The Opinion of the Independent Financial Advisor on the Connected Transaction Regarding the Entering into the Service Agreement Related to Mining Operation in the Union of Myanmar

of

PADAENG INDUSTRY
PUBLIC COMPANY LIMITED

Padaeng Industry Public Company Limited

Proposed to

The Shareholders of Padaeng Industry Public Company Limited

by

JayDee Partners

JayDee Partners Limited

April 4, 2011

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Glossary

The Company or PDI	Padaeng Industry Public Company Limited
SEAMET	South East Asia Metals Company Limited
PP	Padaeng Properties Co., Ltd.
Phuthep	Phuthep Company Limited
MALI	Mali Mining & Metallurgy Pte. Ltd.
MME	Mayflower Mining Enterprises Limited
SCL	SCL Resources Company Limited
MOU	Memorandum of Understanding
The Transaction	The entering into the Service Agreement between SEAMET and MALI
The Service Agreement	The Agreement that SEAMET will enter into with MALI to receive the mining related services in Mawkhee Mine from MALI
Mawkhee Mine	The mine located in Mawkhee (Wawlay) Region, Myawadi Township, Kayin State, the Union of Myanmar.
The Concession	License for Heavy Mineral Production in Mawkhee Mine granted by the Ministry of Mines, the Government Agency of the Union of Myanmar to MME
The Operating Rights in the Concession	Operating and marketing rights in Mawkhee Mine granted by MME to SEAMET
ILZSG	International Lead and Zinc Study Group
Lao PDR	Lao People's Democratic Republic
IFA	Independent Financial Advisor being JayDee Partners Limited
The SET	The Stock Exchange of Thailand
The SEC	The Office of Securities and Exchange Commission
Notification of Connected Transactions	Notification of the Capital Market Supervisory Board Tor Chor 21/2551 re: Related Parties Transactions and the Notification of the Board of Governors of the Securities Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546

April 4, 2011

Subject : The Opinion of the Independent Financial Advisor on the Connected Transaction regarding the entering into the Service Agreement Related to Mining Operation in the Union of Myanmar

To : The shareholders of
Padaeng Industry Public Company Limited

On February 22, 2011, the Board of Directors' Meeting of Padaeng Industry Public Company Limited No.1/2011 ("PDI" or "the Company") has resolved to propose the shareholders' meeting the entering into the Service Agreement of South East Asia Metals Company Limited ("SEAMET"), an indirect wholly owned subsidiary of the Company with Mali Mining & Metallurgy Pte. Ltd. ("MALI"), to compensate MALI for its past assistances that contributed to the success of SEAMET in obtaining the operating right to conduct mining operations in the Union of Myanmar on September 4, 2009 as well as for continuing services to be rendered in the future ("the Transaction").

Since the sole shareholder and authorized director of MALI, the counterparty of the Transaction is Mr. Waykin Utharntharm, the Chief Financial Officer of the Company, this Transaction is considered to be connected transaction as prescribed in the Notification of the Capital Market Supervisory Board Tor Chor 21/2551 regarding the Related Parties Transactions and the Notification of the Board of Governors of the Securities Exchange of Thailand regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions ("the Notification of Connected Transactions").

In this regard, the size of the connected transaction is 2.58% which is higher than 0.03% but lower than 3.00% of net tangible assets ("NTA") of the Company and its subsidiaries according to the consolidated audited financial statements of the Company as of December 31, 2010. Therefore, the Company is required to disclose the details of the Transaction to the Stock Exchange of Thailand ("the SET") and obtain the approval from the Board of Directors, where the shareholders' approval is not required.

Even though the transaction size is less than 3.00%, for the most transparent basis, the Board of Directors No.1/2011 held on February 22, 2011 has resolved to propose the Transaction to the shareholders' meeting for consideration and approval as if the Transaction requires approval from the shareholders. Therefore, prior to the Transaction, the Company must obtain the approval from the shareholders' meeting with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding the votes of the shareholders, who have conflict of interest.

The Company has approved the appointment of JayDee Partners Limited ("the IFA"), the approved financial advisor by the Office of the Securities and Exchange Commission ("the SEC"), to be the independent financial advisor ("the Independent Financial Advisor" or "the IFA") of the Company to render the opinion to the Company's shareholders as supporting information for their voting consideration in respect to the Transaction.

In rendering the opinion on the fairness and reasonableness of the Transaction, the IFA has studied and reviewed various sources of information and documents prepared by the management of the Company, information disclosed by the Company to the Stock Exchange of Thailand (the "SET") as well as other information available in public domain. Additionally, the IFA has also relied upon the interviews with management, external industry forecasts and knowledge on mining industry such as information from Department of Primary Industries and Mines to be used in this report. The IFA assumes that the aforementioned information and documents are accurate and reliable as of the conduction date of this report. The IFA has not performed a due diligence upon such information and unable to provide any certification or guarantee on the accuracy or the completeness of the information and materials supplied by the Company. In the event there is any change in business circumstances, the opinion provided by the IFA may differ accordingly.

Detail of the Transaction as well as the opinion of the IFA can be summarized as follows:

Executive Summary

Padaeng Industry Public Company Limited ("PDI" or "the Company") was established on April 10, 1981 to operate mining and smelting business with the objective of producing zinc metal and zinc alloys. At present, the Company has a smelting plant located in Tak town at Tak province and that approximately one-third of zinc feedstock for the Company's smelter is from "Padaeng-Mine" or "Mae-Sod Mine", located in Mae-Sod district at Tak province. Mae-Sod Mine is the only current zinc mine of the Company. According to the review of ore reserve, the management expected that the remaining life of Mae-Sod Mine is approximately 4 – 6 years. With this regard, the Company has emphasized on securing new source of zinc ore to replace its existing mine.

Therefore, the Company has been exploring various areas both in Thailand such as the exploration project in Li (North), Lumphoon province as well as in neighboring countries such as the exploration project in Lao People's Democratic Republic ("Lao PDR"). Nonetheless, the Company has always been interested in Mawkhee Mine, which is located in Mawkhee (Wawlay) region, Myawadi Township, Kayin State in the Union of Myanmar. This is because during 1999 and 2007, PDI had purchased zinc ore from Mawkhee Mine. Thus, the Company believes that Mawkhee Mine could provide commercially viable amount of zinc. Additionally, Mawkhee Mine is located close to the Company's smelting plant which could lower the transportation cost of the Company, comparing to the investment in other overseas mines. Based on these rationales, the Company sees the potential of Mawkhee Mine to be its new source of zinc.

From 2000 onwards, the concession holder of Mawkhee Mine is Mayflower Mining Enterprises Limited ("MME"), the private entity incorporated in the Union of Myanmar. MME has the intention to engage the expert in mining to be an operator of Mawkhee Mine. Therefore, in 2006, MME granted the rights to operate Mawkhee Mine to SCL Resources Company Limited ("SCL"), formerly known as Siam Carbon Lignite (1988) Company Limited. Later on, SCL further engaged Mali Mining & Metallurgy Pte. Ltd. ("MALI") – the mining venture incorporated in Singapore in 2006 by Mr. Andre van der Heyden and Mr. Waykin Utharntharm, the current Managing Director and Chief Financial Officer of the Company, to assist SCL in the mining operation at Mawkhee Mine.

Later in 2009, MME cancelled the operating rights of SCL and entered into the Concession Operation Agreement with South East Asia Metals Company Limited ("SEAMET"), an indirect wholly owned subsidiary of the Company (through 99.99% holding by Padaeng Properties Company Limited), resulting in the operating rights of SEAMET in Mawkhee Mine ("the Operating Rights in Concession"). The entering into such agreement of SEAMET was with the assistance of MALI, who had vast experience in mining operation within the area of Mawkhee Mine for a long period of time.

Details of the assistances provided by MALI to SEAMET are as follow:

1) MALI had assisted SEAMET in the negotiation with MME to obtain the Operating Rights in Concession in 2009 with the extended contract period ended in 2015, based on MME's concession period after the first extension. In addition, the Operating Rights in Concession could be further extended to 2020 following the second extension of MME's concession is granted.

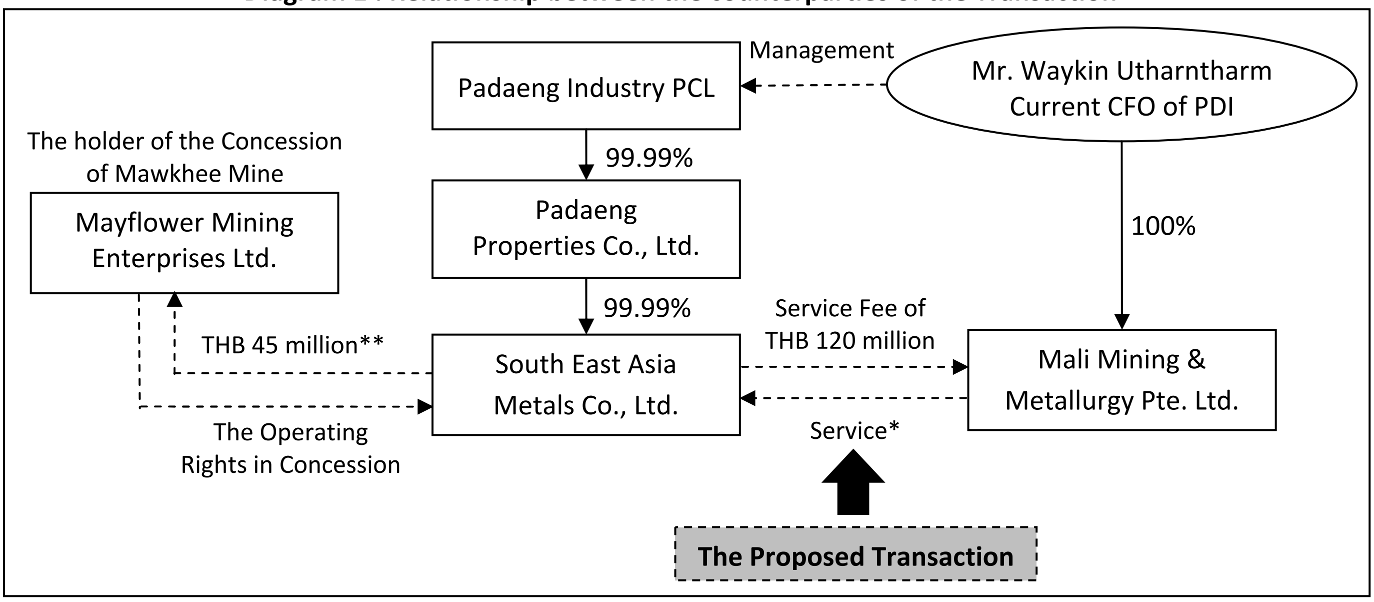
2) MALI provided information to SEAMET to conduct the "Report of Geological, Initial Ore Reserve and Exploration Potential on the Mining Concession 28/2000 for zinc material" which contains geological information as well as other information related to Mawkhee Mine that shows the potential of finding commercially viable amount of zinc. Such report is conducted based on experience and expertise of MALI. Thereafter, MME was granted with the Concession's extension for another 5 year period from August 11, 2010 to August 10, 2015, in which positively affects the Operating Rights in Concession of SEAMET.

3) MALI had established a positive relationship with local communities within the area of Mawkhee Mine with an objective to ensure the smooth operation since Mawkhee Mine is located within the area of political uncertainty.

As aforementioned, the benefit to SEAMET from the assistances of MALI regarding Mawkhee Mine has so far been rendered by MALI's own costs and expenses. Thereby, SEAMET agrees to compensate MALI for the past assistance and for continuing services to be rendered in order to ensure the smooth operation of SEAMET in Mawkhee Mine. The Board of Directors' meeting of the Company No. 1/2011 held on February 22, 2011, had resolved to propose to the Company's Annual General Shareholders' Meeting to approve on the entering into the Service Agreement related to mining operation in the Union of Myanmar of SEAMET with MALI. With this regard, the service fee to be paid under this Service Agreement is at the amount of USD equivalent to THB 120 million.

The entering into the Service Agreement by and between SEAMET and MALI is considered to be connected transaction as the sole shareholder and authorized director of MALI is Mr. Waykin Utharntharm, the current CFO of the Company. The relationship between the Company, SEAMET and MALI could be illustrated in the following Diagram.

Diagram 1 : Relationship between the counterparties of the Transaction



Remark * Services and assistances to SEAMET in obtaining the Operating Rights in Concession and to ensure the smooth operation of SEAMET in Mawkhee Mine in the future
** Payment for the operating rights in Mawkhee Mine in total of USD 1.5 million

Based on our interview with the Company's management, the justifications used in determining the service fee amount of THB 120 million are presented in the following Table.

Table 1 : Details of the justification for the service fee of THB 120.00 million

No.	Items	Value (THB million)
1	Investment of MALI in Mawkhee Mine - Assets located in Mawkhee Mine - Operating expenditure	 37.40 23.60
2	Information value on mineral resources	36.00
3	Goodwill	10.00
4	Compensation for partial tax and interest expenses of MALI	14.00
	Total	**120.00**

The payment term could be divided into 2 portions as follows:

1. Advance installment of THB 30 million, to be payable within 7 days from the Agreement signing date. Some portion of this upfront payment is to compensate MALI for the cost and expenses that MALI had already paid to assist SEAMET.
2. Other installment of THB 90.00 million, to be payable in installments based on the amount of zinc obtained from Mawkhee Mine and to be determined at PDI's smelter. Therefore, in the case that zinc could not be obtained from Mawkhee Mine, SEAMET is not obliged to pay this portion of the service fee.

Notwithstanding, the nature of the Transaction, whereby MALI has been provided the service to SEAMET in obtaining the operating rights in the vulnerable area of the Union of Myanmar, is very unique as well as very difficult to find precedent comparable transactions in order to perfectly justify the suitable transaction price. With this regard, the IFA has evaluated the reasonableness of the transaction price by using 2 evaluation approaches as follows:

1) Discounted Cash Flow Approach of Mawkhee Mine Project
2) Comparable of Historical Acquisition and Exploration Cost of Other Mines

Although, the IFA views that the appropriate price range of the service fee shall be between THB 95.00 – 120.00 million. In this regard, the Company determined the amount of service fee to be at the highest price. Nonetheless, when taken into consideration other factors such as business opportunities, the expected return as well as the Company's strategy, the opinion of the IFA could be summarized in the following page.

Table 2 : Summary of the fairness of the transaction price

Valuation Approach	Objective	Valuation Result	Opinion of the IFA
1) Discounted Cash Flow Approach of Mawkhee Mine Project	- To consider the worthiness of the Transaction - To consider the payment period of the service fee (full amount) - To consider the payback period of the service fee (to be paid to Mali)	Expected cash inflows - THB 38.39 – 52.93 million after the service fee Payback period of the service fee - Approximately 3 years and 7 – 11 months	1. Net present value of cash flows is positive; however, the amount is not high. This reflects the high amount of service fee. 2. Payback period is long comparing to the projected period. 3. The Transaction will facilitate the Company in securing a new mine as well as increase profit generating capability. 4. The operating rights could be further extended for another 5 years until 2020 (in the case that MME's concession could be extended)
2) Comparable of Historical Acquisition and Exploration Cost of Other Mines	- To compare total cost incurred in Mawkhee Mine with historical acquisition and exploration cost incurred in other areas. - Although the IFA could not compare total cost of Mawkhee Mine with other outside information, the IFA views that the most comparable transaction is to consider the historical acquisition and exploration cost of the Company's previous projects.	Scenario 1: no commercially viable zinc volume The amount of service fee to be paid is THB 30 million Scenario 2: commercially viable zinc volume The maximum amount of service fee to be paid is THB 120 million. When incorporating the payment for operating rights at THB 45 million, the total cost is still THB 63.61 million lower than the cost of Mae-Sod Mine or lower by 38.55%.	1. Scenario 1 is unlikely to occur as the Company had purchased zinc ore from Mawkhee Mine in the past. 2. Mawkhee Mine could be additional zinc resources to recompense the depleting zinc deposits in Mae-Sod Mine, before operations in other mines could take place.

Result of Valuation Approach 1: considering only the period of SEAMET's operating rights till 2015–excluding the extendable period, the payback period for Mawkhee Project is approximately 3 years and 9 months. For the remaining period of 11 months, the Company will yield return from its investment as net present value of cash flows after the service fee is THB 38.39 – THB 52.93 million. This reflects the worthiness of the Transaction. However, the remaining time after the payback period is short which means that the amount of service fee is high and that the Company could be exposed to certain risk from entering into the Transaction if MME is unable to extend its concession. Nonetheless, based on the interview with the management, the projection is performed on a conservative basis and that the output from Mawkhee Mine is expected to be not lower than the forecasted output appeared in the projection. This could consequently increase the possibility that MME's concession would be granted the extension from the Burmese government.

Result of Valuation Approach 2: considering the acquisition and exploration cost incurred in other explored areas, they ranged between THB 58.83 – THB 228.61 million. When particularly considering the renewal cost of the concession in Mae-Sod Mine which is in a similar stage of development as Mawkhee Project, it is higher than the total cost incurred in Mawkhee by THB 63.61 million or by 38.55%. As a result, the transaction price is considered to be in the appropriate range.

In addition, the payment of THB 90.00 million portion of the service fee in installments based on the amount of zinc obtained from Mawkhee Mine could relieve the burden of SEAMET to pay the lump sum amount of the entire service fee at once. Moreover, it could create an incentive for MALI to ensure smooth operation in Mawkhee Mine in the future. Therefore, the IFA views that the transaction condition is considered to be appropriate.

Based on the above rationale, even though the IFA views that the service fee under the Transaction is high and that the Company could be exposed to certain risk in terms of return on investment in the future, particularly in the case that the operating rights of SEAMET could not be further extended to 2020. However, when taken into consideration the fact that Mawkhee Mine is located in the area of uncertainty as well as the necessity of the Company in securing new source of zinc to replace the depleting zinc deposits in Mae-Sod Mine before mining operation in other areas could take place, the IFA views that the price and conditions of the Transaction are reasonable and that the shareholders of the Company will benefit from the Transaction. Therefore, the shareholders of the Company should vote in favor of the Transaction.

