historical financial information of the assets of the discontinued operation as referred to at 3(d)(i) above, which was subject to a qualified auditor's opinion as referred to at 3(d)(i) above, and
- (b) Based on our review of the pro forma financial information of the group as at, and for the year ended 30 June 2011 as set out in Appendix 1 to this Report, we have not become aware of any matter that causes us to believe that the pro forma financial information does not

present fairly the financial position of CWH Resources as at that date, and its performance for the year then ended, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia, as if the transactions referred to in Section 3 (b) of this Report had occurred as at 30 June 2011, other than the inclusion in the pro forma financial information of the assets of the discontinued operation as referred to at 3(d)(i) above, which was subject to a qualified auditor's opinion as referred to at 3(d)(i) above.

6. DECLARATION

- (a) HLB will be paid its usual professional fees based on time involved for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$36,000).
- (b) Apart from the aforementioned fees, neither HLB nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- (c) Neither HLB, nor any of its employees or associated persons, has any interest in CWH Resources Limited or the promotion of the Company.
- (d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- (e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D K Swindells', written in a cursive style.

D K Swindells
Partner

**CWH RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS**

| | | 30 June 2010 | 30 June 2011 | Pro Forma Maximum as at 30 June 2011 | Pro Forma Minimum as at 30 June 2011 |
|--|-------|------------------|--------------------|---|---|
| | Notes | \$ | \$ | \$ | \$ |
| Current Assets | | | | | |
| Cash and cash equivalents | 2 | 16,445 | 1,956 | 3,417,447 | 2,917,447 |
| Trade & other receivables | | 1,358,057 | 63,921 | 63,921 | 63,921 |
| Inventories | | 1,274,735 | - | - | - |
| Financial assets | | 154,840 | 179,167 | 179,167 | 179,167 |
| Assets classified as held for sale | 3.1 | - | 7,983,801 | - | - |
| Total current assets | | 2,804,077 | 8,228,845 | 3,660,535 | 3,160,535 |
| Non-current Assets | | | | | |
| Other receivables | | - | 52,584 | 52,584 | 52,584 |
| Property, plant and equipment | | 6,319,890 | 6,446 | 6,446 | 6,446 |
| Investment accounted for using equity method | | 206,834 | - | - | - |
| Total non-current assets | | 6,526,724 | 59,030 | 59,030 | 59,030 |
| Total Assets | | 9,330,801 | 8,287,875 | 3,719,565 | 3,219,565 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Trade and other payables | | 5,383,658 | 768,277 | 768,277 | 768,277 |
| Loans and borrowings | | 2,488,131 | - | - | - |
| Current tax liabilities | | 944,989 | - | - | - |
| Liabilities associated with assets classified as held for sale | 3.2 | - | 8,322,341 | - | - |
| Total current liabilities | | 8,816,778 | 9,090,618 | 768,277 | 768,277 |
| Non-current Liabilities | | | | | |
| Loans & borrowings | | 30,060 | 402,982 | 402,982 | 402,982 |
| Total non-current liabilities | | 30,060 | 402,982 | 402,982 | 402,982 |
| Total Liabilities | | 8,846,838 | 9,493,600 | 1,171,259 | 1,171,259 |
| Net Assets | | 483,963 | (1,205,725) | 2,548,306 | 2,048,306 |
| EQUITY | | | | | |
| Share capital | 4 | 14,137,394 | 15,188,814 | 17,868,814 | 17,368,814 |
| Reserves | | (1,422,762) | (1,527,661) | (15,612) | (15,612) |
| Accumulated Losses | | (12,230,669) | (14,866,878) | (15,304,896) | (15,304,896) |
| Total Equity | | 483,963 | (1,205,725) | 2,548,306 | 2,048,306 |

The above balance sheets should be read in conjunction with the accompanying notes.

**CWH RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| | Year ended 30 June 2010 (as restated and presented in the 30 June 2011 Annual Financial Report) | Year ended 30 June 2011 | Year ended 30 June 2011 Pro forma |
|---|--|----------------------------|---|
| | \$ | \$ | \$ |
| Other Income | 2,397,444 | 11,484 | 11,484 |
| Administrative Expenses | (1,545,157) | (1,117,900) | (1,117,900) |
| Impairment loss on investments | (256,361) | (281,218) | (281,218) |
| Results from operating activities | 595,926 | (1,387,634) | (1,387,634) |
| Profit on sale of subsidiary | - | - | 1,074,031 |
| Finance expenses | (9,126) | (18,797) | (18,797) |
| Other expenses | - | (286,621) | (286,621) |
| Loss before income tax | 586,800 | (1,693,052) | (619,021) |
| Income tax expense | (220,805) | - | - |
| Profit (loss) after income tax | 365,995 | (1,693,052) | (619,021) |
| Loss from Discontinued operation | 3.3 (3,177,384) | (943,157) | (943,157) |
| Profit (loss) attributable to members of CWH Resources Ltd | (2,811,389) | (2,636,209) | (1,562,178) |
| Other comprehensive income | | | |
| Foreign currency translation differences for foreign operations | (221,374) | (104,899) | (104,899) |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | (3,032,763) | (2,741,108) | (1,667,077) |

This above statements of comprehensive income should be read in conjunction with the accompanying notes.

**CWH RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

| | Share Capital | General Reserve | Foreign Currency Translation Reserve | Share Option Reserve | Accumulated Losses | Total Equity |
|--|-------------------|-----------------|---|-------------------------|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2010 | 14,137,394 | 646,067 | (2,068,829) | - | (12,230,669) | 483,963 |
| Total comprehensive income for the period | - | - | (104,899) | - | (2,636,209) | (2,741,108) |
| Issue of options | - | - | - | 1,051,420 | - | 1,051,420 |
| Share issue on conversion of options | 1,051,420 | - | - | (1,051,420) | - | - |
| Balance at 30 June 2011 | 15,188,814 | 646,067 | (2,173,728) | - | (14,866,878) | (1,205,725) |
| <i>Pro forma changes - Maximum</i> | | | | | | |
| Balance at 30 June 2011 | 15,188,814 | 646,067 | (2,173,728) | - | (14,866,878) | (1,205,725) |
| Issue of shares under prospectus | 3,000,000 | - | - | - | - | 3,000,000 |
| Costs of share issue | (320,000) | - | - | - | - | (320,000) |
| Profit (loss) on sale of subsidiary | - | (646,067) | 2,158,116 | - | (438,018) | 1,074,031 |
| Pro forma Maximum Balance at 30 June 2011 | 17,868,814 | - | (15,612) | - | (15,304,896) | 2,548,306 |
| <i>Pro forma changes - Minimum</i> | | | | | | |
| Balance at 30 June 2011 | 15,188,814 | 646,067 | (2,173,728) | - | (14,866,878) | (1,205,725) |
| Issue of shares under prospectus | 2,500,000 | - | - | - | - | 2,500,000 |
| Costs of share issue | (320,000) | - | - | - | - | (320,000) |
| Profit (loss) on sale of subsidiary | - | (646,067) | 2,158,116 | - | (438,018) | 1,074,031 |
| Pro forma Minimum Balance at 30 June 2011 | 17,368,814 | - | (15,612) | - | (15,304,896) | 2,048,306 |

The above statements of changes in equity should be read in conjunction with the accompanying notes.

**CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the historical and pro forma financial information reported under Australian Accounting Standards of the consolidated entity consisting of CWH Resources Limited and the entities it controls or controlled (“the Group” or “the CWH Group”) are shown below.

(a) Basis of preparation

The financial information has been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, including Australian Accounting Interpretations, and the *Corporations Act 2001*.

Historical Cost Convention

The financial information has been prepared under the historical cost convention, except for financial assets that have been classified as at fair value through profit or loss, which are measured at their fair value.

(b) Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Discontinued operation (continued)

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial information incorporates the assets and liabilities of CWH and its subsidiaries and the results of these companies. Subsidiaries are all those entities over which the CWH Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the CWH Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the CWH Group.

Inter-company transactions, balances and unrealised income and expenses on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the CWH Group.

(ii) Associates

Associates are all entities over which the CWH Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial information using the equity method of accounting, after initially being recognised at cost. The CWH Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The CWH Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Pro forma transactions

The pro forma Balance Sheets and Statement of Comprehensive Income have been derived from the historical financial information as at 30 June 2011, adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 30 June 2011 as if they had occurred on 30 June 2011:

- (i) The issue by the Company pursuant to this Prospectus of 15,000,000 ordinary shares at an issue price of 20 cents each, raising \$3,000,000 (“the maximum”) or 12,500,000 ordinary shares at an issue price of 20 cents each, raising \$2,500,000 (“the minimum”).
- (ii) The write off to the issued capital account of the cash costs of the Prospectus, being an estimated \$320,000.
- (iii) The sale of Chongqing YuAO Building Materials Co., Ltd being settled on 30 June 2011, recognising a profit on sale of \$1,074,031.

