

**THIS INFORMATION CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

*If you are in any doubt about any aspect of this information circular, or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.*

**If you have sold or transferred all your shares of CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD., 中國黃金國際資源有限公司**, you should at once hand this information circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this information circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this information circular.*



**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)

**NEW CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION**

**PROPOSED ADOPTION OF NEW ARTICLES**

**GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

**RE-ELECTION OF DIRECTORS**

**NOTICE AND INFORMATION CIRCULAR**

**RELATING TO THE ANNUAL GENERAL MEETING AND SPECIAL MEETING  
OF THE SHAREHOLDERS**

**TO BE HELD IN VANCOUVER, BRITISH COLUMBIA, CANADA**

**ON JUNE 22, 2016 VANCOUVER TIME (JUNE 23, 2016 HONG KONG TIME)**

**May 24, 2016**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.*

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

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

**(TSX Symbol: CGG)**

**(HKEx Stock Code: 2099)**

**One Bentall Centre**

**Suite 660, 505 Burrard Street, Box 27**

**Vancouver, British Columbia V7X 1M4**

**Telephone: 604-609-0598 Fax: 604-688-0598**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "Meeting") of the shareholders of China Gold International Resources Corp. Ltd. (the "Company") (TSX: CGG) (HKEx: 2099) will be held at Dentons Canada LLP located at 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, British Columbia V5C 3R8, on Wednesday, June 22, 2016 commencing at 9:00 am Vancouver time, for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the financial year ended December 31, 2015, together with the report of the directors and the auditors thereon;
2. to set the number of directors of the Company at nine (9);
3. to elect directors for the ensuing year;
4. to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
5. to grant to the board of directors a general mandate to allot, issue and otherwise deal with unissued shares not exceeding 20% of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly;
6. to grant to the board of directors a general mandate to repurchase shares not exceeding 10% of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly;
7. to extend the share allotment mandate by the addition thereto of the shares repurchased by the Company;
8. to consider, and, if thought fit, to pass, with or without variation, a special resolution to remove the Company's current Articles in its entirety and replace with New Articles, as more particularly described in the information circular accompanying this notice;
9. to consider and, if though fit, pass, with or without variation, an ordinary resolution of independent shareholders of the Company (consisting of the shareholders of the Company other than China National Gold Group Corporation and any of its associates), the Loan Framework Agreement and the Cap thereunder, as more particularly described in the information circular accompanying this notice; and
10. to transact such other business as may properly come before the Meeting or any adjournments thereof.



*If you are in any doubt* about any aspect of this information circular, or as to the action to be taken, you should consult a licensed securities dealer or other registered Institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

*If you have sold or transferred* all your shares of **CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**, 中國黃金國際資源有限公司, you should at once hand this information circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this information circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this information circular.

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

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

(TSX Symbol: CGG)

(HKEx Stock Code: 2099)

### **Registered office/ Headquarters:**

One Bentall Centre  
Suite 660, 505 Burrard Street, Box 27  
Vancouver, British Columbia V7X 1M4  
Telephone: 604-609-0598 Fax: 604-688-0598

### **Principal Place of Business in Hong Kong:**

18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

<b>Executive Directors</b>	<b>Non-executive Director</b>	<b>Independent non-executive Directors</b>
Xin Song Bing Liu Liangyou Jiang Xiangdong Jiang	Lianzhong Sun	Ian He Yunfei Chen Gregory Hall John King Burns

## **INFORMATION CIRCULAR**

This information circular is furnished in connection with the solicitation of proxies by the management of China Gold International Resources Corp. Ltd. (the "Company") (TSX: CGG) (HKEx: 2099) for use at the annual and special meeting (the "Meeting") of its Shareholders to be held on Wednesday, June 22, 2016 commencing at 9:00 Vancouver time at Dentons Canada LLP located at 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, British Columbia V5C 3R8, and at any adjournments thereof, for the purposes set forth in the notice that accompanies this information circular. Unless otherwise stated, this information circular contains information as at the Latest Practicable Date. Certain capitalized terms used in this information circular have the meanings given to them in Schedule C. All dollar figures are in Canadian dollars and references to "US\$" are to United States dollars, except as otherwise noted.

