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## **CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

**中國黃金國際資源有限公司**

*(a company incorporated under the laws of British Columbia, Canada with limited liability)*

(Hong Kong Stock code: 2099)

(Toronto Stock code: CGG)

### **CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION IN RELATION TO LOAN FRAMEWORK AGREEMENT**

The Board hereby announces that on May 24, 2016, the Company entered into a Loan Framework Agreement with China National Gold, pursuant to which the Company or any of its subsidiaries, has agreed to make available to China National Gold or any one of its subsidiaries, revolving Loan(s) in an aggregate principal amount of up to US\$200 million and each Loan for a term commencing on the day of actual drawdown and expiring July 31, 2017.

#### **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

##### **Major Transaction**

Pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules, the Loan Framework Agreement will be aggregated with those similar transactions entered into or completed within a 12-month period (including a loan in the principal amount of US\$14 million advanced by the Group to a wholly owned subsidiary of China National Group as disclosed in the Company's announcement dated April 12, 2016) as a single series of transactions as these transactions involve the advancement of loans to the same parties (i.e. all were entered into between the Company or any of its subsidiaries, and China National Gold or any of its subsidiaries).

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Loan Framework Agreement, when calculated on an aggregated basis as mentioned above, exceed 25%, the transactions contemplated under the Loan Framework Agreement constitute a major transaction for the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

##### **Continuing Connected Transactions**

As at the date of this announcement, China National Gold held approximately 39.3% of the issued share capital of the Company through China National Gold Hong Kong Limited, its wholly-owned

subsidiary, and thus is the ultimate controlling shareholder of the Company. Accordingly, China National Gold is a connected person of the Company as defined under the Hong Kong Listing Rules.

The transactions contemplated under the Loan Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Loan Framework Agreement, when calculated on an aggregated basis as mentioned above, exceed 25%, the transactions contemplated under the Loan Framework Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company will also disclose the relevant details in the next published annual report of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Hong Kong Listing Rules.

#### **GENERAL INFORMATION**

The Company will convene the Meeting in Vancouver, Canada on June 22, 2016 Vancouver time (June 23, 2016 Hong Kong time) for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Loan Framework Agreement and the transactions contemplated thereunder. China National Gold, the controlling shareholder of the Company, and its respective associates (as defined in the Hong Kong Listing Rules) will abstain from voting on the ordinary resolution(s) approving the Loan Framework Agreement at the Meeting.

The Independent Board Committee comprising of all the independent non-executive Directors has been established by the Company to consider the terms of the Loan Framework Agreement and the transactions contemplated thereunder and to advise and make recommendations to the Independent Shareholders as to how to vote at the Meeting on the ordinary resolution(s) regarding the Loan Framework Agreement and transactions contemplated thereunder. Mr. Ian He, Mr. Yunfei Chen, Mr. Gregory Hall and Mr. John King Burns, all being independent non-executive Directors, have been appointed by the Board to serve as members of the Independent Board Committee. None of the members of the Independent Board Committee has any material interest in the Loan Framework Agreement and the transactions contemplated thereunder. TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

#### **DESPATCH OF INFORMATION CIRCULAR**

An information circular containing, among other things, (i) the Loan Framework Agreement and the transactions contemplated thereunder and the Cap, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from TC Capital to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the Meeting, and (v) other information required under the Hong Kong Listing Rules, will be dispatched to the Shareholders in due course.

## INTRODUCTION

The Board hereby announces that on May 24, 2016, the Company and China National Gold entered into a Loan Framework Agreement, pursuant to which the Company or any of its subsidiaries, has agreed to make available to China National Gold or any one of its subsidiaries, revolving Loan(s) in an aggregate principal amount of up to US\$200 million subject to terms and conditions provided therein each for a term commencing from the date of actual drawdown and expiring July 31, 2017.

## LOAN FRAMEWORK AGREEMENT

### A. Key terms

**Date:** May 24, 2016

**Parties:** (a) China Gold International Resources Corp. Ltd. and/or any of its subsidiaries, as lender (collectively, the “Lender”); and  
(b) China National Gold Group Corporation and/or any of its subsidiaries, as borrower (collectively, the “Borrower”).