(e) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash generating unit”).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Exploration expenditure**

Exploration and evaluation expenditure incurred by or on behalf of the group has been written off as incurred.

(g) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement between 30 and 90 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (Provision for impairment of receivables) is established when there is objective evidence that the CWH Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in profit or loss with other expenses.

(h) Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(i) Foreign currency translation*(i) Functional and Presentation Currency*

Items included in the financial information of each of the CWH Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in Australian dollars, which is CWH Group's functional and presentation currency.

CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Foreign currency translation (continued)

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Foreign Operations

The results and financial position of all the CWH Group foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to equity as other comprehensive income.

(j) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Revenue

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue (continued)

All revenue is stated net of the amount of goods and services tax (GST).

Interest income is recognised as it accrues, using the effective interest rate method.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the CWH Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the CWH Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Property, Plant and Equipment

Plant and equipment is stated at historical cost and is depreciated over its useful life using the straight line method. Historical cost includes expenditure directly attributable to the acquisition of the items. The expected useful life for asset classes is as follows:

Plant and office equipment – between 5 and 10 years.

Motor vehicles – between 5 and 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount, and are included in profit or loss.

CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Investments and Other Financial Assets

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the CWH Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. Subsequent to initial recognition at fair value plus any directly attributable transaction costs, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

(ii) Fair value Through Profit or Loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are carried at their fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

2. CASH AND CASH EQUIVALENTS

| | <i>Audited</i> 30 June 2011 | <i>Pro forma</i> <i>Adjustments</i> | <i>Pro forma</i> 30 June 2011 <i>Maximum</i> | <i>Pro forma</i> 30 June 2011 <i>Minimum</i> |
|---|-----------------------------------|--|---|---|
| | \$ | \$ | \$ | \$ |
| Balance as at 30 June 2011 | 1,956 | - | 1,956 | 1,956 |
| Cash from shares issued pursuant to this Prospectus (Maximum) | - | 3,000,000 | 3,000,000 | - |
| Cash from shares issued pursuant to this Prospectus (Minimum) | - | 2,500,000 | - | 2,500,000 |
| Share issue costs | - | (320,000) | (320,000) | (320,000)- |
| Proceeds from sale of subsidiary | - | 1,859,963 | 1,859,963 | 1,859,963 |
| Repayment of liability to subsidiary | - | (1,124,472) | (1,124,472) | (1,124,472) |
| Pro forma balance as at 30 June 2011 | <u>1,956</u> | | <u>3,417,447</u> | <u>2,917,447</u> |

**CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)**
3. HELD FOR SALE – DISCONTINUED OPERATIONS OF CHONGQING YUAO BUILDING MATERIALS CO., LTD

On 6 December 2010 CWH Resources Ltd entered into a contract to sell its investment in Chongqing YuAO Building Materials Co., Ltd (“CYABM”) at a price of RMB 12,910,000 (equal to Australian Dollars 1,859,963 as at 30 June 2011). The consideration will be paid in Australian Dollars.

This sale agreement is subject to the approval of the relevant government authority in China. The Directors consider that this approval will be obtained. The recoverable amount of the assets of the discontinued operation has been determined for the group of assets of CYABM as a whole. Should the sale not proceed, a re-assessment of recoverable amount of the assets of CYABM will be required, and as a result adjustments might be required to the recoverable amount of the assets of the discontinued operation, which may be below carrying amount.

Under a general Notice of Reinforcement for Elimination of Undeveloped Production Capacity (Yufufa [2010] No. 75), published by a Chinese local government authority, CYABM’s production facilities may not be compliant. Although the Company has improved the production facilities, Directors are of the view that the current operations of CYABM may be required by the local government to shut down before December 2011. At the date of this report, the Group has not received any official notice in connection with this matter.

3.1 Assets classified as held for sale

| | 30 June 2011 | 30 June 2010 |
|-------------------------------|-------------------------|--------------------------|
| | \$ | \$ |
| Current Assets | | |
| Cash and cash equivalents | 10,886 | 3,284 |
| Trade and other receivables | 1,043,854 | 2,525,448 |
| Inventories | 2,232,868 | 1,274,735 |
| Total current assets | <u>3,287,608</u> | <u>3,803,467</u> |
| Non-current Assets | | |
| Property, plant and equipment | 4,696,193 | 6,261,687 |
| Total non-current assets | <u>4,696,193</u> | <u>6,261,687</u> |
| Total Assets | <u>7,983,801</u> | <u>10,065,154</u> |

As at 30 June 2010, these assets were not classified as held for sale

CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
3. HELD FOR SALE – DISCONTINUED OPERATIONS OF CHONGQING YUAO BUILDING MATERIALS CO., LTD (continued)
3.2 Liabilities directly associated with assets classified as held for sale
Current Liabilities

| | | |
|---------------------------|------------------|------------------|
| Trade and other payables | 5,256,077 | 2,300,434 |
| Loans and borrowings | 1,367,238 | 4,013,100 |
| Current tax liabilities | 1,699,026 | 1,917,633 |
| Total current liabilities | <u>8,322,341</u> | <u>8,231,167</u> |

| | | |
|--------------------------|-------------------------|-------------------------|
| Total Liabilities | <u>8,322,341</u> | <u>8,231,167</u> |
|--------------------------|-------------------------|-------------------------|

As at 30 June 2010, these liabilities were not classified as held for sale

3.3 Chongqing YuAO Building Materials Co., Ltd
Statement of Comprehensive Income

| | 30 June 2011 \$ | 30 June 2010 \$ |
|--|--------------------------------|--------------------------------|
| Sales revenue | 8,227,537 | 11,615,450 |
| Cost of sales | <u>(6,904,338)</u> | <u>(10,451,149)</u> |
| Gross profit | <u>1,323,199</u> | <u>1,164,301</u> |
| Other income | <u>81,716</u> | <u>-</u> |
| Net Income before overheads | <u>1,404,915</u> | <u>1,164,301</u> |
| Selling and operating expenses | (98,185) | (182,649) |
| Administrative expenses | <u>(1,487,772)</u> | <u>(1,948,829)</u> |
| Results from operating activities | <u>(181,042)</u> | <u>(967,177)</u> |
| Finance costs | (155,858) | (148,111) |
| Other expenses | (606,257) | (2,062,096) |
| | <u>(762,115)</u> | <u>(2,210,207)</u> |

CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. HELD FOR SALE – DISCONTINUED OPERATIONS OF CHONGQING YUAO BUILDING MATERIALS CO., LTD (continued)

3.3 Chongqing YuAO Building Materials Co., Ltd
Statement of Comprehensive Income (continued)

| | | |
|-----------------------------------|------------------|--------------------|
| Loss before income tax | (943,157) | (3,177,384) |
| Income tax expense | - | - |
| Loss after income tax | (943,157) | (3,177,384) |
| Other Comprehensive Income | - | - |
| Total Comprehensive Income | (943,157) | (3,177,384) |

| | <i>Audited 30 June 2011 \$</i> | <i>Pro forma Adjustments \$</i> | <i>Pro forma 30 June 2011 Maximum \$</i> | <i>Pro forma 30 June 2011 Minimum \$</i> |
|--|--|---|--|--|
| 4. ISSUED CAPITAL | | | | |
| Issued and paid up share capital | | | | |
| Ordinary fully paid shares | 15,188,814 | - | 15,188,814 | 15,188,814 |
| Prospectus issue (Maximum) | - | 3,000,000 | 3,000,000 | - |
| Prospectus issue (Minimum) | - | 2,500,000 | - | 2,500,000 |
| Share issue costs- cash | - | (320,000) | (320,000) | (320,000) |
| Balance at end of period | <u>15,188,814</u> | | <u>17,868,814</u> | <u>17,368,814</u> |
| | | | <i>Number</i> | <i>Number</i> |
| Pro forma movements in number of fully paid ordinary shares since 30 June 2011: | | | | |
| Shares on issue at 30 June 2011 | | | 76,316,615 | 76,316,615 |
| Pro forma adjustment: | | | | |
| Prospectus issue (Maximum) | | | 15,000,000 | - |
| Prospectus issue (Minimum) | | | - | 12,500,000 |
| Pro forma total | | | <u>91,316,615</u> | <u>88,816,615</u> |

**CWH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)****5. OPTIONS**

A planned issue of 10,519,000 share options by the Company was detailed in the Notice of Annual General Meeting of the Company held on 20 January 2011, and approved at the Annual General Meeting. As at the date of this report 4,334,176 of the options have yet to be issued. 6,184,824 of these options were issued, and were converted to ordinary shares, prior to 30 June 2011.