## **SOLICITATION OF PROXIES**

The solicitation of proxies by management will be primarily by mail, but proxies may be solicited by directors, officers and employees of the Company personally, by telephone, or by means of electronic communication. All costs of this solicitation will be borne by the Company.

## **APPOINTMENT OF PROXYHOLDERS**

A Shareholder entitled to vote at the Meeting may, by means of proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be Shareholders, to attend and act at the Meeting for the Shareholder and on the Shareholder's behalf.

The individuals named in the accompanying form of proxy are directors or officers of the Company. **A Shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the accompanying form of proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the accompanying form of proxy or by completing another suitable form of proxy.**

**An appointment of a proxyholder or alternate proxyholders will not be valid unless a form of proxy making the appointment, signed by the Shareholder or by an attorney of the Shareholder authorized in writing (a "Proxy"), is deposited with CST Trust Company, by facsimile to 416-368-2502 or 1-866-781-3111, by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by e-mail to proxy@canstockta.com or by hand to 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6 and received by CST Trust Company not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or any adjournment thereof at which the proxy is to be used.**

## **REVOCAION OF PROXIES**

A Shareholder who has given a proxy may revoke it:

- (a) by depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing:
  - (i) with CST Trust Company, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or any adjournment thereof, at which the proxy is to be used; or
  - (ii) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof;
- (b) in any other manner provided by law.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

## **VOTING OF PROXIES AND EXERCISE OF DISCRETION**

The nominees named in the accompanying form of proxy will vote or withhold from voting the shares represented thereby in accordance with the instructions of the Shareholder on any ballot that may be called for. If the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. The form of proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the form of proxy, the nominees named in the accompanying form of proxy will vote shares represented by the proxy in favour of such matter.**

As of the date of this information circular, the management of the Company is not aware of any amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each nominee named in the accompanying form of proxy intends to vote on such business in accordance with their best judgment.

#### **VOTING BY NON-REGISTERED SHAREHOLDERS**

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are “non-registered” Shareholders (“Non-Registered Shareholders”) because the shares they own are not registered in their own names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers, securities brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or HKSCC Nominees Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the notice, this information circular, and the form of proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either be given:

- (a) a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar code and other information, wherever applicable. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) a form of proxy which has already been signed by the Intermediary (typically by a facsimile with a stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the form of proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Company c/o CST Trust Company, 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the common shares of the Company they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's common shares of the Company are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

Pursuant to the Articles of the Company, a quorum for the transaction of business at any meeting of Shareholders is at least two persons who are, or who represent by proxy, Shareholders who, in the aggregate hold at least 5% of the issued shares entitled to be voted at the Meeting.

Under the *Business Corporations Act* (British Columbia) (the "Business Corporations Act"), the Company's governing corporate law statute, a simple majority of the votes cast at the Meeting is required to pass all ordinary resolutions and, pursuant to the Company's Articles, a majority of not less than two-thirds of the votes cast at the Meeting is required to pass all special resolutions.

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, and the Company will announce the results of the poll in the manner prescribed in Rule 13.39(5) of the Hong Kong Listing Rules.

At the Meeting, Shareholders will be asked to set the number of directors of the Company at nine (9) by ordinary resolution, to elect directors and appoint auditors for the ensuing year, to approve a Share Issue Mandate (as hereinafter defined), to approve a Share Repurchase Mandate (as hereinafter defined) and to approve the Additional Share Allotment Mandate (as hereinafter defined). If there are more nominees for election as directors or appointment as the Company's auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed.

At the Meeting, Shareholders will be asked to approve the New Articles of the Company (as herein defined) by special resolution, which must be passed by not less than two-thirds of the votes cast by Shareholders who are entitled to vote and are present in person or by proxy at the Meeting. The New Articles aim to modernize and update the Articles of the Company and better align with recent legal and regulatory developments and market practice by the Toronto Stock Exchange and the Hong Kong Stock Exchange listed companies. The New Articles enable the Company to take advantage of new flexibility to optimise the use of electronic means regarding communications to shareholders under the New Companies Ordinance (Chapter 622 of the laws of the Hong Kong) which replaced the previous Companies Ordinance (Chapter 32 of the laws of the Hong Kong), on March 3, 2014. Other house-keeping amendments are also proposed, including adding "Advance Notice" provisions requiring any director nominations be submitted by a shareholder within a deadline prior to any annual or special meeting of shareholders including certain information about the proposed director nominee.