**Aggregate principal amount** Up to US\$200 million.

The Borrower may draw Loan(s) in one or multiple tranches from the date on which the approval of the Loan Framework Agreement by the Independent Shareholders is obtained, based on the Company having sufficient available funds to make available the Loan(s). Any repaid principal amounts of the Loan(s) will refresh the facility amount available for drawing within the term of the Loan Framework Agreement

**Maturity Date:** Maturing July 31, 2017

**Interest:** A fixed interest rate of 3.9% per annum shall accrue on the principal amount of the Loan(s) calculated from the drawdown date of such tranche, and shall remain unchanged during the term of such tranche until the Maturity Date.

The interest rate was agreed to by the Company and the Borrower with reference to commercial practice and after arm’s length negotiations taking into account the Company’s cost of capital to ensure that the interest income would be sufficient to pay the Company’s interest payment obligations under the Bonds and Loan Facility, as applicable.

**Security:** The Loan(s) to be advanced under the Loan Framework Agreement will be unsecured.

**Repayment:** The Borrower may, in respect of each Loan, at any time prior to the Maturity Date repay such Loan in whole or in part (and/or the interest accrued and thereon from the date of drawdown until the actual date of repayment), without any penalty at any time after such Loan(s) have been advanced, upon 3 days' notice to the Company.

### B. Reasons for and benefits of the transactions contemplated under the Loan Framework Agreement

In determining the aggregate principal amount under the Loan framework Agreement, the Company considered its cash and cash equivalents of US\$116.2 million as of March 31, 2016, the progress of its projects, the development and financial needs of the Group during the term of the Loan Framework Agreement, the level of exposure of counterparty risk by the Group and its current requirements for at least the next twelve (12) months.

In view of the satisfactory growth of the Company, the Directors considered that the provision of Loan(s) by the Company to the Borrower can reduce the level of its idle cash and its funding strength, through the reasonable allocation of resources and increasing its funding utilization rate.

The Loan(s) to be provided to the Borrower are intended to be funded from the internal resources of the Group. The Company, either directly or through its subsidiaries, will make available its uncommitted cash, including but not limited to, a portion of the proceeds obtained from its issuance of US\$500 million Bonds at a financing rate of 3.5% per annum, please refer to the announcement of the Company dated 18 July 2014. A significant amount of the proceeds of the Bonds offering were expended on the Company's expansion of its Jiama Mine. However, currently approximately US\$75 million has been retained as working capital pending the identification of potential acquisition targets. To date, these funds have not been deployed by the Company. If deployed as a Loan under the Loan Framework Agreement, it would improve the Group's capital efficiency and to better utilize its financial resources by earning interest income in United States dollars to align with the currency of its interest expense obligations. The current financing rate of the Bonds is 3.5% per annum.

The Company also took into account additional funding available from its Loan Facility entered into between Huatailong and a syndicate of banks on November 3, 2015 pursuant to which the banks agreed to lend the aggregate principal amount of RMB3.98 billion, approximately US\$627 million subject to a floating rate, currently set at 2.83% per annum, set by the People's Bank of China Lhasa Center Branch's interest rate bench mark, discounted by 7 base points (or 0.07%). As of March 31, 2016, the Company has drawn down approximately US\$317.3 million from the Loan Facility. Please refer to the announcement of the Company dated 3 November 2015. Given the favourable borrowing cost of the Loan Facility, the Group will be able to generate additional profit at a relatively low risk level by taking advantage of the interest rate differentials between the Loan Facility and the interest accrued under the Loan Framework Agreement.

The Bonds are denominated in United States dollars and interest on the Bonds is payable in United States dollars, which results in potential foreign exchange risk to the Company. The Loan Facility is denominated in RMB. Management considers it in the best interest of the Company to utilize available cash (including un-deployed proceeds of the Bonds) to mitigate this foreign exchange risk.