The consideration received is shown in the Statement of Changes in Equity for the year ended 30 June 2011.

The terms and conditions of the share options are detailed in the 30 June 2011 Annual Financial Report.

There are no options on issue at the date of this report.

6. INCOME TAX

The Group has significant income tax losses as at 30 June 2011. The benefit of these losses has not been recognised as the ability of the Group to obtain a benefit for these losses is not considered probable.

7. CONTINGENCIES AND COMMITMENTS

Details of material contracts are outlined in Section 9.2 of the Prospectus.

The Directors are not aware of any other contingencies.

8. RELATED PARTY TRANSACTIONS

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in Section 9.2 of the Prospectus.

SECTION 8 - INDEPENDENT REVIEW OF TENEMENTS



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CWH RESOURCES LIMITED

Report on Tenements

October 2011

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1. Introduction

Mining Tenement Services (MTS) has been requested by CWH Resources Limited (CWH) to conduct a review of the nine tenements which have been applied for by CWH in Queensland. Of the nine Exploration Permits for Minerals (EPM) applied for by CWH, as a 100% holder, three EPMs are granted and six EPMs are still applications. These tenements are listed in Table 1.

This report has been prepared for inclusion in a Prospectus to be dated on or about July 2011, for the issue of ordinary shares in CWH Resources Limited.

This report details:

- The status of the tenements in relation to their compliance with the conditions of the *Mineral Resources Act 1989* (MR Act).
- The status of the Environmental Authorities for the tenements in accordance with the *Environmental Protection Act 1994* (EP Act)
- The status of financial assurance for each of the tenements
- Potential impacts on environmentally sensitive areas such as endangered regional ecosystems heritage and cultural heritage sites, National Parks etc and likely constraints (if any) on the project; and
- Native title issues.

In preparing this report we have conducted searches at the registers maintained by the Department of Employment, Economic Development and Innovation (DEEDI) in accordance with the *Mineral Resources Act 1989* and the Department of Environment and Resource Management (DERM – formerly EPA) in accordance with the *Environmental Protection Act 1994*. Results of these searches are dependent upon the accuracy of the available documentation and information provided by these Government regulating agencies.

Please note that DEEDI and DERM do not provide access to Departmental files. For the purposes of this Report the details shown in Table 1 are those available from the DEEDI, DERM and National Native Title Tribunal (NNTT) registers and the instruments of grant.

2. Opinion

As a result of the searches and enquiries, but subject to the assumptions and qualifications set out in this report, we are satisfied that this report provides an accurate statement as to the current status of the tenement as at the date of the searches, and the Company's interest in the tenements, and that the tenements appear to be in good standing.

3. Assumptions and Qualifications

In this report:

- (i) We have assumed the accuracy and the completeness of the results of the searches of the registers maintained by the Department of Employment, Economic Development and Innovation (DEEDI).
- (ii) We note that the holding of the tenements is subject to compliance with the terms and conditions of the relevant legislation and any applicable agreements.
- (iii) We have assumed that there were no documents other than those which were disclosed to us in relation to the issues we examined.
- (iv) Where compliance with the requirements necessary to maintain a tenement in good standing is not disclosed on the obtained searches, or made available by DEEDI, we express no opinion on this issue.
- (v) Where a tenement has been granted we have assumed that the future act provisions of the *Native Title Act 1993* (Cth), if applicable, have been fully complied with.
- (vi) This report only relates to the mining law applicable to the tenements as at the date of this report. This report is limited to the matters expressly contained within it.

4. Overview

Table 1 provides summary details for the tenements held by the current holders. The tenements held are Exploration Permits for Minerals (EPM) and are held 100% by the holder.

Table 1: Current tenements

| Tenement I.D. | Holder | Status | Date Granted | Expiry Date | Sub-blocks held | District | Area Hectares |
|---------------|-----------------------|-----------------------|--------------|-------------|-----------------|----------|---------------|
| EPM 15900 | CWH Resources Limited | Granted | 10-9-08 | 9-9-13 | 68 | Mareeba | 22,440 |
| EPM 18007 | CWH Resources Limited | Granted | 23.12.10 | 22-12.15 | 100 | Mt Isa | 33,000 |
| EPM 18042 | CWH Resources Limited | Competing application | - | - | 100 | Mt Isa | 33,000 |
| EPM 18158 | CWH Resources Limited | Competing application | - | - | 100 | Mt Isa | 33,000 |
| EPM 18160 | CWH Resources Limited | Granted | 23-12-10 | 22-12-15 | 100 | Mt Isa | 33,000 |
| EPM 19261 | CWH Resources Limited | application | - | - | 100 | Mt Isa | 33,000 |
| EPM 19262 | CWH Resources Limited | application | - | - | 100 | Mt Isa | 33,000 |
| EPM 19263 | CWH Resources Limited | application | - | - | 100 | Mt Isa | 33,000 |
| EPM 19264 | CWH Resources Limited | application | - | - | 100 | Mt Isa | 33,000 |

When applications for explorations are lodged on the same day they are classified as competing applications. DEEDI review the competing applications and select the application that they consider to be best suited, with the most potential, to carry out exploration over the area in the application.

CWH has been ranked as the priority applicant for the two competing applications 18042 and 18158. DEEDI have made the offer to CWH for the grant of these two exploration permits. DEEDI have advised the applicants that these two EPMs are about to be advertised, and have commenced the Native Title expedited procedure.

With the exception of EPM 15900 all the EPMs abut, and cover an area of approximately 35 km by 75 km.

As outlined in the *Mineral Resources Act 1989* (MR Act), there are various tenure types available in Queensland for individuals or companies requiring access to minerals contained within the Earth. Of direct relevance to CWH is the following tenure type:

- Exploration Permit for Minerals (EPM):- This tenure allows the Holder to undertake such exploration activities as are necessary (including the use of machinery), subject to compliance with the conditions of the tenure, in order to explore for the minerals specified by the EPM approval. In the case of the CWH EPM's, they are granted for all minerals other than coal. The types of activities allowed include drilling, trenching and costeaning (but no bulk sampling without approval). The area covered by an EPM is stated in sub-blocks, which are determined by longitude and latitude (one minute by one minute = 1 sub-block = approximately 330 hectares). Unless otherwise approved by the Minister, the maximum number of sub-blocks held in an EPM is 100. They are granted for up of to five years, and may be renewed. EPMs are granted on the

condition that bonds are lodged, rents are paid and annual reporting and expenditure commitments (as nominated by the Holder) are fulfilled. In the event that potentially viable mineralisation is discovered, the holder may apply for subsequent tenure, including mining leases. Unless otherwise approved by the Minister, the number of sub-blocks held in the EPM from the end of the second year of grant is reduced by approximately 50% each year until expiry or granting of subsequent tenure. Annual reports and expenditure statements are required to be lodged one month after the anniversary date.

Rent on EPMs is paid for the year in advance and is due on the anniversary date. The current rental rate is \$123.35 per sub-block (no GST is payable).

The total area of the EPMs is available to CWH to carry out exploration.

5. Expenditure

The Minister may specify conditions (other than the conditions prescribed by the MR Act) to which an EPM is subject. The Minister will include as a condition of all EPMs in Queensland that the holder comply with minimum expenditure requirements. Work requirements may also be specified in the instrument of grant as conditions of the EPM. The expenditure and work requirements are those proposed in the tenement application. To date all work reported and expenditure statements have exceeded the requirements.

A failure to meet expenditure requirements, pay rents or to lodge reports and expenditure statements may result in an enforcement action such as the issue of a Notice to Show Cause, as to why a penalty should not be imposed.

Warnings can be issued in relation to any under-expenditure that has occurred for tenements. Other enforcement actions can include the issuing of Notices to Show Cause why the Tenements should not be terminated.

6. Registered Encumbrances or Third Party Interests

DEEDI maintains registers of encumbrances and third party interests on mining tenements in Queensland. DEEDI advises that it only registers encumbrances or third party interests that are lodged. The DEEDI register does not disclose any registered encumbrances or third party interests for the granted Tenements.

There may be encumbrances or third party interest on the Tenements that are not registered with DEEDI. Likewise, DEEDI will only remove an encumbrance or third party interest if notified of the completion of the encumbrance or third party interest.

