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NORTH ASIA RESOURCES HOLDINGS LIMITED

北亞資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

UPDATES ON PROPOSED ACQUISITION OF TWO IRON ORE MINES IN MONGOLIA

On 6 October 2010, the Company as purchaser entered into the Side Letter with the Vendor, pursuant to which the parties to the Framework Agreement agree to amend the manner of settlement of the total consideration of RMB170,000,000 (equivalent to approximately HK\$195,500,000) for the Possible Acquisition.

Reference is made to the announcement of the Company dated 2 August 2010 (the “**Announcement**”) in relation to, among others, the discloseable transaction on the part of the Company involving the Possible Acquisition of the Mines in Mongolia. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

On 6 October 2010, the Company as purchaser entered into a side letter (the “**Side Letter**”) with the Vendor, pursuant to which the parties to the Framework Agreement agree to amend the manner of settlement of the total consideration of RMB170,000,000 (equivalent to approximately HK\$195,500,000) for the Possible Acquisition as follows:

- (i) as to the initial deposit (the “**Initial Deposit**”) of a total of US\$2,200,000 (equivalent to approximately HK\$17,160,000) has been paid in cash by the Purchaser to a bank account controlled by the designated legal adviser mutually appointed by both of the Purchaser and the Vendor within seven Business Days following the signing of the Framework Agreement as stipulated thereunder;
- (ii) as to a sum of not more than US\$2,000,000 (equivalent to approximately HK\$15,600,000) (the “**Second Deposit**” together with the Initial Deposit collectively referred as the “**Deposits**”) will be payable by the Purchaser to the Vendor in cash upon the written request of the Vendor for the purpose of the development of the Mines and/or the obtaining of the Mining Permit and/or the capital requirement in relation to the Possible Acquisition subject to the consent of the Purchaser; and

(iii) the remaining balance of consideration shall be payable in cash by the Purchaser to the Vendor within seven Business Days upon signing of the formal sale and purchase agreement and Completion shall take place within three days from payment of the remaining balance.

The Second Deposit shall be used for the purpose of the development of the Mines and/or the obtaining of the Mining Permit and/or the capital requirement in relation to the Possible Acquisition. In the event that the Possible Acquisition cannot be completed as contemplated under the Framework Agreement, the Vendor shall refund the Deposits within 30 days upon termination of the Framework Agreement.

The Vendor also agrees to extend the due diligence period for 30 additional days or such longer period as the parties may agree.

The terms of the Side Letter were arrived at after arm's length negotiations between the parties to the Framework Agreement. The Board considers that the entering into of the Side Letter is in the interests of the Company and the Shareholders as a whole and does not constitute a material change of terms of the Possible Acquisition.

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

Hong Kong, 6 October 2010

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