



9 May 2008

Company Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

ORIENT SIGNS HEADS OF AGREEMENT TO ACQUIRE RIDWEST GROUP

The Board of Orient Resources Holdings (ASX:ORH) are pleased to announce the signing of a Heads of Agreement with the Ridwest Group of Companies ("Ridwest Group"), Joshua Ridley and Indian West Pty Ltd for the acquisition of privately held Mining services and engineering companies of the Ridwest Group .

Highlights

- Signs Heads of Agreement for a \$14.5million Acquisition to be completed by issuing ORH shares at 11.5 cents per share (a 53% premium to the current market price)
- ORH secured the opportunity through a secured loan in February 2008 of \$650,000 convertible into 9.29% of Ridwest Group
- Total Transaction Value \$14.5 million for the remaining 90.71% of the Ridwest Group
- Valuation for ORH of \$11.5 million prior to this transaction
- Underwritten placement to raise \$1 million at 11.5 cents with a free attached half 3 year option exercisable at 11.5 cents
- ORH to provide the placement funds to Ridwest as a secured facility until completion
- Completion subject to due diligence, regulatory and shareholder approvals and completion of a \$2.5 million placement at terms no less than the current placement

Mr Michael Palmer, ORH Executive Director said, "We are very excited about executing this agreement. By combining the strengths of Ridwest and Orient Resources Holdings we are creating a business with huge potential to grow in both Australia and China."

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Overview of the Ridwest Group

- Ridwest is a diversified company with engineering, contracting and plant hire divisions that are capable of delivering an integrated one-stop offering to the mining and construction industries. Founded in 2002 by Josh Ridley, Ridwest has grown to around 100 staff and has permanent workshops in Port Hedland, Karratha, South Guildford, Belmont and Maddington.
- Ridwest capabilities include bulk earthworks, open cut mining services, plant hire and engineering of mining service vehicles. These capabilities have significant scope for growth and expansion within WA and the potential for interstate penetration and growth is currently being planned.
- Ridwest is well placed to deliver enhanced profitability due to its complementary businesses, its centralised back office function and associated economies of scale to contain costs and maintain revenue streams. Ridwest generated turnover of \$6.7 million in 05/06, \$34.9 million in 06/07 and is currently forecasting in excess of \$40 million for 07/08.
- Ridwest prides itself on innovation and quality. With a wealth of experience in fleet operations, mining and engineering, the Ridwest Group is strategically poised to take advantage of the continued growth in the mining services industry.
- Key points and competitive advantages of the Ridwest group include:
 - Vertically integrated business model that captures margins within, and across, each company.
 - Business provides a 'one stop' shop for the delivery of mining services.
 - Business structure is lean, agile and able to react quickly to changing environment.
 - Business is structured to deliver economies of scale to keep costs down
 - Experienced management team with innovative and dedicated staff.
 - Strong and recognised brand, with history of quality service provision.
 - Large and relatively new fleet of machines, with competitive pricing.
 - Current infrastructure can support turnover of \$100 million+, with opportunity to expand interstate.
 - Potential to acquire complementary businesses and drive further growth in profitability.

As announced at the ORH General Meeting in November 2007, ORH has been looking to expand on the successful corrosion protection joint venture established in China. The Heads of Agreement with Ridwest is the first step towards a geographic expansion of this business. In addition the Chinese relationships will assist the expansion of the Ridwest Engineering business by enabling lower cost Chinese manufacture of some parts of the Ridwest range. ORH will look to leverage on the natural synergies that exist within the two businesses.

ORH and Ridwest recognised the benefits of a combined business and agreed ORH would acquire the remaining 90.71% of Ridwest through the issue of 76.2 million ORH shares at 11.5 cents and 50 Million performance shares at 11.5 cents issued subject to the Ridwest achieving NPAT of \$5 million or more for the FY 08/09. The performance shares are issued pro rata for NPAT less than \$5 million. Joshua Ridley (the principal vendor) has agreed to a voluntary escrow of his ORH shares for a period of 12 months. Orient have agreed to issue the vendors an additional 750,000 shares for every \$100,000 reduction in the NPAT below \$2 million for the Corrosion Protection Business, to a maximum of 15,000,000 ORH shares.

The combined business has the potential to grow in an expanding market within Australia, diversifying ORH's geographical spread. The Australian mining services and engineering sectors have benefited from the growing resources boom and infrastructure developments across the country. Additionally, Ridwest's existing port services business provides ORH with the opportunity to demonstrate the real value of its ports

services business in China. It is also the intention to expand the existing ORH corrosion protection business into Australia.

Completion of the transaction is subject to due diligence, shareholder approval, compliance with any other requirements of ASX and ASIC, and completion of a \$2.5 million placement on terms no less than 11.5 cents per shares with a free attached half 3 year option exercisable at 11.5 cents. The proposed notice of general meeting and accompanying documentation will contain additional details for shareholders regarding the proposed transaction.

Board Changes

- Effective immediately Mike Palmer will step down as Executive Chairman to become Executive Director of ORH's corrosion protection business
- Ramesh Kana, a current ORH Non-Executive director will be appointed as Non-Executive Chairman.

Additional Equity and Option Issues

Initial funding for the acquisition will be made through a \$1 million placement of 8,700,000 ORH shares with 4,350,000 options with a term of 3 years and an exercise price of 11.5 cents. Transocean Securities Pty Ltd and Indian West Pty Ltd have agreed to underwrite this capital raising.

On completion of the acquisition ORH will issue the following options, subject to shareholder approval:

- 15 million options exercisable at 15 cents on or before 31 July 2011 to Joshua Ridley or nominee. These options are performance linked and are only exercisable if 08/09 NPAT exceeds \$4 million
- 10 million options exercisable at 15 cents on or before 31 July 2011 to Mike Palmer ORH Executive Director. These options are conditional on the Corrosion Protection Business FY 08/09 NPAT exceeding \$2 million.
- 10 million options exercisable at 15 cents on or before 31 July 2011 to Transocean Securities Pty Ltd for the successful completion of the Ridwest Acquisition
- 4 million options exercisable at 15 cents on or before 31 July 2011 to Transocean Securities Pty Ltd for achieving agreed milestones as part of their investment banking mandate executed by ORH

Transocean Securities Pty Ltd are acting as advisors to ORH and will receive an introduction fee equivalent to 5% of the transaction value through the issue of ORH shares with an effective price of 11.5 cents per share.

Yours faithfully
Orient Resource Holdings Limited



Geoffrey Hann
Company Secretary

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About Orient Resources Holdings

Orient's strategy is to identify demand for industrial services (in particular corrosion protection and prevention) within the world's fastest growing economies including China, North Africa and the Middle East and provide a world's best practice solution to this demand. The Company is currently operating successfully in China. Since listing on the Australian Stock Exchange (ASX) on 12 May 2005, Orient has established an extensive network of senior government and industry contacts in China, and continues to seek out, assess and report on opportunities that meet the Board's target criteria for investment in China.