



SHANDONG TIANYE AUSTRALIA LIMITED

ACN 004 450 033

201 NATIONAL INNOVATION CENTRE, AUSTRALIAN TECHNOLOGY PARK, EVELEIGH NSW 1430, AUSTRALIA

1 August 2011

ANNOUNCEMENT FOR IMMEDIATE RELEASE TO THE MARKET
SHANDONG TIANYE AUSTRALIA LIMITED
ASX: SDT

Prospectus

A prospectus lodged with ASIC follows. This prospectus can be accessed online at www.shandong.com.au

Ian Sanderson
Company Secretary



PROSPECTUS

PROSPECTUS FOR A PROPOSED ISSUE OF SHARES



SHANDONG TIANYE AUSTRALIA LIMITED
ACN 004 450 033

PROSPECTUS FOR A PROPOSED ISSUE OF SHARES IN SHANDONG TIANYE AUSTRALIA LIMITED

ACN 004 450 033

IMPORTANT NOTES

This Prospectus is dated 29 July 2011 and lodged with ASIC on that date.

A copy of this Prospectus has been lodged with ASIC and ASX. Neither ASIC, ASX or any of their officers take any responsibility for the contents of this Prospectus.

Before deciding to invest, potential investors should read the whole of this Prospectus. In particular, investors should consider the risks of investment in resource companies, the risks of offshore investing and the other risk factors identified in this Prospectus. Investors should consider this matter in the light of their personal circumstances including financial and taxation issues. They should seek professional advice from a stockbroker, accountant, lawyer or other professional adviser.

Certain terms and expressions are given defined meanings set out in Section 36 of this Prospectus.

No person is authorised to give any information or make any representation about the Offer that is not contained in this Prospectus. Any information not so contained may not be relied on as having been authorised by the Company in connection with the Offer. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make the Offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may be a breach of applicable securities laws.

Chapter 6D of the Act provides that where securities are not quoted, no securities may be offered under a disclosure document such as this Prospectus until an exposure period of 7 days has elapsed after lodgment of the disclosure document with ASIC. ASIC may extend that period for a further 7 days. That period permits market participants to examine the document prior to the issue of shares. If this Prospectus is deficient, section 724 of the Act applies to any Applications received during the exposure period. Applications received before the end of the exposure period will not be dealt with until the exposure period has elapsed.

COMPANY NAME

At a General Meeting of members of the Company held on 5 February 2010, the members resolved to change the name of the Company from Water Wheel Holdings Limited to Shandong Tianye Australia Limited. This change of name has been registered with ASIC. References in any reports and annexures contained within this Prospectus to Water Wheel Holdings Limited are references to the Company.

ELECTRONIC PROSPECTUS

This Prospectus will be issued in paper form and as an Electronic Prospectus, which may be viewed online at www.shandong.com.au. The offer of Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Application unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the Offer period, any person may obtain a paper copy of this Prospectus by contacting the Company. By submitting an Application, the applicant declares

INDICATIVE TIMETABLE

Prospectus lodged with ASIC	29 July 2011
Opening Date	5 August 2011
Application for quotation of securities on ASX	5 August 2011
Closing Date	Not earlier than 2 September 2011 and not later than 5:00pm AEST on 28 August 2012
Allotment of Shares	Not later than 7 days after close of Offer
Dispatch of Shareholding Statements	Not later than 7 days after allotment of Shares

EXPIRY DATE

No securities will be offered on the basis of this Prospectus later than 13 months from the date of this Prospectus.

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Company Officers

Mr Jeffrey Beaumont (Chairman)
Mr Gabriel Ehrenfeld (Director)
Ms Ling Ling Zhang (Director)
Mr Ian Sanderson (Company Secretary)

Registered and Principal Office

201 National Innovation Centre
Australian Technology Park
Eveleigh NSW 1430
AUSTRALIA

Stock Exchange Listing

Shandong Tianye Australia Limited shares are listed on the Australian Securities Exchange.
The shares are currently suspended from trading.
ASX: SDT

Auditor

BDO Audit (NSW-VIC) Pty Ltd
Level 19, 2 Market Street
Sydney NSW 2000
AUSTRALIA

Accountant

Calder Roth & Co
Level 2, 10 Outram Street
West Perth WA 6005
AUSTRALIA

Lead Stockbroker

Dayton Way Financial Pty Ltd
AFSL 338943
PO Box 145
Woollahra NSW 2025
AUSTRALIA

Bankers

Australia and New Zealand Banking Group Limited
720 New South Head Road
Rose Bay NSW 2029
AUSTRALIA

Macquarie Bank Limited
1 Shelley Street
Sydney NSW 2000
AUSTRALIA

1. SUMMARY

- 1.1. Shares are being issued in order to satisfy ASX requirements for the Company's shares to be re-quoted on ASX.
- 1.2. The Company has entered into an agreement to acquire a gypsum quarry in Shandong Province in the Peoples' Republic of China, and shares are being issued to obtain working capital to exploit the gypsum quarry and to pay the costs and expenses of securing the re-quotations of the Company's shares on ASX. The agreement to acquire the quarry is conditional on shareholder approval.
- 1.3. The Chinese economy continues to expand, and with that expansion the prosperity of individual Chinese increases. That prosperity is being directed, in part to the acquisition of real estate. The construction of buildings on that real estate means that the domestic Chinese economy is a voracious consumer of building products, such as those manufactured from gypsum.
- 1.4. All necessary permits required to be issued for the exploration of the quarry have been obtained.
- 1.5. Shares are being issued as part of the recapitalisation proposal of the Company by the WWH Acquisition Trust, completion of which will enable the Company to proceed with the acquisition of the gypsum quarry, and seek the re-quotations of its securities on ASX.
 - 1.5.1. Shares will be issued for \$0.20 each.
 - 1.5.2. The minimum subscription will be 10,000 shares for subscribers who are not already shareholders of the Company.
 - 1.5.3. For existing shareholders the minimum subscription will be 10,000 less the number of shares already held.
 - 1.5.4. It is proposed to issue 4,000,000 shares, with a possible over-subscription of a further 6,000,000 shares to raise an additional \$1,200,000.

2. THE GYPSUM QUARRY

2.1. MAJOR UNDERTAKING

It is proposed to change the major undertaking of the Company to the manufacture of gypsum including the exploitation of deposits in China and elsewhere. Specifically, the Company proposes to initially concentrate on the extraction of gypsum from a quarry located at Yangjipao Area, Taian in Shandong Province, People's Republic of China. The Company has entered into a contract to purchase this quarry, subject to obtaining any necessary approvals from ASIC, Shareholders and ASX.

2.2. ASSET DESCRIPTION

Gypsum Deposit.

2.3. GENERAL INFORMATION ON GYPSUM

The mineral gypsum has the following chemistry:
 $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$ (Hydrated Calcium Sulphate).

Gypsum is used in a wide variety of applications:

- Gypsum Board, primarily used as a finish for walls and ceilings, known in construction slang as Drywall.
- Plaster ingredient.
- Fertilizer and soil conditioner. It is also used in ameliorating acidic soil.
- A Binder in Fast-Dry tennis court clay.
- Plaster of Paris (surgical splints; casting moulds; modelling).
- A wood substitute.
- A tofu (soy bean curd) coagulant, making it ultimately a major source of dietary calcium, especially in Asian cultures which traditionally use few dairy products.
- Adding hardness to water used for home brewing.
- Blackboard chalk.
- Ornamental stone.
- A component of Portland cement used to prevent flash setting of concrete.
- Soil/water potential monitoring (soil moisture tension).
- A medicinal agent in traditional Chinese medicine called Shi Gao.

Gypsum is one of the more common minerals in sedimentary environments. It is a major rock forming mineral that produces massive beds, usually from precipitation out of highly saline waters. Since it forms easily from saline water, gypsum can have many inclusions of other minerals and even trapped bubbles of air and water.

DETAILS OF THE OFFER

Gypsum has several variety names that are widely used in the mineral trade.

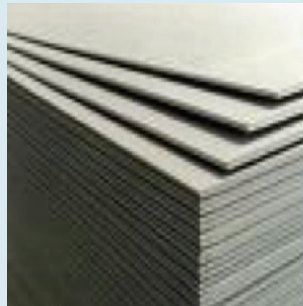
- “Selenite” is the colourless and transparent variety that shows a pearl like luster and has been described as having a moon like glow.
- Another variety is a compact fibrous aggregate called “satin spar”. This variety has a very satin like look that gives a play of light up and down the fibrous crystals.
- A fine grained massive material is called “alabaster” and is an ornamental stone used in fine carvings for centuries.

Crystals of gypsum can be extremely colourless and transparent, making a strong contrast to the most common usage in drywall. Gypsum crystals can be extremely large - amongst the largest on the entire planet.

Gypsum is a natural insulator, feeling warm to the touch when compared to a more ordinary rock or quartz crystal. Sheets of clear crystals can be easily peeled from a larger specimen.



A typical sample of gypsum rock



One of the most common applications for gypsum is the manufacture of drywall, used in construction.

2.4. GENERAL INFORMATION ON SHANDONG PROVINCE, CHINA

The Gypsum assets are located in Shandong Province in the People's Republic of China.



Map of China, identifying the location of Shandong Province.

Shandong is an eastern coastal province of the People's Republic of China. The capital city is Jinan, and the largest city is Qingdao. It has an area of 156,700 km², making it the 20th largest province in China by size. It has a population of 94 million people, making it the 2nd most populous province in China. In 2008, it had a GDP of CNY3.11 trillion, the 2nd highest in China. By 2010, its GDP had grown to CNY3.94 trillion.

DETAILS OF THE OFFER

Geography

The name Shandong literally means “mountain’s east”, which refers to the province’s location east of the Taihang Mountains. The province is located in the lower reaches of the Huang He (Yellow River) and extends out to sea in the form of the Shandong Peninsula. Shandong borders the Bohai Sea to the north, Hebei to the northwest, Henan to the west, Jiangsu to the south, and the Yellow Sea to the southeast; it also shares a very short border with Anhui, between Henan and Jiangsu. Shandong’s coastline is 3000 km long.

With Jinan serving as the province’s economic and cultural centre, the province’s economic prowess has led to the development of modern coastal cities located at Qingdao, Weihai, and Yantai. In addition, Weifang and Zaozhuang are also high growth cities.

Economy

In recent years Shandong, especially eastern Shandong, has enjoyed significant economic development, becoming one of the richest provinces of the People’s Republic of China.

Shandong ranks first among the provinces of China in the production of a variety of products, including cotton and wheat as well as precious metals such as gold and diamonds. It also has one of the biggest sapphire deposits in the world. Other important crops include sorghum and maize. Shandong has extensive petroleum deposits as well, including one of the major oilfields of China. Shandong also produces bromine from underground wells and salt from sea water and extraction from salt deposits on land.

Shandong’s economic development focuses on large enterprises with well-known brand names. Shandong is the biggest industrial producer and one of the top manufacturing provinces in China. Shandong has also benefited from South Korean and Japanese investment, due to its geographical proximity to those countries.

The richest part of the province is the Shandong Peninsula, where the city of Qingdao is home to two of the most well-known brand names of China: Tsingtao Beer and Haier. In addition, Dongying’s oil fields and petroleum industries form an important component of Shandong’s economy.

Transport

The Jingjiu Railway (Beijing-Kowloon) and Jinghu Railway (Beijing-Shanghai) are both major arterial railways that pass through the western part of Shandong. The Jingjiu passes through Liaocheng and Heze; the Jinghu passes through Dezhou, Jinan, Tai’an, Qufu and Tengzhou. The Jiaoji Railway is an important railway of Shandong, linking its two largest cities of Qingdao and Jinan.

Shandong has one of the densest and highest quality expressway networks among all Chinese provinces. At over 3000 km, the total length of Shandong’s expressways is the highest among the provinces. The Jiqing Expressway (Jinan-Qingdao) and Jingfu Expressway (Beijing-Fuzhou, passing through Shandong) are all important arterial expressways.

The Shandong Peninsula, with its bays and harbours, has many important ports, including Qingdao, Yantai, Weihai, Rizhao, and Longkou. Ferries link the cities on the north coast of the peninsula with the Liaodong Peninsula, further north across the sea.

Important airports include Jinan Yaoqiang Airport and Qingdao Liuting International Airport.

2.5. LOCATION OF GYPSUM ASSETS

The Company has entered into a conditional agreement to acquire all of the shares in a Chinese company, Jinan Hongshu Mining Co, Ltd (Jinan), that holds a prospecting permit for a gypsum deposit in the Yangjiapo Area, Taian, Shandong Province, China. The location is 15km from the urban area. It lies on the north edge of Dawenkou Basin, is conveniently located for transport, and is a major proven location for this resource.

Tai’an itself is located in the middle of Shandong Province. Because of its important geographical position and convenient traffic conditions, Tai’an is an important part of the Eastern Coastal Economy Belt and the Economic Zone around the Bohai Sea.

The prospecting permit relates to an area of 15.96 km². The forecast for reserves in this area is at least 1.5 to 2.0 billion tonnes. The anticipated life of the deposit is at least 200 years. The source of this forecast information is the report prepared by the Fifth Institute of Geology and Mineral Exploration of Shandong Province and attached as Annexure 1 to this Prospectus.

2.6. SUMMARY OF GEOLOGICAL INFORMATION

Following physical prospecting analysis, it has been determined that the contained mine stratum occupies approximately 50% of this area. The initial forecast for all gypsum mine reserves in this area is 1.5–2.0 billion tonnes. A general geological investigation of the site is proceeding, and the estimated reserve from a 2.0–3.0 km² test site is 500 million tonnes. The estimated life of the resource, based on the projected capacity, is at least 200 years.

According to the Independent Expert’s Report set out at Annexure 1 of this Prospectus, in accordance with the calculated reserve of 1.5–2.0 billion tonnes, the resource may last 600–800 years. For avoidance of doubt, this information is extracted from the report referred to in paragraph 2.7 and set out at Annexure 1 of this Prospectus.

DETAILS OF THE OFFER

2.7. REPORT

A report on the nature, extent and reserves of the gypsum prospect was prepared by Li Zhenfeng and Li Qiang of The Fifth Institute of Geology and Mineral Exploration of Shandong Province, and is dated 19 October 2009. That report, annexed as Annexure 1 to this Prospectus, states the reserves of the gypsum prospect to be:

Gypsum

After estimation, the intrinsic amount of economic resources inferred for the added gypsum mine in census region (333) is 276.21 million tonnes, and the average grade of ore is $(\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4)$ 67.21%; the predicted resource is (334) 22290.38 million tonnes, the average grade of ore is $(\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4)$ 68.77%. (333) + (334) 2566.59 million tonnes, the average grade of ore is $(\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4)$ 68.60%. A further report by Consulting Geologists Al Maynard & Associates Pty Ltd states that resource estimates for gypsum and halite are reasonable if the drill hole data is reliable and the intersections used in the resource estimates are representative of at least 1 square kilometre for the gypsum and 5 square kilometres (approximately a third of the permit area) for halite and the beds are able to be economically mined using underground mining methods up to 1100m below the topographic surface and 1000m below sea-level. This report is attached as Annexure 2 to this Prospectus.

2.8. PHASE OF EXPLORATION

This report set out in Annexure 1 and referred to in paragraph 2.7 above reveals the extent of the reserves in the deposit. Extraction of gypsum has not yet commenced. Further detailed exploratory work will be conducted to assess the best location from which to commence the extraction of the reserves, before any extraction commences. Following that process, the next stage in the project is the development of infrastructure for the extraction of gypsum. Once that infrastructure has been developed, extraction can begin.

2.9. MARKET

There is a broad market for the product, and the various levels of government in China and the local area provide appropriate policies to support this mining. Currently, an industry park for gypsum products is variously in the planning and construction stages. Upon completion, it will be the largest distribution centre of gypsum products in China. Currently, there are several nationally famous (in China) manufacturers of gypsum products in China. Gypsum from this area has currently been selling to some 10 provinces in China, with considerable success.

