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ASF GROUP **CRCC AGREEMENT**

ASF Group Limited (**ASX: AFA**) is pleased to announce that it's wholly owned subsidiary ASF Resources Pty Limited (**ASFR**) has reached an Agreement with China Railway Transportation International Engineering Technology Corp (**CRTC**) a Chinese company which is related to and one of the commercial arms of China Railway Construction Corporation (**CRCC**).

CRCC is one of China's largest state-owned enterprise groups with the national Grade-1 qualification for project contracting and overseas business now ranking 2nd among the largest 500 construction enterprises in China. In 2006 CRCC was ranked 485 in Fortune Global 500 with revenues of US\$14.139 billion.

The Agreement with CRTC states that:

1. ASFR will incorporate a subsidiary named ASF CRCC Resource Pty Limited ("**Project Company**");
2. ASFR will transfer to the Project Company one of its tenement at Ellendale South, Western Australia, EL04/1436 covering 22,793 HA and related intellectual property and material;
3. CRTC will then acquire a 51% interest in the Project Company from ASFR by the payment of \$1,020,000 as consideration, and ASFR will retain a 49% interest.

The parties plan that the Project Company will, thereafter, commence a program of exploration for coal on the tenement, subject to any requisite approvals, with the view to establishing coal resources for possible future development.

ASF Group Limited is very pleased to welcome CRTC as a partner in its tenements in Western Australia and looks forward to working with it to develop a successful exploration program and future for the Ellendale region.

More about ASF:

ASF Group is a co-investor and facilitator of business and investment between Australia and China. Its activities and investments are in the following sectors:

- Mineral resources & energy
- Property marketing & services;
- Travel services; and
- China Ventures.

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