Pursuant to Rule 14A.70(12) of the Hong Kong Listing Rules, any connected person of the Company and Shareholder with a material interest in the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder, and its associates will not be entitled to vote at the Meeting relating to the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder. As

such, the Independent Shareholders consisting of the Shareholders other than China National Gold Group Corporation (“China National Gold”) and any of its associates (as defined in the Hong Kong Listing Rules), will be asked to consider and, if thought fit, pass ordinary resolutions to, among other things, approve the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder, as more particularly described in this information circular.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Xin Song, Bing Liu, Lianzhong Sun, and Liangyou Jiang are considered to have a conflict of interest in the transactions contemplated under the Continuing Connected Transactions and Major Transaction due to their senior management positions in China National Gold of Beijing, PRC. They had abstained from voting on Board resolutions in relation to such transactions. Other than as disclosed herein, no other person who has been a director or officer of the Company at any time since the commencement of the Company’s last financial year, or any affiliate or associate (as such term is defined in the *Securities Act* (British Columbia)) of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company has an authorized share capital consisting of an unlimited number of common shares without par value. As of the Record Date, the Company had outstanding 396,413,753 fully paid and non-assessable common Shares without par value, each carrying the right to one vote.

A holder of record of one or more common shares on the securities register of the Company at the close of business on the Record Date who either attends the Meeting personally or deposits a proxy in the manner and subject to the provisions described above will be entitled to vote or to have such common shares voted at the Meeting.

To the knowledge of the Company’s directors and senior officers, China National Gold, through its wholly owned subsidiary, China National Gold Group Hong Kong Limited (“CNGGHK”) of Hong Kong, owns 155,794,830 common shares of the Company, representing approximately 39.3% of the outstanding voting shares of the Company. To the knowledge of the Company’s directors and senior officers, no other person or company beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights of the Company.

#### **ELECTION OF DIRECTORS**

The Company’s Articles provide that the number of directors of the Company is set at the greater of three (3) and the number set by ordinary resolution. Directors are elected at each annual general meeting and hold office until the next annual general meeting, unless a director’s office is earlier vacated in accordance with the provisions of the Business Corporations Act and the Company’s Articles. The Company’s board of directors (the “Board”) believes that the process in place to elect directors allows appointing the most qualified candidates, independently. The Nominating and Corporate Governance Committee of the Board is comprised of directors who are considered “independent” under Rule 3.13 of the Hong Kong Listing Rules and Section 311 of the TSX Company Manual. The Nominating and Corporate Governance Committee identifies director nominees who, in its best judgment, have high personal and professional integrity, who have demonstrated exceptional ability and sound judgment and who shall be effective in their services as a director, in conjunction with the other Board members, in order to serve the interests of the Shareholders. It does so after assessing the size, functions, composition and performance of the Board, the Board’s committees, the Chairman, the chairman of each committee and individual directors. The Nominating and Corporate Governance Committee has concluded that the group of individuals proposed to the Shareholders is a highly skilled group, who will fulfill the needs of the Company and be able to serve the interests of the Shareholders.




All members comprising the committees of the Board to-date are independent non-executive directors. The Board continues to assess all relevant factors. A significant number of common shares are held by the Company's principal shareholder, China National Gold, and all directors of the Company have historically been re-elected by a majority of votes casted by shareholders. The Board is committed to implementing sound corporate governance and annually reviews the votes casted by shareholders to ensure that a majority of such votes are in favour of the elected directors




At the Meeting, Shareholders will be asked to pass an ordinary resolution setting the number of directors of the Company at nine (9), subject to any further increases permitted by the Company's Articles.




### Majority Voting Policy



On March 24, 2015, the Board adopted a Majority Voting Policy. The Majority Voting Policy requires that a nominee for director, who is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election, shall immediately tender a resignation. The Majority Voting Policy does not apply where an election of directors occurs at a contested meeting (being a meeting where the number of directors nominated for election is greater than the number of seats available on the Board). The Board will determine whether to accept the resignation within 90 days after the shareholders' meeting. The Board shall accept the resignation unless it determines that there are exceptional circumstances. The resignation becomes effective on acceptance by the Board. The Company shall promptly issue a news release announcing the Board's decision. If a resignation is rejected, reasons for the rejection are to be set forth in the news release. If a resignation is accepted, the Board may leave the vacancy unfilled until the next annual general meeting, or fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the Company's shareholders, or call a special meeting to consider a new nominee to fill the vacant position. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or Committee of the Board at which such resignation is considered.