7. Environmental Authorities

Environmental Authorities (EAs) have been issued for all granted tenements. These EAs last for the term that the tenements are current, and expire when the tenements are terminated.

| | | |
|----------|-------------------------|--------------|
| EPM15900 | Environmental Authority | MIC200466906 |
| EPM18007 | Environmental Authority | MIC200861309 |
| EPM18042 | Environmental Authority | MIC202284811 |
| EPM18158 | Environmental Authority | MIC202283511 |
| EPM18160 | Environmental Authority | MIC200894209 |
| EPM19261 | Environmental Authority | MIC203004411 |
| EPM19262 | Environmental Authority | MIC202916811 |
| EPM19263 | Environmental Authority | MIC202919911 |
| EPM19264 | Environmental Authority | MIC202917011 |

8. Financial Assurance

The holders of granted Exploration Permits in Queensland are required to provide security, payable under both the *Mineral Resources Act 1989* and the *Environmental Protection Act 1994*. The tenement holder is required to carry out rehabilitation of any disturbed areas for the release of any security held.

8.1 Security payable under the Mineral Resources Act

Before an EPM is granted, or a condition of the EPM is varied, the holder must pay an amount of security under the Mineral Resources Act 1989. The amount is determined by the Minister and is calculated as reasonable security for:

- (i) compliance with the conditions of the EPM;
- (ii) compliance with the conditions of the Mineral Resources Act;
- (iii) rectification of any actual damage that may be caused by any person whilst purporting to act under the authority of the EPM to pre-existing improvements for the EPM; and
- (iv) amounts (other than penalties) payable to the State under the *Mineral Resources Act 1989*.

8.2 Security payable under Environmental Protection Act

The holder of an environmental authority is required to provide security under the *Environmental Protection Act 1994* by way of financial assurance. The financial assurance is provided to ensure compliance with the conditions of an environmental authority, and to meet any costs or expenses (or likely costs or expenses) incurred by the administering authority to:

- (i) prevent or minimise environmental harm or rehabilitate or restore the environment, in relation to the carrying out of an activity under an environmental authority, a transitional environmental program approval or a development approval for which financial assurance has been given;
- (ii) carry out work to remediate land managed under a site management plan approval for which financial assurance has been given; or
- (iii) secure compliance with an environmental authority, transitional environmental program, site management plan, development approval or any conditions of the authority, program, plan or approval for which financial assurance has been given.

Although differing securities may be payable under the *Mineral Resources Act 1989* and the *Environmental Protection Act 1994*, in practice, a single amount is normally lodged with DEEDI to cover both amounts. Although the entire security for a tenement is held by DEEDI, it is able to be used by both DEEDI and DERM.

8.3 Security Paid

In the case of the EPM's, the subject of this report, the amount of security determined by DEEDI is nil and the amount by DERM is the standard \$2,500 per tenure. The security must be lodged prior to the tenement being granted.

9. Environmentally Sensitive Areas

Environmentally Sensitive Areas (ESA) are defined in the Code as "locations, however large or small, that have environmental values that contribute to maintaining biological diversity and integrity, have intrinsic or attributed scientific, historical or cultural heritage value, or are important in providing amenity, harmony or sense of community."

ESA are categorised as either A, B or C. As outlined in Condition 13 of the Code, the following restrictions apply to the various categories as follows:

- *The holder of the environmental authority must not carry out activities in a category A or B Environmentally Sensitive Area. Activities involving machinery must not be carried out within 1km of a category A environmentally sensitive area or within 500m of category B environmentally sensitive area. Prior to carrying out activities in a category C environmentally sensitive area, consult with the relevant administering authority and the Environmental Protection Agency (now the Department of Environment and Resource Management). If it is determined through the consultation that additional conditions are necessary, the holder must comply with those conditions.*

Search of the DERM ESA database show no areas of tenements are affected by ESAs.

It should be remembered that the buffer distances apply to ESA regardless of whether or not they are located within the tenement boundaries. That is, the buffer area for an ESA located external to the tenement may encroach within the tenement boundaries.

9.1 National Parks

National Parks are declared under the *Nature Conservation Act 1992* (NC Act). As defined in section 14 of the NP Act, there are six (6) classes of National Park:

- National Parks
- National Parks (scientific)
- National Parks (Aboriginal land)
- National Parks (Torres Strait Islander land)
- National Parks (Cape York Peninsula Aboriginal land)
- National Parks (recovery)

Each category must be managed in accordance with the management principles prescribed in the NP Act. As outlined in section 17 of the NP Act, general management principles must:

- provide, to the greatest possible extent, for the permanent preservation of the area's natural condition and the protection of the area's cultural resources and values; and*
- present the area's cultural and natural resources and their values; and*
- ensure that the only use of the area is nature-based and ecologically sustainable.*

National Parks are classified as Category A ESA. As outlined in section 5, activities must not be carried out within a Category A ESA and activities involving machinery must not be carried out within 1km of a Category A ESA.

9.2 Endangered Regional Ecosystems

Regional ecosystems were defined in *The Conservation Status of Queensland Bioregional Ecosystems* (Sattler and Williams 1999) as vegetation communities within a bioregion that are consistently associated with a specific combination of landform, geology and soil. Under the *Vegetation Management Act 1999* (VM Act), the Vegetation Management Status and Biodiversity Status (as recognised by the DERM) of such regional ecosystems are listed on the Regional Ecosystem Description Database.

A regional ecosystem is classed as an ERE under the VM Act if:

- Remnant vegetation is less than 10% of its pre-clearing extent across the bioregion; or
- 10-30% of its pre-clearing extent remains and the remnant vegetation is less than 10,000 hectares.

In addition, DERM may also classify a regional ecosystem as endangered if:

- Less than 10% of its pre-clearing extent remains unaffected by severe degradation and/or biodiversity loss; or
- 10-30% of its pre-clearing extent remains unaffected by severe degradation and/or biodiversity loss and the remnant vegetation is less than 10,000 hectares; or
- It is a rare regional ecosystem subject to a threatening process.

ERE's are classified as Category B ESA. As outlined in section 5, activities must not be carried out within a Category B ESA and activities involving machinery must not be carried out within 500 m of a Category B ESA.

Given the areas of land affected by ERE within the tenement areas, they are not considered a reasonably significant impediment to exploration.

9.3 Other Environmentally Sensitive Areas

According to the Code, the holder of the environmental authority must consult with the relevant administering authority and Department of Environment and Resource Management prior to carrying out activities with a Category C ESA.

9.4 Wild Rivers

Wild Rivers Nominated Waterways, Wild Rivers High Preservation Areas and Wild Rivers Preservation Areas are depicted on DERM's ESA database as "Other" ESA. None of the tenements included in this Report include any of these types of ESA.

10. Cultural Heritage Sites

Cultural heritage legislation at both the State and Commonwealth level provides the basis for cultural heritage management.

10.1 Indigenous

The *Aboriginal Cultural Heritage Act 2003* (Qld) (**ACH Act**) provides for the recognition, protection and conservation of Aboriginal cultural heritage, irrespective of Native Title. Guidelines¹ have been developed which outline the responsibilities and Duty of Care (DOCG) requirements for the conduct of activities on land. In addition, a Cultural Heritage search request may be made to the Cultural Heritage Coordination Unit within the Department of Natural Resources and Water (DNRW) for records of significant sites within the area that are identified on the Aboriginal and Torres Strait Islander Cultural Heritage Database and/or Register. It should be noted however that section 42 of the ACH Act provides that access to the Database must not generally be given to the public. This reflects the main purpose of the Database which is to provide a research and planning tool to help Aboriginal parties, researchers and other persons in their consideration of the Aboriginal cultural heritage of specific areas (per section 39 of the ACH Act).

Reference should be made to the DOCG prior to undertaking any exploration activities. Representatives from the Native Title Claimant group carry out a clearance by traversing the areas where activities are proposed to inspect for items or features considered to be of significance.

When carrying out an activity a person will have a duty of care not to cause harm to an area or object of Aboriginal Cultural Heritage. A person is required to exercise due diligence and reasonable precaution before undertaking an activity that may cause harm, taking all reasonable and practical measures to avoid harm to Aboriginal Cultural Heritage. The maximum penalty for a breach of this provision is \$100,000 for an individual or \$1,000,000 for a corporation.

If it is believed that exploration activities could impact on Aboriginal cultural heritage, consideration should be given to consultation with the relevant Aboriginal Party (as defined under the ACH Act). This may in turn lead to development of a Cultural Heritage Management Plan (CHMP).

No investigations have been undertaken to ascertain whether any cultural heritage agreements apply to the tenements.

10.2 Non-indigenous

Places of cultural heritage significance listed on the Queensland Heritage Register (QHR) are protected under the *Queensland Heritage Act 1992* (QH Act). A 'Place' must be of State-level significance and meet at least one of eight significance criteria to be eligible for entry on the Register. If an activity affects a registered 'Place', there are approval requirements to be considered in order to protect the cultural heritage significance of the 'Place'.