Nonetheless, the decision to vote is solely dependable on the consideration and at the discretion of the shareholders. Shareholders should take into consideration the advantages, disadvantages and the risks of the Transaction as well as to carefully consider the attached documents submitted to the shareholders along with the invitation letter to the shareholders' meeting so as to make the most appropriate decision.

JayDee Partners Limited as the independent financial advisor certified that this report has been independently prepared with the generally accepted professional standard and that the opinion rendered is based on an unbiased analysis for the benefit of shareholders of the Company.

Section 1 : Assumptions and Information in the Report

The opinion of the IFA is based on the information which has been received from the Company as well as the interviews with the Company's management, publicly available information and other relevant documents. The IFA assumes that all information received are truthful and correct. Therefore, if the said information are incorrect and/or is not truthful and/or significantly changes in the future, it will affect the opinion of the IFA. Therefore, the IFA is unable to certify or warrant the future impact that may arise to the Company and the shareholders. In addition, the opinion of the IFA is only to provide the comments to the shareholders on this Transaction only, providing this opinion does not warrant the accomplishment of the Transaction and impact to be incurred from the Transaction to the Company.

1.1 Sources of information

The opinion regarding the reasonableness of the price and condition of the Transaction provided by the IFA are based upon the analysis of the information and data provided by the Company and information from the interviews with MALI's management as well as relevant publicly available information. In conducting this IFA report, the IFA has analyzed and incorporated the information shown as follows:

a) Draft Service Agreement between SEAMET and MALI under the Transaction to be proposed for consideration and approval in this shareholders' meeting;
b) Other relevant contracts regarding the Transaction comprising of the Concession Operation Agreement between SEAMET and MME, License for Heavy Mineral Production issued by the Government of the Union of Myanmar to MME and Notification of the concession's extension issued by the Government of the Union of Myanmar to MME;
c) Two geological reports regarding the mineral analysis in Mawkhee Mine which are (1) Report of Geology, Initial Ore Reserve, and Exploration Potential Mining Concession No. 28/2000 for Zinc Minerals by SEAMET and (2) Evaluation Report on Zinc Deposits in Mawkhee Mine by Mr. Sudham Yaemniyom – an independent geologist;
d) Summary report of the capital expenditure and other operating expenditure of MALI in Mawkhee Mine by PricewaterhouseCoopers ABAS ("PwC");
e) The minute of Board of Directors' meeting of the Company regarding the Transaction;
f) Form 56 – 1 and the audited consolidated financial statements for the year ended December 31, 2008 – 2010 of the Company;
g) The audited financial statements of SEAMET for the year ended December 31, 2008 – 2010;
h) Information regarding MALI provided by the Company;
i) Projected capital and operating expenditures as well as projected output of Mawkhee Mine based on the interview with the management – to be used in the financial projection for the year ended 2011 – 2015;
j) Acquisition and exploration cost of the Company in other areas which are Mae-Sod, Tak/ Hualon, Tak, Loei (South)/ Li (North)/ Li (South), Lumphun/ Li (South), Chiang Mai/ Um Pang, Mokro, Tak/ Pop Pra (Ruam Thai), Tak/ Tong Pha Phum, Kanchanaburi/ Petchabun/ Lao PDR/ Phuthep, Loei to be used in comparison with the total cost incurred in Mawkhee Mine;
k) Information regarding zinc mining industry prepared by International Lead and Zinc Study Group;
l) General information regarding the mining business in Thailand from Department of Primary Industries and Mines.

1.2 Overall Assumptions

The opinion expressed in this report has been based on the following assumptions:

a) All information and documents obtained from the Company as well as the interview with the management of the Company and MALI are complete, adequate and truthful and that the opinion from the interview of the management are reflective of the current situation;
b) There is no event (which had occurred, is going to occur or is likely to occur) which may materially affect the operation of SEAMET in Mawkhee Mine;
c) All business contracts related to SEAMET operations with its counterparties are still legal, valid and binding on the Company, and the counterparties, and have not been amended, revoked or terminated;
d) The projection of Mawkhee Mine is performed as of April 4, 2011 based on the projected output of zinc by the Company's management. The IFA assumes that the information received from the management to be used in the projection could closely reflect the future operation;

1.3 Limitation in conducting this report

a) <u>The use of information from the Company</u>: since the Company is the only company currently operating zinc mine in Thailand. Together with the fact that the Company is the prime source of information regarding zinc to governmental agencies as well as educational institutions in Thailand. Therefore, certain key materials appeared in this report are based upon the information obtained from the Company. As a result, this could lessen the credibility of this report comparing to the use of information from an outside source who has no interest in the Transaction;
b) <u>Amount of zinc in Mawkhee Mine:</u> due to preliminary exploration conducted in Mawkhee Mine is confined within a small area, the IFA has to base the projected output of Mawkhee Mine in the long run primarily on the forecast of the management and that the IFA is unable to confirm such forecast;
c) <u>Difference of information used in the comparison</u>: In Comparable of Historical Acquisition and Exploration Cost of Other Mines, the IFA has compared the total cost incurred in Mawkhee Mine with the acquisition and exploration cost incurred in other explored areas of the Company. Nonetheless, they are different in terms of stage of development, time of investment as well as size of the permitted area etc;
d) <u>Third party information:</u> The IFA did not compare the total cost incurred in Mawkhee Mine with the acquisition and exploration cost of other companies since the Company is the only operator of zinc mine in Thailand and the largest in the South East Asia, thus, there is no other comparable zinc mine.

With the limitations of the IFA stated above, JayDee Partners Limited as the independent financial advisor certified that this report has been independently prepared with the generally accepted professional standard and that the opinion rendered is based on an unbiased analysis for the benefit of the shareholders of the Company.

Section 2 : Characteristic and Details of the Transaction

2.1 Details of the Transaction

South East Asia Metals Company Limited ("SEAMET"), an indirect wholly owned subsidiary of Padaeng Industry Public Company Limited ("PDI" or "the Company") through the 99.99% holding by Padaeng Properties intends to enter into the Service Agreement regarding the mining operation and related activities in Mawkhee (Wawlay) Region, Myawadi Township, Kayin State, the Union of Myanmar ("Mawkhee Mine") with Mali Mining & Metallurgy Pte. Ltd. ("MALI"), a mining venture incorporated in Singapore.

The Company has long been interested in Mawkhee Mine as it views that Mawkhee Mine could potentially provide additional zinc resources to recompense the depleting zinc ore in its Mae-Sod Mine. Moreover, since Mawkhee Mine is located close to the Company's smelter in Tak province, the transportation costs could be saved, comparing to the investment in other countries such as Lao PDR and Vietnam.

Since 2000, the concession holder of Mawkhee Mine is Mayflower Mining Enterprises Limited ("MME"), an entity incorporated in the Union of Myanmar to operate mineral ore mining business. MME has been granted the License for Heavy Mineral Production in Mawkhee Mine ("the Concession") by the Ministry of Mines, the Government Agency of the Union of Myanmar, with the permitted period of 10 years, commenced on August 11, 2000 until August 10, 2010.

During 2006 – 2008, MME granted the rights to operate zinc mining business in Mawkhee Mine to SCL Resources Company Limited ("SCL"), formerly known as Siam Carbon Lignite (1988) Company Limited. However, since SCL has limited expertise in zinc mining operation. MALI, a company incorporated by Mr. Andre van der Heyden – the current Managing Director of the Company and Mr. Waykin Utharntharm – the current Chief Financial Officer of the Company, during the time both were not the Company's management, had been engaged by SCL for marketing and mining activities in Mawkhee Mine. Since then, MALI was able to establish a good relationship with different local communities in the area.

In 2009, MALI had assisted and facilitated SEAMET in obtaining the rights to conduct mining operations in Mawkhee Mine from MME, by entering into the Concession Operation Agreement. Later on, SEAMET successfully entered into such Agreement with MME on September 4, 2009, resulting in the rights of SEAMET to carry out exploration, mining and flotation activities in Mawkhee Mine to procure economical permitted mineral products as well as marketing rights ("the Operating Rights in the Concession").

In 2010, the Company considered the acquisition of MALI's shares in which the Board of Directors' meeting No. 4/2553 held on February 25, 2010 had approved the key contents of Memorandum of Understanding (MOU) between SEAMET and Mr. Waykin Utharntharm for the share purchase transaction, as well as authorized the Audit Committee to further negotiate on such deal. As of July 6, 2010, the MOU were signed by both parties. However, some conditions precedent stated in the MOU were not fulfilled. Thereby, SEAMET did not purchase MALI's shares from Mr. Waykin.

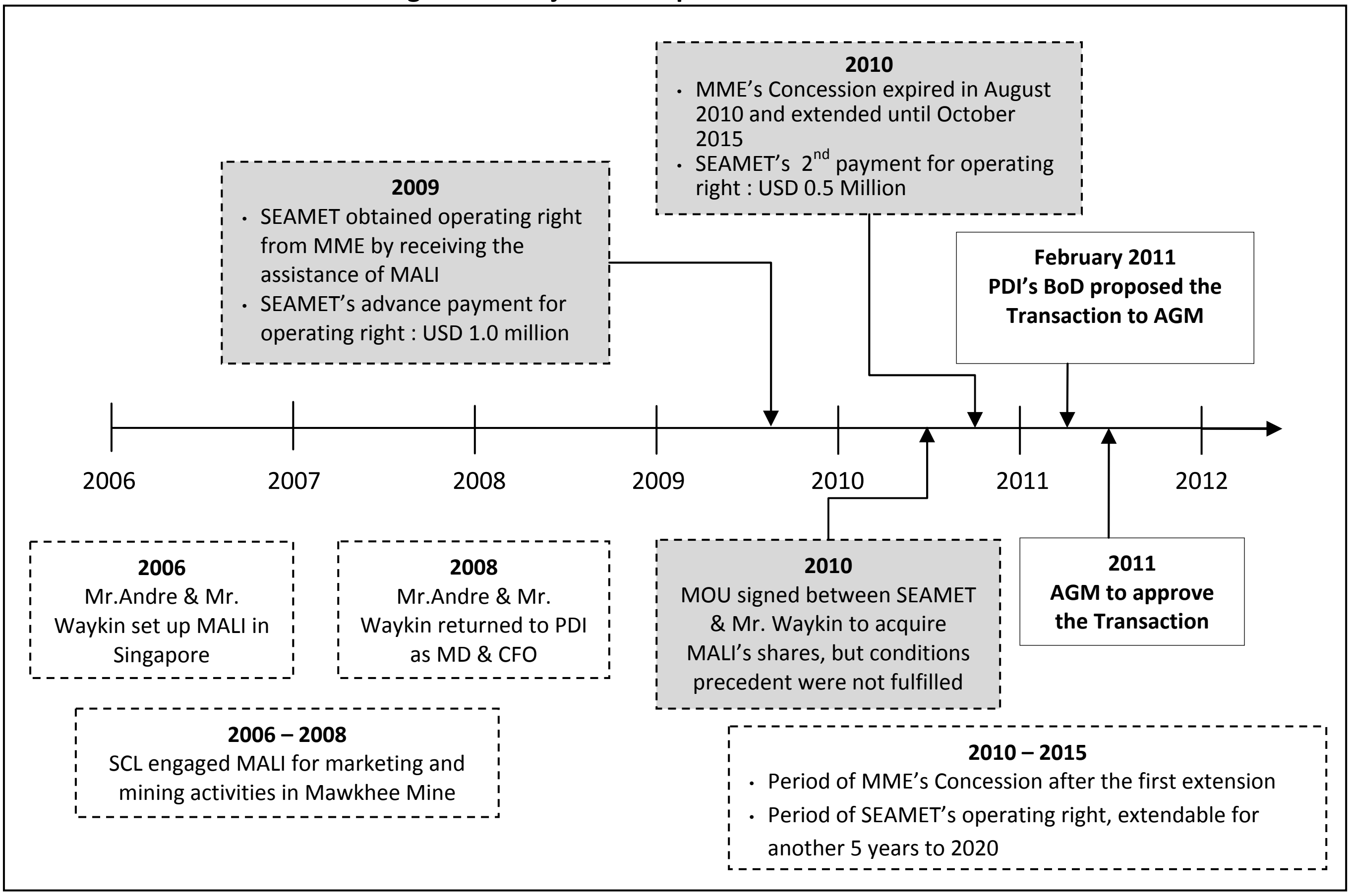
On July 19, 2010, MALI provided geological and other technical information based on its knowledge and experience accumulated during its time in Mawkhee Mine, which presented that there is the potential of zinc deposits in Mawkhee, which can be commercially developed. The information was to be used in the Concession renewal between MME and the Government of Myanmar. Later on, the Concession of MME was successfully extended on October 13, 2010 with the concession period up until August 10, 2015. This has resulted in the continued operating rights of SEAMET in Mawkhee Mine till the same period.

As aforementioned, the benefit to SEAMET from the assistances of MALI regarding Mawkhee Mine, in which has so far been rendered at MALI's own costs and expenses. Thereby, SEAMET agrees to compensate MALI for its past assistance and for continuing services to be rendered in order to ensure the smooth operation of SEAMET in Mawkhee Mine, through entering into the Service Agreement with MALI ("the Transaction"). According to the Board of Directors' meeting of the Company held on February 22, 2011, the Board of Directors had resolved to propose the Transaction to the Company's Annual General Shareholders' Meeting to be held on April 27, 2011 for consideration and approval.

<u>Origination and development of the Transaction</u>

As previously mentioned, PDI has long been interested in Mawkhee Project as it views that Mawkhee Mine could potentially provide additional zinc resources apart from its depleting resources in Mae-Sod. Development of the situation relating to the Transaction and the counterparties of the Transaction can be summarized in the following Diagram.

Diagram 2 : Major Development of the Transaction



2.2 Relevant parties and relationship

Employer	:	South East Asia Metals Company Limited, in which 99.99% of its shares are held by Padaeng Properties Company Limited, the wholly owned subsidiary of the Company.
Service provider	:	Mali Mining & Metallurgy Pte. Ltd.
Relationship	:	Mr. Waykin Utharntharm, the sole shareholder and authorized director of MALI, is the Chief Financial Officer of the Company.

2.2.1 Overview of South East Asia Metals Company Limited

South East Asia Metals Company Limited was incorporated on February 21, 1991 with the objective to operate trading business for various types of base metal and by products. SEAMET has a registered capital of THB 200 million comprising of 2 million ordinary shares at a par value of THB 100 per share. Currently, major assets of SEAMET are cash and the Operating Rights in the Concession of Mawkhee Mine.

The shareholders of SEAMET as of December 31, 2010 are presented in the following Table.

Table 3 : List of shareholder of SEAMET as of December 31, 2010

Name	Shareholding	
	Number of Shares	% of Total
Padaeng Properties Company Limited	1,999,994	99.99%
Other minority shareholders	6	0.01%
Total	**2,000,000**	**100.00%**

The Board of Directors of SEAMET as of December 31, 2010 is listed in the following Table.

Table 4 : Board of Directors of SEAMET as of December 31, 2010

Name	Position
1. Mr. Vinij Ongnegnun	Director
2. Mr. Chitchai Thaveepanich	Director
3. Mr. Chaya Hasdiseve	Director
4. Mr. Chaiyan Roojnawate	Director
5. Mr. Tianchai Singhakarn	Director
6. Mr. Unnop Tungkhnanukulchai	Director

Historical financial performances of SEAMET for the year ended 2008 – 2010 are presented in the following Table.

Table 5 : Summary of financial status and operating performance of SEAMET for the year ended December 31, 2008 – 2010

Balance Sheet (Unit: THB '000)	2008	2009	2010
Cash and cash equivalents	193,335	159,950	142,842
Other current assets	24	407	1,185
Total Current Assets	193,360	160,358	144,026

Balance Sheet (Unit: THB '000)	2008	2009	2010
Total non-current assets	5	48,191	40,120
Total Assets	193,365	208,548	184,147
Concession operating right payable	-	17,098	-
Other current liabilities	768	91	3,986
Total Liabilities	768	17,189	3,986
Paid-up Capital	200,000	200,000	200,000
Retain earning (deficits)	(7,403)	(8,640)	(19,839)
Total Equities	192,597	191,360	180,161
Total Liabilities and Equities	193,365	208,548	184,147

Source: the Company

Profit and Loss Statement (Unit: THB '000)	2008	2009	2010
Interest income	5,565	2,117	1,955
Cost of service and administrative expenses	45	3,355	13,154
Corporate income tax	1,659	-	-
Net Profit	**3,862**	**(1,237)**	**(11,198)**

Source: the Company

2.2.2 Overview of Mali Mining & Metallurgy Pte. Ltd.

Mali Mining & Metallurgy Pte. Ltd. is a mining venture incorporated in Singapore by Mr. Andre van der Heyden and Mr. Waykin Utharntharm on January 5, 2006 with a registered capital of SGD 100,000, comprising of 100,000 ordinary shares at a par value of SGD 1 per share. MALI was established with an objective to operate mining business in South East Asia in particular Thailand, Burma, Loa and Vietnam with its specialization in operating small to medium size mines for base metals. At present, MALI has a fully paid-up capital of SGD 2. In July 2010, Mr. Andre van der Heyden sold all of his shares held in MALI to Mr. Waykin Utharntharm.

The shareholder and the Board of Directors of MALI as of December 31, 2010 are presented in the following Table.