3. COMPANY BACKGROUND

- 3.1. The Company was incorporated as a proprietary company called Water Wheel Holdings Pty Ltd on 23 September 1959. It converted to a public company on 23 May 1960. It was first listed on ASX on 20 July 1970.
- 3.2. The Company traded successfully until 21 February 2000 when Christopher Thomas Daly and Nicholas Brooke were appointed as administrators to the Company by the directors. Shares have been suspended from trading on ASX since 16 February 2000.
- 3.3. At a shareholders meeting held on 27 July 2007, a proposal for the recapitalisation of the Company was approved by shareholders. The Administrators returned control of the Company to its directors on 31 August 2007.
- 3.4. In March 2008, the Company and others involved in the July 2007 recapitalisation proposal entered into an agreement with Fundamental Capital Pty Ltd ACN 130 103 623 as trustee of the WWH Acquisition Trust (WWH Acquisition Trust) for the further recapitalisation of SDT, and to make arrangements to enable SDT to seek the re-quotations of its securities on ASX. A further meeting of shareholders approved additional resolutions on 28 November 2008 as part of that further recapitalisation process.
- 3.5. The issue of this Prospectus and the Offer contained therein is a further part of that recapitalisation process.

4. ACQUISITION OF GYPSUM DEPOSIT

- 4.1. On 7 May 2009, the Company entered into an agreement to acquire a gypsum quarry, subject to necessary approvals. The key terms of the agreement are as follows:
 - 4.1.1 The Company has agreed to pay \$300,000 for all of the shares of Jinan.
 - 4.1.2 The transfer of the shares will take place on a date no longer than 30 days from the date when the Company notifies in writing to the Vendors that the Conditions Precedent (set out below) have been satisfied or waived by the Company.
- 4.2. The following are conditions precedent to the completion. 'Gypsum Business' is the defined term in that agreement referring to the gypsum assets.
 - 4.2.1 Vendors to provide the Company access to all of the books and records of the Gypsum Business.
 - 4.2.2 The shareholders of the Company must give all necessary approvals required by the Corporations Act and the Listing Rules for the acquisition of the shares.

DETAILS OF THE OFFER

- 4.2.3 The ASX approving the proposed change in the nature of the Company's business pursuant to Chapter 11 of the Listing Rules or any other requirement of the ASX, including but not limited to, the form of any information memorandum.
 - 4.2.4 ASIC giving any necessary approval under any requirement of the Corporations Act for such approval.
 - 4.2.5 The actual confirmation, or an irrevocable indication of confirmation, from all relevant Public Authorities that the transfer of the shares will not adversely affect all licences, consents, approvals or permissions necessary for the conduct of the Gypsum Business and extraction, transport and sale of gypsum or any other mineral by Jinan.
 - 4.2.6 Mr Zhaoqin Zeng providing \$1,800,000 to the Company as a subscription for shares in the Company.
- 4.3 The Vendors have agreed to ensure that, prior to the Completion Date:
- 4.3.1 The Gypsum Business is conducted only in the ordinary course.
 - 4.3.2 Jinan does not enter into a material capital commitment or declare itself the trustee of or encumber any assets or dispose of or deal with any assets other than in the ordinary course of business and for full market value or make any unusual or extraordinary expenditures.
 - 4.3.3 Jinan is conducted so as to comply in all material respects with all applicable laws and regulations of any public authority.
 - 4.3.4 The Company, its solicitors and accountants are to be given access to the books and records relating to the Gypsum Mines Business.
 - 4.3.5 Jinan does not, and does not agree to, hire, terminate or vary the terms of the employment or engagement of any key employee or independent contractor.
 - 4.3.6 Jinan protects the goodwill of its business and acts in such a way as to protect and maintain the goodwill of the Gypsum Business.
- 4.4 If Jinan has not obtained a licence to exploit or extract gypsum within two years after the date of Completion, the Vendors will, on the request of the Company, purchase all shares then on issue in Jinan for the consideration of \$300,000.



Location of the gypsum deposit in the Yangjipao Area, Shandong Province, China, with drilling rig.



Gypsum core samples extracted from the Taian deposit in Taian, Shandong Province, China.

5. DIRECTORS AND PROPOSED DIRECTORS



JEFFREY KEVIN BEAUMONT
CHAIRMAN AND DIRECTOR
Sydney, Australia

Mr Beaumont has 14 years of investment experience including trading experience in foreign exchange, futures, warrants/options and lead advisor on several mergers and acquisitions. He has broad business experience as a principle investor in early stage ventures having successfully graduated these businesses from expansion to exit.

He has also been an exclusive Eastern seaboard Australasian representative of a New York based investment fund since 2004. This partnership has seen him active in arranging funding for ASX equities, through structured equity lines and convertible instruments. Mr Beaumont has been responsible for the identification, analysis and successful completion of several multi-million dollar ASX transactions.

Mr Beaumont holds a Diploma in Financial Services, is a member of the Australian Financial Markets Association (AFMA) and a member of the Australian Institute of Company Directors.



GABRIEL EHRENFELD
DIRECTOR
Sydney, Australia

Mr Ehrenfeld is a merger, acquisition and recapitalisation specialist, with concentration on the financial, legal and commercial restructure of distressed businesses. He has over 25 years industry experience including extensive participation in information technology, internet service provision, property development, water sports, boat building, manufacturing, mergers and acquisitions, research and development, and product commercialisation.

His current focus is on the acquisition of substantial projects in the mining, real estate and construction sectors in the growing markets of mainland China.

He is currently:

- Vice-Chairman and Managing Director of Advanced Energy Systems Ltd, a company listed on the Australian Securities Exchange (ASX: AES)
- Director of Quoin (Int) Ltd, a PNG foreign public company listed on the Australian Securities Exchange (ASX: QIL)
- Director of Reeltime Media Limited, a company he is currently recapitalising that is listed on the Australian Securities Exchange (ASX: RMA)
- Director of the Company (ASX: SDT)
- Trade Ambassador in Australia for People's Government Zhifu District Yantai, China
- Representative in Australia of the Club (China) of World Famous Chateaus
- Member Australian Institute of Company Directors
- Executive Chairman of Coldfever International Group which owns the Boto Ski Free project
- Principal at Steinbruck Capital
- Director of a number of unlisted Public and Private companies in Australia, Hong Kong and China.



LING LING ZHANG
DIRECTOR
Yantai, China

Ms Zhang is experienced in production management, in particular, in the steel fabrication and manufacturing sectors. She currently holds a Senior Management position working in a Foreign Joint Venture Company based in China.

Ms Zhang graduated with an English Major, and a degree in Mechanical Design and Manufacturing Automation. Her career to date has mainly focused on the manufacturing, design and development of logistics products for the global market.

Additionally, she has 3 years experience in Foreign Joint Venture investment, and a broad understanding of foreign business and management practices.

She is fluent in English and Mandarin Chinese.

DETAILS OF THE OFFER



ZHAOQIN ZENG
PROPOSED DIRECTOR
Jinan, China

Mr Zeng is a highly successful businessman and property developer, with extensive knowledge and over 20 years experience in the areas of real estate, mining, energy and finance. He operates a large group of companies in Jinan, a city in Shandong Province, China. He has previously served as Secretary of General Office of Commission of Shandong Province, and as Vice General Manager of Shandong Hongtai Group.

He is an Executive Master of Business Administration.

He is currently:

- Chairman of Shandong Tianye Real Estate Development Co. Ltd
- Chairman of Shandong Tyan Home Co., Ltd, a publicly listed company in China
- Chairman of Jinan International Conference & Exhibition Centre Co. Ltd
- Chairman of Tianye Mining Co. Ltd
- Chairman of Shandong Haitian Mining Co. Ltd
- Director of Zao Zhuang Commercial Bank



XINGMIN JI
PROPOSED DIRECTOR
Jinan, China

Mr Ji is an experienced company director and businessman, and has been involved in the recapitalisation of numerous private and public companies. He supervised the investment in Qingdao Underwater World which was awarded the Best National Investment Return Project of 2005. He was awarded Shandong Economic Man of the Time in 2004.

He currently serves as Vice General Manager of Shandong Tianye Real Estate Development Co. Ltd.

He has previously served as Managing Director of Shandong Investment HK Co. Ltd, Executive Vice-General Manager of Shandong SAAX Co. Ltd, General Manager of Shandong Luxin International Economic Shares Co. Ltd, and as Section Chief of Shandong International Trust & Investment Corporation.

He holds a Masters Degree in Business Administration.



YULU FENG
PROPOSED DIRECTOR
Jinan, China

Mr Feng has extensive knowledge and experience in the areas of business management, real estate, mining and finance. He is responsible for public company structure, capital and equity interests in gold, iron and coal operations in China. He previously served as Vice Secretary & Vice-President of Shandong Liaocheng Shen County Normal School, Managing Director of Shandong Tyan Home Co., Ltd, General Manager of Shandong Yongan Real Estate Development Co., Ltd, and General Manager of Shandong Tianye Mining Co., Ltd.

He holds a Masters Degree in Mathematics.

He is currently:

- CEO of Shandong Tianye Group
- CEO of Shandong Tianye Real Estate Development Co. Ltd
- Chairman of Shandong Tianye International Energy Co., Ltd

DETAILS OF THE OFFER

6. THE OFFER

6.1. SHARES

By this Prospectus the Company invites investors to subscribe for 4,000,000 Shares in the Company, plus over-subscriptions of a further 6,000,000 Shares.

6.1.1. The terms are as follows:

- 6.1.1.1. Shares will be issued for \$0.20 each.
- 6.1.1.2. The minimum subscription will be 10,000 shares for subscribers who are not already shareholders of the Company.
- 6.1.1.3. For existing shareholders the minimum subscription will be 10,000 less the number of shares already held.

6.1.2. The rights attaching to Shares are described in paragraph 20.

6.1.3. Minimum Subscription and Over-Subscription

- 6.1.3.1. The minimum subscription is \$800,000 by issuing 4,000,000 Shares under the Offer. If the minimum subscription is not reached within 13 months from the date of this Prospectus all applications will be dealt with according to the Act.
- 6.1.3.2. Over-subscriptions of up to a further \$1,200,000 by issuing 6,000,000 additional Shares will be accepted.

7. USE OF FUNDS RAISED

7.1. Funds raised under this Prospectus will be used as follows:

7.1.1. Under the minimum subscription

ITEM	AMOUNT
Payment of success fee as set out in paragraphs 19 and 28.3 of this Prospectus	\$ 700,000
Estimated disbursements and GST in relation to the first item in this table	\$ 100,000
TOTAL	\$ 800,000

7.1.2. With the maximum over-subscriptions

ITEM	AMOUNT
Payment of success fee as set out in paragraphs 19 and 28.3 of this Prospectus	\$ 1,000,000
Estimated disbursements in relation to the first item in this table	\$ 130,000
Supplement to the \$2,000,000 proposed to be raised as per paragraph 9.2, for the development of the gypsum prospect set out in this Prospectus	\$ 870,000
TOTAL	\$ 2,000,000

8. INDICATIVE TIMETABLE

Prospectus lodged with ASIC	29 July 2011
Opening Date	5 August 2011
Application for Quotation of new securities on ASX	5 August 2011
Closing Date	Not earlier than 2 September 2011 and not later than 5:00pm AEST on 28 August 2012
Allotment of Shares	Not later than 7 days after close of Offer
Dispatch of Shareholding Statements	Not later than 7 days after allotment of Shares
Application for recommencement of trading in SDT securities on ASX	Not later than 7 days after dispatch of holding statements

These dates are indicative only and may vary. The Directors reserve the right to vary the Opening Date and the Closing Date without notice. Such variations may affect other dates.

DETAILS OF THE OFFER

9. CAPITAL STRUCTURE

9.1. On completion of the minimum subscription, the capital structure of the Company will be as follows:

Capital Structure after Minimum Subscription

DESCRIPTION	SHARES	OPTIONS	NEW CAPITAL RAISED
SHARES:			
Existing Shares	353,119,723		\$ 0
Minimum issue under this Prospectus	4,000,000		\$ 800,000
Total Shares	357,119,723		
Total Share Capital			\$ 800,000
OPTIONS:			
Total Options		Nil	
Cash Raised from Issue of Options			\$ 0
Cash Raised from Shares and Options			\$ 800,000

9.2 Subsequent to the date of this Prospectus, it is the intention of the Company to issue a further 10,000,000 Shares in the Company to raise \$2,000,000.00, subject to obtaining the necessary approval from shareholders of the Company.

There is no certainty that the Company will proceed with this intention. If the Company does proceed with this intention, there is no certainty that the funds will be raised by the Company. If the Company proceeds with this intention, if the share issue proceeds and the minimum subscription under this Prospectus is raised, the capital structure of the Company will be as follows:

Capital Structure after Minimum Subscription and the Issue of 10 million Shares to raise \$2 million

DESCRIPTION	SHARES	OPTIONS	NEW CAPITAL RAISED
SHARES:			
Existing Shares	353,119,723		\$ 0
Minimum issue under this Prospectus	4,000,000		\$ 800,000
Proposed 10m Share Issue	10,000,000		\$ 2,000,000
Total Shares	367,119,723		
Total Share Capital			\$ 2,800,000
OPTIONS:			
C Class Options		10,000,000	\$ 1,000
Total Options		10,000,000	
Cash Raised from Issue of Options			\$ 1,000
Cash Raised from Shares and Options			\$ 2,801,000

9.3. If the issue of Shares in both paragraphs 9.1 and 9.2 proceed, and all of the C Class Options are exercised, then the following capital structure will exist, provided that no further securities are issued in the Company prior to the exercise of the C Class Options.

Capital Structure after Exercise of C Class Options

DESCRIPTION	SHARES	OPTIONS	NEW CAPITAL RAISED
Existing Shares as per 9.2. above	367,119,723		\$ 2,800,000
C Class Options issue		10,000,000	\$ 1,000
C Class Options Exercise Price \$0.20	10,000,000		\$ 2,000,000
Total Additional Shares	10,000,000		
Total Additional Capital			\$ 2,000,000
Totals After Exercise of Options	377,119,723	Nil	\$ 4,800,000

This table assumes that there will be no other share issues prior to the exercise of the C Class Options. Any such additional issues will be subject to the provisions of ASX Listing Rules and the Corporations Act. The table also assumes that only applications for the minimum subscription in total under this Prospectus will be received.

DETAILS OF THE OFFER

10. APPLYING FOR AND ALLOTMENT OF SHARES

- 10.1. Applicants who are not already shareholders must apply for a minimum of 10,000 Shares.
- 10.2. The minimum number of shares applied for by applicants who are already shareholders is 10,000 less the number of shares already held by them.
- 10.3. Applications must be made using the Application Form. Applications not utilising that form will not be processed. Forms completed according to the instructions on the form should be sent to:

The Company Secretary
Shandong Tianye Australia Limited
PO Box 212
BONDI NSW 2026

accompanied by a cheque for the subscription amount.

- 10.4. Applications must be accompanied by payment in full in Australian currency for \$0.20 for every share applied for. Payment must be made by cheque or money order drawn on an Australian bank payable to “Shandong Tianye Australia Limited” and crossed non-negotiable.
- 10.5. No brokerage or stamp duty is payable on the Application for Shares under this Prospectus by the applicant. A duly completed Application Form is an offer to subscribe for the number of Shares applied for.
- 10.6. Application money will be held in trust by the Company until shares are allotted or, if applicable, money is to be repaid to the applicant as set out in this Prospectus. Interest earned will be retained by the Company and no interest will be payable to Applicants on money held.
- 10.7. Shares will be allotted as soon as practicable after the Closing Date. The Directors reserve the right to allot a lesser number of shares than the number applied for by any person. If a person is allotted fewer shares than the number applied for, surplus application money will be refunded.
- 10.8. The Directors also reserve the right not to allot shares to any or all applicant or applicants. If a person is not allotted shares, the application money will be refunded.

11. APPLICANTS OUTSIDE AUSTRALIA

- 11.1. This Prospectus does not constitute an offer of securities in any place or to any person where it would be illegal to make the issue. Applicants are responsible to ensure that acceptance of the offer complies with the laws of the jurisdiction in which they are. No steps have been taken to register this offer, or to qualify the issue of Shares or otherwise permit a public offering in any place other than Australia.

12. QUOTATION ON ASX

- 12.1. Within 7 days of the date of this Prospectus, the Company will apply to ASX for the Shares to be quoted by ASX, other than those Shares that are restricted from being traded by ASX.
- 12.2. ASX takes no responsibility for the contents of this Prospectus. The fact that the Company is admitted to the Official List is not to be taken as an indication of the merits of the Company or the Shares.

13. PRIVACY

- 13.1. By submitting an Application Form, an Applicant provides the Company with certain personal information. If an Applicant does not provide complete and accurate personal information on the Application Form, the Application may not be able to be processed.
- 13.2. The Company maintains securities registers. These registers are required by law to contain certain information about security holders such as name, address and details of securities held. In addition, the Company collects personal information from security holders including contact details and tax file numbers. This information is used to carry out registry functions such as:
 - 13.2.1. Payment of dividends;
 - 13.2.2. Dispatch of yearly and half yearly reports, notices of meetings and newsletters; and
 - 13.2.3. Notifications to the Australian Taxation Office.
- 13.3. In addition, contact information will be used from time to time to inform security holders of new initiatives concerning the Company.