For purposes of determining the aggregate principal amount under the Loan Framework Agreement, the Company took into account the amount of available cash (US\$116 million as of March 31, 2016) and a prudent estimation of a portion of the Loan Facility that could be drawn down by the Company to deploy under the Loan Framework Agreement. Management of the Company took into account the anticipated expenditures required to complete the Jiama Mine expansion, the ability to mitigate exposure to foreign exchange between the USD and RMB, the retention of a reserve of available capital and the principal amount of the Bonds which mature in July 2017. The Company determined that \$200 million was a reasonable amount to make available under the Loan Framework Agreement based on its analysis of its projects, idle cash and its funding strength, through the reasonable allocation of resources and increasing its funding utilization rate. The Company further determined that \$200 million could be provided without incurring significant risk. Any Loan(s) advanced will first come from the Loan Facility to utilize the lower interest rate. The Company wishes to utilize the surplus of the Bonds to better utilize its financial resources by earning interest income in United States dollars to align with the currency of its interest expense obligations.

In particular, a significant aspect of the Loan Framework Agreement that is beneficial to the Company is that funds under the Loan Framework Agreement are to be loaned outside of China in United States dollars. The benefit to the Company is that it will be able to use its existing financial resources to generate US\$200 million, which is 40% of the amount required to be repaid upon the

maturity of the Bonds in July 2017, in a manner that generates interest income covering interest payments on the Bonds without incurring significant risk given the credit rating of CNG, as further described below. The additional benefit is that with the interest income from Loan(s) advanced under the Loan Framework Agreement more than covering the interest payments on the Bonds, the Company will be able to lower its overall cost of borrowing since it will be able to draw down the Loan Facility at a lower rate of interest than the Bonds. At the same time the Company mitigates foreign exchange risk by ensuring that up to 40% of the amount required to repay the Bonds will be held in United States dollars.

The Group estimates the additional profit to be generated from Loan(s) under the Loan Framework Agreement to be a minimum US\$800,000 based on 3.9% per annum interest less the Group's finance costs (i.e. the interest rate of 3.5% per annum for the Bonds and the interest rate of 2.83% for the Loan Facility). Therefore the Group has determined that the Loan Framework Agreement is profitable and is therefore considered to be in the interest of the Company and the Shareholders as a whole.

At the time a drawdown request is received by the Company, the Company will evaluate its currently available cash, the amount and terms of the available credit under the Loan Facility, the cash flow forecast of the Company, risk analysis of operations and potential interest income receivable from such Loan(s), to ensure it is able to meet its sufficient working capital prior to accepting the request for drawdown and entering into a Loan. The Company will not accept the request for drawdown should the cost of borrowing exceed the 3.9% per annum interest it will charge.

The advancement of any Loan(s) under the Loan Framework Agreement will depend on the cash requirement of the Borrower, as well as the amount of available cash of the Lender. At all times, the Company reserves the right to refuse the request by the Borrower, for any drawdown request for Loan(s) and neither the Company nor the Borrower shall have any obligations and liability towards each other in the event such request is refused.

In respect of each Loan, individual loan agreement(s) will be entered into between the Lender and the Borrower setting out the interest rate as agreed, the loan amount and the repayment term before the drawdown is funded.

The terms of the Loan Framework Agreement, including the interest rate, were agreed by the Company and China National Gold after arm's length negotiations with reference to the commercial practice of making a profit and preserving capital as its main goals, taking into account the Group's finance costs (i.e. the interest rate of 3.5% per annum for the Bonds and the interest rate of 2.83% for the Loan Facility) and the existing cash balance of the Group. The agreed upon interest rate is comparable to the interest rates available to China National Gold through other funding alternatives.

To the extent the Borrower is a subsidiary of China National Gold, each of the subsidiary of China National Gold and China National Gold will be obligated to cause such subsidiary to satisfy the obligations of the Borrower under the Loan Framework Agreement and will be liable for any breach of the Loan Framework Agreement by such subsidiary. The Loan(s) would be unsecured based on China National Gold's credit rating and financial status. China National Gold has a favourable credit rating (as shown below), and has a strong financial status (through its ability to obtain significant loan facilities also shown below). The Loan(s) may also be guaranteed by other parties based on the circumstances of each Loan.