Table 6 : List of shareholder and the Board of Directors of MALI as of December 31, 2010

Name	Shareholding		Director
	Number of Shares	% of Total	
1. Mr. Waykin Utharntharm	2	100.00%	✓
2. Mr. Tey Yew Beng Peter	-	-	✓
Total	**2**	**100.00%**	**-**

Source: MALI

<u>Past performance of MALI in Mawkhee Mine during 2008 – 2010</u>

Based on the interview with MALI's management since its incorporation, MALI had entered into Mawkhee Mine as an operator under the engagement of SCL with the past performance and activities as listed below:

1) During 2006 – 2008, MALI was engaged in marketing and mining activities.

2) MALI invested in flotation plants and related equipment to support its mining operation in Mawkhee Mine. Approximate value of such assets was around THB 50 - 60 million.

3) MALI has conducted preliminary exploration and sent some ore samples for analysis.

4) As Mawkhee Mine is located in the area of political uncertainty, MALI had built positive relationship with the locals since 2006 in order to ensure security in its operation in Mawkhee Mine in which MALI has bear all related costs and expenses on its own.

5) MALI engaged more than 50 people of the locals as well as Thai to be its employees for the operation of Mawkhee Mine.

6) MALI has vast experience in mining operation within the area.

Since MALI is considered to be an exempt private company (the company with not more than 20 shareholders and shares are not held by another company), with an annual turnover of less than SGD 5 million, MALI has been exempted from audit requirements for both annual returns and tax returns during 2006 – 2010. Therefore, the IFA is unable to present the financial information of MALI in this report.

2.3 The proposed transaction value

With this regard, the service fee under the Service Agreement was mutually agreed upon between SEAMET and MALI with the amount of USD equivalent to THB 120 million, to be payable in installments within the period ending August 10, 2015. According to the MOU signed between SEAMET and Mr. Waykin Utharntharm on July 6, 2010 with the objective to purchase the total shares of MALI, the Board of Directors of the Company No. 4/2010 held on June 25, 2010 had approved the total purchase price of THB 106.00 million. Nonetheless, since the condition precedent regarding the financial due diligence could not be fulfilled, SEAMET did not enter into such transaction due to possible risks and contingent liabilities to the Company in the future.

Therefore, the Company alternatively considered the entering into the Service Agreement in order to compensate MALI for the cost and expenses in which MALI had already incurred in Mawkhee Mine.

The service fee of THB 120.00 million under the Transaction is primarily derived from the amount of THB 106.00 million that the Board of Directors of the Company had approved for the purchase of MALI's total shares. The additional THB 14.00 million is primarily based on the negotiation between SEAMET and MALI under the Transaction. Justification for the service fee of THB 120.00 million can be summarized and presented in the following Table.

Table 7 : Details of the justification for the service fee of THB 120.00 million

No.	Items	Value (THB million)
1	Investment of MALI in Mawkhee Mine	
	- Assets located in Mawkhee Mine	37.40
	- Operating expenditure	23.60
2	Information value on mineral resources	36.00
3	Goodwill	10.00
4	Compensation for taxes and interest expenses of MALI	14.00
	Total	**120.00**

Source: the Company

Details of the justification used in determining the amount of service fee of THB 120.00 million are as follows:

Portion 1 The amount of THB 106.00 million comprising of:

a) Assets located MALI in Mawkhee Mine at approximate value of THB 60 million
MALI had invested in ore dressing tools and equipment to be installed in Mawkhee Mine in order to built a flotation plant. The main assets comprise of dressing tools and equipment purchased from Tak Mining Company Limited as well as the modification and installation of those machines for proper functioning by Nam Phaeng Engineering Company Limited. With this regard, the Company had engaged PwC to gather all the documents relevant to MALI's investment in assets and other operating expenditures in Mawkhee Mine in which details are presented as follows:

- Assets located in Mawkhee Mine at the approximate value of THB 37.40 million

Table 8 : Investment of MALI in assets located in Mawkhee Mine

Items (THB million)	Information from supporting documents and recorded as assets	Information from supporting documents but not recorded as assets	Total
1. Tangible assets	28.9	2.6	31.5
2. Intangible assets	-	5.9	5.9
Total	**28.9**	**8.5**	**37.4**

Source: Summary report of capital and other operating expenditure of MALI in Mawkhee Mine by PwC

Remark PwC did not evaluate the fair value of assets and other expenditures of MALI in Mawkhee Mine. However, PwC collected relevant documents received from MALI to summarize the amount of investment of MALI in Mawkhee Mine

Based on our interview with the company's management, the figure as presented in the above Table is only used to determine the amount of service fee to be paid to MALI under the Transaction. The Board of Directors of the Company did not consider the purchase of such assets due to incomplete supporting documents.

- Operating expenditure of approximately THB 23.60 million
  The remaining portion is from the operating expenditure of approximately THB 23.60 million which had been incurred during 2006 – 2010 or at the time MALI was operating in Mawkhee Mine.

b) Information value based on zinc content at approximately THB 36.00 million
Due to the fact that the Company sees the potential of Mawkhee Mine as the additional source of zinc for the Company in the future, thus, the Company views that it is appropriate to compensate MALI who had been providing assistances until SEAMET successfully obtained the Operating Rights in Concession. This compensation will be in form of information value which is similar to the commission fee, at 3.00% of the zinc content expected to be obtained from Mawkhee Mine. Details of the calculation are presented as follows:

Value of information = Resources (tonnes) x % of zinc x LME zinc metal price (USD/tonne) x exchange rate (THB/USD) x % of information value

= 300,000 x 7.00% x 2,000 x 30 x 3.00%

	=	THB 37.80 million (approximately THB 36.00 million)
Resources	:	300,000 metric tonnes, based on the information appeared in Report of Geology, Initial Ore Reserve, and Exploration Potential which stated that the exploration conducted by SCL had found resources of 300,000 tonnes.
% of zinc	:	7%, based on the information appeared in Report of Geology, Initial Ore Reserve, and Exploration Potential which stated the % of zinc to be 5.00% – 10.00%.
LME zinc metal price	:	Approximately USD 2,000 per tonne, the average LME zinc metal price for 2010 was USD 2,161 per tonne.
Exchange rate	:	Approximately THB 30 per USD
Information value	:	3%

c) Goodwill of approximately THB 10 million
As aforementioned, MALI has vast experience in Mawkhee Mine for a long period of time as well as has been coordinating and having the agreements with the local communities around the area to ensure smooth and sound mining operation as Mawkhee Mine is located in the area where political dispute could occur. With this regard, MALI will continue to maintain its positive relationship with the local communities in the future.

Portion 2 The amount of 14.00 million based on the negotiation between SEAMET and MALI for entering into the Transaction. Details are shown as follow:

a) Compensation for MALI's partial corporate income tax – calculated from the portion of service fee of THB 106.00 million multiplied by corporate income tax rate in Singapore, totaling approximately THB 9.01 million.

b) Compensation for interest expenses of MALI – calculated from the portion of service fee that SEAMET will pay in installments based on zinc content which is THB 90.00 million, multiplied by the interest rate of 6.00% p.a.for 1 year period, totaling approximately THB 5.40 million.

The justifications presented above are only used as a basis of determining the appropriate amount of the service fee. Nonetheless, the key consideration of the Board of Directors for the payment of the service fee is to compensate MALI for its assistance provided in obtaining the operating rights in Mawkhee Mine.

2.4 Terms of payment

There are two portions of fees to be paid as follows:

(1) Advance installment	THB 30 million, as an advance payment to MALI, to be payable within 7 days from the Agreement signing date.
(2) Other installment	THB 90 million, SEAMET agrees to pay the remaining installments of this amount within 30 days from the receiving date, the date that zinc ore is received at PDI's smelting plant. Basis of total consideration is upon the zinc content to be exported from

Mawkhee Mine, installments will be paid based on the following formula.

Payment Consideration =	50%* x final zinc content at average LME settlement price for special high grade zinc over the month of receiving at PDI's smelter

Remark * This formula is the formula for the calculation of the approximate revenue from the sale of zinc ore. The rate used is an agreed rate based on the approximate percentage of operating expenses in smelting versus the market price of zinc metal.

Whereas

Final zinc content	:	Zinc content exported from Mawkhee Mine and finally determined in accordance with PDI's current practice.
LME settlement price	:	The price per tonne of zinc at the official London Metal Exchange ("LME") Settlement quotation for Special High Grade zinc as published in the Metal Bulletin in London.

2.5 Detail of MALI's services provided to SEAMET

SEAMET agreed to pay the service fee to MALI as the consideration for the following services provided and to be provided.

1. Past assistance of MALI to SEAMET in successfully obtain the Operating Rights in the Concession from MME. Such assistances include the following**:**

    a) MALI had assisted SEAMET in the negotiation with MME to obtain the Operating Rights in Concession in 2009 with the permitted period ended in 2015, which could be further extended to 2020.

    b) MALI provided information to SEAMET to conduct the "Report of Geological, Initial Ore Reserve and Exploration Potential on the Mining Concession 28/2000" which contains geological information as well as other information related to Mawkhee Mine that shows the potential of finding commercially viable amount of zinc. Such report is conducted based on experience and expertise of MALI as it had been engaged in Mawkhee Mine for a long period of time. Thereafter, MME was granted with the Concession's extension for another 5 year period from August 11, 2010 to August 10, 2015, in which positively affected the Operating Rights in Concession of SEAMET.

    c) MALI had established a positive relationship with the local communities within the area of Mawkhee Mine with an objective to ensure the smooth operation since Mawkhee Mine is located within the area of possible political dispute.

2. Future assistances to ensure the smooth operation of SEAMET in Mawkhee Mine.

2.6 Date of the Transaction

Resolution of the Board of Directors of PDI	:	On February 22, 2011, the Board of Directors of PDI has resolved to propose the Transaction to the shareholders' meeting, to be held on April 27, 2011 for consideration and approval.

Proposed transaction date	:	Signing of the Service Agreement is targeted to be on April 28, 2011 subsequent to the approval of the shareholders' meeting

2.7 Type and size of the Transaction

Since the sole shareholder of MALI is the Chief Financial Officer of the Company, the Transaction is considered to be the connected transaction as prescribed in the Notification of Connected Transactions. The calculation of the transaction size according to such Notification is illustrated below.

Calculation of transaction size regarding the connected transaction
According to the audited consolidated financial statements of PDI for the year ended December 31, 2010, net tangible assets of PDI and its subsidiaries ("NTA") in Thai Baht term can be calculated as follows:

NTA	=	Total assets – Total liabilities – Intangible assets – Minority interest
	=	6,964,478,316 – 2,058,770,294 – 41,922,381 – 215,486,834
	=	4,648,298,807

The total value of consideration regarding the Service Agreement with MALI is the maximum of THB 120 million. The maximum transaction size can be calculated as follows:

Connected	=	Total consideration paid / NTA of PDI and its subsidiaries
transaction size	=	120,000,000 / 4,648,298,807
	=	2.58%

From the calculation shown above, the transaction is service related transaction with the transaction size of 2.58% of NTA which is greater than 0.03% but lower than 3.00% of NTA. As a result, according to the regulation of the Stock Exchange of Thailand ("the SET"), the Company is obliged to seek the approval from the Board of Directors' meeting as well as to disclose details of the Transaction to the SET and the shareholders.

Even though the transaction size is less than 3.00% of NTA, the Board of Directors of the Company views that the Transaction should be on the most transparent basis and that details of the Transaction should be made available to the shareholders to review and question. Therefore, the Board of Directors has resolved to propose the Transaction to the shareholders' meeting for consideration and approval as if the Transaction requires the approval from the shareholders' meeting. As a result, the Company is obliged to seek approval from the shareholders in the Annual General Meeting No.1/2011 to be held on April 27, 2011 with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding the votes of the shareholders who have conflict of interest.

With this regard, the Company appointed of JayDee Partners Limited, a financial advisor approved by the Office of the Securities and Exchange Commission ("the SEC"), to be the independent financial advisor of the Company to render the opinion to the Company's shareholders as supporting information for their voting consideration in respect to the Transaction.

2.8 Summarized relevant agreements regarding the Transaction

2.8.1 Service Agreement to be entered by and between SEAMET and MALI

Date of contract	:	April 28, 2011 subsequent to the approval of the Company's shareholders meeting to be held on April 27, 2011.
Counterparty	:	1. South East Asia Metals Company Limited as the employer 2. Mali Mining & Metallurgy Pte. Ltd. as the service provider
Detail	:	▪ SEAMET is desirous of doing a mining business in Mawkhee Mine and MALI is desirous of providing assistance to SEAMET. In the past, MALI had assisted SEAMET until SEAMET successfully obtain the Operation Rights in Concession in Mawkhee Mine as well as assistance in mining and related activities which had been made at MALI's costs and expenses. ▪ SEAMET agrees to compensate MALI for the past assistance and for continuing services to be rendered by MALI to SEAMET.
Value of consideration and payment terms		▪ Maximum amount of USD equivalent of THB 120 million, by installment within the period ending August 10, 2015, being the last day of the current 5 year mining operation license held by SEAMET. ▪ The payment shall be based on the zinc content of each quantity exported from Mawkhee Mine and finally determined in accordance with PDI's current practice. ▪ The payment (except for the advance payment) shall be calculated as 50% of the final zinc content at the settlement price for Special High Grade Zinc, as published in the Metal Bulletin, London, and averaged over the month of receiving the material at PDI's smelter. ▪ The payment shall be made to MALI within 30 days from the receiving date. ▪ SEAMET agrees to pay MALI the advance payment of THB 30 million within 7 days from the signing date thereof. ▪ The remaining portion of service fee will be paid based on zinc content obtained as aforementioned.
Key terms and conditions	:	▪ MALI agrees that the payment including the advance payment shall only be made to MALI up to and including August 10, 2015 beyond which MALI's right to receive the service fees hereunder shall be forfeited. ▪ Each of SEAMET and MALI agrees to pay its own legal costs. ▪ MALI shall be responsible for stamp duty and withholding tax from any payment required with respect to this Agreement (if any). ▪ This agreement shall be governed by the laws of Thailand.

2.8.2 Concession Operation Agreement

Date of contract	:	September 4, 2009
Counterparty	:	1. South East Asia Metals Company Limited, represented by Mr. Vinij Ongnegnun, an authorized director of SEAMET. 2. Mayflower Mining Enterprises Company Limited, represented by Dr. U.S. Moses, a managing director and authorized director of MME.
Operating Rights in the Concession	:	MME hereby authorizes/grants SEAMET the operating rights, and SEAMET hereby accepts such authorization of operating rights from MME, and SEAMET shall be entitled to enjoy the rights and benefits

		therefrom in its own name in accordance with the terms and conditions of this Agreement.
Key precedent conditions of the contract		SEAMET shall neither be required to pay the consideration to MME and/or relevant person until all of the following conditions are met, unless otherwise waived by SEAMET: ▪ The Governmental Agency in the Union of Myanmar having authority shall have issued its notice to inquire MME's position on renewal of the Concession. ▪ The authorization by MME to SCL on October 2001 made between MME and SCL shall have been terminated, cancelled or deregistered.
Value of consideration		▪ <u>First payment</u>: a sum of USD 1.00 million payable within 15 days after the date of receipt of an invoice from MME. ▪ <u>Second payment</u>: upon the initial extension of the Concession by MME, a sum of USD 0.5 million payable within 15 days after the date of receipt of an invoice from MME.
Fee and payment	:	▪ <u>Royalty</u>: Based upon the production sharing method of 30% Ministry of Mines and 70% operating parties. The 30% portion shall form a basis of calculating the royalty to be payable to the Government of the Union of Myanmar at the rate per tonne to be mutually agreed from time to time by the parties. ▪ <u>Concession holder fee</u>: Based upon the production sharing method, the 70% portion shall form a basis of calculating the concession holder fee to be payable by SEAMET to MME at the rate of THB 1,000 per tonne.
Key terms and conditions	:	▪ MME shall commit to apply and procure extension of the Concession or the maintenance of the operating rights of SEAMET to the Concession for at least 2 consecutive five year term each or until the reserve in the area under the Concession is exhausted as determined by SEAMET. ▪ MME shall be responsible for paying the land rent of the Concession to the relevant Governmental Agency for the existing period. SEAMET shall be responsible for paying the land rent only for an initial period of the first 5 year extension of the Concession at the rate of not exceeding THB 1.50 million per annum. ▪ The payment of royalty and other applicable exports by SEAMET shall commence at the time each application for export license of minerals produced under the Concession is applied. ▪ All permitted minerals discovered, whether mined or unmined by SEAMET in the Concession area, shall belong to SEAMET.

2.8.3 License for Heavy Mineral Production issued by the Government of the Union of Myanmar to MME

Date of License	:	August 11, 2000
License No.	:	28/2000
Grantor	:	Ministry of Mines, the Government of the Union of Myanmar
Licensee	:	May Flower Mining Enterprise Limited, is permitted to carry out heavy production of mineral under the Mining Law of Myanmar.
Location of permitted area	:	Mawkhee (Wawlay) region, Myawadi Township, Kayin State, the Union of Myanmar.
Size of permitted area	:	50.40 square miles (approximately 81,581 rais)

Permission to get in and out thru	:	Myawady Township
Type of mineral granted	:	Zinc (raw mineral)
Permitted mining and phase of modification	:	Open-site mining system and excavation
Permitted period	:	10 years from August 11, 2000 to August 10, 2010
Bank deposits	:	Kyats 2 million
Dead rent of mining leasehold	:	Kyats 3,000 for one square kilometer annually, to be payable to Departments of Mines within one month from the date so fixed to pay.
Mineral tax	:	3%, if the dug minerals are sold in Myanmar Kyats, assessed mineral tax shall be paid by Myanmar Kyats, and if sold in foreign exchange, assessed mineral tax shall be paid by foreign exchange.
Key terms and conditions	:	▪ Shall not resell, transfer the mining lease granted to carry out legitimately to any other person without permission of the Ministry but, excepting representative assigned on behalf. ▪ Reports relating to mineral contained in license in accordance with rules and regulations and excavated amount, sales and balance described shall be forwarded monthly to Department of Mines.