Management proposes to nominate the persons named in the following table for election as director. The information concerning the proposed nominees has been furnished by each of them:

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Number of Options Held <sup>(6)</sup>	Principal Occupation and Qualifications <sup>(7)</sup>
 <p><b>Xin Song</b> Beijing, PRC Age: 53 Director and Chairman</p>	October 9, 2009	Nil	Nil	<p>Xin Song's principal occupations include President of China National Gold from December 2013. He was Chief Executive Officer of the Company from October 9, 2009 to February 2014, Vice President of China National Gold in charge of resources development and international operations from 2003 to 2013, Chairman of the Board of Skyland Mining Limited from December 2007 to May 2015 and Chairman of the Board of Tibet Jia Ertong Minerals Exploration Ltd. from April 2008 to February 2014, the subsidiaries of the Company that indirectly hold the Jiama Mine.</p> <p>Xin Song holds a Ph.D. doctorate degree in resources economics and management from the University of Science and Technology Beijing, China, a master's degree in business administration from the China Europe</p>

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Number of Options Held <sup>(6)</sup>	Principal Occupation and Qualifications <sup>(7)</sup>
				International Business School, a master's degree in mining engineering from the University of Science and Technology in Beijing and a bachelor's degree in mineral processing engineering from the Central-South Institute of Mining and Metallurgy.
 <p><b>Bing Liu</b> Beijing, PRC Age: 53 Director and Chief Executive Officer</p>	May 12, 2008	Nil	Nil	<p>Bing Liu's principal occupation includes Chief Executive Officer of the Company since February 2014 to present; Vice President and Chief Accountant of China National Gold from November 1999 to present.</p> <p>Bing Liu holds a master's degree in currency and banking from the Department of Business Administration, Asia International Open University in Macau and holds a bachelor's degree in finance from the Department of Finance and Trade Economics, Chinese Academy of Social Science.</p>
 <p><b>Lianzhong Sun</b> Beijing, PRC Age: 58 Director</p>	February 24, 2014	Nil	Nil	<p>Lianzhong Sun's principal occupations include Vice President of China National Gold in charge of resource development. From February 2011 to present. Director of CNGGHK since February 2014. Chairman of the board of Kichi-chaarat Company since February 2012. Director of China Gold Hong Kong Buchuk Mining Company Limited ("CGHKBM") since May 2015; Chairman of the board of Tibet Huatailong Mining Development Co., Ltd. from June 2010 to February 2012.</p> <p>Mr. Sun graduated from Shenyang Gold Institute and majored in Mining Engineering.</p>
 <p><b>Liangyou Jiang</b> Beijing, PRC Age: 50 Senior Executive Vice President and Director</p>	October 10, 2014	Nil	Nil	<p>Mr. Jiang's principal occupations include Senior Executive Vice President of the Company since August 2014; Director of Tibet Jia Ertong since August 2014; Director of Skyland since October 2014; director of CGHKBM since May 2015; Manager of the Investment Management Department of China National Gold (February 2008 to August 2014); Chairman of Huatailong from February 2012 to August 2014; and General Manager of Huatailong (August 2010 to February 2012).</p> <p>Mr. Jiang is a Senior Professional Engineer, holds a Bachelor's Degree in mineral processing from Northeastern University, and is currently a Ph.D. candidate in mineral processing at Northeastern University.</p>