DETAILS OF THE OFFER

- 13.4. The Company will only disclose personal information about security holders:
- 13.4.1. When they agree to disclosure;
 - 13.4.2. When the information is used for the purposes for which it was collected;
 - 13.4.3. When disclosure is used for compliance by the Company with legal and regulatory requirements;
 - 13.4.4. To their brokers;
 - 13.4.5. To external service providers who supply services in connection with the administration of the Company's securities registers.
- 13.5. Security holders have the right to access, update and correct the personal information held by the Company and its Share Registry, except in certain limited circumstances. Security holders may do so by contacting the Company or its Share Registry.

14. WORKING CAPITAL ADEQUACY

14.1. On completion of the issue of Shares pursuant to this Prospectus, the Directors believe that the Company will have sufficient working capital to carry out its Year 1 and Year 2 objectives.

- 14.2. The Company's objectives for the first two years are as follows:
- 14.2.1. to secure the reinstatement to quotation of its securities on ASX;
 - 14.2.2. to complete the geological investigation of the gypsum reserves at the identified tenement in Shandong Province, China;
 - 14.2.3. identify other economic mineral reserves within the same tenement, and assess the viability of exploiting the same;
 - 14.2.4. prepare an exploitation plan for the gypsum and other identified reserves;
 - 14.2.5. design the necessary infrastructure to commence exploitation.

14.3. The Company's expenditure of capital is budget as follows:

- 14.3.1. Based on the minimum subscription of \$800,000 under this Prospectus and the raising of \$2,000,000 as per paragraph 9.2 of this Prospectus:

Item	Year 1	Year 2	Total
RECEIPTS:			
Cash raised under this Prospectus	\$ 800,000	\$ 0	\$ 800,000
Cash raised as per 10m share issue	\$ 2,000,000	\$ 0	\$ 2,000,000
Total Receipts	\$ 2,800,000	\$ 0	\$ 2,800,000
EXPENDITURE:			
Re-quotation on ASX	\$ 800,000	\$ 0	\$ 800,000
Geological investigation	\$ 250,000	\$ 250,000	\$ 500,000
Exploitation plan	\$ 50,000	\$ 100,000	\$ 150,000
Administrative costs	\$ 350,000	\$ 350,000	\$ 700,000
Total Expenditure	\$ 1,450,000	\$ 700,000	\$ 2,150,000
Unexpended Cash	\$ 1,350,000	\$ 650,000	\$ 650,000

- 14.3.2. Based on the maximum subscription of \$2,000,000 under this Prospectus and the raising of \$2,000,000 as per paragraph 9.2 of this Prospectus:

Item	Year 1	Year 2	Total
RECEIPTS:			
Cash raised under this Prospectus	\$ 2,000,000	\$ 0	\$ 2,000,000
Cash raised as per 10m share issue	\$ 2,000,000	\$ 0	\$ 2,000,000
Total receipts	\$ 4,000,000	\$ 0	\$ 4,000,000
EXPENDITURE:			
Re-quotation on ASX	\$ 1,130,000	\$ 0	\$ 1,130,000
Geological investigation	\$ 400,000	\$ 500,000	\$ 900,000
Exploitation plan	\$ 50,000	\$ 100,000	\$ 150,000
Administrative costs	\$ 450,000	\$ 450,000	\$ 900,000
Total Expenditure	\$ 2,030,000	\$ 1,050,000	\$ 3,080,000
Unexpended Cash	\$ 1,970,000	\$ 920,000	\$ 920,000

15. FUTURE CAPITAL REQUIREMENTS

- 15.1. Future capital requirements will depend on many factors, including market conditions.
- 15.2. Additional funds may be needed to exploit any additional mineralisation that may be discovered, to commence mining those discoveries, to farm into, or to purchase other mining projects. The Directors will also investigate the most appropriate manner in which to obtain further funds at the relevant times.

16. RISK FACTORS

16.1. Introduction

This section identifies the areas that the Directors regard as involving the major risks associated with an investment in the Company. An investment in the Company should be considered to be a speculative investment because of the nature of the Company's business and activities.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the exploration and mining industry.

Investors should be aware that an investment in the Company involves many risks that may be higher than the risks associated with an investment in other companies. The list of risk factors may not be exhaustive of the risks faced by the Company or by investors in the Company.

Intending subscribers should read the whole of this Prospectus before any decision is made to subscribe for Shares. If prospective investors are uncertain of matters detailed in this Prospectus or of the impact on their financial circumstances of an investment in the Company, they should seek appropriate advice from their stockbrokers, solicitors, accountants and other professional advisers.

16.2. Operating History

The gypsum deposit is in the course of development and has had no operating history. There is no history of operation from which accurate projections can be developed. Any predictions of future output or income, or the cost of production and transport are speculative. As a result, it is not possible to evaluate the Company's profitability based on past performance.

As the Company intends to continue investing in exploration and development of the gypsum and other reserves, it is likely that the Company will continue to make losses until a point in time beyond the commencement of the extraction of its resources. While the Company is optimistic about the future earning potential of the reserves, there can be no certainty that the Company will either achieve or sustain either positive cash flow or profitability from its operations.

16.3. Share Investment and the Share Market

Applicants should be aware that there are risks associated with any share investment. The prices at which the Company's Shares and Options trade may be above or below the issue price for Shares offered under this Prospectus. The trading price of the Shares could be volatile and subject to wide fluctuations. The Shares allotted under this Prospectus carry no guarantee of the price at which they may trade on the ASX.

Share market conditions may affect the price of listed securities regardless of the actual operating performance of the Company.

Share market conditions are affected by a large variety of factors including, but not limited to, the general economic outlook, the behaviour of other share markets both domestically and internationally, movements or anticipated movements and the general outlook on interest and inflation rates, investor sentiment and changes in investor sentiment in various market sectors, global money markets, political events, government changes and government policy changes, terrorism and hostilities generally, natural disasters, climatic conditions, seasons and environmental matters.

Investors should recognise that listed shares may rise in price as well as fall, and will be affected by a whole range of factors including matters related to the Company and matters outside the control of the Company such as stock market performance generally, economic conditions and investor sentiment.

16.4. Economic

The Company's future possible revenues, operating costs, Share price and returns to shareholders may be affected by changes in factors such as domestic and global economic conditions, inflation and inflationary expectations, currency movements, interest rates, supply and demand conditions, levels of taxation, taxation laws, accounting practices, government legislation, government policy, fiscal and monetary policy, industrial harmony and disruption, natural disasters, war, terrorism and social unrest.

These factors are beyond the control of the Company.

DETAILS OF THE OFFER

16.5. Governmental, Political and Regulatory

The Company's viability, performance and value may be influenced by any changes in government, changes in government policy, monetary and fiscal measures, taxation and other laws, both in Australia and the People's Republic of China. The Company's business may be directly influenced by political processes and outcomes in both in Australia and the People's Republic of China, and the political environment in any possible future export markets of the Company.

Activities undertaken by the Company will require compliance with various laws, including local, provincial or state as the case may be, and federal, relating to exploration, exploitation, sales, export, transportation, preservation and rehabilitation of the environment, occupational health, heritage and other matters. Additionally, the activities will require compliance with the terms of various leases, permits, licences and approvals. Any change in or non-compliance, even for reasons beyond the Control of the Company, with any of these laws or permissions may affect the performance of the Company and the value of its securities.

16.6. Environmental

The extraction of gypsum and exploitation of other reserves in the tenement to be acquired by the Company are activities that may be subject to increasing environmental responsibility as is observed generally in the mining industry. The potential for such liability exists at all times.

Whilst exploration and future activities will be carried out in a way that causes minimum impact on the environment, the use and disposal of chemicals, the creation of other wastes, dust pollution, the contamination of water and general environmental destruction are activities which are increasingly the subject of legislative controls, and as such, may impact on the costs and ability of the Company to operate profitably. Whilst there are no known endangered species of flora and fauna within the tenement areas, any discovery of such could impact on future work in those areas.

16.7. Exploration and Exploitation

Of the more significant risks facing the Company are the outcomes of exploration programmes. Exploration of any mineral reserve is a high risk activity, and as such, there can be no certainty that further exploration will prove up the reserves to be economic.

There is no certainty that reserves identified can be extracted economically due to all the factors that affect the viability of such operations. The eventual and then ongoing success of the operations is dependent on numerous factors such as the discovery or acquisition of economically recoverable reserves, access to adequate capital for project development, design and construction of efficient infrastructure for extraction and processing within capital budgets, securing and maintaining title to tenements, obtaining all necessary approvals and consents for exploration and exploitation.

Factors that could adversely affect the Company include a failure to achieve predicted grades in the reserves, poor performance by third party contractors, operational and technical difficulties, commissioning problems and delays, inadequate availability of expertise, mechanical breakdown or failure, adverse weather, industrial disputes or accidents, environmental problems, inadequate water or power, shortages in availability of inputs.

16.8. Capital and Finance

The Company currently has no income producing assets. Until it is able to develop the reserves and commence generating cash flow, the Company is dependent on equity and debt funding to support its activities. Although the Company will have sufficient capital resources for at least its next two years of operation, there is no guarantee that it will be able to raise further funds by either equity or debt.

16.9. Joint Ventures

The Company may enter into Joint Ventures in the future in relation to the development of its reserves. There is no guarantee that the Company will not experience loss or difficulty arising from the failure or default of any Joint Venture partner.

16.10. Long Term Contracts

The Company has not yet entered into contracts for the provision of services such as construction of the mine or transport that will be necessary for the extraction of the gypsum. There is no certainty what those costs will prove to be. The Company has not entered into any contracts for the supply of gypsum to any purchaser. The Company is unable to say at what price its production will be sold, nor can it say what the volume of extraction or sales will be.

The Company has not yet employed any senior management with expertise in the extraction of gypsum or mining generally, or in the development of new mineral resources. Arrangements will be made to employ properly qualified managers prior to the development of the gypsum deposit.

The current exploration permit over the gypsum deposit expires on 31 December 2012. While the Company expects that permit to be renewed and to obtain the necessary permits for the exploitation of the resource, there is no certainty that this will occur. The reason that the Company has these expectations is that it is in compliance with all the required procedures under Chinese law. However, there is a risk that the Company may not obtain or may lose permits, leases, licences or approvals essential to the Company's operations.

DETAILS OF THE OFFER

16.11. International Risks

As the Company intends to undertake development of its gypsum business in the People's Republic of China, there are sovereign risks that relate to that activity such as the different political, economic, legal and social issues of that country that may impact on the viability and value of the proposed gypsum business.

There may be risks arising from miscommunication, mistranslation, misunderstanding and misinterpretation of actions arising from different languages and from cultural differences between China and Australia.

There may be losses to the Company arising from currency movements between Australia and China as a result of foreign exchange charges and fluctuations in the exchange rate.

16.12. Speculative Nature of Investment

Risk factors may materially affect the financial performance of the Company and the value of the Shares. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or to the market value of those Shares.

17. MATERIAL CONTRACTS & PERMITS

17.1. The Company holds all permits necessary for the exploration of the reserves of the gypsum prospect. There are no contracts in existence relating to the development and exploitation of the resource.

18. LEASE TENURE

18.1. Jinan Hongshun Mining Co., Ltd currently holds prospecting permit number T37120080102001054 over the gypsum deposit. That permit expires on 31 December 2012. It is the practice of the respective government departments controlling mining in China to renew such permits and to issue permits for the extraction of minerals when required, in accordance with Chinese law. There is no certainty that this will occur.

19. PRE-PROSPECTUS FUNDING AND PROMOTION

19.1. At a future General Meeting of the shareholders of the Company, the shareholders will be asked to approve the payment of a success fee of 25% of all capital raised plus disbursements and GST prior to the re-quotations of the Company on ASX to the WWH Acquisition Trust, with the proviso that the net amount of capital raised by the Company after payment of the success fee is not less than \$2,000,000. The Trustee of that trust is Fundamental Capital Pty Ltd. Gabriel Ehrenfeld is a director of SDT and of Fundamental Capital Pty Ltd. Capital raised pursuant to this capital raising is part of the process of achieving re-quotations of the Company's securities on ASX.

20. RIGHTS ATTACHING TO SHARES

20.1. There is only one class of shares on issue in the Company being fully paid ordinary shares. The rights attaching to Shares in the Company are set out in the Constitution of the Company and, in certain circumstances, regulated by the Corporations Act, the Listing Rules of the ASX the SCH Business Rules and the general law.

20.2. The following is a summary of the principal rights of the holders of Shares.

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative have one vote for the Share and a fraction of a vote for every partly paid share proportional to the amount paid up per partly paid share, registered in such shareholder's name on the Company's share register. A poll may be demanded by the chairperson of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the Shares of all those shareholders having the right to vote at that meeting.

Dividends

Dividends are payable out of the Company's profit and are declared by the Directors. Dividends declared will be payable on the Shares at an amount per Share determined by the Directors.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors. The Directors may refuse to register any transfer of Shares, other than a Proper SCH Transfer (as defined in the Corporations Act), where permitted by the Listing Rules of the ASX. The Company must not refuse to register or give effect to or delay or in any way interfere with a Proper SCH Transfer of Shares or other securities.

DETAILS OF THE OFFER

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company, the Corporations Act or the ASX Listing Rules.

Liquidation Rights

The Shares rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company between the shareholders in proportion to the paid-up value of their respective holdings. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder Liability

As the Shares are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

If the Company is admitted to the Official List of the ASX, then despite anything in the Constitution of the Company, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

21. RIGHTS ATTACHING TO OPTIONS

- 21.1. There are currently no options on issue in the Company.
- 21.2. At a future General Meeting of the shareholders of the Company, the shareholders will be asked to approve the issue of 10,000,000 C Class Options to nominees of the WWH Acquisition Trust. The proposed terms of the C Class Options are set out on page 72 of this Prospectus.
- 21.3. There are no voting or dividend rights attaching to the options, nor is there the right to attend meetings of the Company. Options have no ranking in the event of liquidation.
- 21.4. An option holder can transfer options via an off-market transfer, by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors.
- 21.5. Should the Company apply for the quotation on ASX of any class of options, then, once quoted, the options can be transferred on market in accordance with the rules of the market operators.

22. DIRECTORS' INTERESTS

- 22.1. Other than set out below in paragraph 22.3 or elsewhere in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had in the two year period ending on the date of this Prospectus, any interest in the formation or promotion of the Company, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities, or the offer of the securities.
- 22.2. Other than set out below or elsewhere in this Prospectus, no amounts of any kind (whether in cash or Shares or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or offer of the securities.
- 22.3. It is anticipated that Mr Zhaoqin Zeng will become a director of the Company. Mr Zeng has an interest in the gypsum assets to be acquired. Shandong Tianye Real Estate Development Co., Ltd (Shandong Tianye Real Estate) is a company incorporated in the People's Republic of China. Shandong Tianye Real Estate is the parent company of Shandong Tianye Mining, being the holder of 90% of the issued shares in Shandong Tianye Mining. Shandong Tianye Real Estate is, accordingly, an associate of Shandong Tianye Mining. Mr Zeng is the holder of 10% of the issued shares in Shandong Tianye Mining and 89.8% of the issued shares in Shandong Tianye Real Estate.

DETAILS OF THE OFFER

23. INTERESTS IN PROPERTY ACQUIRED BY THE COMPANY

23.1. No Director has any direct or indirect interests in any property acquired by the Company. Refer to paragraph 22.3 regarding the interests of proposed director Mr Zeng in the gypsum assets to be acquired.

24. SHAREHOLDING QUALIFICATIONS

24.1. The Directors are required to hold 1,000 Shares under the Constitution of the Company. Where they do not meet this qualification, proposed directors will be required to subscribe for shares prior to their appointment to satisfy this requirement.

25. REMUNERATION OF DIRECTORS

25.1. The Constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. The current aggregate maximum is \$150,000. A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

25.2. Executive Directors may be paid on commercial terms as the Directors see fit.

25.3. No Directors have been paid any fees subsequent to the last reported balance date of the Company (3 December 2010) and the date of this Prospectus.