China National Gold is the only enterprise in the gold industry in the PRC that explores, produces and processes gold with a grade of Au99999. It is the largest gold producer in the PRC and

possesses the largest gold refinery facility in the PRC. It has excellent credibility in the gold industry in the PRC and also has a very good financial history having obtained over USD\$10 billion in loan facilities from banks without collateral or security. It has received a BBB rating by Standard and Poor, with a AAA rating by Chinese rating firm.

The Group has a long term cooperative relationship with China National Gold mutually benefiting from a collaborative relationship with a wide view of dealings including overall cost reduction. Since any indebtedness from the Group is considered by China National Gold to represent internal incorporate indebtedness, it will not affect China National Gold's indebtedness on a fully consolidated basis.

In addition, pursuant to the terms and conditions of the Loan Framework Agreement, the Loan(s), in one or multiple draw downs, are limited to China National Gold and its subsidiaries, thereby reducing the risk that the Company may otherwise be exposed to if the Loan(s) were provided to unrelated entities. At the time a drawdown request is received by the Company, the Company will evaluate its current available cash, the amount and terms of the available credit under the Loan Facility and the Company's other credit facilities, the cash flow forecast of the Company, risk analysis of operations and potential interest income receivable from such Loan(s), to ensure that it is able to meet its sufficient working capital prior to accepting the request for drawdown and entering into a Loan.

In respect of each Loan, individual loan agreement(s) will be entered into between the Lender and the Borrower setting out the interest rate as agreed, the loan amount and the repayment term before the drawdown is funded.

Although it is not the Company's ordinary business to provide external financing, the Directors, believe that the provisions of the Loan Framework Agreement and any Loan(s) advanced thereon will benefit the Company in the loan run and will be able to generate additional profit at a relatively low risk level, having considered the above reasons together with (i) the current market norm in relation to similar transaction, (ii) the costs of providing the Loan(s) to the Borrower, and (iii) the fact that the interest income to be generated by Loan(s) would be beneficial to support additional cash flow income to better manage the Group's United States dollar denominated interest payment obligations under the Bonds, are of the view that the Loan Framework Agreement and the transactions contemplated thereunder have been entered into equitably, determined after arm's length negotiation and on normal commercial terms and the terms of the Loan Framework Agreement are fair and reasonable that are in the interests of the Company and its Shareholders as a whole.

The Group entered into the Financial Services Agreement dated May 29, 2015 with China National Gold Group Finance Company Ltd. ("China Gold Finance "), pursuant to which China Gold Finance has agreed to provide, among other things, deposit service to the Group. Please refer to the information circular of the Company dated June 4, 2015 for details. Since China Gold Finance can only lend money within the PRC, entering into the Loan Framework Agreement with China Gold Finance would not be able to serve the purpose of the Loans under the Loan Framework Agreement to have funds outside of PRC in US\$ for China National Gold and its foreign subsidiaries to fund their capital requirements outside of the PRC.

Furthermore, as the Group is accounted for as a subsidiary in the financial statements of China National Gold, the costs of finance and overall performance of the Group will be reflected in the accounts of China National Gold on a consolidated basis. China National Gold considers that the advancement of any Loan(s) (which may be funded by available idle cash) by the Group will be a more cost-efficient way for China National Gold taken as a whole to satisfy its financing needs. By

contrast, if China National Gold borrows from another party that is not its subsidiary, it would increase its overall indebtedness on a consolidated basis.

Each of Mr. Xin Song (Chairman and executive Director), Mr. Bing Liu (executive Director), Mr. Lianzhong Sun (non-executive Director) and Mr. Liangyou Jiang (executive Director) are considered to have a conflict of interest in the transactions contemplated under the Loan Framework Agreement due to their senior management positions held in China National Gold. All of them abstained from voting on the relevant resolutions at the Board meeting to approve the Loan Framework Agreement. All the remaining Directors have confirmed at such Board meeting that they have no material interest in the transactions contemplated under the Loan Framework Agreement.