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Number of Options Held <sup>(6)</sup>	Principal Occupation and Qualifications <sup>(7)</sup>
 <p><b>Ian He</b> <sup>(2)(3)(4)(5)</sup> British Columbia, Canada Age: 54 Director (Independent)</p>	May 31, 2000	150,000	Nil	<p>Ian He's principal occupations include President of Tri-River Ventures Inc. from July 2007 to present and President of Spur Ventures Inc. from August 1995 to June 2006.</p> <p>Ian He holds a Ph.D. degree and a M.A.Sc. degree from the Department of Mining Engineering of the University of British Columbia and a bachelor's degree from the Heilongjiang Institute of Mining and Technology, China.</p>
 <p><b>Yunfei Chen</b> <sup>(2)(3)(4)(5)</sup> Hong Kong, PRC Age: 45 Director (Independent)</p>	May 12, 2008	Nil	Nil	<p>Yunfei Chen's principal occupations include acting as an Independent Advisor from August 2007 to present and Managing Director of Deutsche Bank Hong Kong from July 2001 to August 2007.</p> <p>Yunfei Chen graduated from Southern Illinois University, Carbondale, with a juris doctor degree and is qualified to practice law in New York. Mr. Chen obtained a bachelor of law degree in China.</p>
 <p><b>Gregory Hall</b> <sup>(2)(3)(4)(5)</sup> Western Australia, Australia Age: 66 Director (Independent)</p>	October 9, 2009	Nil	Nil	<p>Gregory Hall's principal occupations include acting as an Independent Geological Consultant from August 2006 to present and Chief Geologist of Placer Dome Group from 2000 to July 2006.</p> <p>Gregory Hall holds a Bachelor of Science degree in applied geology from the University of New South Wales, Australia.</p>

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Number of Options Held <sup>(6)</sup>	Principal Occupation and Qualifications <sup>(7)</sup>
 <p><b>John King Burns</b> <sup>(2)(3)(4)(5)</sup>  Pennsylvania, USA  Age: 65  Director  (Independent)</p>	October 27, 2009	Nil	Nil	<p>John King Burns' principal occupations include serving as a Director of several public and private mineral and energy companies from 1995 to present.</p> <p>John King Burns holds a Bachelor of Arts degree in economics from the University of Pennsylvania.</p>
 <p><b>Xiangdong Jiang</b>  British Columbia, Canada  Age: 57  Vice President of Production and Director</p>	June 17, 2010	38,800	Nil	<p>Xiangdong Jiang's principal occupations include Vice President of Production of the Company from March 24, 2009 to present, Director of Inner Mongolia Pacific Mining Co. Ltd. from September 2008 to present, General Manager of the CSH Mine from August 2007 to present, Vice President of Production and Technology of the Company from September 8, 2008 to March 23, 2009 and Vice President of Business Development of the Company from May 20, 2004 to September 8, 2008.</p> <p>Xiangdong Jiang holds a bachelor's degree in Geology and Mineral Exploration from Changchun College of Geology.</p>

Notes:

- (1) As of the Latest Practicable Date.
- (2) Denotes a member of the Audit Committee.
- (3) Denotes a member of the Compensation and Benefits Committee.
- (4) Denotes a member of the Nominating and Corporate Governance Committee.
- (5) Denotes a member of the Health, Safety and Environmental Committee.
- (6) All unexercised options expired June 1, 2015.
- (7) As of the Latest Practicable Date, none of the proposed directors of the Company held any other positions with the Company or its subsidiaries or had any other major appointments or professional qualifications. For information regarding the other public company directorships of the proposed directors including their former directorships in the previous three years, see "Schedule A – Corporate Governance Disclosure – Board of Directors." As of the Latest Practicable Date, none of the proposed directors of the Company had any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company (as defined in the Hong Kong Listing Rules), except as disclosed in "Schedule A – Corporate Governance Disclosure – Board of Directors."

## **Re-election of Independent Directors**

The Board has assessed the independence of each of the proposed independent non-executive director nominees with reference to the criteria affecting independence as set out in Rule 3.13 of the Hong Kong Listing Rules and Section 311 of the TSX Company Manual. Each of Ian He, Yunfei Chen, Gregory Hall and John King Burns has confirmed his independence accordingly.

Ian He has served on the Board for more than 15 years. Accordingly, particular consideration was applied in assessing his continued independence. Taking into account that Ian He (i) does not hold more than 1% of the total issued share capital of the Company, (ii) save for the Shares and/or options of the Company held by him, has no past or present financial or other interest in the Group's business, (iii) has no connection with any of the Company's connected persons (as defined in the Hong Kong Listing Rules) and (iv) is free from any business or other relationship which could materially interfere with the exercise of his independent judgment, the Board believes that Ian He remains independent and will continue to provide a strong independent element on the Board. Ian He holds a Master's Degree in Applied Science and a Ph.D. in metallurgy and has extensive experience in the mining industry including serving as director of several public companies. The Board believes that Ian He's continued service on the Board will be valuable to the Company and accordingly, the Board recommends that Ian He be re-elected as an independent non-executive director.