Places registered under the QH Act are considered Category B ESA. As outlined earlier, the Code requires that activities must not be carried out within a Category B ESA and activities involving machinery must not be carried out within 500 m of a Category B ESA. In addition, exploration must not be undertaken within 100 m of other historical, archaeological or ethnographic sites.

¹ http://www.nrw.qld.gov.au/cultural_heritage/pdf/duty_of_care_guidelines.pdf

A search of the Queensland Heritage Register may be undertaken on-line. It should be noted however that map-based searches of the QHR are not necessarily definitive. It should also be noted that none of the ESA searches indicate the presence of any registered places within the tenement areas.

11. Other Restrictions

Certain other lands are excluded from the area of land available for exploration within the EPMs as specified in the MR Act. Some of these exclusions will exist within the EPMs. These lands include:

Land within 100m of a permanent building used mainly for accommodation, business, community, sporting or recreational purposes or a place of worship;

Land within 50m from a stockyard, bore, dam, artificial water storage, cemetery or burial place;

12. EPBC Act

The Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) is the Australian Government's central piece of environmental legislation. It provides a legal framework to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places — defined in the Act as matters of national environmental significance

The tenement holder will need to determine whether or not a referral to the Commonwealth is required under the EPBC Act in the event that the tenement status (for EPMs and MDLs) is advanced to a higher level in the future. The relevant Minister will then determine if the proposed action is a “controlled” action, requiring assessment and approval. This would generally require the preparation of an Environmental Impact Statement.

13. Native Title

The effect of the Native Title Act 1993 (Cth) and the *Native Title (Queensland) Act 1993* (NT Act) on mining is that for the grant of mining tenures over land where native title cannot conclusively be shown to have been extinguished, the processes under the NT Act (right to negotiate (RTN) or indigenous land use agreement (ILUA)) must be followed. Where appropriate the expedited procedure under the NT Act may be available. The tenements applied for by CWH have either been processed or are to be processed through the expedited procedure.

DEED's current policy is to grant tenements that have more than 90% of the tenement over exclusive possession land where Native Title is considered to be extinguished without reference to Native Title procedures, for access to the extinguished area only. An application can be made after grant to add non-extinguished land into the area of the EPM under section 176A of the MR Act.

The application for section 176A as above and EPMs with less than 90% exclusive possession land are processed through the Expedited Procedure of the NT Act. This Procedure includes an advertising process where Native Title Claimants for the relevant area have the opportunity to object to the granting of the tenement. When an objection is lodged an ancillary agreement can be negotiated for the relevant area in order to gain access to the non-exclusive portion of the tenement.

14. General Information about Exploration Permits

The Tenements, the subjects of this report, are EPMs granted, or to be granted under the MR Act. The registered holder's interest or rights in regard to the granted Tenements are subject to compliance with the usual terms and conditions of tenements granted under the MR Act (and any regulations made under the MR Act). No additional conditions have been attached to these tenements. If applicable, the conditions can be found in the permit document issued to the Registered Holder of the Tenements.

14.1 Exploration Permits

The grant of an EPM under the MR Act lies within the discretion of the Minister. An Exploration Permit can be granted as an EPM (All minerals other than coal) or an EPC (Exploration Permit for Coal).

An applicant who applies to the Minister for an EPM must provide the Minister with a statement describing the proposed program of work for the EPM, the estimated human, technical and financial resources proposed to be committed for the exploration work for each year of the EPM and details of the exploration data captured by the applicant prior to the application being made.

The Minister will only grant an EPM after native title has been addressed (either because native title is not affected, or has been dealt with validly under the NT Act). The Minister determines the rent, terms, conditions, provisions and stipulations on which an EPM is granted. Failure to pay rental, submit annual reports, relinquishments and final reports or comply with the conditions of the EPM may render the EPM liable to be cancelled by the Minister. by the applican

An EPM may remain in force for up to 5 years from the date of grant, with a further opportunity for the holder to apply to the Minister for a renewal. At the end of the first two years of the EPM, 50% of the EPM area must be reduced, and a further 50% by the end of each subsequent year thereafter. The holder of the EPM must make a submission to the chief executive identifying the sub-blocks of land to which the holder desires the EPM to apply after that reduction. If the holder fails to make such a submission the Minister may determine which land the EPM shall apply to after that reduction or may cancel the Exploration Permit. In addition to the requirement to reduce the area of an Exploration Permit, the holder may, at any time during its term, make a submission to the chief executive to voluntarily reduce the area of land. In either situation, compensation is not payable for the reduction.

The holder of an Exploration Permit is permitted to carry out certain exploration activities with respect to its area, subject to any conditions imposed on the grant of the permit. Exploration Permit's may only be granted in respect of whole specified sub-blocks of land and shall not exceed the area prescribed in respect of the mineral or minerals concerned.

The holder of an Exploration Permit may carry out authorised activities under the permit for the purpose of exploring for any mineral to which the EP relates. An Exploration Permit may be granted either in respect of coal, or all minerals other than coal. An Exploration Permit enables the holder to enter any part of the land that is not the surface of a restricted area or is otherwise excluded from the tenement, to explore for the relevant minerals. Written notice must be given to the owner of the land prior to initial entry under the permit conditions.

Under the *Mineral Resources Act 1989*, an Exploration Permit, or an interest therein, may be assigned if approved by the Minister. The Minister must not approve the assignment unless the Minister is satisfied the assignee is able, and has agreed, to comply with the conditions of the permit.

The holder of an Exploration Permit must pay compensation to the owner of land within the area of a permit if there is any effect on the land as a result of drilling being carried out during the exploration. The compensation payment under the MRA may be agreed between the parties or determined by the Land Court.

The holder of an Exploration Permit may apply for a Mining Lease (ML) or Mineral Development Licence (MDL) in relation to part or whole of the land subject to the permit. In respect of any land to which the application applies, until determination of the application the holder shall have all the same responsibilities, powers, authorities and duties in relation to the Exploration Permit. Upon the grant of a MDL or ML consequent upon an application, the land to which the Exploration Permit applies shall be reduced accordingly and the terms and conditions applying may be varied if the Minister directs.

14.2 Changes to Queensland's mining laws for land access and compensation

The Queensland Parliament has passed the *Geothermal Energy Bill 2010*. Among other things, the Bill introduces significant amendments to the regimes for land access and compensation under Queensland's resources and energy legislation, including under the MR Act.

These changes mean that when ground disturbance activities are proposed, the tenement holder will need to negotiate a compensation agreement with the landowner.

The Bill aims to achieve legislative consistency by introducing similar requirements for land access and compensation across petroleum, mining, greenhouse gas storage and geothermal activities. Compared to the MR Act's present provisions for access and compensation, the new regime will impose greater process cost and longer time frames before access rights can be exercised under mineral exploration tenements in Queensland.

The amendments introduce a new Land Access Code. This mandatory code forms part of the conditions of all tenements issued under mining, petroleum, greenhouse gas storage and geothermal legislation. A breach of a provision of the Land Access Code may result in a pecuniary penalty, and can also potentially lead to forfeiture of a tenement.

The amendments, on the whole, ensure consistency in definitions of the 'compensatable effects' for which tenement holders must compensate landholders and the processes for obtaining access to land.

14.3 Strategic cropping land

The Queensland Government has announced its plan for protecting the State's most valuable food producing land in a new Policy entitled "Protecting Queensland's Strategic Cropping Land: A policy framework".

The Policy is to be implemented by way of a new law that will provide the criteria for identifying strategic cropping land, and a process for assessing and deciding whether development can proceed on that land; a state planning policy under the *Sustainable Planning Act 2009* which will guide planning and development assessment under the Act; and amendments to the existing resources legislation including the MR Act, the *Petroleum and Gas (Production and Safety) Act*, the *Petroleum Act*, the *Greenhouse Gas Storage Act*, the *Geothermal Exploration Act*, the *State Development and Public Works Organisation Act* and the EP Act to require assessment of the impact of authorised activities on strategic cropping land, and to impose conditions to ensure such impacts are minimised.

The Company will need to consider the potential impact of this policy and, if enacted, laws that implement the policy on its future operations in Queensland. An analysis of the maps of potential strategic cropping land (these are contained in the policy) with the areas of the Company's present and anticipated tenement holdings would provide a useful first pass indication of the policy's potential impact on the Company's tenements.

15. Safety

15.1 Health and safety obligation

The *Mining and Quarrying Safety and Health Act 1999* (Qld) (MQSH Act) seeks to ensure that the risk to health and safety of persons at a mine is at an acceptable level. This means that the level of risks from operations is within acceptable limits and is as low as is reasonably achievable. Under s 30 MQSH Act, the holders of mining tenements (along with workers and other persons stated in that section) have a health and safety obligation to ensure that this risk is at an acceptable level. The MQSH Act provides that the duty can be discharged in the following ways:

- by following methods or processes prescribed in regulations or guidelines to achieve an acceptable level of risk (s34(1) MQSH Act);

- by obeying prohibitions on exposure to certain risks (s34(2) MQSH Act);
- where no regulations or guidelines exist, by taking reasonable precautions and proper diligence to ensure the obligation is discharged (s35 MQSH Act).