## **INFORMATION ABOUT THE COMPANY**

The Company is a gold and base metal mining company based in Vancouver, Canada. Its principal properties are located in Inner Mongolia, China and in the Tibet Autonomous Region, China. The Company commenced gold production at the Inner Mongolia mine in July 2007 and commenced commercial gold production on July 1, 2008. The Company also commenced commercial production of copper, molybdenum, gold, silver, lead and zinc at the Tibet mine in December 2010.

## **INFORMATION ABOUT CHINA NATIONAL GOLD**

China National Gold is the only enterprise directly supervised by the State Council of the PRC that focuses on the exploration, mining, processing, smelting, refining and sales of gold. It also operates other nonferrous mineral assets related businesses. The predecessor of China National Gold was China National Gold Corporation, which was established in 1979 and headquartered in Beijing. China National Gold was the largest gold producer in China in 2012 by gold output, according to the China Gold Association. It is also the only enterprise in the gold industry in China that explores, produces and processes gold with a grade of Au99999.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

### **Major Transaction**

Pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules, the Loan Framework Agreement should be aggregated with those similar transactions entered into or completed within a 12-month period (including a loan in the principal amount of US\$14 million advanced by the Group to a wholly owned subsidiary of the Borrower as disclosed in the Company's announcement dated April 12, 2016) as a single series of transactions as these transactions involve the advancement of loans to the same parties (i.e. all were entered into between the Company or any of its subsidiaries, and China National Gold or any of its subsidiaries).

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Loan Framework Agreement, when calculated on an aggregated basis as mentioned above, exceed 25%, the transactions contemplated under the Loan Framework Agreement constitute a major transaction for the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

### **Continuing Connected Transactions**

As at the date of this announcement, China National Gold held approximately 39.3% of the issued share capital of the Company through China National Gold Hong Kong Limited, its wholly-owned subsidiary, and thus is the ultimate controlling shareholder of the Company. Accordingly, China National Gold is a connected person of the Company as defined under the Hong Kong Listing Rules.

The transactions contemplated under the Loan Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Loan Framework Agreement, when calculated on an aggregated basis as mentioned above, exceed 25%, the transactions contemplated under the Loan Framework Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company will also disclose the relevant details in the next published annual report of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Hong Kong Listing Rules.

#### **CAP**

Pursuant to the Loan Framework Agreement, the Company has agreed to make available to China National Gold or any of its subsidiaries the Loan(s) in an aggregate principal amount of up to US\$200 million. The Cap, comprising the maximum amount that may be advanced under the Loan(s) and the anticipated interest payable thereunder (with a reasonable buffer taking into account the uncertainty of the interest rate under the Loan Framework Agreement), has been fixed at US\$208 million. The Cap was determined based on the Company's experience, professional judgment, financial history, currently available cash, the amount and terms of the available credit under the Company's other credit facilities, and the forecast of the Company, risk analysis and complexity of operations and potential interest income receivable from the Loan(s), that US\$200 million was an acceptable amount the Company could lend and still meet its sufficient working capital for its present requirements for at least the next twelve (12) months. The Company also took into account that all Loan(s) under the Loan Framework Agreement require the Company to confirm that it has sufficient available funds to make the Loan(s), and the Company has no obligation to extend Loan(s) if it does not have sufficient available funds.

The Board believes that the provision of the Loan(s) to China National Gold or any of its subsidiaries would generate interest income in cash and help enhance the Company's cash flow thereby allowing the Company to better manage its United States dollar denominated interest expense obligations under the Bonds.

#### **GENERAL INFORMATION**

The Company will convene the Meeting in Vancouver, Canada on June 22, 2016 Vancouver time (June 23, 2016 Hong Kong time) for the Independent Shareholders to consider and, if thought fit, approve, among other matters, the Loan Framework Agreement and the transactions contemplated thereunder. China National Gold, the controlling shareholder of the Company, and its respective associates (as defined in the Hong Kong Listing Rules) will abstain from voting on the ordinary resolution(s) approving the Loan Framework Agreement at the Meeting.