Furthermore, taking into account that each of Yunfei Chen, Gregory Hall and John King Burns (i) does not hold more than 1% of the total issued share capital of the Company, (ii) save for the options of the Company held by him, has no past or present financial or other interest in the Group's business, (iii) has no connection with any of the Company's connected persons (as defined in the Hong Kong Listing Rules) and (iv) is free from any business or other relationship which could materially interfere with the exercise of his independent judgment, the Board believes that Yunfei Chen, Gregory Hall and John King Burns remain independent and will continue to provide strong independent elements on the Board. Yunfei Chen is a legal practitioner with a broad range of experience both in Asia and in the U.S. including mining industry experience and experience as an investment banker. Gregory Hall is a seasoned geologist with extensive experience working with global mining companies. John King Burns has extensive experience in the global resource sector and serves as a director of several public and private mineral and energy companies. The Board believes that the continued service of Yunfei Chen, Gregory Hall and John King Burns on the Board will be valuable to the Company. The Board recommends that each of Yunfei Chen, Gregory Hall and John King Burns be re-elected as an independent non-executive director.

## **Corporate Cease Trade Orders and Bankruptcies**

Gregory Hall, a director of the Company, was a director of Colossus Minerals Inc. ("Colossus") (TSX:CSI) from March 2008 to December 30, 2013. On January 14, 2014, Colossus announced a notice of intention to make a proposal under the Bankruptcy and Insolvency Act to enable Colossus to pursue a sale and restructuring with the benefit of creditor protection. Colossus's common shares were suspended from trading by the TSX. On January 21, 2014, the TSX decided to delist Colossus common shares and all other listed securities on February 21, 2014. The securities of Colossus will remain suspended in the interim.

Mr. Hall, is also a non-executive director of Zeus Resources Limited ("Zeus") (ASX:ZEU), and a director of Kalium Corporation Pty Ltd., a wholly owned subsidiary of Zeus. Kalium was placed into creditor liquidation on November 8, 2013.

To the knowledge of the Company, save as disclosed above, no other proposed director of the Company is or has been, within the past 10 years, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, apart from Mr. Hall's disclosure above, no other proposed director of the Company is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Individual Bankruptcies**

To the knowledge of the Company, no proposed director of the Company has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### **Penalties or Sanctions**

To the knowledge of the Company, no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices which are in the interest of the Shareholders and also contribute to effective and efficient decision making. A description of certain corporate governance practices of the Company in accordance with Form 58-101F1 of National Instrument 58-101 of the Canadian Securities Administrators is attached as Schedule A to this information circular.

## **DIRECTORS AND OFFICERS INSURANCE**

The Company has purchased directors and officers liability insurance with aggregate coverage in the amount of US\$50,000,000. The aggregate premium for the insurance coverage was US\$135,000 and the coverage has a deductible of US\$50,000 per claim except for securities claims which have a deductible of US\$100,000.

## **EXECUTIVE COMPENSATION**

### **Summary Compensation Table**

The following table sets out a summary of all compensation paid by the Company and its subsidiaries for the three years ended December 31, 2015, December 31, 2014 and December 31, 2013 to its Chief Executive Officer, Chief Financial Officer, and each of the individuals who at December 31, 2015 were the three most highly compensated executive officers of the Company having total compensation individually of more than Cdn\$150,000 (collectively, the "Named Executive Officers") and includes former executive officers of the Company who would otherwise be considered Named Executive Officers but for the fact that such individuals were no longer executive officers of the Company as of December 31, 2015:

Name and Principal Position	Year	Salary (US\$) <sup>(1)</sup>	Share based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation		Pension Value (US\$)	All Other Compensation (US\$) <sup>(3)</sup>	Total Compensation (US\$)
					Annual incentive plans (US\$)	Long-term incentive plans (US\$)			
Bing Liu <sup>(2)</sup> Chief Executive Officer	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Derrick Zhang Chief Financial Officer	2015	\$140,853	Nil	Nil	Nil	Nil	Nil	Nil	\$140,853
	2014	\$146,539	Nil	Nil	Nil	Nil	Nil	Nil	\$146,539
	2013	\$159,834	Nil	Nil	Nil	Nil	Nil	Nil	\$159,834
Xiangdong Jiang Vice President Production	2015	\$201,216	Nil	Nil	Nil	Nil	Nil	Nil	\$201,216
	2014	\$172,398	Nil	Nil	Nil	Nil	Nil	Nil	\$172,398
	2013	\$180,989	Nil	Nil	Nil	Nil	Nil	Nil	\$180,989
Jerry Xie Executive Vice President and Corporate Secretary	2015	\$165,712	Nil	Nil	Nil	Nil	Nil	Nil	\$165,712
	2014	\$172,398	Nil	Nil	Nil	Nil	Nil	Nil	\$172,398
	2013	\$180,989	nil	nil	nil	nil	nil	Nil	\$180,989
Songlin Zhang Senior Mine Manager	2015	\$278,132	Nil	Nil	Nil	Nil	Nil	Nil	\$278,132
	2014	\$199,999	nil	nil	nil	nil	nil	Nil	\$199,999
	2013	\$193,333	nil	nil	nil	nil	nil	Nil	\$193,333

Notes:

- (1) The Company pays each of the Named Executive Officers in Canadian currency. Notwithstanding this fact, the Company reports its financial results in U.S. currency, and is therefore required under applicable securities laws to disclose the above compensation information in U.S. currency. For the purpose of reporting the salary in the Compensation Table, the salary paid to each Named Executive Officer was converted from Canadian currency to U.S. currency at the Bank of Canada noon buying rate for the years ended December 31.
- (2) Bing Liu was appointed as Chief Executive Officer on February 24, 2014. Bing Liu does not receive any compensation from the Company for his role as Chief Executive Officer.
- (3) The value of prerequisites for each Named Executive Officer did not exceed the lesser of Cdn\$50,000 and 10% of the total salary of such Named Executive Officer for the years ended December 31, and are therefore not included in "All Other Compensation" as permitted under Canadian securities laws.

#### LONG-TERM INCENTIVE PLAN ("LTIP") AWARDS

The Company does not have a LTIP pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid or distributed to any Named Executive Officers during the financial year ended December 31, 2015.

## DEFINED BENEFIT AND PENSION PLANS

The Company does not presently provide any defined benefit, pension plan or deferred compensation to its directors, executive officers or employees.

### Outstanding share-based awards and option-based awards

There are no outstanding share-based awards and option-based awards held by any of the Named Executive Officers of the Company as of December 31, 2015:

### Incentive Plan Awards – value vested or earned during 2015

There are no outstanding incentive plan awards held by any of the Named Executive Officers of the Company as of December 31, 2015.

## TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS

The Company has employment contracts with each of its Named Executive Officers with the exception of Bing Liu, who does not receive any compensation for acting as Chief Executive Officer. Under employment contracts with the Named Executive Officers, the Named Executive Officers may terminate their employment on notice to the Company. In the case of Derrick Zhang, Jerry Xie and Songlin Zhang, one month's notice is required, and in the case of Xiangdong Jiang, three months' notice is required.

Under employment contracts with the Named Executive Officers, the Company may terminate Xiangdong Jiang's employment for cause, or without cause upon three months' notice or lump sum payment equivalent, and may terminate Derrick Zhang, Jerry Xie and Songlin Zhang's employment for cause, or without cause upon one month's notice or lump sum payment equivalent. In the event of a change of control of the Company and if the employment contract of Xiangdong Jiang or Jerry Xie is terminated within twelve months of such change of control, Xiangdong Jiang and Jerry Xie will be entitled to a lump sum payment equivalent to 18 months' of their respective salaries and to a continuation of benefits during such period until alternate employment is commenced.