In addition to this general obligation, s 37 MQSH Act imposes further obligations on the holder of a mining tenement (if the holder and the operator are different people) and s 38 MQSH Act imposes obligations on the operator.

When a person fails to comply with obligations under s 30 MQSH Act and this contravention causes multiple deaths, the maximum penalty imposed is \$200,000.00² or 3 years' imprisonment. The penalty where a contravention causes death or grievous bodily harm is \$100,000.00³ or 2 years' imprisonment. Where the contravention causes bodily harm or the exposure to a substance that is likely to cause death or grievous bodily harm, the maximum penalty is \$75,000.00⁴ or 1 years imprisonment. Other than in these circumstances, the maximum penalty imposed is \$50,000.00⁵ or 6 months' imprisonment.

15.2 Safety and health levy

Generally, in Queensland mining companies are subject to a mining safety and health fee (Levy) imposed by DEEDI pursuant to an amendment to the MQSH Act by the *Mining and Other Legislation (Safety and Health Fee) Amendment Act 2008* (Amendment) and implemented by the *Mining and Health Quarrying Safety and Health Regulations 2001* (Regulation).

From the financial year ended 30 June 2009 onwards, the Levy for each worker is \$804 where there are 10 or more persons working at the mine. However, if 10 or fewer people work at the mine, the Levy is \$100 per worker (see s 11C (2)(b) Regulation). Although the Regulation does not provide for indexation, amendments to the Regulation can be made from year to year as the government reconsiders the funding requirements for its safety inspectorate and economic conditions affecting mining.

² 2,000 penalty units x \$100.00.

³ 1,000 penalty units x \$100.00.

⁴ 750 penalty units x \$100.00.

⁵ 500 penalty units x \$100.00.

SECTION 9 - ADDITIONAL INFORMATION

9.1 The Company's Constitution and the Rights and Liabilities attaching to the New Shares

All New Shares being offered pursuant to this Prospectus will be issued as fully paid ordinary shares in the capital of the Company and will rank equally with the existing fully paid ordinary shares on issue in the Company. Accordingly, the details of the rights and liabilities attaching to the New Shares are set out in the Company's Constitution.

A constitution of a company has the effect of a contract between the company and each member, between the company and each director and company secretary and between a member and each other member under which each of those persons agrees to observe and perform the provisions of the constitution as far as those provisions apply to that person. A company's constitution can only be altered by a special resolution. Each Applicant for New Shares pursuant to the Offer agrees, by force of the application, to be bound by the Company's Constitution. The Constitution deals with matters such as the rights conferred and obligations imposed by shares, transfer of shares, alterations of share capital, share buy-backs, disposal of less than a marketable parcel, variation of class rights, meetings of shareholders, polls, appointment and removal of directors, remuneration of directors and the ASX Listing Rules.

The following is a summary of the material provisions of the Company's Constitution and the rights, privileges and restrictions attaching to the shares in the Company as set out in the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. In this regard, a copy of the Company's Constitution is available for inspection at the registered office of the Company during normal business hours.

Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none):

- (a) At meetings of members or classes of members, each member entitled to vote may vote in person or by representative, proxy or attorney.
- (b) On a show of hands every person who is a member, or a representative, attorney or proxy of a member, has one vote.
- (c) On a show of hands a member, representative, attorney and a proxy has only one vote irrespective of the number of Shareholders that person represents.
- (d) Where a member appoints two proxies, neither proxy may vote for that member on a show of hands.
- (e) On a poll every member present in person or by proxy, attorney or other duly authorised representative has one vote for each fully paid share they hold, and a fraction of a vote for each partly paid share they hold.

Dividends

- (a) The Directors may from time to time out of profits of the Company (subject to the Corporations Act) pay such dividends as appear to the Directors to be justified by the profits of the Company, and may fix the time for payment.
- (b) Subject to the rights of persons (if any) entitled to shares with special rights as to dividend (at the moment there are none), all dividends must be paid according to the amounts paid on shares in respect of which the dividend is paid.
- (c) All dividends must be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for a dividend accordingly.

Transfer of Shares

Subject to the limitations and the requirements of the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and the Constitution, Shares in the Company are freely transferable.

Winding Up

Subject to the rights of Shareholders with shares with special rights in a winding up (at present there are none), on a winding up of the Company, all assets may be legally distributed amongst the Shareholders in accordance with the Constitution.

Future Increases in Capital

Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, and without prejudice to any special rights previously conferred on the holders of any existing shares (at the moment there are none), the unissued shares in the Company are under the control of the Directors who may allot, grant options over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Directors think fit.

Variation of Rights attaching to Shares

Where shares of different classes are issued, the rights attaching to the shares of a class can thereafter only be varied by a special resolution passed at a general meeting of holders of the shares of that class, or with the written consent of holders of at least three quarters of the issued shares of that class.

General Meeting

Each Shareholder is entitled to receive notice of and to attend and vote in person or by proxy, representative or attorney at general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act or the ASX Listing Rules.

9.2 Summary of Material Contracts

The Company has entered into various agreements (collectively, **the Material Contracts**) which the Directors regard as being material and required to be disclosed, or as being of sufficient interest to investors to justify disclosure, in this Prospectus.

A person or entity subscribing for the New Shares offered by this Prospectus will be deemed to have acknowledged that the Company is bound by each of the Material Contracts. Details of the Material Contracts (to the extent material for disclosure purposes and not otherwise disclosed in this Prospectus) are summarised below.

9.2.1 Share Transfer Agreement for shares in Chongqing YuAO Building Materials Co., Ltd with Alliance Investment (Aust) Pty Ltd

By agreement dated 10 December 2010 between the Company and Alliance Investment (Aust) Pty Ltd (ACN 147 679 436) (**Alliance Investment**), the Company has agreed to sell and Alliance Investment has agreed to purchase 100% of the total issued shares in the capital Chongqing YuAO Building Materials Co., Ltd (**CYABM**) on completion (**the Share Transfer Agreement**).

- (a) **Purchase Price:** Alliance Investment has agreed to pay an amount equivalent to RMB 12,910,000 in Australian Dollars for 100% of the total issued shares in the capital of CYABM, being \$1,859,963 as at 30 June 2010 at an exchange rate of approximately 6.9RMB - 1AUD.
- (b) **Terms:** on the completion of the transfer, Alliance Investment will assume all CYABM's legal rights, liabilities, profits and losses.
- (c) **Conditions:** completion of the agreed transfer of 100% of the total issued shares in the capital of CYABM is conditional on the approval of the share transfer from the relevant Chinese regulatory authorities.
- (d) **Termination:** if a party fails to perform its obligations under the Share Transfer Agreement or breaches any representation, warranty or undertaking that it has made, and fails to remedy the breach (if the breach is capable of remedy) within 10 days upon receipt of written notice from the other party, the non-defaulting party has a right to terminate the Share Transfer Agreement and to claim against the defaulting party for any losses resulting from the breach.
- (e) **Jurisdiction:** the Share Transfer Agreement is governed by the laws of the Peoples Republic of China.

9.2.2 Joint Venture Contract for shares in Discovery Pty Ltd

The Company entered into a joint venture contract with Telieyaf Ali Asihaboweichi (ID No.: 012337903) (**Mr Asihaboweichi**), the founder of Discovery Pty Ltd (**Discovery**) (a company registered in Kazakhstan) dated 28 August 2007 which sets out the terms and conditions of the joint venture between the Company and Discovery for the exploration of copper and nickel ores for mining and production in the Alisher mining areas of Jiliangnuofsike Region of the Republic of Kazakhstan (**the Joint Venture Contract**).

- (a) **Terms:** pursuant to the Joint Venture Contract, Discovery has transferred 45% of the issued capital in Discovery to the Company.

Discovery holds an exploration permit (geological exploration work permit No 001452 dated 8 June 2007) which covers an area of approximately 11.89 square kilometres in the Alisher mining areas of Jiliangnuofsike Region of the Republic of Kazakhstan.

Under the Joint Venture Contract, Mr Asihaboweichi must provide the Company with:

- (i) all necessary documents for usable mining resources exploration and mining right in the Alisher mines; and
 - (ii) protection work for mining reserves of the Alisher mines carried out by the National Mining Resources and Reserves Committee.
- (b) **Common assets for parties:** each party will retain possession of the property right of the assets they have provided and each party will seek consent from the other party for the use of their joint assets.