26. DIRECTORS' INTERESTS

26.1. During the previous two years, details of Directors' interests and the Proposed Directors' interests in the Shares and Options of the Company are as follows:

DIRECTOR	SHARES	OPTIONS
Jeffrey BEAUMONT	<p>Indirect interests: Director of Freemont Pty Ltd ACN 124 151 846 853,666 Shares</p> <p>Director of Tandem Capital Pty Ltd ACN 127 239 034 3,900,000 Shares</p>	Nil
Gabriel EHRENFELD	<p>Direct interest: 10,000 Shares</p> <p>Indirect interests: Director of Tilapia Pty Ltd ACN 134 737 723 250,000,000 Shares</p> <p>Director of Sino Equity Investments Pty Ltd ACN 128 718 945 70,000,000 Shares</p> <p>Director of Fundamental Capital Pty Ltd ACN 130 103 623 8,390,000 Shares</p>	<p>Indirect interest: Director of Sino Equity Investments Pty Ltd ACN 128 718 945 10,000,000 B Class Options</p>
Ling Ling ZHANG	<p>Direct interest: Application for 10,000 Shares</p>	Nil
Zhaoqin ZENG	<p>Indirect interest: Beneficiary of WWH Distribution Trust 250,000,000 Shares</p>	Nil
Yulu FENG	Nil	Nil
Xingmin JI	Nil	Nil

DETAILS OF THE OFFER

26.2. The details of Directors' interests and the Proposed Directors' interests in the Shares and Options when the offer is completed and ASX has approved the Company for re-quotations are anticipated to be as follows:

DIRECTOR	SHARES	OPTIONS
Jeffrey BEAUMONT	<p>Indirect interests: Director of Freemont Pty Ltd ACN 124 151 846 853,666 Shares</p> <p>Director of Tandem Capital Pty Ltd ACN 127 239 034 3,900,000 Shares</p>	Nil
Gabriel EHRENFELD	<p>Direct interest: 10,000 Shares</p> <p>Indirect interests: Director of Sino Equity Investments Pty Ltd ACN 128 718 945 70,000,000 Shares</p> <p>Director of Fundamental Capital Pty Ltd ACN 130 103 623 8,390,000 Shares</p>	<p>Indirect interest: Director of Sino Equity Investments Pty Ltd ACN 128 718 945 3,000,000 C Class Options</p>
Ling Ling ZHANG	<p>Direct interest: 10,000 Shares</p>	Nil

PROPOSED DIRECTOR	SHARES	OPTIONS
Zhaoqin ZENG	<p>Indirect interest: Director of Shandong Tianye Mining Co Ltd 257,000,000 Shares</p>	<p>Indirect interest: Director of Shandong Tianye Mining Co., Ltd 7,000,000 C Class Options</p>
Yulu FENG	<p>Direct interest: 1,000 Shares</p>	Nil
Xingmin JI	<p>Direct interest: 1,000 Shares</p>	Nil

The information in these tables set out in this section 26.2 is specified with the assumption that the necessary approvals for the transactions for the Company's current recapitalisation proposal, of which this Prospectus forms part, are obtained.

27. PREPARATION OF PROSPECTUS

- 27.1. The costs and expenses of the preparation of this prospectus will be paid by the WWH Acquisition Trust. The Company will not be liable for any payment for the preparation of this Prospectus.
- 27.2. The Company will be liable for any costs associated with the printing and distribution of the Prospectus and for the payment for any fees and or brokerage costs relating to the capital raised pursuant to this Prospectus.

28. DISCLOSURE OF INTERESTS & FEES

- 28.1. Except as disclosed in this Prospectus, no 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 the 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 the formation or promotion of the Company, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer.
- 28.2. All costs and expenses for legal or accounting advice, and any fees payable to any expert for the preparation of any report will be paid by the WWH Acquisition Trust. The WWH Acquisition Trust is entitled to reimbursement of these expenses by the Company.

DETAILS OF THE OFFER

- 28.3. The WWH Acquisition Trust will be entitled to a success fee of 25% of all capital raised by the Company prior to its re-quotations on ASX provided that the net funds raised by the Company exceed \$2,000,000 and provided that the securities of the Company are re-quoted. Capital raised pursuant to this Prospectus will form part of that capital.
- 28.4. Dayton Way Financial Pty Ltd AFSL 338943 (Dayton) has been appointed as the Lead Stockbroker for the issue. Dayton will be paid a fee of up to 5% of the capital raised under this Prospectus for the minimum subscription amount. This fee will be paid by Freemont Pty Ltd as part of their obligations under the recapitalisation of the Company being undertaken by WWH Acquisition Trust. The Company will pay Dayton a fee of up to 5% of the capital raised under this Prospectus for any over-subscription amounts accepted by the Company.

29. CONSENTS

- 29.1. Each of the parties referred to in paragraph 28:
- 29.1.1. does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in that Section; and
- 29.1.2. to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.
- 29.2. The Independent Expert has given his written consent to the inclusion in this Prospectus of the Independent Expert's Report and to the inclusion of statements made by him, or statements said in this Prospectus to be based on statements made by him in the form and context in which they are included and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.
- 29.3. The Accountant has given its written consent to the inclusion in this Prospectus of the Financial Statements in the form and context in which they appear, and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.
- 29.4. Each of the following has consented to being named in the Prospectus in the capacity as noted below and has not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC:
- 29.4.1. The Fifth Institute of Geology and Mineral Exploration of Shandong Province as Independent Expert;
- 29.4.2. Al Maynard & Associates Pty Ltd as Consulting Geologists;
- 29.4.3. Calder Roth & Co as Accountant;
- 29.4.4. BDO Audit (NSW-VIC) Pty Ltd as Auditor of the Company.
- 29.5. There are persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

30. EXPENSES OF THE ISSUE

- 30.1. The Company proposes to pay a success fee in accordance with the terms set out in paragraph 19.1 of this Prospectus.
- 30.2. Costs and expenses of the issue, including disbursements, ASIC and ASX fees, fees for professional advisers and consultants, prospectus design, printing and advertising expenses and other miscellaneous expenses will be approximately \$350,000 excluding GST where applicable, excluding the success fee.

31. LEGAL PROCEEDINGS

- 31.1. The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the Company.

32. CORPORATE GOVERNANCE

- 32.1. The Board is responsible for the corporate governance of the Company and the members of the Board recognise the need for the highest standards of behaviour and accountability. The Board will aspire to follow ASX's Best Practise Recommendations for Corporate Governance set by the ASX Corporate Governance Council as far as they are practical and are within their capability, taking into account the size of the Company, its available funds and its level of activities.
- 32.2. The Board of Directors considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of separate Board committees. Accordingly, all matters that may be capable of delegation to committees will be dealt with by the full Board.

DETAILS OF THE OFFER

- 32.3. As such, the Directors are responsible for setting the strategic direction of the Company and establishing the policies of the Company.

It is their responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable.

The Directors also address issues relating to internal control and the Company's approach to risk management. Section 5 of the Prospectus contains details of the Directors' skills, experience, and qualifications.

- 32.4. The primary responsibilities of the Board include:

- 32.4.1. The establishment of long term goals for the Company and strategic plans to achieve these goals.
- 32.4.2. Implementing adequate systems of internal control together with appropriate monitoring of compliance activities and establishment of and adherence to ethical and environmental standards.
- 32.4.3. Reviewing the results and findings of the external auditors, the adequacy of internal accounting and financial controls and obtaining feedback on the implementation of recommendations made.
- 32.4.4. Reviewing and approving the financial reports of the Company and receiving the audit/review reports.
- 32.4.5. Determining the remuneration of the Directors and senior executives as part of an annual review, having regard to a performance evaluation process, market factors; and, where necessary, independent remuneration advice.
- 32.4.6. Implementing policies and codes of conduct to assist the Company and all its employees in maintaining appropriate standards of behaviour, business ethics and integrity.
- 32.4.7. Implementing policies and programmes aimed at complying with all environmental statutory standards and where standards do not exist, applying appropriate self-regulation.
- 32.4.8. Adopting practices designed to identify and monitor significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. The strategic planning process, which will be updated regularly, is the principal tool in this process.
- 32.4.9. Evaluating and, where appropriate, adopting with or without modification the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.
- 32.4.10. Recognising that adherence to corporate governance standards and benchmarks is an evolving process by reviewing and updating the Company's practices periodically or when otherwise appropriate.
- 32.4.11. Preparing, implementing and monitoring policies to ensure that all major developments affecting the financial position and state of affairs of the Company and any subsidiaries are announced to ASX immediately.

- 32.5. The Company, as required by the ASX Listing Rules, has adopted a policy for the trading of the Company's securities by officers and senior management. That policy restricts trading to limited periods specifically set out in the policy document.

33. TAXATION

The issue of Shares under this Prospectus may have taxation consequences for individual investors. Those consequences will vary according to investors individual circumstances. Investors should seek and rely on their own professional taxation advice in relation to an investment in the Company.

34. PROFIT FORECAST

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain.

As the quarry development is a new development there are no historical figures on which to base a forecast. Any forecast would contain such a wide range of potential outcomes that it is not possible to prepare a reliable best estimate profit forecast or projection.

35. DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT

This Prospectus is authorised by the Company and is lodged with the ASIC pursuant to Section 718 of the Corporations Law. The Directors have consented in writing to this lodgement in the terms of Section 720 of the Corporations Act.

36. DEFINITIONS

In this Prospectus, the following definitions apply unless the context requires otherwise:

Accountant	Calder Roth & Co.
Act	Corporations Act 2001
Application	The application for securities contained in this Prospectus
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Closing Date	A date 13 months from the date of issue of the Prospectus
Company	Shandong Tianye Australia Limited ACN 004 450 033, formerly known as Water Wheel Holdings Limited
Consulting Geologist	AI Maynard & Associates Pty Ltd
Corporations Act	Same meaning as Act
Directors	Directors of the Company unless the context indicates otherwise
Independent Expert	The Fifth Institute of Geology and Mineral Exploration of Shandong Province
Offer	The invitation to the public contained in this Prospectus for investors to subscribe for 4,000,000 Shares in the Company at an issue price of \$0.20, plus over-subscriptions of a further 6,000,000 Shares in the Company at an issue price of \$0.20.
Opening Date	5 August 2011
Prospectus	This document, including its annexures and attachments
SDT	Same meaning as Company
Shares	Ordinary shares in the Company

The following financial and audit information is extracted from the Company's 2010 Annual Report:

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 3 DECEMBER 2010**

	Note	2010 \$	2009 \$
Revenue	4	13,996	3,125
Accounting & Audit Fees		(67,500)	(44,616)
Consulting Fees		(120,000)	(191,025)
Other expenses		(23,758)	(30,073)
Loss before income tax		(197,262)	(262,589)
Income tax expense	5	-	-
Loss for the year		(197,262)	(262,589)
Total comprehensive loss for the year		(197,262)	(262,589)
Loss per share for loss from continuing operations			
Basic loss per share (cents per share)	13	(0.056)	(0.082)
Diluted loss per share (cents per share)	13	(0.056)	(0.082)
Loss per share for the year			
Basic loss per share (cents per share)	13	(0.056)	(0.082)
Diluted loss per share (cents per share)	13	(0.056)	(0.082)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**STATEMENT OF FINANCIAL POSITION
AS AT 3 DECEMBER 2010**

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14a	1,734,954	61,585
Trade and other receivables	6	43,577	24,531
TOTAL CURRENT ASSETS		<u>1,778,531</u>	<u>86,116</u>
TOTAL ASSETS		<u>1,778,531</u>	<u>86,116</u>
CURRENT LIABILITIES			
Trade and other payables	7	1,956,545	70,610
Unsecured loans	7	4,002	260
Provisions	8	80,000	80,000
TOTAL CURRENT LIABILITIES		<u>2,040,547</u>	<u>150,870</u>
TOTAL LIABILITIES		<u>2,040,547</u>	<u>150,870</u>
NET ASSETS / (LIABILITIES)		<u>(262,016)</u>	<u>(64,754)</u>
EQUITY			
Issued capital	9	11,640,530	11,640,530
Reserves		1,000	1,000
Accumulated losses		(11,903,546)	(11,706,284)
TOTAL EQUITY / (DEFICIENCY)		<u>(262,016)</u>	<u>(64,754)</u>

The above Statement of Financial Position should be read in conjunction
with the accompanying notes.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 3 DECEMBER 2010**

	Ordinary Share Capital	Accumulated losses	Option Reserve	Total
	\$	\$	\$	\$
Balance at 3 December 2008	11,404,530	(11,443,695)	-	(39,165)
Loss for the year	-	(262,589)	-	(262,589)
Total comprehensive loss for the year	-	(262,589)	-	(262,589)
Transactions with owners in their capacity as owners				
Issue of shares	336,000	-	-	336,000
Transaction costs	(100,000)	-	-	(100,000)
Issue of options	-	-	1,000	1,000
Total transactions with owners in their capacity as owners	236,000	-	1,000	237,000
Balance at 3 December 2009	11,640,530	(11,706,284)	1,000	(64,754)
Loss for the year	-	(197,262)	-	(197,262)
Total comprehensive loss for the year	-	(197,262)	-	(197,262)
Balance at 3 December 2010	11,640,530	(11,903,546)	1,000	(262,016)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 3 DECEMBER 2010**

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(137,390)	(242,923)
Interest received		6,981	3,077
Net cash used in operating activities	14b	(130,409)	(239,846)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		-	321,000
Funds received in advance of share issue		1,800,036	-
Share issue costs		-	(20,000)
Proceeds from borrowings		3,742	-
Net cash provided by financing activities		1,803,778	301,000
Net increase in cash held		1,673,370	61,154
Cash at beginning of financial year		61,585	431
Cash at end of financial year	14a	1,734,954	61,585

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

1. CORPORATE INFORMATION

The financial statements of Shandong Tianye Australia Limited for the year ended 3 December 2010 was authorised for issue in accordance with a resolution of the directors on 6th July 2011.

The financial statements cover Shandong Tianye Australia Limited as an individual entity. Shandong Tianye Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The listed shares of the company were suspended from trading up to the date of this report.

There was no principal activity of Shandong Tianye Australia Limited during the year ended 3 December 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements are prepared on an accruals basis and based on historical costs except for certain financial assets which have been measured at fair value. Cost is based on the fair values of consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

Statement of Compliance

The financial statements of Shandong Tianye Australia Limited comply with Australian equivalents to International Financial Reporting Standards ('AIFRS'). The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business.

However, the ability of the company to continue as a going concern, and to meet their debts and commitments as they fall due, is dependent upon further capital raisings.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

ACCOUNTING POLICIES

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, restricted cash and bank overdrafts.

(c) Contributed Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

(d) Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing net profit/loss after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(e) Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs in the case of instruments not at fair value through profit or loss, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

Financial assets are classified into four categories, which determines the accounting treatment of the item. The categories and various treatments are:

- held-to-maturity, measured at amortised cost;
- financial assets at fair value through profit or loss, measured at fair value with gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, comprising original debt less principle payments and amortisation except for financial liabilities at fair value through profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

Impairment

At the end of each reporting period, the Company assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

(g) Revenue

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

Interest revenue is recognised as interest accrues using the effective interest method.

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

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Trade and Other Payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. The amounts are unsecured.

(j) Share Based Payments

The Company provides benefits to certain professional advisors in the form of share based payment transactions, whereby services are rendered in exchange for shares (equity settled transactions).

The cost of these equity settled transactions with those professional advisors is measured by reference to the fair value at the date at which they are granted.

(k) Accounting Standards issued by not yet effective

The following new/amended accounting standards have been issued, but are not mandatory for financial years ended 3 December 2010. They have not been adopted in preparing the financial statements for the year ended 3 December 2010 and are expected to impact the Company in the period of initial application. In all cases the Company intends to apply these standards from the mandatory application date as indicated in the table below.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010

Standards likely to have a financial impact

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 31 December 2013 year end, the Company has not yet made an assessment of the impact of these amendments.
Amendments to AASB 9 (issued December 2010)	Financial Instruments	Carries forward unchanged from AASB139 to AASB9; amends measurement of financial liabilities	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 31 December 2013 year end, the Company has not yet made an assessment of the impact of these amendments.
Amendments to IAS 24 (issued November 2009)	Amendments to IAS 24 Related Party Disclosures	Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.
AASB 7 (issued June 2010)	Financial Instruments: Disclosures	Reduces disclosure requirements for financial instruments	Annual reporting periods commencing on or after 1 January 2011.	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.
AASB 101 (issued June 2010)	Presentation of Financial Statements	Requires detailed reconciliation of each item of other comprehensive income be included in the statement of changes in equity or in the notes to the financial statements.	Annual reporting periods commencing on or after 1 January 2011.	There will be no impact on initial adoption as a detailed reconciliation of each item of other comprehensive income has always been included in the statement of changes in equity.
Amendments to AASB 7 (issued November 2010)	Financial Instruments: Disclosures	Increases significantly disclosure requirements for transfers of financial assets	Periods beginning on or after 1 July 2011	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.