2.8.4 Notification issued by Myanmar Investment Commission to MME

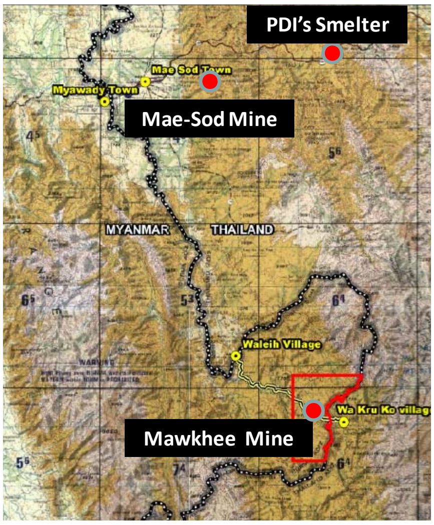
Date of Notification	:	October 13, 2010
Notification No.	:	No.43/2010
Issuer	:	Myanmar Investment Commission
Issue to	:	Mayflower Mining Enterprises Limited
Key content of the Notification	:	▪ As 10 year term of original deed has been expired, this Commission agreed on extension of further 5 year term from August 11, 2010 up to August 10, 2015. ▪ MME shall pay the fees for proposed extension of kyats 1.00 million to Mining Enterprise of Ministry of Mining, on the signing date of the deed. ▪ MME shall set the deposited bank guarantee money of kyats 2.00 million up forward throughout the extended period. ▪ MME and Mining Enterprise of Ministry of Mining shall abide by the terms and conditions of original Agreement and other additional conditions.

Section 3 : Overview of Mawkhee Mine

3.1 Overview of Mawkhee Mine

In 2000, The Government of the Union of Myanmar, through Ministry of Mines has granted the Concession No.28/2000 to MME, a Burmese company for the permitted period of 10 years beginning on August 11, 2000 till August 10, 2010, which had been extended till August 10, 2015 and can be further extended to 2020. The Concession covers an area of 50.40 square miles or approximately 81,581 Rais in Mawkhee (Wawlay) region, Myawadi Township, Kayin State in the Union of Myanmar.

Diagram 3 : Location of Mawkhee Mine and PDI's mine and smelter



Source: Report of Geological, Initial Ore Reserve and Exploration Potential on the Mining Concession 28/2000

Based on the information shown in Geology, Initial Ore Reserve, and Exploration Potential Mining Concession No. 28/2000 for zinc minerals received from MALI, the exploration conducted by SCL, the previous holder of operating rights in Mawkhee Mine had found resources of 300,000 tonnes at 5% – 10% zinc (before flotation); however, such figure may have to be confirmed by further exploration. In addition, during 1999 and 2007 which is the period that SCL owned the Operating Rights in the Concession, PDI had purchased zinc ore from Mawkhee Mine around 18,000 tonnes at approximately 20% zinc. This could ensure to a certain extent that there is commercially viable amount of zinc ore in Mawkhee Mine to recompense the depleting zinc deposits in Mae-Sod and to be zinc feedstock for the Company's smelter, which is located close to Mawkhee Mine– approximately 165 km. away, the transportation cost of the Company could be saved comparing to the investment in other overseas mines. In addition, the large permitted area of Mawkhee Mine could potentially serve as ore reserve for the Company in the long run.

Nonetheless, Mawkhee Mine is located in the area where there has been political uncertainty from time to time. As a result, such uncertainty could possibly disrupt mining operation of the Company. However, MALI has established positive relationship with the local communities for a long period of time. Additionally, in order to develop mining operation in such area, the management of the Company stated that additional exploration cost will be needed since the preliminary exploration was conducted within a limited area. Furthermore, the Company is expected to incur expenditure for additional machinery and equipment as well as to be its working capital.

Based on the interview with the Company's management, the projected output from Mawkhee Mine is expected to be approximately 8,000 tonne and 18,000 tonnes in 2011 and 2012, respectively at approximately 25% – 30% zinc (% of zinc before flotation is expected be around 5% – 10%).

Diagram 4 : Mawkhee Mine



Source: the Company

3.2 Related costs and expenses to operate Mawkhee Mine

As for cost and expenses incurred and to be incurred in Mawkhee Mine according to the Concession Operation Agreement and the Service Agreement, presented in the following Table is the summary.

Table 9 : Summary of Cost and Expenses of SEAMET for Mawkhee Mine

From	To	Details	Amount	Payment Date
Pre-operation Period				
SEAMET	MME	First payment for the operating rights in Mawkhee Mine	USD 1.0 million*	September 2009
SEAMET	MME	Second payment for the operating rights in Mawkhee Mine, payable after the Concession of MME was granted the extension by the Government of Myanmar	USD 0.5 million*	October 2010
Operational Period				
SEAMET	Government of Myanmar through MME	Royalty	30% portion of zinc at market price*	Not yet
SEAMET	MME	Concession holder fee	THB 1,000 per tonne for SEAMET's portion*	Not yet
SEAMET	Government of Myanmar through MME	Land rent for 5 year period after the Concession's extension	Not exceeding THB 1.5 million p.a.*	Already paid for year 2011
SEAMET	**MALI**	**Service fee**	**THB 120 million****	**Not yet**

Source: * Concession Operation Agreement
** Service Agreement from the Transaction

Moreover, the management expected that there will be an exploration cost of approximately THB 20 – 30 million for the initial exploration within 10 sq.km. area and approximately THB 10 million will be needed as capital expenditure for additional flotation plant and equipment. Additionally, SEAMET will incur to pay the operating expenses. The employees of MALI which are mainly the locals, will be transferred to PDI group to operate the mine.

However, <u>cost to be incurred from the Transaction is the maximum amount of THB 120 million</u>. Other costs and expenses illustrated in the above Table are mainly regular business costs and expenses of PDI in mining operation.

3.3 Geological report on analysis of minerals in Mawkhee Mine

The analysis of mineral reserves in Mawkhee Mine by geologist and expert in mining based on the two reports can be summarized as follows:

3.3.1 Geology, Initial Ore Reserve, and Exploration Potential Mining Concession No. 28/2000 for Zinc Minerals dated July 2010 prepared by SEAMET

This geological report was conducted by SEAMET with the objective to support the renewal of the Concession of MME granted by the Government of Myanmar for another 5 year period from 2010 – 2015. Details of the report are presented as follows:

Topography

Generally, the concession area is plateau area with an undulated topography and some steep hills. It is ranging from 440 meters to 1,100 meters above the mean sea level, from the northwest end to the northeast end of the concession, respectively. In the southern part, it is ranging from 560 meters to 791 meters above mean sea level, from the southwest end of the concession to the top of mountain named Wame Cho. The small hills have height ranging from 20 meters to 120 meters. The hills and some undulated topography are forestry area and the lowland is agriculture area, corn and rice fields. There are 4 main creeks which are in the northeast part and the southern part.

Climate

The hot season is from March to April with average temperature of around 31°C and the maximum at 39°C. The rainy season lasts from May to October. This area receives a lot of rainfall because of its proximity to high mountains and dense forests. The average rainfall is about 1,400 mm per annum. The cool season is from November to February with the average temperature of around 11.8°C and can be as low as 3°C during December.

Geological Setting

The Mawkhee deposit is hosted by Permo-Triassic carbonates that were deformed, uplifted, exposed and weathered. The Mawkhee deposit has generally been considered having been formed by weathering processes similar to those that formed Mae-Sod Mine.

Initial Ore Reserve

According to SCL's exploration, resources of 300,000 tonnes at 5 – 10% zinc have been found. Nonetheless, this information needs to be confirmed by more drilling to rebuild the ore model, and hence mine design for medium term. However, a short-term exploration program had been made to the west of the Mawkhee pit at shallow level. Initial 28 shallow RC holes at 8 – 33 meters had been completed. An initial shallow proven ore reserve of 46,400 tonnes at 7.39% zinc has been estimated.

Its thickness is from the surface to 12 meters depth. So, it is easy to excavate. The common open pit mining is the appropriate method.

Exploration Potential

Evaluation of the exploration potential of the whole Mawkhee district has been initiated. The Mawkhee deposit outcropped at surface. Much of the remainder of the plateau is covered with deep soil. Former miners have undertaken limited exploration in the immediate vicinity of the deposit so it is not clear if those geophysical surveys yielded any useful information. Additionally, it does not appear that any geochemical surveys have been completed. However, given the geological potential as well as weathering and uplift history, it is believed that the remainder of the Mawkhee district has good potential to host additional zinc oxide resources. The prospective area of the Mawkhee belt within in the whole concession totals about 60 sq. km. This work is supported by the results of deep soil sampling in the Thailand side in which rock units are continuous into Mawkhee territory.

3.3.2 Evaluation report on zinc deposits in Mawkhee Mine dated August 8, 2010 by Mr. Sudham Yaemniyom – the independent geologist

The analysis and evaluation report on mineral deposits within Mawkhee Mine area was conducted by Mr. Sudham Yaemniyom, an experienced geologist in exploration and evaluation of potential sources for base metals. Brief profile of Mr. Sudham Yaemniyom are presented as follows:

Educational background	:	Master Degree in Geology, ITC, Netherlands in 1973 Diploma in Mining Exploration, ITC, Netherlands in 1972 Bachelor Degree in Geology, Chulalongkorn University in 1968
Membership	:	Geological Society of Thailand
Experience	:	38 years in geology and exploration as well as evaluation of sources of base metal and other valuable metals. In addition, he is the former management the Company and advisor of the Managing Director of the Company. Also, he has an accumulated experience through attending various geological seminars and showcases.

At present, Mr. Sudham Yaemniyom is the senior advisor in geology – exploration field, of GMT Corporation Company Limited. With this regard, this report was prepared based on the analysis and evaluation of the information received from the Company.

Evaluation on deposits in Mawkhee Mine

<u>Area no. 1</u> : exploration by reverse circulation drilling (RC) by MALI

<u>Evaluation type 1</u> MALI has evaluated the amount of zinc deposit without indicating the grade of zinc or percentage of zinc at approximately 63,025 tonnes. Mr. Sudham has examined and compared such information and found that the zinc deposit could be approximately 67,838 tonnes and that the difference could be attributed to the unclear picture of drill site layout received.

<u>Evaluation type 2</u> MALI has evaluated the amount of zinc deposit with the indicating of zinc grade at approximately 46,429 tonnes at average 7.39% zinc or equivalent to zinc metal of approximately

3,430 tonnes. Mr. Sudham has examined and compared by using 5 East-West sections and 3 North-South sections pictures. Details of the evaluation are presented in the following Table.

Table 10 : Evaluation results based on 3 North-South sections

Section	Distance (meter)	Area (sq.m.)	Volume (cu.m.)	Weight (tonnes)	% zinc	Zinc metal (tonnes)
NS/842 714	25	408.78	10,219.50	17,884.12	4.99	892.42
NS/842 738	25	550.25	13,756.24	24,073.42	9.33	2,246.05
NS/842 763	25	123.31	3,082.87	5,395.02	2.99	161.31
Total			**27,058.61**	**47,352.56**	**5.77**	**3,299.78**

Table 11 : Evaluation results based on 5 East-West sections

Section	Distance (meter)	Area (sq.m.)	Volume (cu.m.)	Weight (tonnes)	% zinc	Zinc metal (tonnes)
S1/1791 648	25	79.71	1,992.75	3,487.31	2.80	97.64
S2/1791 624	25	289.12	7,228.00	12,649.00	5.72	723.40
S3/1791 598	25	537.76	13,444.00	23,527.00	7.00	1,646.89
S4/1791 573	25	160.07	4,001.75	7,003.06	7.00	490.21
S5/1791 548	25	72.67	1,816.75	3,179.31	5.38	171.05
Total			**28,483.25**	**49,845.68**	**5.58**	**3,129.19**

From the Table shown above, the amount of zinc metal evaluated by Mr. Sudham is comparable to those of MALI's information which is in the range of 3,129.19 – 3,430.00 tonnes. Nonetheless, the grade of zinc is somewhat different. The evaluation of Mr. Sudham shows the percentage of zinc at approximately 5.58% – 5.77% (before the flotation). Whereas the average grade of zinc evaluated by MALI is approximately 7.39% (before the flotation).

Area no. 2 : exploration by hand auger drill of 58 holes by MALI

From the exploration by using hand auger drill for 58 holes with depth not exceeding 20 meters, 213 samples had been collected and examined. Several auger drill hole shows the maximum amount of lead/zinc that could be analyzed from the chemical assay (greater than 10,000 ppm for both lead/zinc which is the upper detection limit). Nonetheless, this result could not be used to assure the grade of zinc in the concession area as the upper limit of detection is only 10,000 ppm. Therefore, the samples should be re-assay.

Other analysis

- Mining operation in this area occurred prior to year 2004.
- There should be a detail geological analysis as well as the structure of the mine and approximate area, in particular the continuation of zinc deposit at the contact point of sand stone and limestone, to further evaluate the potential of zinc resources within this area.
- At present, the potential as well as the amount of zinc deposits within Mawkhee Mine could be differ from that of the past 5 years.

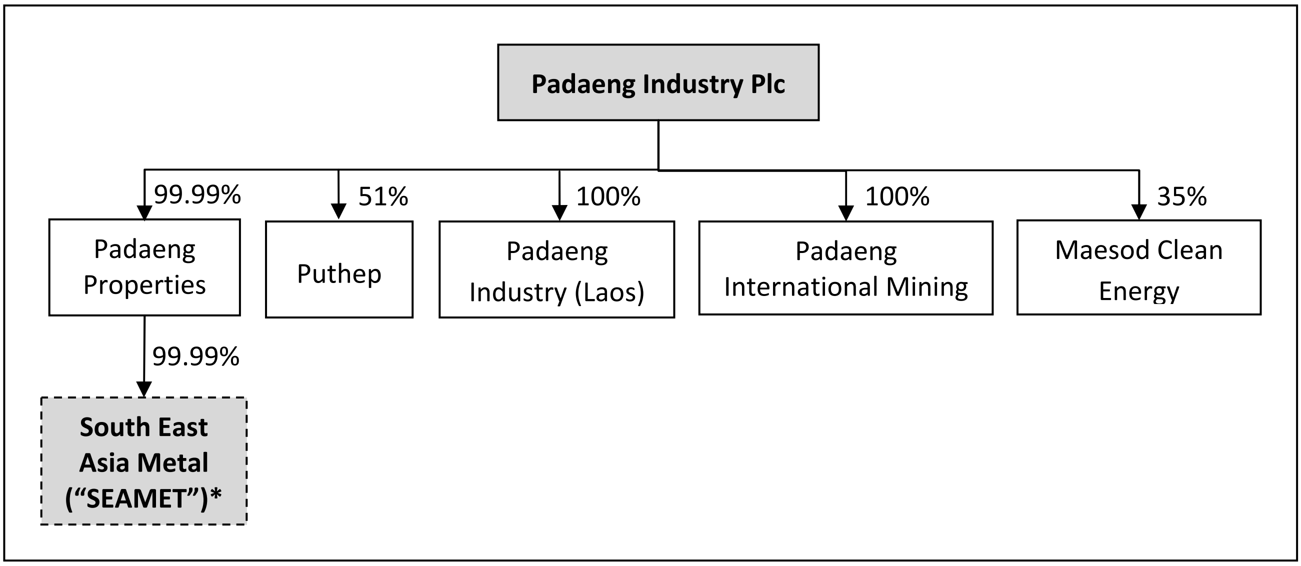
Section 4 : Overview of Padaeng Industry Public Company Limited

4.1 Background

Padaeng Industry Public Company Limited was established on April 10, 1981 with the initial registered capital of THB 20 million invested by the Thai public (Ministry of Finance), private investors and Belgian private company, Vieille Montagne SA. Padaeng Industry has since engaged in mining and refinery operations with the objective of producing zinc metal and zinc alloys to satisfy customer demand. On July 21, 1987, the Company was listed on the Stock Exchange of Thailand and was converted into a public company limited on February 4, 1994. In 1996, the company's registered capital was THB 2.26 billion, which was fully paid in 2000.

The company's zinc mine and smelter are located in Tak province; the roaster plant is located in Rayong province and the head office is located in Bangkok. At present, the Company has altogether 6 subsidiaries and jointly controlled entity as presented in the following Diagram.

Diagram 5 : The Company's group structure as of December 31, 2010



Remark * the counterparty of the Transaction
Source: the Company

Details of the Company's subsidiaries and jointly controlled entity as well as their principle business operations are presented in the following Table.

Table 12 : List of PDI's subsidiaries and jointly controlled entity and the business operations as of December 31, 2010

Name	Nature of Business	Paid-Up Capital (THB Million)	Number of Shares Held by the Company	
			No. of Ordinary Shares	% of Total Shares
1. Padaeng Properties Company Limited	Land development and real estate	80.00	3,199,994	99.99
2. Puthep Company Limited	Prospecting and mining for copper and other base metals	285.60	2,349,206	51.00

Name	Nature of Business	Paid-Up Capital (THB Million)	Number of Shares Held by the Company	
			No. of Ordinary Shares	% of Total Shares
3. Padaeng Industry (Laos) Company Limited	Prospecting and mining for base metals in Lao	USD 1.27 Million	-	100.00
4. Padaeng International Mining Company Limited*	Investing in exploration and mine development project in Vietnam	0.10	1,000	100.00
5. South East Asia Metal Company Limited**	Trading various base metals and their by products	200.00	1,999,994	99.99
6. Maesod Clean Energy Company Limited	Produce ethanol as an Alternative energy source	675.00	23,625,000	35.00

Remark * Inactive
** Held through Padaeng Properties Company Limited
Source: the Company

4.2 Business operation

Details of principle business operations of the Company are as follows:

4.2.1 Mining

The mining concession for Padaeng's zinc deposit was granted by the Thai government in 1972 to Thai Zinc Company. Zinc ore had been mined for several years before the government granted the Company in 1982 a 25 year concession to mine zinc ore on a 250 Rai (40-hectare) area in Mae-Sod district, Tak province. A large deposit of zinc silicate was found. Consequently, a zinc mine named "Padaeng-Mine" ("Mae-Sod Mine") based on an open ladder structure was commenced in 1984. From the review of ore reserve and mining plan, at the current production rate, the management expected that the remaining life of Mae-Sod Mine will be approximately 6.5 years, in which mining will last for around 4.5 years, while ore crushing and flotation will continue for another 1.5 years. Subsequent to the closure of Mae-Sod Mine, the Company will lose one-third of zinc feedstock for its smelter.