The use of the capital from both parties will be in conformity with the interests of both parties and form the common assets.

Distributions will be in proportion to the parties' respective assets and expenses will be in the proportion of the investment of the parties.

Following the transfer of shares, the capital structure of Discovery will be as shown in the following table:

| Party | Interest |
|--------------------------------|----------|
| Mr Asihaboweichi | 44.5% |
| Tatlieyaph Osman Asihaboweichi | 10.5% |
| CWH | 45% |

- (c) **Distribution of profits:** the distribution of profits between the parties is to occur each month and is based on the following formula:

| Party | Distribution |
|------------------|--------------|
| Mr Asihaboweichi | 55% |
| CWH | 45% |

- (d) **Transfer of shares:** each party has a priority right to purchase the other party's shares, which is to be determined by the laws of the Republic of Kazakhstan. Subject to the priority right, each party has the right to freely dispose of its shares.
- (e) **Termination:** the method of terminating the Joint Venture Contract is to be determined by the laws of the Republic of Kazakhstan.
- (f) **Jurisdiction:** the Joint Venture Contract is governed by the laws of the Republic of Kazakhstan and Australia.

9.3 Directors' Interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer;

is set out below.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any Director or proposed Director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a Director in connection with
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Set out below are details of the interest of the Directors in the securities of the Company (directly and indirectly) immediately prior to lodgement of this Prospectus with ASIC. The table does not take into account any New Shares that the Directors may acquire under the Offer.

| Director | Number of Shares | Number of Options | Remuneration 2010 | Remuneration 2011 |
|------------------------|------------------|-------------------|-------------------|-------------------|
| Bao Cheng, Luo | 5,723,607 | Nil | \$193,438 | \$19,620 |
| Charles Hock Guan Sher | Nil | Nil | Nil | Nil |
| Wang Wei Guo | Nil | Nil | Nil | Nil |
| Li Shun Ming | Nil | Nil | Nil | Nil |
| Fu Man Chang | Nil | Nil | \$19,925 | \$18,339 |
| Peter Blair | Nil | Nil | Nil | \$10,900 |
| TOTAL | 5,723,607 | Nil | \$285,039 | \$105,834 |

9.4 Expenses of the Offer

Actual and estimated expenses connected with the Offer payable by the Company are as follows:

| | |
|--|----------------|
| | \$ |
| ASX Listing Fee, ASIC Lodgement Fee and Share Registry | 50,000 |
| Legal Fees | 105,000 |
| Independent Geologist's Fees | 13,000 |
| Investigating Accountant's Fees | 36,000 |
| Report on Tenements | 5,000 |
| Prospectus Preparation Fees | 100,000 |
| Printing, Road Show Costs, Travel Expenses and Miscellaneous | 11,000 |
| Total | 320,000 |

9.5 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the New Shares; or
- (c) the Offer of the New Shares .

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, shares, options or otherwise) have been paid or given or agreed to be paid or given to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

HLB Mann Judd has acted as independent accountant in relation to the Offer. As independent accountant, HLB Mann Judd has been involved in reviewing pro-forma financial information, and has prepared the Independent Accountant's Report which has been included in this Prospectus in section 7. In respect of this work, the Company has agreed to pay HLB Mann Judd a total of \$36,000 (exclusive of GST) for these services. HLB Mann Judd are also the auditors to the Company and have undertaken the audit of the Company's financial statements for the year ended 30 June 2011, in respect of which the Company is entitled to pay them \$35,000 (exclusive of GST).

Whittens Lawyers and Consultants have acted as the solicitors to the Company in relation to the Offer. In that capacity and for otherwise assisting the Company with the preparation of this Prospectus, the Company has paid Whittens Lawyers and Consultants approximately \$60,000 (exclusive of GST).

Minarco Mineconsult has acted as independent geologist in relation to the Offer. Minarco Mineconsult has prepared the Independent Geologist's Report which has been included in this Prospectus in section 6. In respect of this work the Company has paid Minarco Mineconsult \$13,000 (exclusive of GST).

Mining Tenement Services has prepared the Independent Review of Tenements Report which has been included in this Prospectus in section 8. In respect of this work the Company has agreed to pay Mining Tenement Services \$5,000 (exclusive of GST).

Computershare Investor Services Pty Limited has acted as the share registrar in relation to the Offer for which it will receive fees for the provision of professional registry services to the Company totalling \$15,000 (exclusive of GST).

9.6 Litigation Disclosure

Other than as set out below, the Company is not engaged in any litigation or dispute likely to lead to litigation which has or would be likely to have a material adverse effect on either the Company or its business.

Summary of dispute with R.F.G.T. Australia Pty Ltd

CWH entered into a Memorandum of Understanding with R.F.G.T. Australia Pty Ltd (RFGT) in relation to its mineral detection technology in October 2010. Mr Anthony Mokdassi was appointed as a Director of CWH on 20 January 2011.

On 22 January 2011, CWH executed a Geotechnical Services Agreement with RFGT, of which Mr Mokdassi was also a director. The Geotechnical Services Agreement provides for payment to RFGT of US\$396,000 and the issue of scrip in CWH to the value of 2.5% of any mineral resource identified by RFGT.

After receipt of the report, CWH published it on its website and announced it on the ASX.

RFGT has demanded payment of the sum of \$360,980.

CWH now asserts that the report was not to JORC standard and that it was misled into entering into the Geotechnical Services Agreement.

In correspondence exchanged on 8 September 2011 (from Whittens) and 14 September 2011 (from Cambridge Law) both parties have threatened to commence proceedings without further notice.

As at the date of this Prospectus, no proceedings have been commenced by either the Company or RFGT.

9.7 Shareholders with holdings greater than 5%

As at 30 June 2011, the Shareholders with holdings of greater than 5% of the total issued capital of the Company are as follows:

| Shareholder | Shares | Interest |
|---------------------------------|------------|----------|
| Beltrading International Corp | 40,476,059 | 53.04% |
| Mr Changxing Xu | 9,429,670 | 12.36% |
| Mr Bao Cheng Luo ⁽¹⁾ | 5,723,607 | 7.5% |
| Longmax Corporation Limited | 5,000,000 | 6.55% |

Notes:

- (1) Mr Bao Cheng Luo is a Director and therefore a related party of the Company.

9.8 Subsequent Events

There has not arisen, at the date of this Prospectus, any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company, to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

9.9 Consents and Disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

- (a) Computershare Investor Services Pty Limited has given and has not withdrawn its consent to be named in this Prospectus as the share registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Prospectus other than recording its name as share registry to the Company. It takes no responsibility for any part of the Prospectus other than the references to its name.
- (b) Whittens Lawyers has given and has not withdrawn its consent to be named in this Prospectus as Solicitor to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.
- (c) Minarco Mineconsult has given and has not withdrawn its consent to be named in this Prospectus as Independent Geologist in the form and context in which it is named, and to the inclusion in section 6 of this Prospectus of their Independent Geologist's Report. It takes no responsibility for any part of the Prospectus other than references to its name.

- (d) HLB Mann Judd has given and has not withdrawn its consent to be named in this Prospectus as Auditor of the Company in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.
- (e) HLB Mann Judd has also given and has not withdrawn its consent to be named in this Prospectus as Investigating Accountant in the form and context in which it is named and the inclusion in section 7 of this Prospectus of their Independent Accountant's Report. It takes no responsibility for any part of the Prospectus other than references to its name.
- (f) Mining Tenement Services has given and has not withdrawn its consent to be named in this Prospectus as Independent Tenement Consultant in the form and context in which it is named and the inclusion in section 8 of this Prospectus of their Independent Tenement Report. It takes no responsibility for any part of the Prospectus other than references to its name.

SECTION 10 – STATEMENT OF DIRECTORS

The Directors report that after due enquiry from them, they have not become aware:

- (a) of any circumstance which in their opinion materially has affected or will affect the proposed assets of the Company;
- (b) of any contingent liabilities of the Company;
- (c) of any material items, transactions or events subsequent to the preparation of the pro-forma statement of assets and liabilities set out in the Prospectus Independent Accountant's Report which could cause figures disclosed in this Prospectus to be misleading or deceptive; and
- (d) of any material items, transactions or events which, although they do not relate to figures included in this Prospectus, could cause reliance on the figures in this Prospectus to be misleading or deceptive.

The Directors further report that after making all enquiries which in their opinion were reasonable, they believe:

- (a) that every statement in this Prospectus not purporting to be made on the authority of an expert or of a public official, document or statement is true and not misleading or deceptive;
- (b) that every statement in this Prospectus purporting to be a statement made by an expert or contained in what purports to be a copy of extract from a report or evaluation of an expert fairly represents the statement or is a correct and fair copy of or extract from the report and that the person making the statement was competent to give it, has consented to the issue of this Prospectus and has not withdrawn that consent before lodgement of this Prospectus at ASIC; and
- (c) that every statement in this Prospectus purporting to be made by an official person or contained in what purports to be a copy of or extract from a public official document is a correct and fair representation of the statement or a correct and fair copy of or extract from the document.