Shandong Tianye Australia Limited
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Company.

(l) Segment reporting

No operating segments have been identified by the directors within the current business structure since there was no principle activity of the Company during the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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 Shandong Tianye Australia Limited and that are believed to be reasonable under the circumstances.

In applying the Company's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from judgments, estimates and assumptions.

Management has made no significant judgements, estimates or assumptions in relation to the preparation of the current annual report.

4. REVENUE

	2010	2009
	\$	\$
Continuing Operations		
Interest	13,996	3,125
	<u>13,996</u>	<u>3,125</u>

Shandong Tianye Australia Limited
A.C.N. 004 450 033

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010

5. INCOME TAX EXPENSE

	2010	2009
	\$	\$
The prima facie tax on profit/ (loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax (payable) / benefit on profit /(loss) from ordinary activities before income tax at 30% (2009: 30%)	(59,179)	(78,777)
Add/Subtract:		
Fines	165	59
Tax effect of:		
— Timing differences and tax losses not brought to account as future income tax benefits	59,014	78,718
Income tax attributable to entity	<u>-</u>	<u>-</u>

The directors are in the process of determining the amount of unrecognised deferred tax assets which may be available for utilisation against future taxable profits. At present it is not yet appropriate to recognise deferred tax assets in relation to unutilised tax losses or timing differences as the generation of future taxable profits cannot yet be determined as probable. The company has estimated un-recouped income tax losses of \$417,680 (2009: \$307,195)

6. TRADE AND OTHER RECEIVABLES

	2010	2009
	\$	\$
CURRENT		
Sundry receivables	43,577	24,531
	<u>43,577</u>	<u>24,531</u>

As at 3 December 2010, \$35,721 of the sundry receivables amount was GST refundable from the Australian Taxation Office (2009: \$23,690)

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

7. TRADE AND OTHER PAYABLES

	Note	2010 \$	2009 \$
CURRENT			
Unsecured liabilities			
Trade payables and accruals		156,509	70,610
Funds received in advance of share issue	14a	1,800,036	-
Unsecured loan from related party	11	4,002	260
		1,960,547	70,870

Defaults and breaches

During the current period, there were no defaults or breaches on the unsecured loan.

8. PROVISIONS

	2010 \$	2009 \$
CURRENT		
Provision for Capital Raising Costs	80,000	80,000
	80,000	80,000

The provision for capital raising costs represents 25% of capital raised in the prior year payable to WWH Acquisition Trust upon successful re-listing of the company on the Australian Securities Exchange. The trust is controlled by Gabriel Ehrenfeld and the raising costs are payable in accordance with an agreement that has been entered into between WWH Acquisition Trust and the company.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

9. ISSUED CAPITAL

	2010	2009
	\$	\$
353,119,723 (2009: 353,119,723) fully paid ordinary shares	11,640,530	11,640,530
	11,640,530	11,640,530

		Number	Issue Price	\$
Ordinary Shares				
04/12/2008	Opening Balance	17,119,723		11,404,530
	Shares issued during the year	320,000,000	\$0.001	320,000
		16,000,000	\$0.001	16,000
	Share Issue Costs	-		(100,000)
3/12/2009	Closing Balance	353,119,723		11,704,530
3/12/2010	Closing Balance	353,119,723		11,704,530

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

At the end of the reporting period, there are 10,000,000 shares of Shandong Tianye Australia Limited under option. The options are B class options issued on 6 January 2009 and immediately convertible into ordinary shares. They expire 30 months from the date of issue and are exercisable at 20 cents.

Capital Risk Management

The Company considers its capital to comprise its ordinary share capital. The quantitative summary of share capital is disclosed as per the above table.

In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs and enable expansion into new business areas.

Shandong Tianye Australia Limited
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010

10. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation for Key Management Personnel

	2010 \$	2009 \$
Short-term employee benefits	120,000	120,000
	<u>120,000</u>	<u>120,000</u>

Shareholdings of Key Management Personnel

The number of shares in the Company held by each director of Shandong Tianye Australia Limited, including their personally-related entities as at 3 December 2010 are set out below:

Year ended 3 December 2010

Number of Shares held by Key Management Personnel

Name	Balance at start of the year	Granted during the year for professional services	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year	Balance held nominally
J Beaumont	6,853,666	-	-	-	6,853,666	-
G Ehrenfeld	328,400,000	-	-	-	328,400,000	10,000
L L Zhang	-	-	-	-	-	-
Total	<u>335,253,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,253,666</u>	<u>10,000</u>

Year ended 3 December 2009

Number of Shares held by Key Management Personnel

Name	Balance at start of the year	Granted during the year for professional services	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year	Balance held nominally
J Beaumont	5,687,000	5,000,000	-	(3,833,334)	6,853,666	-
G Ehrenfeld	-	8,400,000	-	320,000,000	328,400,000	10,000
P Camm	-	-	-	-	-	-
Total	<u>5,687,000</u>	<u>13,400,000</u>	<u>-</u>	<u>316,166,666</u>	<u>335,253,666</u>	<u>10,000</u>

Options

There were no options over ordinary shares in the company held during the financial year directly by any director of Shandong Tianye Australia Limited. During the prior year, 10,000,000 B Class options were granted to an entity controlled by Gabriel Ehrenfeld. There was no movement in the number of options held up to 3 December 2010.

Shandong Tianye Australia Limited
A.C.N. 004 450 033

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

11. REMUNERATION OF AUDITORS

	2010	2009
	\$	\$
Remuneration of the auditor of the Company:		
- auditing or reviewing the financial report	10,000	10,000
	10,000	10,000

12. RELATED PARTIES

Ultimate Parent

The ultimate parent of the company is Tilapia Pty Ltd, a company incorporated in Australia, which owns 70.79% of the ordinary shares in the company at 3 December 2010 (2009:70.79%).

Transactions with Related Parties

All transactions between related parties are on normal commercial terms and conditions and are conducted on an arm's length basis.

Gabriel Ehrenfeld provides consultancy services through Steinbruck Management Services Pty Ltd. During the year ended 3 December 2010. Steinbruck Management Services Pty Ltd was paid \$120,000 (2009 \$120,000) in consulting fees (net of GST). In addition during the prior financial year additional amounts totalling \$55,025 were paid to Steinbruck Management Services Pty Ltd for other services outside the scope of the fixed monthly remuneration amounts payable under the Management Service Agreement. The amount outstanding at 3 December 2010 was \$22,855 at 3 December 2010 (2009: \$128).

A loan received from Gabriel Ehrenfeld of \$3,742 was received during the year and remained outstanding as at 3 December 2010 (2009: Nil). The loan is non-interest bearing and related to the payment of expenses on behalf of the company.

During the prior year, 8,400,000 ordinary shares were issued by the Company directly to Gabriel Ehrenfeld or to entities under his control at nil consideration for the professional services provided during the year as a professional advisor of WWH Acquisition Trust. The fair value of the shares were assessed to be \$0.001 per share.

During the prior year, 5,000,000 ordinary shares were issued by the Company directly to Tandem Capital Pty Ltd, an entity controlled by Jeffery Beaumont, at nil consideration for the professional services provided during the year as a professional advisor of WWH Acquisition Trust. The fair value of the shares was assessed to be \$0.001 per share.

During the prior year, 10,000,000 B Class share options were granted to the entity controlled by Gabriel Ehrenfeld. The fair value of the options were assessed to be nil.

During the prior year a provision for capital raising costs of \$80,000 was raised in relation to capital raising. This money remains provided for as at 3 December 2010 and is payable to an entity controlled by Gabriel Ehrenfeld and is in accordance with an agreement that has been entered into between him and the company.

Shandong Tianye Australia Limited
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

During the prior year \$1,926 was paid to Moneywatch Pty Ltd, a company controlled by Mr Beaumont's spouse, for bookkeeping services. No amounts were paid during 2010 and no amount is outstanding at 3 December 2010 (2009: \$Nil).

During the prior year 250,000,000 shares were issued to Tilapia Pty Ltd (a company in which Gabriel Ehrenfeld is a Director and sole shareholder) in exchange for cash of \$250,000.

During the prior year 70,000,000 shares were issued to Sino Equity Investments Pty Ltd (a company in which Gabriel Ehrenfeld is a Director and sole shareholder) in exchange for cash of \$70,000.

During the prior year, WWH Acquisition Trust, an entity controlled by Gabriel Ehrenfeld, paid \$16,471 ASX fees on behalf of the Company. The balance was still outstanding as at 3 December 2010 (2009: \$16,471). In addition, share raising costs of \$20,000 were paid to WWH Acquisition Trust by the company during the prior year.

A loan received from Freemont (a company controlled by Jeff Beaumont) of \$260 (2009: \$260) remained outstanding as at 3 December 2010. The loan is non-interest bearing and no movement occurred during 2010. In addition at 3 December 2010 \$2,887 (2009: \$2,887) was payable to Freemont in relation to general expenses paid on behalf of the company.

13. LOSS PER SHARE

The following reflects the income used in the basic and diluted loss per share computations:

	2010 \$	2009 \$
Reconciliation of earnings to profit or loss		
Loss	(197,262)	(262,589)
Loss used to calculate basic EPS	(197,262)	(256,635)
Basis loss per share (cents)	(0.056)	(0.082)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	353,119,723	321,774,190
Diluted loss per share (cents)	(0.056)	(0.082)

For the purpose of calculating the diluted earnings per share the denominator has excluded the number of options as the effect would be anti-dilutive.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

14. NOTES TO THE STATEMENT OF CASH FLOWS

	2010	2009
	\$	\$
a. Reconciliation of Cash and Cash Equivalents		
Cash at bank and in hand	36,195	61,585
Restricted cash	1,698,759	-
	1,734,954	61,585

Restricted cash of \$1,698,759 represents cash received in advance in relation to the issuance of additional shares. Such issuance is subject to a number of events which have yet to occur, including re-quotations of the company's shares on the Australian Securities Exchange, and as such the company is not in a position to utilise these funds until these events have occurred. The total funds received of \$1,800,036 have been recorded as a payable (see Note 7) pending completion of the share issuance, \$100,000 was made available to the company under the terms of the Agreement.

	2010	2009
	\$	\$
b. Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Loss after income tax	(197,262)	(262,589)
Issue of shares as consideration for consulting fees	-	16,000
Changes in assets and liabilities:		
Decrease in trade and other receivables	(19,047)	(15,312)
Increase in trade payables and accruals	85,900	22,055
Cashflow used in operations	(130,409)	(239,846)

c. Non-Financing and Investing Activities

During the prior year, 16,000,000 shares were issued as consideration for professional services provided to the company. No cash was received or paid in relation to this share issuance.

Shandong Tianye Australia Limited
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010

15. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

Net Fair Value of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities of the Company approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to and forming part of these financial statements.

Financial Risk Management

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The Company's principal financial instruments comprise cash and cash equivalents, trade and other payables and unsecured loans. The main purpose of the cash and cash equivalents is to earn the maximum amount of interest at a low risk to the company. For the period under review, it has been the Company's policy not to trade in financial instruments.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company has no exposure to foreign currency risk and price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest Rate Risk Exposures

The Company is exposed to movements in market interest rates on its cash at bank. The policy is to monitor market interest rates to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have any material short or long term debt, and therefore this risk is minimal.

As at 3 December 2010 the Company's exposure to interest rate risk was limited to the cash at bank and restricted cash of \$1,734,954 at floating interest rates. Cash at bank bears weighted average interest rates of 4.8% (2009: 4%).

Sensitivity Analysis

At 3 December 2010 the interest rate profile of the Company's interest bearing financial instruments were:

	2010	2009
	\$	\$
Cash at Bank	1,734,954	61,585

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 DECEMBER 2010**

At 3 December 2010, the effect on profit and equity as a result of changes in the interest rate with all other variables remaining constant would be as follows:

	2010 \$	2009 \$
Effect on Profit		
Cash at Bank		
Increase in interest rate by 1%	17,349	616
Decrease in interest rate by 1%	(17,349)	(616)

Credit Risk Exposures

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk at the end of the reporting period is the cash balance in Note 13a. The company has three separate institutions where it has cash deposits to reduce the risk of concentrating all its cash with one financial institution.

The Company is not materially exposed to any individual overseas country or individual customer.

Liquidity Risk Exposures

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Financial obligations of the Company consist of trade creditors, unsecured loans and other payables all of which have a maturity of within 60 days.

16. SHARE BASED PAYMENTS

During the year ended 3 December 2009, 16,000,000 ordinary shares were issued to professional advisers of WWH Acquisition Trust at nil consideration for their professional services rendered during the year. The fair value of the shares were deemed to be \$0.001 per share and a professional service fee of \$16,000 was recorded during the period. No similar transaction was incurred in the current financial year.

17. SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operation of the Company, the results of those operations or the status of affairs of the Company in future financial years.

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DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Company's financial position as at 3 December 2010 and of its performance for the year ended on that date
 - (c) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the Chief Executive Officer and Company Secretary required by section 295A.
4. The remuneration disclosures included on pages 8 and 9 of the directors' report (as part of the audited Remuneration Report), for the year ended 3 December 2010, comply with section 300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Gabriel Ehrenfeld
Director

Dated on this 6th day of July 2011



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 Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Shandong Tianye Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Shandong Tianye Australia Limited, which comprises the statement of financial position as at 3 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

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Auditor's Opinion

In our opinion:

- (a) the financial report of Shandong Tianye Australia Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 3 December 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. The financial report of Shandong Tianye Australia Limited has been prepared assuming the company will continue as a going concern. As disclosed in Note 2 of the financial report, the ability of the company to continue as a going concern, and to meet its debts and commitments as they fall due, is dependent upon further capital raisings.

In the event that the company is unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the normal course of business and at amounts different to those currently recorded in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 3 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Shandong Tianye Australia Limited for the year ended 3 December 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (NSW-VIC) Pty Ltd

Iain Kemp
Director

Dated in Sydney, this  day of July 2011.

INDEPENDENT EXPERTS' REPORT

Relating to the

Summary of the Preliminary Census for

Gypsum and Rock Salt Deposits

at the Yangjiapo Ore Section in the Dawenkou Ore District

in Tai'an City, Shandong Province, China

Report issued by:	The Fifth Institute of Geology and Mineral Exploration of Shandong Province
Prepared by:	Li Zhenfeng Senior Geological Engineer
Reviewed by:	Liu Jingjie Senior Geological Engineer
Consulting General Engineer:	Liu Jingjie Senior Geological Engineer
President:	Zhao Changhe
Prepared for:	Shandong Tianye Mining Co., Ltd on behalf of: Water Wheel Holdings Ltd ACN 004 450 033 201 National Innovation Centre Australian Technology Park Eveleigh NSW 1430 Australia
Date of Submission:	01 December 2008
Date of Report:	19 October 2009

I General Situation

The mine is located at the junction of the Daiyue and Feicheng areas in Tai'an City, and the geographic coordinates are as follows:

longitude: 116 ° 57'00 "-117 ° 00'00"

north latitude: 36 ° 03'30 "-36 ° 05'30"

with an area of 15.96km².

The mine is 30km north of Tai'an city on the 104 National Highway, the Beijing-Fuzhou Expressway. In the eastern part of the mine area, 6.75 km - 13 km of the Beijing-Shanghai railway cuts across from north through to the south. To the east, the Dawenkou station of the Beijing-Shanghai railway is 15km away. There are simple roads connected with the 104 National Highway, making transportation very convenient. Countryside trails extend in all directions within the mining area and the transportation within the area and to outside destinations is very convenient.

The exploration census permit is issued by the Shandong Land and Resources Office, and the certificate number is T37120080102001051, the authorized explorer is Shandong Tianye Mining Co., Ltd. The name of the census project is: Preliminary Census for Gypsum in the Yangjiapo Section of Daiyue District in Tai'an City of Shandong Province. The validity dates for exploration are from January 31, 2008 to June 30, 2009.

Extremal coordinates registered in the census permit of village Yangjiapo is:

east longitude 116 ° 57'00 "~ 117 ° 00'00"

north latitude 36 ° 03'00 "~ 36 ° 05'30"

with an continuous area of 15.96km² with six inflection point coordinates.