4.2.2 Exploration

Another principle operation of the Company is mineral exploration, with an objective to locate additional zinc resources to be used as feedstock for the Company's smelter. At present, the company is actively engaged in exploration for zinc ore in the vicinity of Padaeng-Mine and in other areas of Thailand as well as neighboring countries such as Lao People's Democratic Republic ("Lao") and the Union of Myanmar.

4.2.3 Zinc smelter

In 1984, the Company constructed a zinc refinery in Tak town, Tak province, which is 96 km. away from Mae-Sod Mine, for the production of zinc ingots. The initial production capacity of 60,000 metric tons per year increased to 72,000 metric tons per year in 1987. At present, the overall production capacity is approximately 110,000 metric tons per year.

With the reduction of raw material available at Mae-Sod Mine, the Company changed its smelting process in 1995, and began incorporating calcine as feedstock. With the new smelting process, the Company became one of the few smelters in the world capable of using both zinc silicate and zinc sulphide in the same production process. Furthermore, since Mae-Sod mine supplies only one-third of total zinc units needed for the Company's smelter, two-third of the feed requirement must be imported, mostly from Peru and Australia. The imports are a mix of sulphides, oxides and silicates as the smelter is equipped to handle those three kinds of feed.

4.2.4 Calcine Plant

Since 1995, the Company has imported zinc sulphide as a feedstock for the smelter. Because of its different composition, zinc sulphide must first be roasted to form the oxide "calcine" before the zinc could be extracted.

This facility is located on the grounds of Padaeng Industrial Estate at Map Ta Phut in Rayong on the Eastern Seaboard of Thailand. Zinc sulphide is converted into calcine during the roasting process, while the sulphur constituent is converted into saleable sulphuric acid. The calcine is then delivered to zinc smelting plant in Tak.

4.3 Products of the Company

At present, zinc products of the Company could be categorized into 2 types as follow:

- Main products are 1) Zinc metal – special high grade zinc (SHG zinc) ingot with minimum of 99.995% purity, having LME registered brand of "Padaeng Thailand" and 2) Zinc alloys – zinc ingot alloyed with other metals such as aluminium, magnesium and etc.

- By products are 1) Commercial grade sulphuric acid at 98.5% and 2) Copper Cathode

4.4 Revenue structure

Revenue structure of the Company for the year ended December 31, 2008 – 2010 are presented in the following Table.

Table 13 : Revenue structure of PDI for the year ended December 31, 2008 – 2010

(Unit : THB million)	2008		2009		2010	
	Revenue	%	Revenue	%	Revenue	%
Zinc Metal*	4,672.20	57.09	4,430.61	66.69	4,962.08	60.80
Zinc Alloys	2,512.26	30.70	1,887.83	28.41	2,828.61	34.66
Sulphuric acid	762.11	9.31	146.65	2.21	184.02	2.25
Others	237.51	2.90	178.96	2.69	186.91	2.29
Total	**8,184.08**	**100.00**	**6,644.05**	**100.00**	**8,161.62**	**100.00**

Remark * Includes gain (loss) on zinc future contracts trading
Source: the Company

4.5 Registered and paid-up capital

As of December 31, 2010, the Company had a registered and fully paid-up capital of THB 2,260 million comprising of 226 million ordinary shares at a par value of THB 10.00 per share.

4.6 Shareholders

The major shareholders of the Company as of December 30, 2010 are listed in the following Table.

Table 14 : List of major shareholders of PDI as of December 30, 2010

Name of shareholders	Shareholders	
	Number of Shares	% of Total
1. BALI VENTURES LIMITED	49,087,200	21.72
2. Ministry of Finance	31,200,000	13.81
3. Bangkok Bank PCL	7,301,070	3.23
4. Minority shareholders	138,411,730	61.24
Total	**226,000,000**	**100.00**

Source: the Company

4.7 Board of Directors

The Board of Directors of PDI as of March 22, 2011 is listed in the following Table.

Table 15 : Board of Directors of PDI as of March 22, 2011

Name	Position
1. Mr. Arsa Sarasin	Chairman of the Board
2 .Mr. André R. van der Heyden	Managing Director
3. Mr. Pinit Vongmasa	Director
4 .Mr. Vinij Ongnegnun	Director
5 .Mr. Ahmad Bin Fahad	Director
6 .Mr. Madhu Koneru	Director
7. Mr. Ravi Gidwani	Director
8 .Mr. Surapol Supradit	Director
9. Mr. Vinai Vamvanij	Chairman of the Audit Committee and Independent Director
10.Mr. Paron Isarasena	Independent Director and Member of the Audit Committee
11.Mr. Aswin Kongsiri	Independent Director and Member of the Audit Committee
12.Mr. Karel Vinck	Independent Director

Source: www.set.or.th

4.8 Historical financial information

Summarized financial statements of the Company for the year ended December 31, 2008 – 2010 based on the audited consolidated financial statements are presented in the following Table.

Table 16 : Summary of financial status and operating performance of the Company for the year ended December 31, 2008 – 2010

Consolidated Balance Sheet (Unit: THB '000)	2008	2009	2010
ASSETS			
Cash and cash equivalents	1,043,294	630,122	455,719
Trade accounts receivable-net	338,719	318,813	374,752
Inventories-net	1,548,438	2,707,479	3,212,809
Value added tax receivables	97,571	149,074	149,514

Consolidated Balance Sheet (Unit: THB '000)	2008	2009	2010
Other receivables-related parties-net	-	3,990	70
Other current assets	201,077	46,637	21,599
Total Current Assets	**3,229,098**	**3,856,115**	**4,214,462**
Investments in jointly controlled entity	212,658	167,309	105,271
Property, plant and equipment-net	2,040,919	1,725,020	1,482,553
Exploration and acquisition costs	916,865	1,094,047	1,114,262
Other non-current assets	77,673	70,371	51,036
Total Non-Current Assets	**3,248,114**	**3,056,747**	**2,753,122**
Total Assets	**6,477,212**	**6,912,861**	**6,967,584**
Liabilities and Equity			
Short-term loans from financial institutions	754,336	358,887	718,869
Trade accounts payable	169,678	832,091	338,388
Accrued electricity expenses	211,016	113,296	100,783
Royalty payable	44,141	2,412	1,890
Current portion of provision for retirement benefits	-	21,728	18,394
Other current liabilities	658,401	267,029	227,661
Total Current Liabilities	**1,837,573**	**1,595,444**	**1,405,986**
Long-term loan from other party	-	439,108	464,432
Accrued interest expenses-other party	-	28,406	48,314
Other non-current liabilities	201,935	164,648	153,091
Total non-current liabilities	**201,935**	**632,162**	**665,837**
Total Liabilities	**2,039,508**	**2,227,606**	**2,071,822**
Total Equity			
Paid-up Capital	2,260,000	2,260,000	2,260,000
Premium on share capital	602,414	602,414	602,414
Retained earnings			
Appropriated legal reserve	186,004	202,962	226,000
Un appropriated	1,307,719	1,404,317	1,591,861
Minority interest	81,568	215,563	215,487
Total Equity	**4,437,704**	**4,685,256**	**4,895,762**
Total Liabilities and Equity	**6,477,212**	**6,912,861**	**6,967,584**

Source: The Company

Consolidated Profit and Loss Statement (Unit: THB '000)	2008	2009	2010
Sales and services	8,142,299	6,619,406	8,141,955
Cost of sales and services	(7,384,576)	(5,933,625)	(7,127,655)
Gross profit	**757,723**	**685,781**	**1,014,300**
Other income	(50,898)	107,711	121,455
Total revenues	**706,825**	**793,493**	**1,135,755**
Selling expenses	(86,504)	(102,086)	(62,211)
Administrative expenses	(197,862)	(250,669)	(321,632)
Royalty expenses	(81,526)	(42,672)	(37,669)
Management costs	(55,694)	(55,542)	(58,525)
Total expenses	**(421,586)**	**(450,969)**	**(480,037)**
Operating profit	**285,239**	**342,524**	**655,718**
Share of loss of investment in jointly controlled entity	(20,711)	(45,348)	(62,038)

Consolidated Profit and Loss Statement (Unit: THB '000)	2008	2009	2010
Profit before finance costs and corporate income tax	**264,527**	**297,176**	**593,680**
Finance costs-net	2,940	(233)	1,525
Profit before corporate income tax	267,468	296,943	595,205
Corporate income tax	(2,579)	(904)	(176,784)
Net profit	**264,889**	**296,039**	**418,420**
Earnings per share	1.17	1.31	1.85

Source: The Company

Consolidated Statement of Cash Flow (Unit: THB '000)	2008	2009	2010
Cash flow from operating activities			
Profit before tax	267,468	296,943	595,205
Depreciation & amortization expenses	385,818	416,790	349,527
Items to reconcile	22,808	57,175	(21,678)
Income from operations before change in operating assets and liabilities	676,093	770,907	923,053
(Increase) decrease in operating assets	470,830	(998,801)	(519,802)
Increase (decrease) in operating liabilities	174,869	493,507	(637,402)
Net cash flow from operating activities	**1,321,792**	**265,613**	**(234,151)**
Cash flow from investing activities			
Cash received for short-term loan to a related party	-	2,449	-
Interest received	24,519	8,576	8,840
Cash paid for investment in JV	(100,625)	-	-
Cash paid for purchase of property, plant and equipment	(393,819)	(85,783)	(71,569)
Cash received from sales of property, plant and equipment	3,522	464	1,625
Cash paid for exploration	(445,950)	(114,863)	(61,976)
Cash paid for acquisition costs	(42,057)	(33,950)	(160)
Cash paid for non-current assets	(4,061)	-	-
Net cash flow from investing activities	**(958,470)**	**(223,107)**	**(123,239)**
Cash flow from financing activities			
Proceeds (payment) on short-term loans from Bank	749,702	(397,047)	364,830
Proceeds from long-term loan from other party	-	127,958	25,324
Dividends payment	(618,673)	(185,217)	(207,728)
Return of capital to minorities	-	(2,412)	-
Cash received from capital increase in subsidiary	34,338	-	-
Net cash flow from financing activities	**165,367**	**(456,718)**	**182,426**
Effects from changes in exchange rate for cash	(3)	1,040	562
Net decrease in cash and cash equivalents	**528,686**	**(413,172)**	**(174,402)**
Cash and cash equivalents at beginning of the year	514,608	1,043,294	630,122
Cash and cash equivalents at end of the year	**1,043,294**	**630,122**	**455,719**

Source: The Company

Key Financial Ratios	2008	2009	2010
Profitability Ratio			
Gross profit margin	9.31%	10.36%	12.46%
Operating profit margin	3.50%	5.17%	8.05%
Net profit margin	3.27%	4.40%	5.06%
Return on equity	5.84%	6.71%	9.15%
Liquidity Ratio			
Current Ratio	1.76	2.42	3.00
Quick Ratio	0.75	0.59	0.59
Average collection period	14	18	15
Inventory period	91	129	150
Payable period	7	30	30
Cash Cycle	98	117	135
Efficiency Ratio			
Return on asset	4.33%	4.42%	6.03%
Return on fixed asset	13.05%	15.72%	26.09%
Financial Policy Ratio			
Debt to Equity Ratio	0.46	0.48	0.42

Operating performance

Revenues

Major sources of revenues are from concentrates, other feedstock and ore from its own mine, by converting them into marketable zinc metal (special high grade (SHG) and alloys). Accordingly, revenues of the Company are unavoidably affected by the commodity (zinc) prices and treatment charges (TC). In addition, currency exchange is another uncontrollable factor that affected revenues since the commodity (zinc) prices are based on London Metal Exchange (LME) which normally quoted in US dollar term. For the year ended 2008 – 2010, the Company recognized revenues from sales and services of THB 8,142.30 million, THB 6,619.41 million and 8,141.96 million, respectively. Revenues shrink in 2009 resulted from 11.73% decrease in average zinc cash settlement price, which was USD 1,655 per tonne comparing to USD 1,875 per tonne in the earlier year. Even though Thai Baht notably appreciated against the US dollar during 2010, its effect was offset by surging zinc price in the world market as the average zinc cash settlement price in LME was recorded at USD 2,161 per tonne. Consequently, revenues in 2010 from sales of the Company turned around at approximately the same level as it was in 2008.

Other income consists of dividend income, gain on exchange rate, and reversal of allowance for diminution of inventories. Negative other income recorded in 2008 resulted from loss from exchange rate and allowance for diminution of inventories.

Costs and expenses

Cost of sales and services for the year ended 2008 – 2010 were THB 7,348.58 million, THB 5,933.63 million and THB 7,127.66 million, respectively. These represented 90.69%, 89.64% and 87.54% of revenues from sales and services each year. Most of cost of sales and services are raw material, cost of energy and depreciation. Gradually drop in ratio of costs of sales and services to revenues from sales and services during the past three years were due to the increase of margin linked to the zinc price surge. The Company’s total expenses for the year ended 2008 – 2010 were THB 421.59 million, THB 450.97 million and THB 480.04 million, respectively. These represented 5.18%, 6.81% and 5.90% of revenues from sales and services each year. Major components of expenses are employees and management benefits etc.

Profit
In 2008 – 2010, the Company recorded gross profit of THB 757.72 million, THB 685.78 million and THB 1,014.30 million, respectively. These represent gross margin of 9.31%, 10.36% and 12.46% each year. The Company's operating profit was also improved, recorded at THB 285.24 million, THB 342.52 million and THB 655.72 million or represented operating margin of 3.50%, 5.17% and 8.05% each year. As for net profit, the Company earned net profit of THB 264.89 million, THB 296.04 million and THB 418.42 million or represented net profit margin of 3.27%, 4.40% and 5.06%, respectively. The continuous improvement of the Company's operating performance during the past 3 years was primarily due to the increase in average zinc price in the world and efficiency in cost and expense management.

Financial Status

Assets
Total assets of the Company as of December 31, 2008 – 2010 recorded at THB 6,477.21 million, THB 6,912.86 million and THB 6,967.58 million respectively. These consisted of current assets of THB 3,229.10 million, THB 3,856.12 million and 4,214.46 million, represented 49.85%, 55.78% and 60.49% of total assets each year. Key item of current assets was inventories, which accounted to THB 1,548.44 million, THB 2,707.48 million and THB 3,212.81 million at the end of 2008 – 2010, respectively. The increase in inventories at the end of 2009 was due to high volume of raw material purchased during the year, while the increase in inventories at the end of 2010 resulted from a higher zinc price in the world market. As for non-current assets, it was recorded at THB 3,248.11 million, THB 3,056.75 million and THB 2,753.12 million, represented 50.15%, 44.22% and 39.51% of total assets each year. Key components of non-current assets were PPE and exploration and acquisition costs. PPE continuously decreased from THB 2,040.92 million at the end of 2008 to THB 1,725.02 million and THB 1,482.55 million at the end of 2009 and 2010, respectively, as a result of normal depreciation and impairment as well as decreased investments in fixed assets during the cash financial crisis. Meanwhile, exploration and acquisition costs gradually arose from THB 916.87 million at the end of 2008 to THB 1,094.05 million and THB 1,114.26 million at the end of 2009 and 2010, respectively. Most of which were capitalised exploration and research expenses of Phutep Co., Ltd., the Company's subsidiary, which approximately THB 717.50 million, THB 836.00 million and THB 885.40 million each year. In accordance with the Company's accounting policy for exploration, such costs will remain capitalised until final determination of whether economically recoverable resource exists.

Liabilities
The Company's total liabilities as of December 31, 2008 – 2010 recorded at THB 2,039.51 million, THB 2,227.61 million and THB 2,071.82 million, respectively. These comprised current liabilities of THB 1,837.57 million, THB 1,595.44 million and THB 1,405.99 million, represented 90.10%, 71.62% and 67.86% of total liabilities each year. Short-term loan from financial institutions and advance received from other parties, totalling THB 1,205.50 million, constituted most of current liabilities in 2008, whereas, most of current liabilities in 2009 – 2010 were from short-term loan and trade account payable, which accounted to THB 1,190.98 million and THB 1,057.26 million each year. Besides, the Company recorded long-term loan from other party of THB 439.11 million and THB 464.43 million in 2009 and 2010, respectively. This resulted from the Loan Agreement entered into by Puthep Co., Ltd. and PNA (Puthep) Pty Ltd. in which PNA (Puthep) Pty Ltd. agreed to advance funds necessary to complete a feasibility study for the Puthep copper project.

The Company's debt to equity ratios was quite resembled during the past 3 years. It showed that debt to equity ratios at the end of 2008 – 2010 were 0.46 times, 0.48 times and 0.42 times, respectively. This could also imply efficiency in capital structure management of the Company.

Shareholders' Equity

The Company's shareholders' equity at the end of 2008 was THB 4,437.70 million and continuously increased to THB 4,685.26 million and THB 4,895.76 million at the end of 2009 and 2010, respectively. This resulted from net profit of THB 296.04 million and THB 418.42 million recognized in the last two consecutive years. In 2010, the Company appropriated its net profit for legal reserve such that the reserve met 10% threshold as required by the Public Company Act B.E.2535.