This Prospectus has been signed by or on behalf of the Directors of the Company in accordance with section 351 and section 720 of the Corporations Act.

Dated: 15 November 2011



Bao Cheng Luo
Chairman

SECTION 11 - GLOSSARY

Terms and abbreviations used in this Prospectus have the following meaning:

| | |
|--|---|
| AEDT | Australian Eastern Daylight Time |
| Alliance Investment | Alliance Investment (Aust) Pty Ltd (ACN 147 679 436) of suite 1004, Level 10, 309 Pitt Street, Sydney in the State of New South Wales |
| Applicant | A person who submits an Application Form for New Shares pursuant to the Prospectus |
| Application | A valid application for New Shares made on an Application Form |
| Application Monies | Monies for New Shares received by the Company from an Applicant |
| Application Form | The application form attached to or accompanying the Prospectus |
| ASIC | Australian Securities and Investments Commission |
| ASTC | ASX Transfer and Settlement Corporation Pty Ltd (ACN 008 504 532) |
| ASTC Settlement Rules | The settlement rules of ASTC |
| The ASX | ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires |
| ASX Approval | The ASX agreeing to quote the New Shares issued under this Prospectus on the official list of the ASX |
| The ASX Listing Rules | The official listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the Official List of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX |
| Board | The board of directors of CWH |
| Business Day | A day, other than a Saturday or Sunday, on which banks are open for general banking business in New South Wales |
| CHESS | The Clearing House Electronic Sub-register System of the ASX |
| Chongqing YuAO Construction Co., Ltd or CYABM | Chongqing YuAO Construction Co., Ltd |
| Closing Date | The date by which valid acceptances must be received by the Share Registrar being 20 December 2011 or such other date determined by the Board |
| Company or CWH | CWH Resources Limited (ACN 009 230 111) of Suite 1503, Level 15, 97-99 Bathurst Street, Sydney in the State of New South Wales |
| Computershare Investor Services Pty Ltd or Share Registry | Computershare Investor Services Pty Limited (ACN 078 279 277) of 452 Johnston Street, Abbotsford in the State of Victoria |

| | |
|--|--|
| Constitution | The Constitution of CWH |
| Corporations Act | The Corporations Act 2001 (Cth) as amended or replaced from time to time |
| Discovery | Discovery Pty Ltd, a company incorporated in Kazakhstan |
| Directors | The directors of the Company as at the date of the Prospectus |
| Exposure Period | The seven day period from the date of lodgement of the Prospectus |
| Foreign Shareholder | A shareholder of the Company whose address, as shown in the register of the Company, is a place outside Australia or its external territories or New Zealand |
| HLB Mann Judd or Independent Accountant | HLB Mann Judd (NSW Partnership) (ABN 34 482 821 289) of Level 19, 207 Kent Street, Sydney in the State of New South Wales |
| Independent Accountant's Report | The report prepared by HLB Mann Judd and contained in section 7 of the Prospectus |
| Independent Geologist's Report | The report prepared by Minarco Mineconsult and contained in section 6 of the Prospectus |
| Independent Review of Tenement's Report | The report prepared by Mining Tenement Services and contained in section 8 of the Prospectus |
| Issue or Offer | The issue of New Shares in accordance with the Prospectus |
| JORC | The Joint Ore Reserves Committee |
| JORC Code or the Code | The Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve |
| The Kazakhstan Project | The exploration project described in section 3 of the Prospectus |
| Maximum Subscription | The raising of \$3,000,000 by the issue of 15,000,000 New Shares at 20 cents per New Share pursuant to the Prospectus |
| Minarco Mineconsult or Independent Geologist | Runge Limited (ACN 010 672 321) trading as Minarco Mine-Consult of Level 16, Australia Square, 264-278 George Street, Sydney in the State of New South Wales |
| Minimum Subscription | The raising of \$2,500,000 by the issue of 12,500,000 New Shares at 20 cents per New Share pursuant to the Prospectus |
| Mining Tenement Services or The Independent Tenement Consultant | Mining Tenement Services Pty Ltd (ACN 111 732 462) of Level 13, 379 Queen Street, Brisbane in the State of Queensland |
| The New Shares | The Shares offered pursuant to the Prospectus, being a minimum of 12,500,000 Shares and a maximum of 15,000,000 Shares |
| The Offer | The offer of New Shares pursuant to the Prospectus |
| Offer Period | The period commencing on the Opening Date and ending on the Closing Date |
| Official List | The official list of the ASX |

| | |
|---|--|
| Opening Date | The date of commencement of the Offer in respect of the New Shares, being 18 November 2011 |
| Options | Options on issue in the Company as at the date of the Prospectus |
| Prospectus | This prospectus dated 15 November 2011 for the Offer of the New Shares as modified or varied by any supplementary prospectus issued by the Company and any electronic copy of this prospectus and supplementary prospectus |
| Projects | The exploration projects of the Company described in section 3 |
| Queensland Project 1 | The exploration project of the Company described in section 3 |
| Queensland Project 2 | The exploration project of the Company described in section 3 |
| R.F.G.T. | R.F.G.T Australia Pty Ltd (ACN 139 114 275) of 16 Hawksview Street, Guildford in the State of New South Wales |
| Securities | Shares and/or Options, as applicable |
| Share(s) | Fully paid ordinary shares in the issued capital of the Company |
| Shareholder | The holder of a Share in the Company |
| \$US | Dollars of the currency of the United States of America. |
| Whittens or Whittens Lawyers and Consultants | Whittens & McKeough Pty Limited (ACN 147 418 942) trading as Whittens Lawyers and Consultants of Level 5, 137-139 Bathurst Street, Sydney in the State of New South Wales |

Please refer to the Independent Geologist's Report prepared by Minarco-Mineconsult and the Independent Review of Tenement's Report prepared by Mining Tenement Services in sections 6 and 8 of this Prospectus respectively for additional definitions with respect to geological terms and abbreviations contained in this Prospectus.

In this Prospectus, unless the context otherwise unambiguously requires the same, general statements followed by an example or a list of examples are not limited to or by that example or list.

CWH RESOURCES LIMITED

ABN 23 009 230 111

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

A I/we apply for

Number of Shares in CWH Resources Limited at \$0.20 per Share or such lesser number of Shares which may be allocated to me/us

B I/we lodge full Application Money

A\$

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter your postal address - Include State and Postcode

Unit Street Number Street Name or PO Box /Other Information

City / Suburb / Town

State

Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours

()

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Payment details – Please note that funds are unable to be directly debited from your bank account

G Drawer Cheque Number BSB Number Account Number Amount of cheque

A\$

Make your cheque or bank draft payable to CWH Resources Limited-Share Offer Account

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

How to complete this form

A Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 shares. Applications for greater than 10,000 shares must be in multiples of 1,000 shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHES

CWH Resources Limited (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to CWH Resources Limited Share Offer Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. Please note that funds are unable to be directly debited from your bank account.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the Applicant(s) should read this Prospectus to which this application relates. By lodging the Application Form, the Applicant agrees that this application for New Shares in CWH Resources Limited is upon and subject to the terms of the Prospectus and the Constitution of CWH Resources Limited, agrees to take any number of New Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited by no later than 5.00pm (AEDT) on 20 December 2011. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact Computershare Investor Services Pty Limited on <1300 850 505>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|--|---|--|
| Individual - Use given name(s) in full, not initials | Mr John Alfred Smith | J.A Smith |
| Joint - Use given name(s) in full, not initials | Mr John Alfred Smith & Mrs Janet Marie Smith | John Alfred & Janet Marie Smith |
| Company - Use company title, not abbreviations | ABC Pty Ltd | ABC P/L ABC Co |
| Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust | Ms Penny Smith <Penny Smith Family A/C> | Penny Smith Family Trust |
| Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased | Mr Michael Smith <Est. John Smith A/C> | Estate of Late John Smith |
| Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation | Mr John Alfred Smith <Peter Smith A/C> | Peter Smith |
| Partnerships - Use partners personal name(s) - Do not use the name of the partnership | Mr John Smith & Mr Michael Smith <John Smith & Son A/C> | John Smith & Son |
| Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc | Mrs Janet Smith <ABC Tennis Association A/C> | ABC Tennis Association |
| Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund | John Smith Pty Ltd <Super Fund A/C> | John Smith Pty Ltd Superannuation Fund |



**CWH
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