II Geological characteristics of the mine

Dawenkou gypsum mine is located in the central and eastern part of the Dawenkou Basin. The formation, occurrence and distribution of mineral salts

are significantly affected by stratigraphy and the structure.

In the Basin, the Second section of Dawenkou group was characterized by a developing thick layer of an evaporation mine, and the evaporation mine mainly includes anhydrite and gypsum, with rock salt and potassium rock developed in the local part. East lowland is the main subsidence ~ sedimentary basin center region, and the second section of Dawenkou group is a complete recycle of desalination ~ enrichment ~ desalination with salt.

The area of the evaporation mine of the basin is 200km². Apparent facies changes and biozonation in the different facies zonation seems clear. The facies can be divided into six areas, from the edge to the central basin:

- (i) sandstone and conglomerate facies;
- (ii) mudstone and shale carbonate facies;
- (iii) gypsum-salt facies;
- (iv) rock salt facies;
- (v) sodium magnesium facies; and
- (vi) potassium, magnesium and salt-phase facies.

From the outside to the inside area, the facies are spread as a concentration ellipse.

Cyclicity of evaporation mines in the Basin was obvious, and due to the different extents of settlement in different sub-structural units, the total thickness of evaporating mines is different. Also, the deposition of the salts have obvious differences: various low-lying lands located at the stage are characterized by a thick layer of gypsum mixed with marl; except for the gypsum of salt deposition at the east low-lying land, which is characterized by developing extreme thick salt-containing rock.

The mine is located at the northwest part of Dawenkou basin, in the area of Man village—Daxi'niu low-lying land. 7.62~16.45m thickness of the fourth system is spread on the surface, and the underlying bedrock is Guanzhuang group of Dawenkou Group.

The working area is near the northeast edge, so a sedimentary strata,

composed of land-locked lacustrine clastic rocks - evaporation rock-astic sedimentary conglomerates, page sheet marl, and a thick layer of gypsum rock, mudstone and sandstone is formed.

Gypsum deposit characteristics:

The mine layers mainly exist in the second group of Dawenkou group, and the occurrence is in line with the ore-formation, tending to $340^{\circ} \sim 355^{\circ}$ with obliquity of $3^{\circ} \sim 8^{\circ}$. In the census area, there are totally two drilling holes, and the drilling hole zk01 should be buried in 675.38 m from the bottom of the mine top, the bottom plate should be buried at the depth of 1162.02m, controlling the 61 gypsum layers, and the accumulated maximum thickness is 247.74m, with an average grade of 66.40%. The thickness of a single mine layer is usually 1.12 m~5 m, and the maximum thickness of a single layer is 12.75m.

The main chemical components of ore are CaO, SO₃ and H₂O +, which are the composition of gypsum and anhydrite. The content of the main chemical composition in ore, CaO is 16.75 ~ 42.44%, SO₃ of 20 ~ 55.72%, H₂O + 0.02-16.76%. As the ore grade increases, the content of H₂O+ in gypsum anhydrite decreases accordingly. In the absence of a salt and gypsum ore belt, the upper part of SO₃ content is higher than in bottom and low sections. In salt sections, the content of SO₃ in the gypsum layer is lower than that in upper salt layers and lower salt layers of the gypsum layer.

According to the analysis, the content of MgO in gypsum is 3.69~7.34%; SiO₂3.88 ~ 6.36%; Al₂O₃0.98 ~ 1.49%; Fe₂O₃0.42 ~ 0.59%; FeO0.16~0.19%; K₂O0.07~0.15%; Na₂O0.10~0.96%; Cl0.02~1.69%; CO₂7.38~12.86%; SrO < 0.05%.

Characteristics of rock salt deposit:

There are two construction drilling holes in the working area and one of them (namely ZK01) has rock salt. According to the abnormal distribution of left gravity in Dawenkou district in the year of 1979 and the drilling hole of ZK8 (which is 5.3KM from the hole ZK01) in the southwest part of the working area and drilling hole ZK6 (which is 3.6KM from the hole ZK01) in the south part. The working area with a rock salt basin is a tongue-shaped

depression in a south-west direction, and the basin shrinks at northwest, and rock salt at the southwest becomes thick. Rock salt in the working area is 23.73m thick, and rock salt has nine layers in total. The maximum thickness of a single layer is 6.28m, and there are 4 mine layers more than 3m in thickness. The 797.69m of the top plate in the salt layer section should be buried, and 1013.46m of the bottom plate should be buried. The ore type of the rock salt is block rock, and its grade is (NaCl) of 58.41 ~ 99.03% on average.

III Geological work of this time

The census design was prepared in May 2008, designing 1:10,000 geological grass test, 1:10,000 simple hydrogeologic testing 20Km², 1:2 000 geological survey topographic 2Km², 6 drilling holes are designed, working load of drilling work is 7700m. The field work was carried out commencing in the early half of June, and finished in the early half of October 2008. The two working drilling holes are ZK01 and ZK32. The drilling work of 2427.24m will be finished, and three more drilling holes will be programmed (ZK13, ZK14, ZK107). Then, comprehensive arrangement of the data and compiling of the survey report will be finished in around October to November. For the working load of each practical subject for this census, please refer to the table below.

List table of work load in census of gypsum (rock salt) at Yangjiapo ore section

No.	Item	Unit	Work load	Remark
1	Arrange and test of 1/5 ten thousand geological map	Km ²	1058	
2	Arrange and test of 1/1 ten thousand geological map	Km ²	18	
3	Geological drilling	Meter/hole	2427.24/2	Include collecting ZK13、ZK14、ZK107
4	Comprehensive digital well testing	meter	2417.98	

5	Basic analysis of sample	Piece	374	
6	Inner testing	Piece	36	
7	Outer testing	Piece	18	
8	Sample of combined analysis	Piece	10	
9	Sample of rock defining	Piece	11	
10	Sample of small weight, humidity	Piece	32	
11	Sample of rock and earth engineering	Piece	8	

IV Estimation of the amount of resources

1. Gypsum

After estimation, the intrinsic amount of economic resources inferred for the added gypsum mine in census region (333) is 276.21 million tonnes, and the average grade of ore is $(\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4)$ 67.21%; the predicted resource is (334) ? 2290.38 million tonnes, the average grade of ore is $(\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4)$ 68.77%. (333)+(334) ? 2566.59 tonnes, the average grade of ore is $(\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4)$ 68.60%.

2. Rock salt

After estimation, the intrinsic amount of economic resources inferred for the added gypsum mine in census region is (NaCl) (333)222 million tonnes, and the average grade is (NaCl)82.95%; the predicted resource quantity is (334) ? (NaCl)910 million tonnes, (333) + (334) ? (NaCl) 0.113 billion tonnes.

3. Natural sulphur

After estimation, intrinsic amount of economic resources inferred for added natural sulphur (S°) (333) in the census region is 116 thousand tonnes, and the average grade is 8.38%.

V Conclusion and Suggestions

1. All the geology, surveying, prospecting works, sampling and laboratory testing work has strictly enforced the corresponding national standards and regulations, and meet the quality control and legal requirements.

2. For construction of a drilling program, comprehensive digital logging has been carried out, and interpretation of results and geological data is basically consistent with the catalogue (the geological record used to calculate the reserve).

3. Based on the mining experience of similar adjacent mines, the approach for future mining of gypsum by using the method of developing vertical shafts and room pillars has been proposed. The drilling solution mining method will be conducted in rock salt, and the collected brine will be processed and purified for salt chemical production.

4. Based on the data collected from an adjacent mine, a broad study of economic significance for the development of the mineral bed of gypsum (and rock salt) has been carried out.

5. According to the past working data, the distribution area of rock salt in Dawenkou basin is about 40km², and the future resource quantity is 7.5 billion tonnes. Rock salt in this working area belongs to a section without a rock salt basin, however, after ZK01 construction, it is predicted that north-south low-lying land with salt is around. There is a rock salt layer existing in the south and north, which is to be surveyed and developed later.

6. It is suggested that another drilling hole should be set at the east and south of ZK01, so as to make an ore layer comparison. After the determination of the distribution of rock salt, detailed investigation and research for a rock salt bed should be carried out.

7. Quaternary gravel pore water is widely distributed in and around the working area, which is the main water source for local industrial and agricultural production. So, when building the well and laying pipelines in developing rock salts, cementing techniques and Brine piping sealing should be strictly carried out to prevent the brine with salt leaking out, and so as to avoid pollution of underground water and farmland.

be done and the comprehensive study should be strengthened, so as to fix the layer position precisely, preventing mixture between layers which may cause an unnecessary loss of production.

AUTHORS' INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Li, Zhenfeng and Li, Qiang dated 19 October 2009, relating to Gypsum and Rock Salt Deposits at Jangjiapo in Tai'an City, Shandong Province, China. The Report is compiled for the purposes of various Resolutions outlined in the Notice of Meeting of Shareholders of Water Wheel Holdings Ltd, and a Prospectus.

At the date of this report, Li, Zhenfeng and Li, Qiang do not have any interest in the outcome of the proposals or the prospectus. There are no relationships with Water Wheel Holdings Ltd, or individual entities associated with the company other than acting as an independent expert for the purposes of this report. There are no existing relationships between Li, Zhenfeng and Li, Qiang and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed the contract budgeted amount and associated amount in the supplemented agreement between the parties. The fee is payable regardless of the outcome. With the exception of that fee, neither Li, Zhenfeng and Li, Qiang nor Zhao, Changhe have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report.

Li, Zhenfeng and Li, Qiang, or any directors of Li, Zhenfeng and Li, Qiang do not hold any securities in Water Wheel Holdings Ltd. There are no pecuniary or other interests of [Writer of Report] that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Li, Zhenfeng and Li, Qiang and Zhao, Changhe have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

Writers of the report:	Li, Zhenfeng (Senior Geological Engineer) Li, Qiang (Senior Geological Engineer)
Auditors of the report:	Liu, Jingjie (Senior Geological Engineer)
Chief Engineer:	Liu, Jingjie (Senior Geological Engineer)
Directors of the Institute:	Zhao, Changhe (Senior Economist)

DECLARATION

This report has been prepared on behalf of Water Wheel Holdings Ltd in order to assist the shareholders of Water Wheel Holdings Ltd to assess the merits of the proposals in the Notice of Meeting to which this report relates. This report has been prepared for the benefit of Water Wheel Holdings Ltd shareholders and those persons only who are entitled to receive a copy for the purposes of the Corporations Act and ASX Listing Rules and does not provide a general expression of [Writer of Report] opinion as to the longer term value of Water Wheel Holdings Ltd, its existing assets including the intellectual property or any potential assets that may be acquired. [Writer of Report] does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Water Wheel Holdings Ltd or any of its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of [Writer of Report] to the form and context in which it appears.

DISCLAIMER

This report has been prepared by [Writer of Report] with due care and diligence. However, except for those responsibilities which, by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by [Writer of Report], their directors, employees or consultants for the preparation of this report.

Signed

A handwritten signature in black ink is written over a red circular seal. The seal contains a five-pointed star in the center and Chinese characters around the perimeter, including '山东' (Shandong) at the bottom and '地质矿产' (Geology and Mining) at the top.

山东省第五地质矿产勘查院文件

14 December 2009

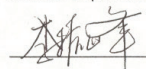
We refer to the Independent Expert's Report relating to the 'Summary of the Preliminary Census for Gypsum and Rock Salt Deposits at the Yangjiapo Ore Section in the Dawenkou Ore District in Tai'an City, Shandong Province, China', issued by The Fifth Institute of Geology and Mineral Exploration of Shandong Province, written by Li, Zhenfeng (Senior Geological Engineer) and Li, Qiang (Senior Geological Engineer), and dated 19 October 2009.


We have further reviewed the agreement between Water Wheel Holdings Ltd and Jinan Hongshun Mining Co., Ltd., relating to the acquisition by Water Wheel Holdings Ltd of all the issued shares in Jinan Hongshun Mining Co., Ltd., the company that owns the deposits the subject of the above report.

In our opinion, the transaction is fair and reasonable to the non-associated shareholders of Water Wheel Holdings Ltd.



Chop of
The Fifth Institute of Geology and
Mineral Exploration of Shandong Province


Li, Zhenfeng (Senior Geological Engineer)


Zhao, Changhe (Senior Economist)

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Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT ASSESSMENT
OF THE
TIANYE GYPSUM AND ROCK SALT DEPOSIT
DAWENKOU BASIN
SHANDONG PROVINCE, CHINA
PREPARED FOR
SHANDONG TIANYE AUSTRALIA LIMITED

Author: Philip Jones BAppSc(Geol), MAIG, MAusIMM
Company: Al Maynard & Associates Pty Ltd
Date: March 25, 2010

Disclaimer

The material presented here is distributed by Al Maynard and Associates as an information source only.

The information is provided solely on the basis that the viewers will be responsible for making their own assessment of the matters discussed herein and are advised to verify all relevant representations, statements and information. Al Maynard & Associates and the author disclaim all responsibility and all liability (including without limitation, liability in negligence) for all expenses, losses, damages and costs that may be incurred as a result of the information being inaccurate or incomplete in any way, and for any reason.

Introduction

The Company (Shandong Tianye Australia Limited) has provided Al Maynard and Associates (AM&A) with two reports and other data compiled in China by Chinese geologists describing a gypsum and rock salt deposit in the Dawenkou Basin, 30km north of Tai'an city on the Beijing-Fuzhou Expressway in Shandong Province, China. These reports were assessed by AM&A to provide a JORC Code compliant estimate of the mineralisation described in the Chinese reports.

AM&A estimate a Target Mineralisation for gypsum of 250 million tonnes +/- 60 million tonnes at an average grade ($\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4$) of 65% +/- 16%, rock salt of 200 million tonnes +/- 80 million tonnes at an average grade (NaCl) of 80% +/- 20% and natural sulphur of 100 thousand tonnes +/- 40 thousand tonnes at an average grade (S) of 8% +/- 2%. Such a Target estimate implies a quantity of mineralisation is possibly present within the permit area but the potential quantity and grade or quality is conceptual in nature and it is uncertain if further exploration will result in the determination of an economically viable Mineral Resource.

The main resource, gypsum, is mainly planned to be sold as a raw material to nearby manufacturers of cement while a smaller high quality portion will be sold to nearby plaster manufacturers at a premium price.

Description

The gypsum and salt deposit covered by the report is located within an exploration permit covering a total area of 15.96km², figures 1 and 2. AM&A have not confirmed the validity of the permit or the currency or terms and conditions pertaining to this permit.

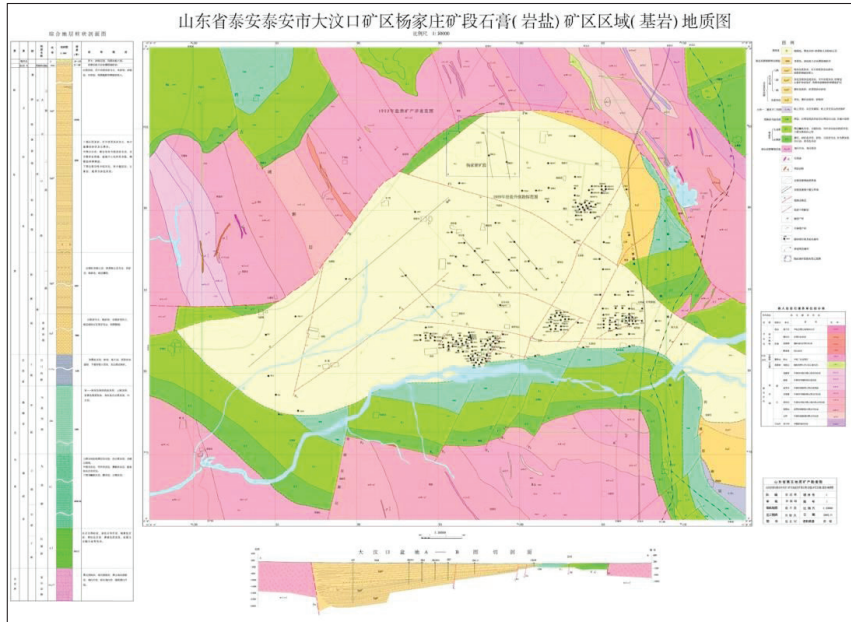


Figure 1. Geology map showing permit outline and two drill holes located within the permit (blue outline) along with regional geology and other drill holes in the vicinity of the permit. The purpose of the other drill holes shown outside the permit is not known by AM&A or if they are relevant to this report.