Cash flow and capital expenditure

Cash and cash equivalent at the end of 2008 – 2010 were THB 1,043.29 million, THB 630.12 million and THB 455.72 million, respectively. Net cash in 2008 – 2009 were mainly provided by operating activities which generated net cash inflow of THB 1,321.79 million and THB 265.61 million, respectively. In 2010, however, the Company incurred net cash outflow from operating activities as well as cash outflow from investing activities, so that source of cash were basically from financing activities, particularly proceeds received from short-term loan.

The Company's capital expenditure was normally for the investment in PPE and cash used in the exploration. In 2008, the Company incurred significant capital expenditure of totalling THB 958.47 million, most of which was the purchase of PPE at the amount of THB 393.82 million, mainly for the construction of the new oxide processing facility at Rayong plant, and cash used in exploration at the amount of THB 445.95 million. Most of exploration expense was the expense of Phuthep Co., Ltd. and Padaeng Industry (Laos) Co., Ltd. In 2009 – 2010, capital expenditure in PPE decreased to THB 85.78 million and THB 71.57 million, respectively. Capital expenditure in exploration decreased as well, to the amount of THB 114.86 million and THB 61.98 million each year which was due to the end of the drilling campaign of the Puthep project.

4.9 Industry Overview

From the research conducted by International Lead and Zinc Study Group ("ILZSG"), one of the longest established International Commodity Organizations formed by the United Nations in 1959 with an objective to provide continuous information on the supply and demand position of lead and zinc as well as its probable development in the future, it is shown that global mine production as well as usage of zinc metal had continuously increased during 2007 – 2008. Nonetheless, during 2009, there was a notable decline of zinc usage by approximately 6.87% which could be attributed to global economic slowdown, causing a declining demand around the world except for China, in which zinc usage had increased by approximately 18.00%.

Table 17 : World refined zinc supply and demand from 2007 – 2010

Items (Unit : '000 tonnes)	2007	2008	2009	2010
Mine production	11,125	11,833	11,315	12,309
Metal production	11,345	11,769	11,263	12,764
Metal usage	11,276	11,560	10,817	12,500

Source: ILZSG

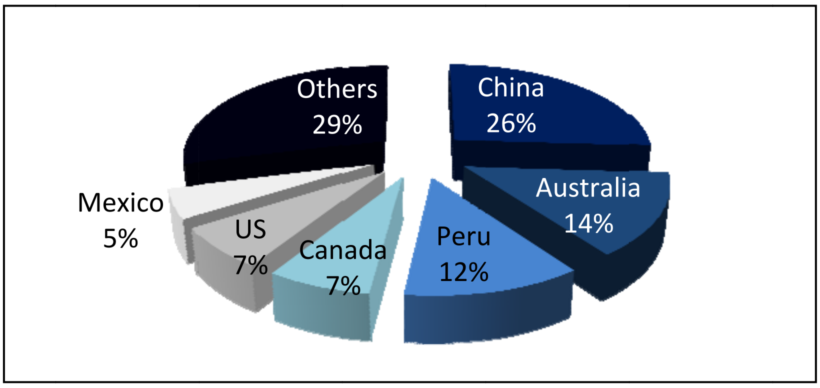
The latest bulletin in 2010 of ILZSG showed preliminary data for world zinc supply and demand as follows:

- A rise in world zinc mine production of 8.8% from 2009 was primarily influenced by higher output in Australia, China, India, Mexico and the Russian Federation.
- Global refined zinc metal production rose by a significant 13.3% in 2010 as much of the capacity suspended in 2009 was brought back on stream. In addition to a further rise in Chinese output of 18.5%, notable increases were recorded in Belgium, Brazil, India, Peru, the Russian Federation, the United States and Uzbekistan.

- After a sharp decline in 2009 caused by the world's economic crisis, world usage of refined zinc metal rebounded by 15.6% in 2010, surpassing 12 million tonnes for the first time. This rise was driven mainly by further growth in Chinese apparent demand of 13.3% and a recovery in European usage of 29.3%. Other contributing factors included increasing demand in Brazil, India and recovery in Japan, the Republic of Korea, Taiwan (China) and Thailand.

According to the forecast of ILZSG, published during the annual meeting in Lisbon, Portugal held on October 7 – 8, 2010, global zinc mine production is forecasted to grow at 6.60% in 2011 due primarily to the reopening of mines in USA and Portugal, as well as further rises of production in China, India and Mexico. The market is expected to remain in surplus of 0.16 million tonne in 2011. Details of global shares of world zinc production in 2009 are presented in the following Diagram.

Diagram 6 : Global shares of world zinc production

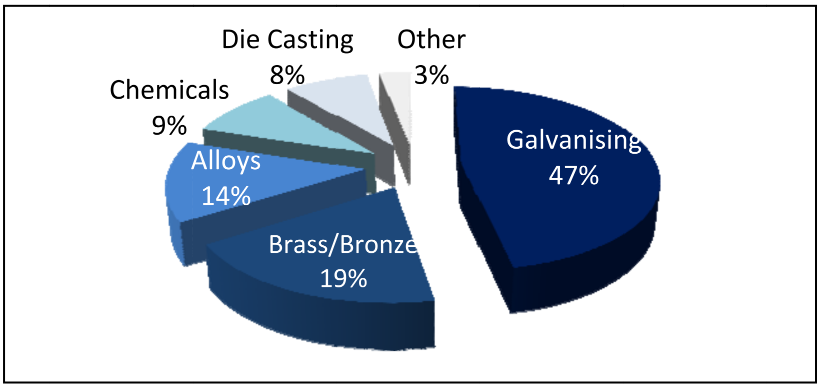


Source: ILZSG

As for metal usage in 2011, it is expected to increase by 6.30% due to an increasing demand in Brazil, Mexico, China as well as India. For domestic market of Thailand, the market size is expected to remain at approximately 120,000 tonnes; the demand is primarily from the use of zinc for galvanizing in electrical appliances and automobile industries. Since the Company is the only domestic supplier, its supply of zinc covers almost the whole market.

Based on the interview with the management, some manufacturing base of low end motor vehicles that requires zinc in their production were moved out of Thailand where labour cost is no longer competitive, to neighbouring counties such as Indonesia, China and Vietnam. This could partially lessen domestic demand of zinc. Details of current industrial consumption of zinc are presented in the following Diagram.

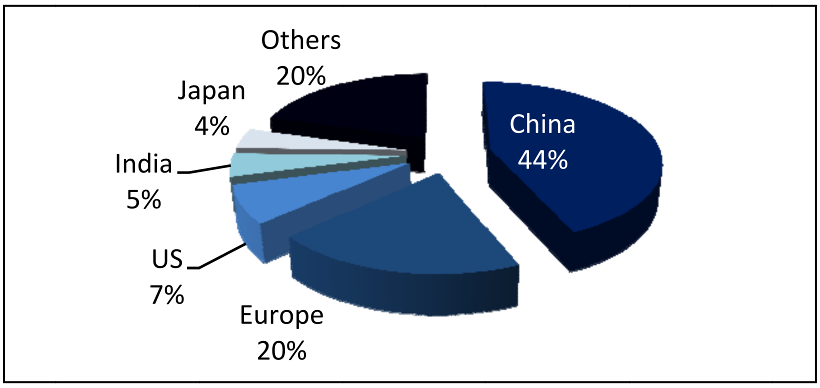
Diagram 7 : Industrial zinc consumption



Source: www.lme.com

The management of the Company views that market for zinc ore will be in a shortage within the near future leading to necessary new mining projects and margin tightening for the smelters. Details of global shares of zinc usage in 2011 forecasted by ILZG are presented in the following Diagram.

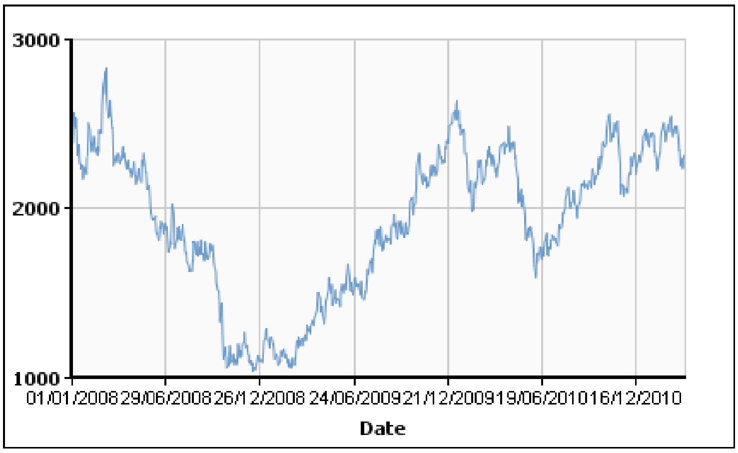
Diagram 8 : Global shares of zinc usage during 2011 forecasted by ILZG



Source: ILZSG

World price of zinc based on Cash Settlement Price published in London Metal Exchange from January 1, 2008 to March 20, 2011 can be shown in the following Diagram.

Diagram 9 : LME Cash Settlement Price for zinc from 2008 until present



Source: www.lme.com

As shown in the above Diagram, price of zinc during the presented period was highly volatile with its bottom at the time of the world's economic crisis in 2008. Average Cash Settlement and Forward Three Month Prices on the LME were USD 2,161 and USD 2,187, respectively during 2010, 30.40% and 29.70% higher than during 2009. The highest Cash Settlement Price of USD 2,635 was recorded on January 7, 2010 and the lowest of USD 1,595 on June 7, 2010. Future prospect of zinc price is difficult to estimate as it is commodity product and that the price is solely determined by future demand and supply and the world economy.

Section 5 : Reasonableness of the Transaction

5.1 Objective of the Transaction

According to the Service Agreement to be entered into by and between SEAMET and MALI, SEAMET intends to operate a mining business in the Union of Myanmar and MALI, who has many years of mining operation experience as well as owns the flotation equipment and plant situated at Mawkhee Mine, had provided assistances to SEAMET until SEAMET successfully acquired the right to conduct mining operations in the Union of Myanmar in September 2009, according to the Concession Operation Agreement signed with MME. Therefore, SEAMET agrees to compensate MALI for its assistances and for continuing services to be rendered by MALI to SEAMET in the future.

5.2 Advantages and disadvantages of the Transaction

5.2.1 Advantages of entering into the Transaction

a) Facilitate mining operation of SEAMET
Mawkhee Mine is located in the area of possible dispute among the local communities. Well-established relationship with such local communities is necessary to prevent disruption in mining operation and to ensure security in Mawkhee Mine. Although the Company is an expert in mining industry who possesses operating rights as well as considerable experiences in mining, such factors may be inadequate to successfully operate mining within that area. However, with assistances from MALI, who had been engaged by SCL for marketing and mining activities in Mawkhee Mine since 2006 and had so far be able to maintain the relationship with the local communities, MALI could facilitate SEAMET in terms of dealing with the locals to ensure the soundness of SEAMET's mining operation.

b) Create an incentive for MALI to continuously provide assistances to SEAMET
According to the Service Agreement, terms of payment of the partial service fee is based upon the amount of zinc content obtained from Mawkhee Mine, which SEAMET shall be obliged to make payments to MALI only after zinc contents are found and successfully exported to the Company's smelter. Such payment terms could create an incentive for MALI to continuously provide assistances to SEAMET during the period of SEAMET's operating rights in the Concession, so as to ensure that SEAMET will have a smooth operation from the beginning of exploration process up until transportation of the exported ore, so that MALI could receive the payment of service fee accordingly.

c) Strategic move to strengthen business operation of PDI
Based on the interview with the management, entering into the Service Agreement with MALI will provide the Company an opportunity to soundly enter into the concession area of 81,581 Rais which is considerably large, for further exploration and mining.
   - Mawkhee Mine may provide PDI with additional zinc resource to recompense its existing zinc ore deposits at Mae Sod Mine, the only source of zinc deposit for the Company at present. Based on our interview with the management, zinc ore in Mae-Sod Mine will be entirely depleted within the next 4 – 5 years and the mine will have to be completely closed in 6 years. Additionally, it might take PDI several years to obtain zinc from Li or Lao Mines, which are currently in the exploration phase. Therefore, Mawkhee Mine could complete such gap.
   - Since Mawkhee Mine is sited nearby the Thai border, it is considered to be the closest mine to the Company's smelter outside the borders. As a result, it could help save the

transportation cost of the Company compared to mining operation in other neighbouring countries for example in Lao.

In conclusion, the Transaction could facilitate the strategic move of the Company to strengthen its business operation.

5.2.2 Disadvantages of entering into the Transaction

a) Potential conflict of interest between the Company's CFO and PDI
Since counterparty of the Transaction is MALI, which is the wholly owned company of Mr. Waykin Utharntharm PDI's CFO. Thus, it could raise the issue of conflict interest as the assistances rendered by MALI to SEAMET could be considered as regular duty of the management to exercise his best effort for the interest of the Company and its subsidiaries. However, assistances that MALI rendered to SEAMET had begun at the time Mr. Waykin was not the management of the Company and that the assistances made such as dealing with the locals and coordinating with MME that contributed to the success of SEAMET in entering into the Concession Operation Agreement, were primarily rendered in the name of MALI with MALI's own expenses.

5.3 Advantages and disadvantages of not entering into the Transaction

5.3.1 Advantages of not entering into the Transaction

a) SEAMET does not have to pay the service fee
In the case that the shareholders do not approve of the Transaction, there will not be any Service Agreement with MALI. As a result, SEAMET does not have to pay the service fee of THB 30.00 million as an advance payment to MALI while there is still an uncertainty of the amount of zinc in Mawkhee Mine.

5.3.2 Disadvantages of not entering into the Transaction

a) The Company will not have person to coordinate with the government authority or other entities resided in the Union of Myanmar
The Company has so far received assistances from MALI in coordinating and negotiating with MME, which is the private entity incorporated in the Union of Myanmar as well as with the local communities within the area to ensure security. Without MALI, the Company may have to engage other person with mining experience as well as able to contact with the locals in the Union of Myanmar. Nonetheless, person with such qualifications may be difficult to find. On the other hand, the Company could undertake such duty on its own; however, it may take certain amount of time before any relationship could be established.

b) Loss of continuation in operation
In the past, MALI had engaged both Thai and the locals to be its employees for mining operation in Mawkhee Mine and that these employees will be transferred to PDI Group. In the case that the Company is unable to hire anyone to work within such risky area, the Company may have to delay its mining operation in Mawkhee Mine, resulting in the loss of continuation in its operation.

5.4 Risk associated with the Transaction

a) Counterparty risk
According to the Service Agreement, SEAMET agrees to pay the advance payment to MALI at THB 30 million, payable within 7 days from the signing date of the Service Agreement. Upon MALI's receipt of such advance payment, MALI might not continue to provide future assistance to SEAMET. This might cause the disruption or the uncertainty to mining operation of SEAMET.

b) Exposure in case of no commercially viable minerals are found
After the exploration of SEAMET in Mawkhee Mine, if there is no commercially viable quantity of zinc as anticipated by the management, exposure of the Company from the Service Agreement with MALI will be at approximately of THB 30 million, which is the amount of advance payment.

c) MME does not comply with conditions stipulated in its own Concession
According to the conditions stated in the concession license between MME and the Government of Myanmar, it stated that MME shall be responsible for mineral tax of 3% and the dead rent of mining leasehold of Kyats 3,000 per sq.km. per year. In addition, there are other general conditions stated in the Concession in which governs the conduct of MME. In the case that MME is unable to comply with such conditions, the Government of Myanmar may terminate the Concession with MME, in which will adversely affect the Operating Rights in the Concession of SEAMET.

d) The Government of Myanmar does not extend the period of the Concession
Due to the political instability in the Union of Myanmar as well as possible dispute among the local communities at the country border, in which is proximate to the area of Mawkhee Mine. Such uncertainty could result in the insecurity of mining operation as well as the decision of the Burmese Government not to further grant the extension to MME's concession.

e) Natural disaster and climate change
The mining operation in Mawkhee Mine could be disrupted by the climate change as well as possible natural disaster. During rainy season, the amount of rainfall within the area of Mawkhee Mine is high as it is located nearby mountains and forest. As a result, mining operation may have to be delayed or stopped during such season.

Section 6 : Fairness of the transaction price and condition

6.1 Fairness of the transaction price

According to the Service Agreement, the maximum amount of service fee to be paid by SEAMET to MALI is USD equivalent of THB 120.00 million. Based on the justification of the Company in determining such amount of service fee previously mentioned, the IFA has summarized as well as providing observations on those justifications which are presented in the following Table.

Table 18 : Summarized value of consideration and observations of the IFA

No.	Items	Value (THB million)	Observations of the IFA
1	Assets located in Mawkhee Mine and operating expenditures incurred by MALI	60.00	▪ According to PwC report, it stated that – Value of assets is approximately THB 37.4 million based on the amount of cost and expenses incurred by MALI. – PwC did not examine the existence of assets and did not evaluate their fair values as the Company did not intend to buy those assets. – PwC did not examine the correctness of the information received from MALI. ▪ Operating expenditure of approximately THB 23.6 million is the information received from the management of MALI without complete supporting documents. ▪ The actual amount of investment and operating expenditure incurred by MALI in Mawkhee Mine could possibly be lower than THB 60.00 million.
2	Information value	36.00	▪ The expected amount of zinc to be obtained from Mawkhee Mine used in the calculation of information value is based on the information of SCL and MALI, which has not yet been verified. ▪ Nonetheless, reference to the evaluation report prepared by the independent geologist, it is estimated that within the explored area of around 1,000 sq.m., there is approximately 3,129.19 – 3,299.78 tonnes of zinc metal. Therefore, in the case that the explored area is larger, it is possible to find higher amount of zinc ore.
3	Goodwill	10.00	▪ Negotiation between counterparties.
4	Compensation for tax and interest expense to MALI	14.00	▪ Negotiation between counterparties.
	Total	**120.00**	-

Owing to the fact the some expenditures incurred by MALI does not have the supporting documents to verify its correctness. Therefore, the IFA views that the actual amount of capital and operating expenditures should be in the range of THB 95.00 – THB 120.00 million, whereas the lower bond does not incorporate the operating expenditure of THB 23.6 million.