The Independent Board Committee comprising of all the independent non-executive Directors has been established by the Company to consider the terms of the Loan Framework Agreement and the transactions contemplated thereunder and to advise and make recommendations to the Independent Shareholders as to how to vote at the Meeting on the ordinary resolution(s) regarding the Loan Framework Agreement and transactions contemplated thereunder. Mr. Ian He, Mr. Yunfei Chen, Mr. Gregory Hall and Mr. John King Burns, all being independent non-executive Directors, have been appointed by the Board to serve as members of the Independent Board Committee. None of the members of the Independent Board Committee has any material interest in the Loan Framework Agreement and the transactions contemplated thereunder. TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.



## DESPATCH OF INFORMATION CIRCULAR

An information circular containing, among other things, (i) the Loan Framework Agreement and the transactions contemplated thereunder, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from TC Capital to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the Meeting, and (v) other information required under the Hong Kong Listing Rules, will be dispatched to the Shareholders in due course.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM” or the “Meeting”	the annual general meeting and special meeting of the Company to be held on Wednesday, June 22, 2016 at 9:00 a.m. in Vancouver, British Columbia, Canada (Thursday, June 23, 2016 Hong Kong time), to consider and, if thought fit, approve, among other things, the Loan Framework Agreement and the transactions contemplated thereunder;
“Board”	the board of Directors;
“Bonds”	The US\$500,000,000 aggregate principal amount of 3.5% unsecured bonds issued by the Company’s wholly-owned subsidiary, Skyland Mining (BVI) Limited on July 10, 2014;
“Borrower”	with respect to the Loan Framework Agreement, China National Gold or any of its subsidiaries;
“Cap”	with respect to the Loan Framework Agreement, the cap of US\$208 million comprising the maximum aggregate principal amount of up to US\$200 million that may be advanced under the Loan(s) and the anticipated interest payable thereunder;
“China National Gold	China National Gold Group Corporation, the ultimate controlling shareholder of the Company currently holding approximately 39.3% of the issued share capital of the Company through China National Gold Hong Kong Limited, its wholly-owned subsidiary;
“Company”	China Gold International Resources Corp. Ltd., a limited liability company incorporated under the laws of British Columbia, Canada with its Shares listed on both the Hong Kong Stock Exchange and the Toronto Stock Exchange;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Directors”, each a “Director”	the director(s) of the Company;
“Group”	the Company and its subsidiaries (as defined under the Hong Kong Listing Rules);
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors to consider the terms of the Loan Framework Agreement and the transactions contemplated thereunder and to advise and make recommendations to the Independent Shareholders as to how to vote at the Meeting on the ordinary resolution(s) regarding the Loan Framework Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Loan Framework Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	the Shareholders (other than China National Gold and any of its associates) who do not have a material interest in the transactions contemplated under the Loan Framework Agreement, the Cap thereunder, and the transactions thereunder;
“Loan(s)”, and each a “Loan”	With respect to the Loan Framework Agreement, the loan to be provided by the Lender to the Borrower in an aggregate principal amount of up to US\$200 million on the terms set out in the Loan Framework Agreement;
“Loan Framework Agreement”	the loan framework agreement dated May 24, 2016 entered into between the Company as lender and China National Gold as borrower, pursuant to which the Company has agreed to make available to China National Gold the Loan(s) in an aggregate principal amount of up to US\$200 million;
“PRC”	the People’s Republic of China which, for the purpose of this Announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China, and Taiwan;
“Record Date”	May 13, 2016 Vancouver time (being May 14, 2016 Hong Kong time), being the record date fixed for the determination of the Shareholders who are entitled to receive the notice of, and to attend and vote at, the Meeting or adjournment thereof;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Toronto Stock Exchange” or “TSX”	The Toronto Stock Exchange of Toronto, Canada;
“US\$”	United States dollars, the lawful currency of the United States of America;
“%”	per cent.

By order of the Board  
**China Gold International Resources Corp. Ltd.**  
**Mr. Song, Xin**  
*Chairman*

Hong Kong, May 24, 2016

*As of the date of this announcement, the executive Directors are Xin Song, Bing Liu, Liangyou Jiang and Xiangdong Jiang, the non-executive Director is Lianzhong Sun and the independent non-executive Directors are Ian He, Yunfei Chen, Gregory Hall and John King Burns.*