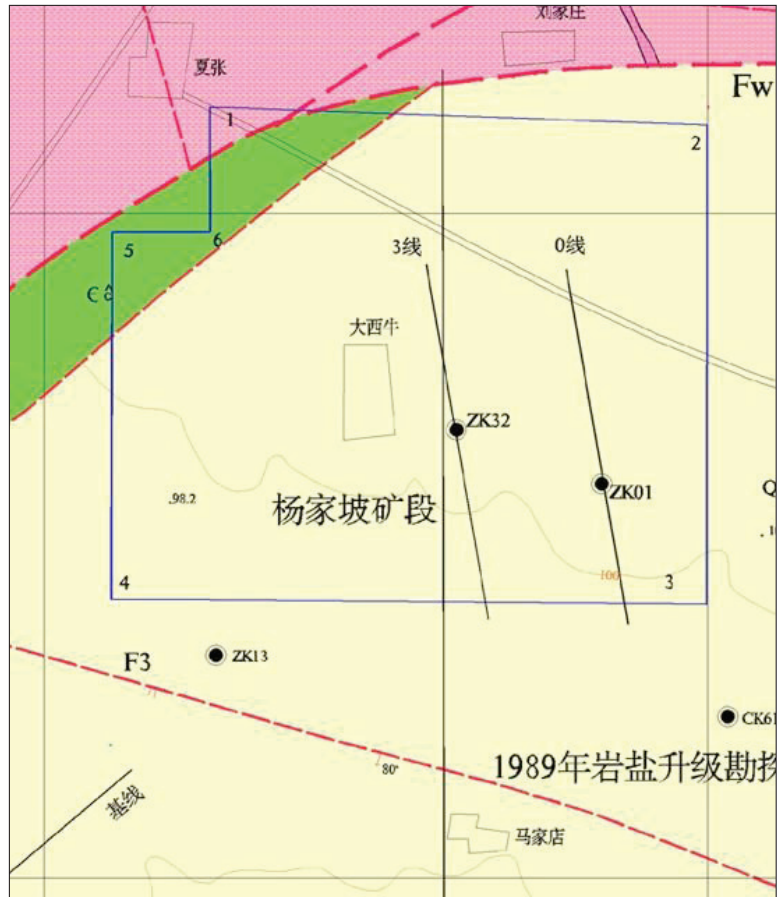


Figure 2. Geology map detail from figure 1 showing permit outline and two drill holes (ZK01 and ZK32) located within the permit.

Reported Resource Estimates

The reports provided include resource estimates of gypsum, rock salt (halite) and sulphur on the permit as follows:

Gypsum (and Anhydrite)

Indicated Resources (333)

276.2million tonnes at an average grade = ($\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4$) = 67.21%;

Predicted resource (334)

2,290 million tonnes at an average grade = ($\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4$) = 68.77%.

The extent of the resource estimate is shown in figure 4 with a legend to the resource maps given as figure 3.

Note that anhydrite (CaSO_4) differs from gypsum ($\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$) only by its water (H_2O) content in the crystal lattice with anhydrite containing no water. Since the two main uses of gypsum, cement and plaster manufacture, require dehydration and removal of the crystalline water in the gypsum, anhydrite and gypsum can be considered as effectively analogous with each other in this report.

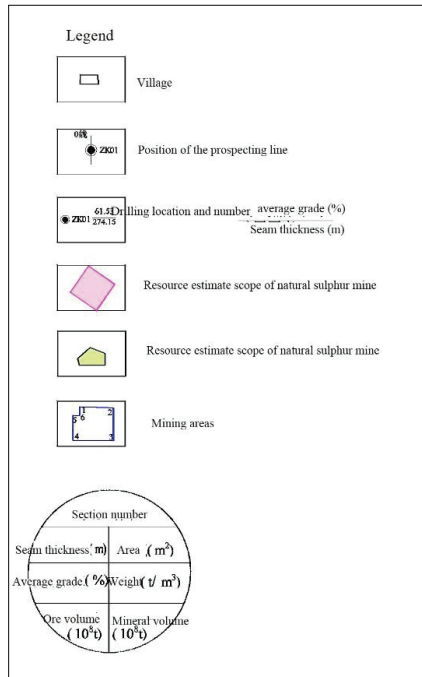


Figure 3. Legend to resource maps.

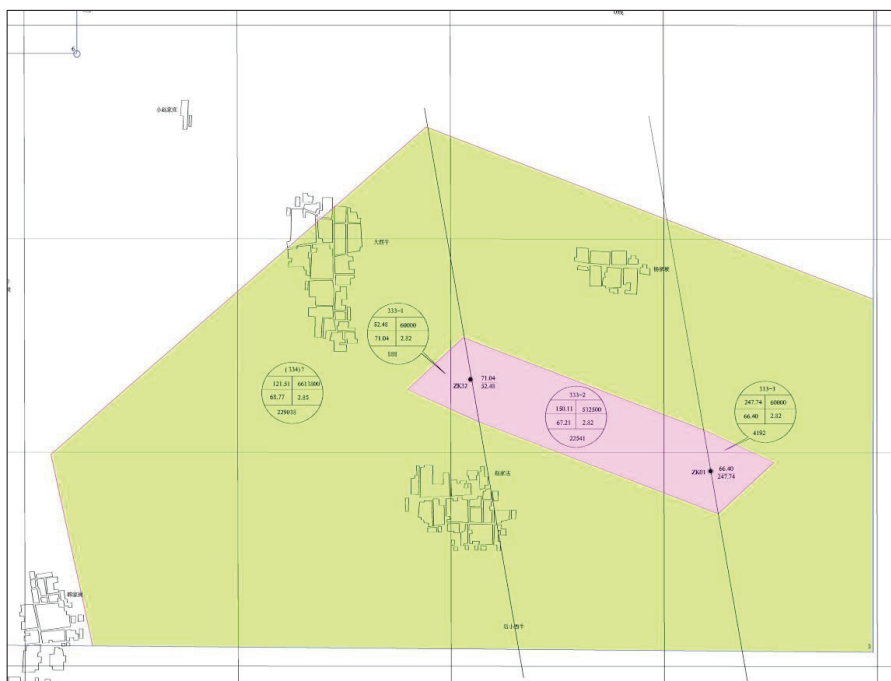


Figure 4. Chinese Resource blocks for Gypsum. Note that grid lines are spaced at 1000m intervals.

Rock salt - Halite

Indicated Resources (333)

222 million tonnes at an average grade (NaCl) = 82.95%

Predicted resource (334)

910 million tonnes (no grade provided).

The extent of the resource estimate is shown in figure 5.

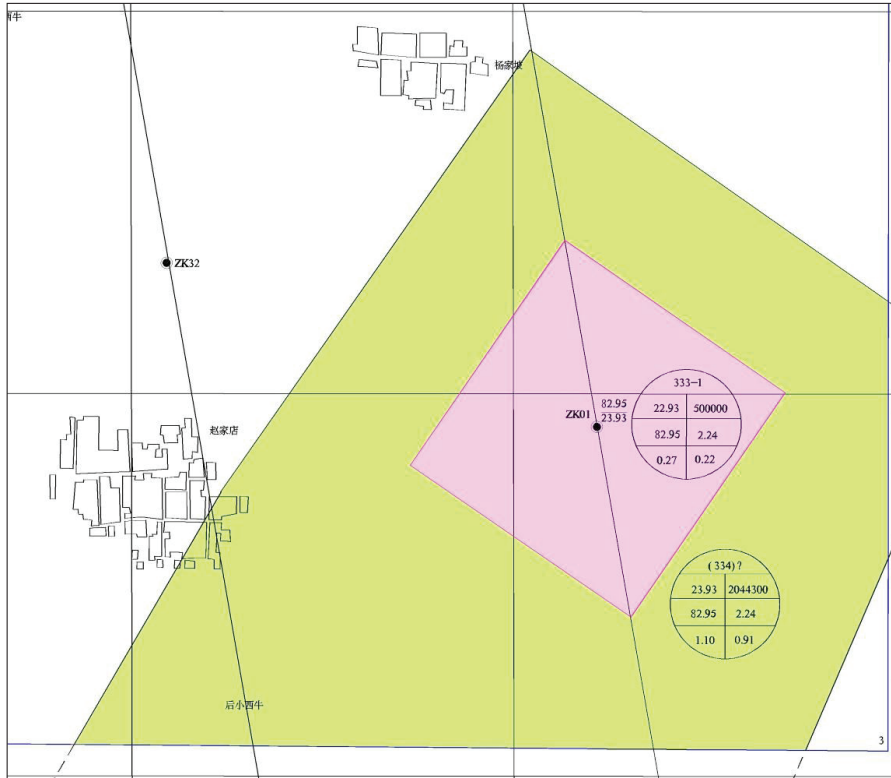


Figure 5. Chinese Resource blocks for Halite. Note that grid lines are spaced at 1000m intervals.

Natural sulphur

Indicated Resources (333)

116 thousand tonnes at an average grade = 8.38%.

The extent of the resource estimate is shown in figure 6.

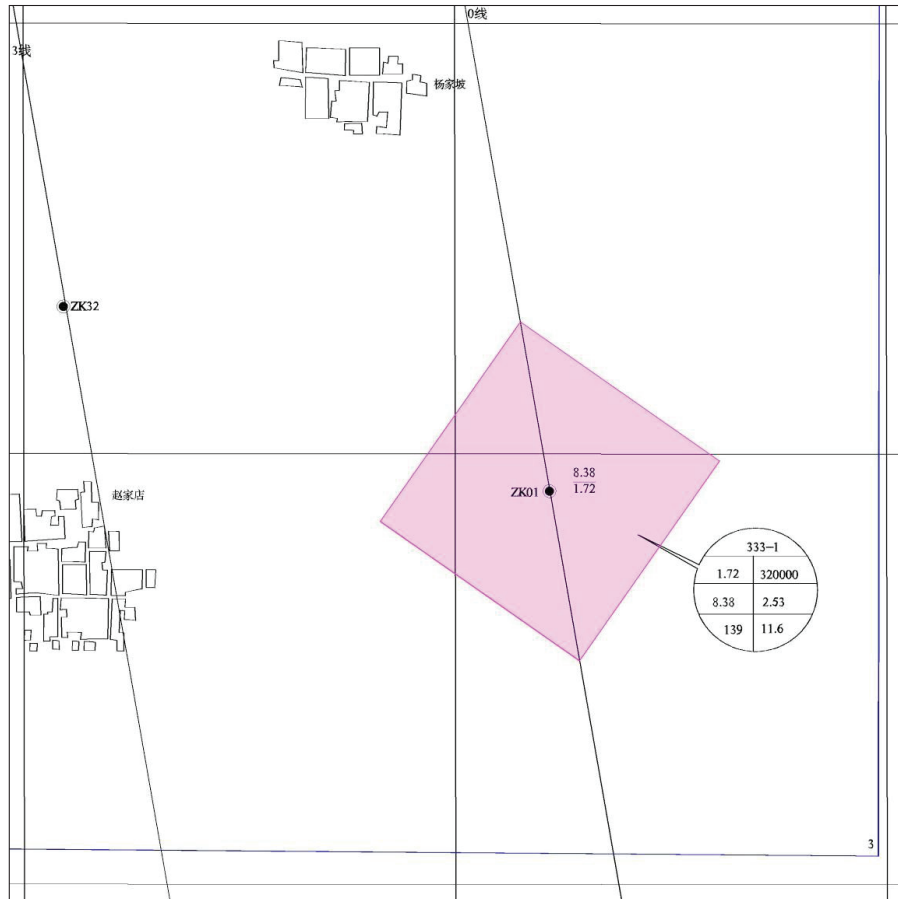


Figure 6. Chinese Resource blocks for sulphur. Note that grid lines are spaced at 1000m intervals.

These Chinese resource estimates were calculated using a simple polygonal method whereby an interpreted polygon area representing the area covered by the resource projected to the surface is multiplied by the average thickness of the resource in the drill holes and then by the bulk density of the mineralisation to calculate the tonnes.

The grade of the resource estimate is a length-weighted average grade of the drill hole intercepts. This estimation method does not conform with JORC requirements for reporting mineral resources and should not be confused with JORC Indicated and Inferred Resources. This resource estimation method however conforms with the Chinese standards as described in “Specifications for resource estimates of siliceous materials, decorative stone, gypsum, asbestos talc wollastonite and graphite”

The Chinese Predicted Resources (334) are simply projections of the Indicated Resources (333) and not considered by AM&A in this report as they are considered too speculative to be a resource.

Data Supplied

No site visit was undertaken by AM&A or original data sheets sighted.

This report by AM&A is mainly based on English translations of two reports titled “Shandong Tai’an Dawenkou Mining Area Yangjiapo Mining Section Gypsum (Rock Salt) Mine General Survey Report May 2008 – November 2008” dated November 2008 and “Independent Expert’s Report Relating to the Summary of the Preliminary Census for Gypsum and Rock Salt Deposits at the Yangjiapo Ore Section in the Dawenkou Ore District in Tai’an City, Shandong Province, China” issued by The Fifth Institute of Geology and Mineral Exploration of Shandong Province and dated 19 October 2009.

Other information supplied included a report detailing the resource estimation calculations “Shandong Tai’an Dawenkou Mining Area Yangjiapo Mining Section Schedule of Gypsum (Rock Salt) Mine General Survey Report” along with a regional geological map and graphic logs of four diamond drill holes that included basic geology logs and analytical results of the holes. Several emails containing answers to questions from AM&A received from the vendors also helped to clarify points not properly covered in the reports and included assay results for the five drill holes used in the resource estimates.

Summary of Data

The reported resource estimates are based on the results of two diamond drill holes (ZK01 and ZK32) completed by the vendor (Shandong Tianye Mining Co., Ltd). Another three other holes (ZK13, ZK14 and ZK107) drilled by earlier owners of the project area were not used in the calculations but indicate some continuity of the mineralised horizons beyond the resource blocks.

Insufficient detailed information on QA/QC procedures regarding sampling and assay methods including blanks, duplicates and standards used are available to ensure they meet the JORC standards of reliability and accuracy although the reports reviewed indicate that very high standards were being followed.

Since the halite is highly water soluble and gypsum is soft and friable it would be expected that the drill core recoveries for the diamond holes would be poor, however the logging data indicates that the core recovery was exceptionally good considering the geology, particularly in the two holes used in the resource estimates with core recoveries in excess of 97.75% in both holes. Table 1 summarises the core recoveries over the gypsum intervals for the five available drill holes along with other statistics.

Hole ID	Min Depth	Max Depth	Total Thick	Rec Core m	Core Rec %	Gypsum Min Thick	Gypsum Max Thick	Gypsum Total >=2m
ZK01	405.67	1162.02	369.68	367.45	99	0.30	*14.07	158.54
ZK32	476.01	1250.07	137.44	134.36	98	0.25	6.50	31.48
ZK13	605.49	817.33	3.35	2.30	69	0.65	1.35	0.00
ZK14	494.03	896.28	307.59	275.32	90	0.20	32.20	258.89
ZK107	568.43	648.64	34.92	32.70	94	1.20	3.09	22.81

Table 1. Summary of drill hole gypsum statistics from data sheets supplied. *Note that the text shows 12.75m. Data from ZK01 and ZK32, the holes used for resource estimates, is more reliable than the other three holes.

The drilling data in table 1 indicates that approximately 38% of the gypsum occurs in beds thicker than or equal to 2m which is considered to be a readily mineable minimum thickness using underground mining methods. In ZK01 there is a total of 158.54m of gypsum in beds thicker than or equal to 2m.

The drill results were described in the summary report as follows (as interpreted by AM&A from an English translation):

“Hole ZK01 intersected thick gypsum beds between 675.38m and 1162.02m, within 61 gypsum layers, with an accumulated thickness of 247.74m at an average grade of 66.40% gypsum. The thickness of the gypsum beds usually vary between 1.12m-5.0m with a maximum thickness of 12.75m. (Since these figures vary from the data summarised in Table 1, these figures must not include narrow low grade units included in Table 1)

The main components of the ore layers are gypsum ($\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$) and anhydrite (anhydrous gypsum CaSO_4) with a chemical composition of 16.75 - 42.44% CaO, 20.00 - 55.72% SO_3 and 0.02-16.76% H_2O . As the ore grade increases the H_2O content in the gypsum and anhydrite decreases.

According to chemical analyses of the gypsum the purity is variable with the MgO content 3.69-7.34%; SiO_2 3.88-6.36%; Al_2O_3 0.98-1.49%; Fe_2O_3 0.42-0.59%; FeO 0.16~0.19%; K_2O 0.07-0.15%; Na_2O 0.10-0.96%; Cl 0.02-1.69%; CO 27.38-12.86%; SrO <0.05%.