In order to evaluate the fairness of the transaction price, the IFA has considered and used 2 valuation approaches which are presented as follows:

1) Discounted Cash Flow Approach for Mawkhee Project
2) Comparable of Historical Acquisition and Exploration Cost of Other Mines

6.1.1 Discounted Cash Flow Approach for Mawkhee Project

Discounted Cash Flow Approach is the valuation approach that takes into consideration the cash flows generating capability of Mawkhee Mine Project in the future. Such cash flows will then be discounted with the appropriate discount rate to derive the present value expected to be received by SEAMET as well as to consider the payback period for the full amount of service fee.

The IFA has performed the financial projection for Mawkhee Project over a 5-year period (from 2011 – 2015) which is in accordance with the current period of MME's concession granted by the Government of Union of Myanmar. In this case, the IFA does not take into consideration another extendable period of 5 years till 2020. The underlying assumption of the projection is that there will be no significant changes that would adversely affect SEAMET's operation in Mawkhee Mine as well as the overall production and sale of zinc ore industries. The IFA has performed this projection based on key assumptions provided by the management of the Company as well as relevant documents to the Transaction. Details of assumptions are presented as follows:

Assumptions regarding the expected output from Mawkhee Mine

Table 19 : Assumptions regarding the expected output and % of zinc

Items	Unit	2011	2012	2013	2014	2015
Projected amount of zinc ore	Tonne	8,000	18,000	20,000	20,000	13,333
% of zinc	%	25.00	25.00	25.00	25.00	25.00
Amount of zinc metal	**Tonne**	**2,000**	**4,500**	**5,000**	**5,000**	**3,333**

- **Projected amount of zinc ore –** is based on the forecast of the management. Since the preliminary exploration in Mawkhee Mine is conducted within a limited area, thus, the IFA is unable to base the projected amount of zinc ore from other sources of information.

- **% of zinc –** based on the percentage of zinc after flotation in Mae-Sod Mine of the Company.

Assumptions regarding capital and operating expenditures

Table 20 : Assumptions regarding capital and operating expenditures

Items	Unit	2011	2012	2013	2014	2015
Projected LME price for zinc metal	USD/tonne	2,161	2,161	2,161	2,161	2,161
Exchange rate	THB/USD	30	30	30	30	30
Projected LME price for zinc metal	THB/tonne	64,830	64,830	64,830	64,830	64,830
Projected price for zinc ore	% of LME price for zinc metal	50.00	50.00	50.00	50.00	50.00
Royalty fee	% of total output at agreed price	30.00	30.00	30.00	30.00	30.00
Concession holder fee	THB/tonne for SEAMET's portion	1,000	1,000	1,000	1,000	1,000
Land rent	THB	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Operating expenditure	% of total turnover	22%	22%	22%	22%	22%
Initial exploration cost	THB	10,000,000	10,000,000	-	-	-
Capital expenditure for tools and equipment	THB	5,000,000	5,000,000	-	-	-

- **Projected LME price for zinc metal –** average LME price for zinc metal in 2010.
- **Projected price for zinc ore –** based on the percentage of operating expenditure incurred in smelting process versus the market price for zinc metal which is in the range of 50% – 55%. Such price is similar to the purchase price of zinc ore from outside sources.
- **Royalty fee, concession holder fee and land rent –** according to the Operation Concession Agreement between SEAMET and MME.
- **Capital and operating expenditures –** based on the forecast of the management.

The IFA applied weighted average cost of capital ("WACC") as a discount rate to calculate the present value of free cash flows to the Company. WACC can be calculated based on the following equation.

$$\boxed{WACC = Ke*[E/(D+E)] + Kd*(1 - t)*[D/(D+E)]}$$

Nonetheless, cost of equity ("Ke") is necessary in order to calculate WACC. Ke can be derived from Capital Asset Pricing Model (CAPM) based on the following equation.

$$\boxed{Ke = Rf + \beta (Rm - Rf)}$$

Where

Rf = The risk free rate based on the 30-year Government Bond Yield as of April 4, 2011, the conduction date of this report, equals to 4.35% p.a. (Source: www.thaibma.or.th).

β = Beta co-efficient between return of the Company's share price and the change in the SET index ("Beta"). The IFA estimated the Company's beta based on average historical beta over 3-consecutive years which is 0.993 (Source: Bloomberg and the IFA estimates).

Rm = The market return in which the IFA estimated to be 14.99% per year based on the average return from investment in the SET Index over 36 years during 1975 – 2010. (Source: www.set.or.th)

Based on the aforementioned assumptions, Ke can be calculated as follows:

Table 21 : Calculation of PDI cost of equity

Factors	Assumptions
Risk-free rate (1)	4.35
Risk premium (Rm – Rf) (2)	10.64
β (3)	0.993
Cost of Equity or Ke (4) = (1) + [(3)*(2)]	14.92

The cost of equity (Ke) obtained from the calculation shown in the above Table is 14.92%. Then, Ke is applied in the calculation of WACC in which the IFA obtains the value of 13.05%. The details of the calculation is shown in the following Table.

Ke	=	Cost of equity based on Capital Asset Pricing Model ("CAPM"), equals to 14.92% as shown in the above Table.
Kd	=	Average cost of interest-bearing debt in which the IFA uses the average interest rate of the Company as of December 31, 2010 equals to 1.30% p.a.
t	=	PDI corporate tax rate in which equals to 30.00%
D	=	Portion of interest-bearing debt of PDI as of December 31, 2010 equals to THB 718.87 million
E	=	Portion of equity of PDI as of December 31, 2010 equals to THB 4,680.27 million

Table 22 : Calculation of the Company's WACC

Factor	Assumption
Cost of equity or Ke (1)	14.92%
Cost of debt or Kd (2)	1.30%
D/(D+E) (3)	0.13
Effective tax rate (4)	30.00%
WACC or discount rate (5) = {(1)*[1-(3)]} + {(2)*[1-(4)]*(3)}	13.05%

Thereafter, the projected cash flows to be received from Mawkhee Mine in the future are discounted at a discount rate of 13.05%. The details of the projected cash flows to SEAMET are presented in the following Table.

Table 23 : Projected cash flows from Mawkhee Project for 2554 – 2558

Unit : THB	2011	2012	2013	2014	2015
Expected total revenue to SEAMET	64,830,000	145,867,500	162,075,000	162,075,000	108,050,000
Royalty fee	19,449,000	43,760,250	48,622,500	48,622,500	32,415,000
Concession holder fee	1,400,000	3,150,000	3,500,000	3,500,000	2,333,333
Land rent	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Corporate tax	-	-	6,507,011	19,369,724	11,940,124
Operating expenses	14,262,600	32,090,850	35,656,500	35,656,500	23,771,000
Exploration and capital expenditures	15,000,000	15,000,000	-	-	-
Projected cash flows after CAPEX	-81,611,600	25,196,400	66,288,989	53,426,276	36,090,543
Net present value after the service fee	**45,657,377**				
Payback period of the service fee	**3 years and 9 months**				

From the projection shown above, the IFA did not incorporate the payment for the Operating Rights in Concession because such payment had been made since 2009. In addition, the IFA intends to compare the expected cash inflows from Mawkhee Project only with the service fee under the Transaction and other expenditures to be incurred in the future.

Moreover, the IFA has conducted sensitivity analysis to estimate the impact of the variation in the LME price for zinc metal by adjusting such price upward and downward by 5.00% from base case scenario. Results of the sensitivity analysis are presented in the following Table.

Table 24 : Sensitivity Analysis

Scenario	LME price for zinc metal (USD/tonne)	Payback Period of the service fee	Net present value of Mawkhee Project after the service fee (THB million)
Upper case	2,269	3 years 7 months	52.93
Base case	2,161	3 years 9 months	45.67
Lower case	2,053	3 years 11 months	38.39

From the above calculation, the net present value of cash flows expected to be received from Mawkhee Project after deducting the service fee to be paid to MALI under the Transaction is between THB 38.39 million – THB 52.93 million. In addition, the payback period (Discounted Payback Period) of the service fee is approximately 3 years and 9 months which shows the worthiness of the Transaction. Nonetheless, the remaining time after the payback period is short (in the case that the Concession's period of both MME and SEAMET could not be further extended), which reflects that the amount of the service fee is high and that the Company could be exposed to certain risk from entering into the Transaction. However, based on the interview with the management, the aforementioned projection is performed on a conservative basis and that zinc output is expected to be not lower than what appeared in the projection. This could consequently increase the possibility that MME's Concession would be granted with extension from the Burmese government.

With this regard, since the amount of zinc ore in Mawkhee Mine has not yet been precisely verified. Therefore, in the case that the quantity and quality of zinc are different from those forecasted in the projection, the operating performance of Mawkhee Project could be differ.

6.1.2 Comparable of Historical Acquisition and Exploration Cost of Other Mines

Since the Transaction is with an objective to secure a new mine. Therefore, the suitable benchmark for comparison is the historical acquisition and exploration cost of the Company in other areas of interest.

The IFA has studied regular procedures of mining business in Thailand from the beginning process up until the acquisition of concession that allows the Company to mine within the permitted area. In addition, the IFA has also studied the Company's historical costs and expenses that have been incurred during such procedures. This is with an objective to compare with the amount of the service fee under the Transaction.

Under the law of Thailand, any company operates mining business and other minerals related activities such as mineral exploration, mining, ore dressing, trading as well as imports and exports of minerals, is obliged to proceed according to the Act of Minerals B.E. 2510 and other relevant Ministerial Regulations, in which Department of Primary Industries and Mines is the governing authority.

<u>Key phases in mining development and production in Thailand</u>

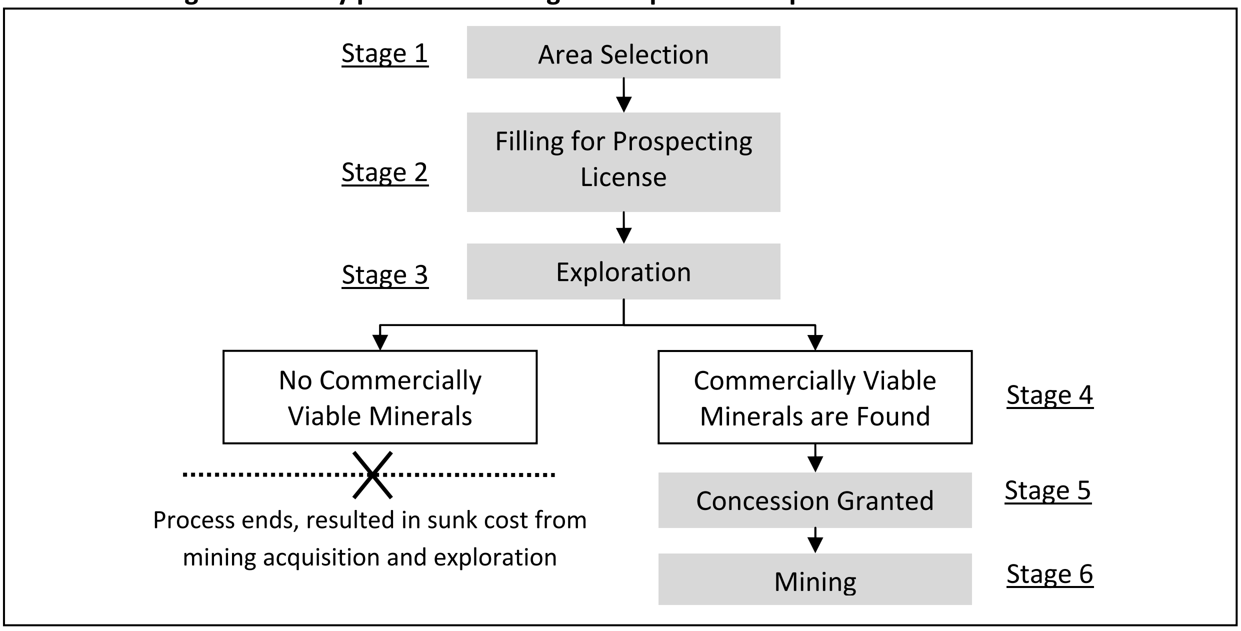
Based on the study of publicly available information regarding mining development as well as the interview with the management the Company, key phases in mining development and production could be briefly recognized as follows.

Stage 1 Area Selection	:	The first stage is to locate the potential area for exploration. This is considered to be a crucial step in professional mining business since the most prospective area will render high possibility in finding ore at a relatively lower cost as well as at a shorter time.

Stage 2 Filling for Prospecting License	:	When the prospective area is located, according to the Act of Minerals B.E. 2510, the company could conduct mineral exploration in any area of Thailand only after it was authorized with the Prospecting License from the authorized Government Agency.
Stage 3 Exploration	:	Mining exploration is an active search for commercially viable concentration of minerals including exploratory drilling, trenching, sampling and associated geological studies. The exploration is an inherently risky stage as the success rate of the exploration is undetermined while the cost of exploration must be incurred beforehand.
Stage 4 Commercially Viable	:	In order to make the decision to develop a mine, technical feasibility and commercial viability studies will be conducted, in order to facilitate and lead the management decision. The decision to mine will be based upon the ability to generate quantity of ore at adequate quality, sufficient to cover cost as well as provide return. For example, major mining operators may not look for deposits of less than a certain size class because small deposits will not meet their criteria for an internal rate of return.
Stage 5 Concession Granted	:	Once the technical and commercial viability of mining has been proven, the company must seek for the Concession to be granted from the authorized government authority before it could commence any mining production activities.
Stage 6 Mining Production	:	The process of extraction and processing of mineral deposits.

The aforementioned key phases of mining development and production could be summarized in the following Diagram.

Diagram 10 : Key phases in mining development and production in Thailand



For the purpose of the comparison, the IFA has studied historical transactions of the Company regarding the acquisition of legal rights up until the stage of mining production. At present, PDI was granted with concession license No.30769/15525 and No.30779/15797 that allows the Company to develop zinc mining activities in Mae-Sod Mine, Tak province. Furthermore, the Company was granted with numbers of Prospecting Licenses in various areas of interest that allow the Company to conduct exploration.

The IFA has received the Company's information regarding the total exploration and acquisition cost incurred in each location from the beginning stage up until December 31, 2010. Such exploration and acquisition cost will be capitalized and carried forward as an asset of the Company when (1) It is expected to be recouped through successful development and exploitation; and (2) it has not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves and that exploration activities are continuing in such area.

The IFA has studied the development stage of each location by using key stages in the following Table as a benchmark.

Table 25 : Summary of phases in mining development to be used as benchmark

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Area selection	Filling for License for Mineral Prospecting	Exploration	Commercially Viable	Concession Granted	Mining

On the other hand, if the management views that the exploration and acquisition cost in any prospective location is likely to be unrecoverable due to no commercially viable quantity of zinc, such cost will be written-off from the Company's asset. Details of total original exploration and acquisition cost and net book value at each location is shown in the following Table.

Table 26 : Detail of total original exploration and acquisition cost and net book value As of December 31, 2010 for each area of interest

No	Initial Investment (Year)	Approximate Area (Rais)	Location	Current Stage	Total Original Cost up to December 31, 2010 (THB million)	Net Book Value as of December 31, 2010 (THB million)
1	2002 – 2003	502	Mae-Sod, Tak	6	228.61*	56.39
2	2000	299	Hualon, Tak	3 - 4	17.09	0.00
3	2005	19,692	Loei (South)	3	33.20	0.00
4	2008	9,500	Li (North)	3	74.18	74.18
5	2005	6,513	Li (South), Lamphun	3	5.02	0.00
6	2007	9,981	Li (South), Chiang Mai	3	3.79	0.00
7	2006	9,211	Um Pang, Mokro, Tak	3	6.59	0.00
8	2006	108,342	Pop Pra (Ruam Thai),Tak	3	17.13	0.00
9	2006	22,528	Tong Pha Phum, Kanchanaburi	3	9.87	0.00
10	2007	29,813	Phetchabun	3	5.97	0.00
11	2007	375,000	Lao	3	58.83	58.13
12	2000	17,600	Phuthep, Loei	3 - 4	885.40	885.40

<u>Remark</u> * including only the renewal cost of the concession on the existing mine, excluding the initial acquisition and exploration cost which has been fully amortized since 7 – 8 years ago.

Source: the Company

According to the above Table, it can be seen that from 12 locations explored, there are (1) 9 locations currently in Stage 3 of mining development (2) 2 locations are around Stage 3 - 4 and (3) total original acquisition and exploration cost of 8 locations had been written-off, resulting in net book value of zero as of December 31, 2010. Based on the interview with the management, the explorations of such 8 locations are currently suspended as the potential of finding commercially viable minerals are minimal. In addition, there is only 1 location currently in mining stage (Stage 6) which is Mae-Sod Mine.

In order to assess the fairness of the transaction price, the IFA has created 2 scenarios to be used in the comparison which are 1) Mawkhee Mine could not provide any commercially viable zinc ore, rendered the Company to pay MALI only THB 30 million and 2) Mawkhee Mine could provide commercially viable zinc ore, rendered the Company to pay MALI the whole THB 120 million, according to the quantity of zinc ore exported to PDI.

Scenario 1: Mawkhee Mine could not provide any commercially viable zinc ore

In the case that Mawkhee Mine could not provide any zinc ore, total cost incurred would be approximately THB 75 million, which includes THB 45 million in obtaining the Operating Rights in the Concession from MME and another THB 30 million as a service fee to MALI. Under this scenario, the IFA compares total cost of Mawkhee Project with other locations where net book value as of December 31, 2010 equals to zero. Details of cost comparison shown under scenario 1 are presented in the following Table.

Table 27 : Comparison of Mawkhee Mine with other explored locations under Scenario 1

Stage	Location	Exploring Period	Approximate Area (Rais)	Total Original Cost up to December 31, 2010 (THB million)
3 - 4	Hualon, Tak	10 years	299	17.09
3	Loei (South)	5 years	19,692	33.20
3	Li (South), Lamphun	5 years	6,513	5.02
3	Li (South), Chiang Mai	3 years	9,981	3.79
3	Um Pang, Mokro, Tak	4 years	9,211	6.59
3	Pop Pra (Ruam Thai),Tak	4 years	108,342	17.13
3	Tong Pha Phum, Kanchanaburi	4 years	22,528	9.87
3	Phetchabun	3 years	29,813	5.97
5 – 6	**Mawkhee Mine**	**1.5 years**	**81,581**	**45.00 + 30.00 = 75.00***

Remark * comprising of THB 45 million paid to MME for operating rights and THB 30 million upfront service fee to be paid to MALI (under the Transaction)

From the above Table, it is shown that the total cost incurred in Mawkhee Mine is higher than the total cost incurred in other locations – greater than the highest cost incurred in Loei (South) by approximately THB 41.80 million or 125.90%. Nonetheless, when taken into consideration the size of the permitted area, it is shown that the size of Mawkhee Mine is significantly larger.

With this regard, there are some variances in the comparison as other locations were completely new and had not yet been explored before. Whereas for Mawkhee Mine, it was formerly explored as well as operated by SCL, the previous operating rights holder. In addition, the Company had purchased zinc ore from Mawkhee Mine during 1999 – 2997 at approximately 18,000 tonne. As a result, this could ensure to a certain extent that PDI would be able to obtain commercially viable quantity of zinc ore from Mawkhee Mine and that it is unlikely for this scenario to occur.

<u>Scenario 2</u>: Mawkhee Mine could provide commercially viable quantity of zinc ore, rendered the Company to pay MALI the entire portion of service fee of THB 120 million

Under Scenario 2, the IFA compares the cost incurred in Mawkhee Project with the cost incurred in other prospective areas as well as the Company's mine which comprise of 1) Mae-Sod Mine, the prime source of zinc ore for the Company. The management expected that Mae-Sod Mine will be entirely depleted within the next 6 years. 2) Li Project in Lamphun 3) Phuthep Project in Loei and 4) project in Lao. The Company expected that Project 2 – 4 could potentially be the future source of zinc ore for the Company.

Table 28 : Comparison of Mawkhee Mine with other explored locations under Scenario 2

Stage	Location	Exploring Period	Approximate Area (Rais)	Total Original Cost up to December 31, 2010 (THB million)
6	Mae-Sod, Tak	7 – 8 years	502	228.61*
3	Li (North)	2 years	9,500	74.18
3 - 4	Phuthep, Loei	10 years	17,600	885.40
3	Lao	3 years	375,000	58.83
5 – 6	**Mawkhee Mine**	**1.5 years**	**81,581**	**45.00 + 30.00 + 90.00 = 165.00****

<u>Remark</u> * including only the renewal cost of the concession on the existing mine, excluding the initial acquisition and exploration cost which has been fully amortized since 7 – 8 years ago.
** comprising of THB 45 million paid to MME for operating rights + THB 30 million and THB 90 million service fee to be paid to MALI (under the Transaction)

For the explored area in Li, the Company had been invested since 2008 with total original acquisition and exploration cost of THB 74.18 million. At present, certain amount of zinc deposit has been identified; however, they are deeply underground. Therefore, it creates difficulty in mining as well as requires PDI to further spend large amount of capital expenditure to develop the mine. As a result, the management is currently seeking for mining ventures to jointly develop Li Project and that it may take approximately 6 years from now before the Company could obtain minerals from this site.

As for project in Lao, the Company signed the Exploration Agreement with the Department of Mines and Geology of Lao in October 2007. The area currently under study covers 600 sq.km. in the North of Vientiane Province. The exploration activities in Lao are conducted through Padaeng Industry (Laos) Company Limited. As of December 31, 2010, the Company incurred approximately THB 58.83 million in acquisition and exploration cost. At present, some zinc deposit has been identified; however, may not be commercially according to the interview with the management. In addition, since the area is located on the mountain slope, it posted some difficulties in mining operation. Thus, the operating and transportation expenditure from this site are expected to be higher than those of Mawkhee Mine. Last but not least, the management expects that the Company would be able to obtain zinc for commercial sales in around 2013 – 2014.

As of August 21, 2000, the Company and Puthep Company Limited ("Puthep") have entered into the Participation Agreement with PanAust Limited ("PanAust") and PNA (Puthep) Pty Ltd. ("PNA") of Australia, a wholly owned subsidiary of PanAust to undertake exploration and mining of the Company's Puthep Copper Project in Loei. Puthep Project is currently in the stage of preparing Environmental and Social Impact Assessment (ESIA) for the application of the concession license. As of December 31, 2010, the acquisition and exploration costs incurred in Puthep Project is THB 885.40 million. Nonetheless, due to the difference of Phuthep Project in terms of type of mineral as well as investment structure, the IFA views that Phuthep project should not be included in the comparison.

From the above Table, it is shown that these locations are in different stages of mining development with different time of investment as well as the permitted area size. For the projects in Li and Lao, they are currently around Stage 3 – 4, where additional years may be needed before mineral ore could be obtained. As for Mawkhee Mine, it is currently around Stage 5 – 6 and that the Company expected to obtain zinc within this year.

When taken into consideration the acquisition and exploration costs incurred in other explored areas, it is shown that such areas are in different stage of mining development as well as having different time of investment and permitted area size. The range of acquisition and exploration costs is between THB 58.83 million – THB 228.61 million. When particularly considering the renewal cost of the concession in Mae-Sod which is in a similar stage of development as Mawkhee Project, it is higher than the total cost incurred in Mawkhee by THB 63.61 million or by 38.55%. The comparison can be summarized in the following Table.

Table 29 : Comparison between Mawkhee Mine and other explored locations

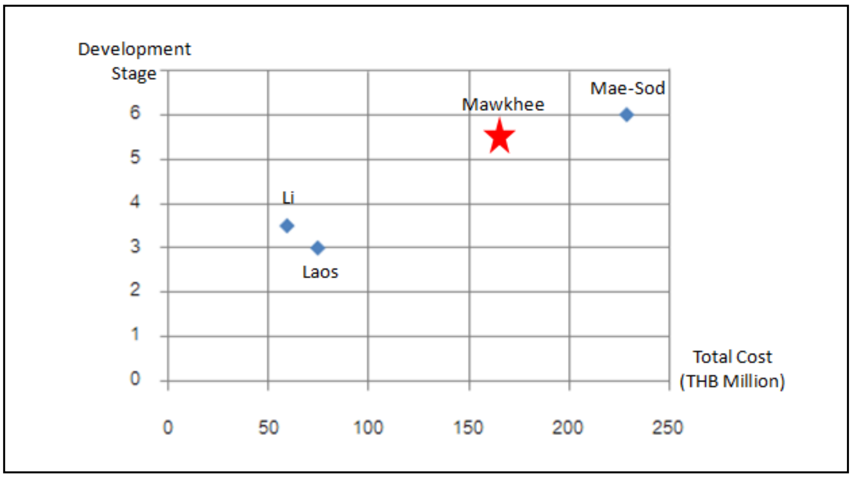
Location	Stage	Approximate Area (Rais)	Total Cost of Other Explored Area	% Higher (Lower) Than Total Cost of Mawkhee Mine	Comparison of Other Qualitative Factors
Li (North) Lumphoon	3 (Exploration)	9,500	74.18	(55.04%)	• Size of Mawkhee Mine is significantly larger. • Currently in Stage 3 and need approximately 6 years for further development.
Lao	3 – 4 (Exploration and feasibility study)	375,000	58.83	(64.35%)	• Located on mountain slope, difficult to access. • Currently in Stage 3 – 4 and need approximately 3 – 4 years for further development.
Mae-Sod Mine, Tak	6 (Mining)	502	228.61*	38.55%	• Size of Mawkhee Mine is significantly larger. • Cost incurred in Mawkhee Mine was 7 – 8 years ago. • The mine is expected to be fully depleted within 6 years.
Union of Myanmar	**5 – 6 (Obtain the Operating Rights in Concession)**	81,581	165**	-	• **Could immediately commence mining production** • **Located on flat land and close to the Company's smelting plant in Tak comparing to other overseas mines.**

Remark * including only the renewal cost of concession on the existing mine, excluding the initial acquisition cost which has been fully amortized since 7 – 8 years ago

** comprising of THB 45 million paid to MME for operating rights + THB 30 million and THB 90 million service fee to be paid to MALI (under the Transaction)

- The Company and PNA, which is the joint venture partner in Puthep Project, undertook Copper Exploration Project in Loei with the total acquisition and exploration cost of THB 885.40 million and is currently in Stage 3.

Diagram 11 : Comparison of acquisition and exploration cost in different explored areas



From the above Diagram, the total cost incurred in Mawkhee Mine is lower than the cost incurred in Mae-Sod, whereas the stages of mining development are quite close.

The summary of the fairness of the transaction price is summarized in the following Table.

Table 30 : Summary of the fairness of the transaction price

Valuation Approach	Objective	Valuation Result	Opinion of the IFA
1) Discounted Cash Flow Approach for Mawkhee Mine Project	- To consider the worthiness of the Transaction - To consider the payment period of the service fee (full amount) - To consider the payback period of the service fee (full amount)	Expected cash inflows - THB 38.39 – 52.93 million after the service fee Payback period of the service fee - Approximately 3 years and 7 – 11 months	1. Net present value of cash flows is positive; however, the amount is not high. This reflects the high amount of service fee. 2. Payback period is long comparing to the projected period. 3. The Transaction will facilitate the Company in securing a new mine as well as increase profit generating capability. 4. The operating rights could be further extended for another 5 years until 2020 (in the case that MME's concession could be extended)
2) Comparable of Historical Acquisition and Exploration Cost of Other Mines	- To compare total cost incurred in Mawkhee Mine with historical acquisition and exploration cost incurred in other areas. - Although the IFA could not compare total cost of Mawkhee Mine with other outside information, the IFA views that the most comparable transaction is to consider historical	Scenario 1: no commercially viable zinc volume The amount of service fee to be paid is THB 30 million Scenario 2: commercially viable zinc volume The maximum amount of service fee to be paid is THB 120 million. When incorporating the payment for operating rights at THB 45 million, the total cost is still THB 63.61 million lower than the cost of Mae-Sod Mine or	1. Scenario 1 is unlikely to occur as the Company had purchased zinc ore from Mawkhee Mine in the past. 2. Mawkhee Mine could be additional zinc resources to recompense the depleting zinc deposits in Mae-Sod Mine, before operations in other mines could take place.

Valuation Approach	Objective	Valuation Result	Opinion of the IFA
	acquisition and exploration cost of the Company's previous projects.	lower by 38.55%.	

Summary of the IFA's opinion

Despite the IFA's determination of the appropriate range of the service fee that it should be around THB 95.00 – 120.00 million whereas the Company has determined the amount of service fee at the upper bound. Nonetheless, when taken into consideration other factors such as business opportunities as well as the expected return, the opinion of the IFA could be summarized as follows:

> **Result of Valuation Approach 1:** Considering only the period of SEAMET's operating rights till 2015 – excluding the extendable period, the payback period for Mawkhee Project is approximately 3 years and 9 months. For the remaining period of 11 months, the Company will yield return from its investment with the net present value of cash flows after the service fee of THB 38.39 – THB 52.93 million. This reflects the worthiness of the Transaction. However, the remaining time after the payback period is short which means that the amount of service fee is high and that the Company could be exposed to certain risk from entering into the Transaction if MME is unable to extend its concession. Nonetheless, based on the interview with the management, the projection is performed on a conservative basis and that the output from Mawkhee Mine is expected to be not lower than the forecasted output appeared in the projection. This could consequently increase the possibility that MME's concession would be granted the extension from the Burmese government.
>
> **Result of Valuation Approach 2:** Considering the acquisition and exploration cost incurred in other explored areas, they ranged between THB 58.83 – THB 228.61 million. When particularly considering the renewal cost of the concession in Mae-Sod Mine which is in a similar stage of development as Mawkhee Project, it is higher than the total cost incurred in Mawkhee by THB 63.61 million or by 38.55%. As a result, the transaction price is considered to be in the appropriate range.

Furthermore, the Transaction would facilitate the Company in securing a new source of zinc to replace the depleting zinc deposits in Mae-Sod before mining operation in other areas such as Lao could take place. Therefore, the Transaction will provide the Company with a business opportunity as well as lessen the risk of relying on outside sources of zinc.

6.2 Fairness of the transaction condition

The agreed service fee of THB 120 million is to be paid in installments within 5 year term ending August 10, 2015, based on the Operating Rights in the Concession of SEAMET. Both parties agree to pay its own taxes and legal costs and that MALI shall be responsible for stamp duty and withholding tax required (if any) from the Transaction.

As previously mentioned, terms of payment shall be payable as follows:

1. <u>Advance installment</u> of THB 30 million, to be payable within 7 days from the Agreement signing date.

2. Other installment of THB 90.00 million, to be payable in installments within 30 days from the receiving date of zinc ore from Mawkhee Mine and confirmed at PDI's smelter.

The IFA has evaluated the fairness of the terms of payment by evaluating the 2 portions of installments to be paid as follows:

Portion 1: THB 30 million advance payment

- Since the upfront payment is to compensate MALI for the cost and expenses that MALI had already paid in advance to assist SEAMET in obtaining the Operating Rights in the Concession. Therefore, the advance payment to MALI deems to be reasonable.

- In the case that no zinc could be obtained from Mawkhee Mine, the maximum exposure of the Company from the Transaction will be THB 30 million or equivalent to the amount of this advance payment.

Portion 2: THB 90 million to be paid in installments based on zinc content, with ending period of payment on August 10, 2015

- In the case that zinc could not be obtained from Mawkhee Mine, SEAMET is not obliged to pay this portion of the service fee.

- By setting terms of this portion 2 payment would relieve the burden of SEAMET not to pay the lump sum amount of total service fee of THB 120 million at once. This could help the Company to maintain its financial flexibility and liquidity. In addition, the payment is made as if the Company secure raw material at the market price; however, SEAMET has to bear all operating costs.

- Lastly, payment in installment could create an incentive for MALI to continuously provide assistances during the term of the Service Agreement, ending August 10, 2015 or until MALI received the full amount of the service fee of THB 120 million.

According to the aforementioned rationale, the IFA views that the terms and conditions of the Transaction are appropriate.

Section 7 : Summary of the Opinion of the Independent Financial Advisor

Based on the opinion of the IFA, the entering into the Service Agreement of SEAMET, an indirect wholly owned subsidiary of the Company, with MALI at the maximum service fee of USD equivalent to THB 120 million is reasonable and appropriate as well as considered to be the significant strategic move of the Company in securing a new mine to replace the depleting zinc deposit in Mae-Sod.

The IFA views that apart from the compensation to be paid to MALI for its past assistance, the Transaction will benefit the Company as it would facilitate mining operation of SEAMET in Mawkhee Mine to be smooth and sound. In addition, it will create incentive for MALI to continuously provide assistances to SEAMET during the period of SEAMET's operating rights in Concession till 2015 which is extendable to 2020 (in the case that MME's concession could be further extended from the Burmese government). Nonetheless, there are certain risks associated with the Transaction such as Mawkhee Mine is located in the area where political dispute could possibly occur. In addition, the Burmese government may not further extend the period of MME's concession after the end in 2015 or the Concession may be priory terminated. This could adversely affect the Operating Rights in the Concession of SEAMET.

In considering the service fee amount of THB 120 million, although the IFA views that the appropriate range of the service fee shall be between THB 95.00 – 120.00 million, whereas the Company has determined the amount of service fee at the upper bound. Nonetheless, other factors such as business opportunities, expected return and corporate policy shall be taken into consideration.

From the above rationale, even though the IFA views that the rate of the service fee under the Transaction is high and that the Company could be exposed to certain risk in terms of return on investment in the future, particularly in the case that the operating rights of SEAMET could not be further extended to 2020. However, when taken into consideration the fact that Mawkhee Mine is located in the area of uncertainty as well as the necessity of the Company in securing new source of zinc to replace the depleting zinc deposits in Mae-Sod Mine before mining operation in other areas could take place, the IFA views that the price and conditions of the Transaction are reasonable and that the shareholders of the Company will benefit from the Transaction. Therefore, the shareholders of the Company should vote in favor of the Transaction.

Nonetheless, the decision to vote is solely dependable on the consideration and at the discretion of the shareholders. Shareholders should take into consideration the advantages, disadvantages and the risks of the Transaction as well as to carefully consider the attached documents submitted to the shareholders along with the invitation letter to the shareholders' meeting so as to make the most appropriate decision.

JayDee Partners Limited as the independent financial advisor certified that this report has been independently prepared with the generally accepted professional standard and that the opinion rendered is based on an unbiased analysis for the benefit of shareholders of the Company.

The opinion of the IFA is based on the information, which has been received from the Company as well as the interviews with the Company's management, publicly available information and other relevant documents. The IFA assumes that all information received are truthful and correct. Therefore, if the said information are incorrect and/or is not truthful and/or significantly changes in the future, it will affect the opinion of the IFA. Therefore, the IFA is unable to certify or warrant the future impact that may arise to the Company and the shareholders. In addition, the opinion of the IFA is only to provide the comments to the shareholders in relation to the transaction only, providing this opinion does not warrant the accomplishment of the Transaction and impact to be incurred from the Transaction to the Company and its subsidiaries.

This English report of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of the Company and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Yours Sincerely,

JayDee Partners Limited

(Ms. Duangjai Lorlertwit)
Executive Partner

(Ms. Jirayong Anuman-Rajadhon)
Managing Partner

(Ms. Jirayong Anuman-Rajadhon)
Operation Controller
JayDee Partners Limited, the Independent Financial Advisor