Hole ZK01 also intersected rock salt (halite) that has been interpreted as part of a tongue-shaped basin with a south-west striking axis shrinking towards the northwest and thickening to the southwest. Rock salt in the drill hole is a total of 23.7m thick in nine beds. The thickest bed is 6.28m with 4 layers >3m thick suitable for mining. The depth to the top of the shallowest salt layer is 797.69m with the base of the deepest salt bed at 1013.46m. The grade of the salt typically varies between 58.4 - 99.0% (NaCl). This salt is planned to be mined by pumping water down a series of feeder holes and extracting the concentrated saline solution from other nearby extraction holes.

AM&A Comments on Chinese Resource Estimates:

As stated above, the Chinese resource estimates are definitely *not* JORC compliant as further drilling would be required to confirm the continuity of the mineralisation and the economic viability of mining the gypsum and salt deposits at depths of up to 1,200m is also unknown.

It is understood that the Company will initially concentrate on mining the gypsum using conventional underground mining methods similar to those used in other gypsum mines in the region. If further studies confirm the viability, the salt and sulphur will be mined later using appropriate mining methods that may include insitu hydraulic mining.

It is understood that gypsum is mined profitably using underground mining methods elsewhere in the region at depths of approximately 400m with production of approximately 500,000 tonnes per annum in at least one nearby mine. It is also understood that contaminated gypsum can be upgraded by hand sorting to remove mining debris etc. prior to sale and other washing and screening methods can be used to further clean pure gypsum of detritus if required.

Since most of the gypsum planned to be mined from this deposit will be used in cement manufacture some contamination of the gypsum can be tolerated. Any suitable clean gypsum produced is expected to be sold to nearby plaster manufacturers at a premium price of approximately 4-6 times the price obtainable for cement grade gypsum.

Figure 7 shows a cross section through the two drill holes used in the gypsum resource estimate and the other three holes drilled on the tenement. It is not known what determined the final depths of the shallower drill holes.

There is a possibility that there are further gypsum and halite beds located below the shallower holes, especially ZK107, that could extend the deposit but this cannot be confirmed without further geological information. Figure 7 indicates that continuity of the gypsum beds is poor for three of the holes (ZK13, ZK32 and ZK107). This lack of continuity may possibly be due to sampling differences or ZK13 and ZK107 being not being deep enough to intersect the main gypsum beds as they may have been targeted for other shallower minerals.

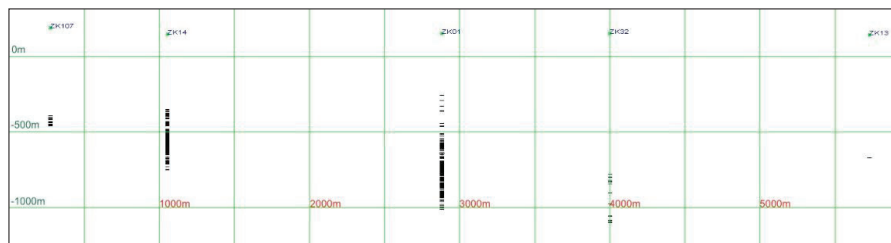


Figure 7. Cross section showing the five drill holes used for resource estimate. Gypsum intersections shown as black bars.

It is the opinion of AM&A that the Chinese resource estimates for gypsum and halite are reasonable if the drill hole data is reliable and the intersections used in the resource estimates are representative of the projected areas and the beds are able to be economically mined using underground mining methods down to 1,100m below the topographic surface and 1000m below sea-level. There are reported to be a number of active mines in the region profitably mining gypsum down to 400m below the surface that supply local plaster and cement manufacturers with suitable quality gypsum feedstock.

Due to the lack of geological data, especially drilling, used for the Chinese resource estimates and insufficient QA/QC information and economic analysis, the Chinese resource estimates are to be considered as Target Mineralisation according to the JORC code and not a Mineral Resource Estimate of any kind.

AM&A estimate a Target Mineralisation for gypsum of 250 million tonnes +/- 60 million tonnes at an average grade ($\text{CaSO}_4 \cdot 2\text{H}_2\text{O} + \text{CaSO}_4$) of 65% +/- 16%, rock salt of 200 million tonnes +/- 80 million tonnes at an average grade (NaCl) of 80% +/- 20% and natural sulphur of 100 thousand tonnes +/- 40 thousand tonnes at an average grade (S) of 8% +/- 2%. Such a Target estimate implies a quantity of mineralisation is possibly present within the permit area but the potential quantity and grade or quality is conceptual in nature and it is uncertain if further exploration will result in the determination of an economically viable Mineral Resource.

It is recommended that a minimum of six well placed drill holes on a grid pattern are drilled to confirm the geology/resource projections made by the Chinese before mining is commenced. These holes need not be drilled to the full 1200m depth of the Chinese resource since initially mining is likely to be confined to the shallower gypsum beds and sufficient reserves of suitable quality and thickness for up to 10 years of mining, say 5 million tonnes, could be expected to be outlined above 800m depth.

References

Li Zhenfeng, Li Qiang, Hou Qinglin, Wang Zhidong, Wang Shi, November 2008, “Shandong Tai’an Dawenkou Mining Area Yangjiapo Mining Section Gypsum (Rock Salt) Mine General Survey Report May 2008 – November 2008”, The Fifth Institute of Geology and Mineral Exploration of Shandong Province

Li Zhenfeng, October 2009, “Independent Expert’s Report Relating to the Summary of the Preliminary Census for Gypsum and Rock Salt Deposits at the Yangjiapo Ore Section in the Dawenkou Ore District in Tai’an City, Shandong Province, China”, The Fifth Institute of Geology and Mineral Exploration of Shandong Province.

Wang Zidong, “Shandong Tai’an Dawenkou Mining Area Yangjiapo Mining Section Schedule of Gypsum (Rock Salt) Mine General Survey Report”

Unknown, 2002, “Specifications for resource estimates of siliceous materials, decorative stone, gypsum, asbestos talc wollastonite and graphite DZ/T0207-2002”, Land and Natural Resources Ministry

Competent Person Statement

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Philip Jones, who is a member of the Australasian Institute of Mining and Metallurgy and independent consultant to the Company. Mr Jones is an associate of Al Maynard & Associates and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Jones consents to use of this report and matters based on this information in the form and context in which it appears.

PROPOSED TERMS OF C CLASS OPTIONS

Each C Class Option will entitle the holder of the Option to subscribe for one share (“Share”) in the Company on the terms and conditions set out below:

1. \$1,000 is payable in respect of the grant of all the C Class Options.
2. The exercise price payable upon exercise of each C Class Option is \$0.20 per Share.
3. Each C Class Option will be exercisable on or before 30 months from the date of issue.
4. Each C Class Option will entitle the holder to subscribe for one (1) Share which will be issued by the Company within 5 business days of receiving written notice of exercise, together with the exercise price for the C Class Option.
5. The C Class Options will be exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of C Class Options, accompanied by an option certificate or holding statement, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the C Class Options held does not affect the holder’s right to exercise the balance of any C Class Options remaining.
6. All Shares issued upon exercise of the C Class Options will rank pari passu in all respects with the Company’s then issued Shares.
7. If Shares are quoted on ASX, the Company will apply to ASX for official quotation of all Shares issued upon exercise of the C Class Options.
8. The C Class Options will be unlisted. However, the Company reserves the right to apply for quotation at a later date.
9. There are no participating rights or entitlements inherent in the C Class Options and holders will not be entitled to participate in new issues, or issues of rights to subscribe for additional Shares, or any other securities to be issued by the Company, during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Option holders will be notified of the proposed issue at least five (5) business days before the record date of any proposed issue. This will give Option holders the opportunity to exercise the C Class Options prior to the date for determining entitlements to participate in any such issue.
10. If there is a bonus issue to holders of Shares, on the exercise of any C Class Options, the number of Shares over which a C Class Option may be exercised will not be increased to the number of bonus shares that would have been issued if the C Class Options had been exercised prior to the date for the bonus issue.
11. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the C Class Options and/or their exercise price will be reconstructed in the manner required by the Listing Rules.
12. A certificate will be issued for C Class Options. If there is more than one (1) C Class Option on a certificate and prior to the expiry date those options are exercised in part, the Company will issue another certificate for the balance of the C Class Options held and not yet exercised.
13. Subject to the Corporations Act, the Constitution and the Listing Rules, the C Class Options will be fully transferable.

DISCLAIMERS

ASX & ASIC

A copy of this Prospectus has been lodged with ASX and ASIC. None of ASX, ASIC or any of their officers take any responsibility for the contents of this Prospectus.

Forward-Looking Statements

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 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, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, 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 document. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this document might not occur. Shareholders are therefore cautioned not to place undue reliance on these statements.

Subject to any continuing obligations under applicable law or the Listing Rules, the Company expressly disclaims any obligation to disseminate after the date of this Statement any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

Unauthorised Representations

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

Investment Decisions

This Prospectus contains general advice only and does not take into account the objectives, financial situation or needs of any particular shareholder or any other person. The Prospectus should therefore not be relied on as the sole basis for any decision in relation to the issue of Shares. Independent legal, financial and taxation advice should be sought before making any investment decision in relation to an investment in the Company.

Foreign Jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to qualify the Shares or the Offer or otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

The Directors report that, in their opinion, since the date of the financial statements set out in this Prospectus, no circumstances have arisen that materially affect the profitability of the Company or the value of the Company's assets and liabilities except as disclosed in this Prospectus.

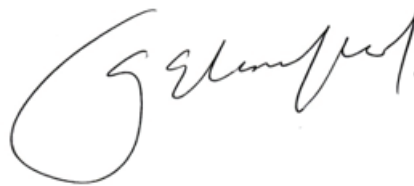
Each of the Directors has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act.

Each of the Directors has given and has not withdrawn his written consent to the issue of this Prospectus in the form and context in which it is issued.

Signed for and on behalf of Shandong Tianye Australia Limited on 29 July 2011.



Jeffrey Beaumont
Chairman



Gabriel Ehrenfeld
Director



Ling Ling Zhang
Director

APPLICATION FORM

SHANDONG TIANYE AUSTRALIA LIMITED ACN 004 450 033

- Instructions for the completion of this form appear overleaf.
- Print in capital letters.
- All applications must be for a minimum of 10,000 shares, or, if you already hold shares, must be for a number of shares that brings the total number of your shares up to at least 10,000.
- All applications must be accompanied by payment of \$0.20 per share.

A Write Your Name

Title	Given Name/Company Name	Surname/ACN

C Tax File No.

--

B Joint Application

Title	Given Name/Company Name	Surname/ACN

--

Title	Given Name/Company Name	Surname/ACN

--

D Postal & Email Address

Street Address		

Suburb/Town	State	Postcode

Email Address

--

E Contact Details

Contact Name	Home Telephone	Work Telephone

F Chess Details

SRN	HIN

G Number of Shares

(Not Less than 10,000 or an amount that tops up your existing holding to at least 10,000 Shares)

I/We apply for Shares

H Total Amount

Application Monies AU\$ / /

and lodge herewith application money of \$0.20/share.

I Cheque Details

Drawer	Bank	Branch	Amount

APPLICATION FORM

AGREEMENT

This Application Form does not need to be signed. By lodging this Application Form and the Application Monies, the Applicant hereby:

- applies for the number of Shares in the Application Form or such lesser number as may be allocated by the Directors as determined by the Directors;
- agrees to be bound by the terms and conditions set out in the Prospectus and the constitution of Shandong Tianye Australia Limited;
- authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions; and
- (if this Application Form is a paper copy of an electronic Application Form) acknowledges having received personally an electronic version of the Prospectus, or a copy of it, accompanied by or attached to the Application Form or a copy of the Application Form before applying for Shares.

IMPORTANT NOTICE

This Application Form relates to a Prospectus dated 29 July 2011 pursuant to which Shandong Tianye Australia Limited invites investors to subscribe for a total of 4,000,000 fully paid ordinary Shares in Shandong Tianye Australia Limited (plus over-subscriptions) at an issue price of \$0.20 per Share. The Prospectus expires on the date which is 13 months after the date of this Prospectus. The Prospectus contains detailed information about Shandong Tianye Australia Limited and it is advisable to read the Prospectus before completing this Application Form. If you have received this Prospectus electronically please ensure that you have received the entire Prospectus accompanied by the Application Form.

If you have not, please contact the Company by fax on (02) 8399 7507 and they will send you for free, a hard copy of the Prospectus together with a paper copy of this Application Form. Any person who passes on to another person the Application Form must at the same time and by the same means give the other person a complete and unaltered copy of the Prospectus.

COMPLETING AND LODGING APPLICATION FORM

Please complete all relevant sections of the Application Form using BLOCK LETTERS. Please post or deliver to Shandong Tianye Australia Limited the completed Application Form together with your Application Monies to the address listed below.

By delivery: 201 National Innovation Centre
Australian Technology Park
Eveleigh NSW 1430

By mail: Shandong Tianye Australia Limited
PO Box 212
Bondi NSW 2026

Applications for the Shares offered by this Prospectus can only be accepted if made on the Application Form which is included in the Prospectus.

Application Forms must be received by no later than 5.00 pm (Sydney time) on the Closing Date or as otherwise advised by Shandong Tianye Australia Limited. If you have received this Prospectus electronically via the internet, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company by fax on (02) 8399 7505, and they will send to you, free of charge, a hard copy of the Prospectus, together with a paper copy of this Application Form.

A Write your FULL NAME in Box A. You should refer to the bottom of this page for the correct forms which can be registered. Applications using the incorrect forms may be rejected. If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be

accepted by Shandong Tianye Australia Limited. Any decision by the Company as to whether to accept your form as valid, and how to constitute, amend or complete it shall be final. You will not, however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque for the Application Monies referred to in Box H.

- If you are applying as JOINT APPLICANTS, complete Boxes A and B. You should refer to the bottom of this page for instructions on the correct form of name. Up to three Joint Applicants may register.
- Enter your TAX FILE NUMBER (TFN) or exemption category beside your name. Where applicable, please enter the TFN for each Joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- Enter your POSTAL AND EMAIL ADDRESS for all correspondence. All communications to you from Shandong Tianye Australia Limited's share registry, (shareholding statement, annual/interim reports, correspondence etc) will be mailed to the person(s) and address as shown. For Joint Applications, only one address can be entered. Your email address will be used to forward company ASX related notifications, and will not be disclosed to any other party. Do not supply your email address if you do not want these notifications.
- Please let us know your TELEPHONE NUMBER(S) and contact name in case we need to contact you in relation to your Application Form.
- Shandong Tianye Australia Limited will participate in the ASX CHESS system. If you are participating in this system, you may complete this section. If you are not a participant in the CHESS system do not complete this box. It will not affect your application.
- Insert the NUMBER OF SHARES you wish to apply for in Box G. The minimum number of shares for which you can apply is 10,000, or, if you already hold shares, a number that will increase your existing holding to at least 10,000.
- Enter the amount of your Application Monies here. The amount must be equal to the number of Shares applied for (see Box G) multiplied by \$0.20 per Share.
- Complete cheque details as required. Cheques must be drawn on an Australian bank in Australian currency and made payable to "Shandong Tianye Australia Limited" and crossed "Not Negotiable". Do not send cash. A separate cheque should accompany each Application Form lodged.
- The Application Form does not need to be signed.

PRIVACY STATEMENT

Personal information is collected on this form for the purpose of maintaining registers of security holders, 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 permitted or required by law. If you would like details of your personal information held by the Company, or you would like to correct information that is inaccurate, incorrect or out of date, please contact the Company. 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 the Company. You can contact the Company using the details provided on this form.

CORRECT FORMS OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Shandong Tianye Australia Limited. At least one full given name and the surname is required for each natural person. Applications cannot be made by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Applicant	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John David Smith	JA Smith
Joint	Mr John David Smith & Mrs Janet Marie Smith	John David Smith & Janet Marie Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John David Smith (John David Smith A/c)	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith (Est John David Smith A/c)	John Smith (deceased)
Partnerships	Mr John David Smith & Michael Peter Smith	Smith John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith (ABC Tennis Club A/c)	Smith Investment Club or ABC Tennis Association
Superannuation Funds	John Smith Pty Ltd (Super Fund A/c)	John Smith Superannuation Fund





SHANDONG TIANYE AUSTRALIA LIMITED
ACN 004 450 033