## COMPENSATION OF DIRECTORS

### Compensation of Directors Table

The Company paid the following compensation to its directors during the financial year ended December 31, 2015:

Name <sup>(1)</sup>	Fees Earned (US\$) <sup>(2)</sup>	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)	Pension value (US\$)	All other compensation	Total (US\$)
Xin Song	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Lianzhong Sun	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Liangyou Jiang	Nil	Nil	Nil	Nil	Nil	59,675	\$59,675
Ian He <sup>(3)</sup>	\$40,809	Nil	Nil	Nil	Nil	Nil	\$40,809
Yunfei Chen <sup>(3)</sup>	\$34,682	Nil	Nil	Nil	Nil	Nil	\$34,682
Gregory Hall <sup>(3)</sup>	\$34,682	Nil	Nil	Nil	Nil	Nil	\$34,682
John King Burns <sup>(3)</sup>	\$34,682	Nil	Nil	Nil	Nil	Nil	\$34,682

Notes:

- (1) Information for Bing Liu and Xiangdong Jiang is included in the Summary Compensation Table for Named Executive Officers and is not reported in the Director Compensation section of this information circular.



- (2) The Company pays each of the directors in Canadian currency. Notwithstanding this fact, the Company reports its financial results in U.S. currency, and is therefore required under applicable securities laws to disclose the above compensation information in U.S. currency. For the purpose of reporting fees earned in the table above, the amount of fees paid or payable to each director was converted from Canadian currency to U.S. currency at the Bank of Canada noon buying rate on December 31, 2015.
- (3) The Company paid Cdn\$4,000 per month for acting as a director and for their roles on various committees of the Board. The Company paid the Chairman of its committees a cash retainer of Cdn\$4,500. Except as set out in note 4 below, no other fixed compensation is paid to directors of the Company for acting as such, although the independent directors may be granted stock options from time to time. The directors are reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Save as disclosed herein, the Company does not have service contracts with its directors.

### **Compensation of Directors - Outstanding share-based awards and option-based awards**

The Company's incentive stock option plan ceased to be in effect as at the end of December 31, 2015.

### **Composition of the Compensation and Benefits Committee**

During the year ended December 31, 2015, the Compensation and Benefits Committee was comprised of Ian He, Yunfei Chen, Gregory Hall and John King Burns. Ian He serves as Chairman of the Compensation and Benefits Committee. The members of the Compensation and Benefits Committee are all independent non-executive directors and each member has had previous experience working with the compensation practices and policies of other listed issuers in addition to their work on the Company's Compensation and Benefits Committee. For information regarding the responsibilities, powers and operation of the Compensation and Benefits Committee, see "Schedule A – Corporate Governance Disclosure – Compensation."

None of the Company's executive officers serve as a member of the Compensation and Benefits Committee or the board of directors of any entity that has an executive officer serving as a member of the Compensation and Benefits Committee or board of directors of the Company.

### **Compensation Discussion and Analysis**

#### *Compensation Committee and Compensation Philosophy*

The Company's executive compensation program is administered by the Compensation and Benefits Committee. Following review and approval by the Compensation and Benefits Committee, decisions relating to executive compensation are reported to and approved by the full board of directors.

The basic philosophy underlying the Company's executive compensation program is that the interests of the Company's executive officers should be aligned as closely as possible with the interests of the Company and its Shareholders as a whole. The Company has its operations in China and the Company's principal shareholder China National Gold is a Chinese state owned enterprise. The Company attempts to bridge its compensation practices with the norms for listed issuers in North America and the norms for Chinese state owned enterprises. At the same time, the Company recognizes that competition in the mining industry for highly skilled employees is intense and that the levels of compensation offered by the Company must be comparable to those offered by its competitors in order to attract, retain and motivate executive personnel of the highest caliber.

The Compensation and Benefits Committee assesses the individual performance of the Company's executive officers and makes recommendations to the board of directors. Based on these recommendations, the board of directors makes decisions concerning the nature and scope of compensation to be paid to the Company's executive officers.

Compensation for the Company's senior executive officers has been traditionally determined with regard to the following considerations in approximately equal level of importance:

- (a) the desirability of providing a strong incentive to management to work as a team to achieve the Company's corporate long term and short term business development goals;
- (b) the principle that the economic interests of management and those of the Shareholders should be aligned as closely as reasonably possible;
- (c) the competitive environment that exists in the mining industry for the recruitment and retention of qualified personnel and the resulting need to offer levels of executive compensation that are comparable to those offered by the Company's competitors; and
- (d) the present stage of development of the Company's business.

The criteria upon which these recommendations are based has, in the earlier stages of the Company's development, tended to be subjective and has reflected the Company's views as to the nature and value of the contributions made by its executive officers to the achievement of the Company's corporate plans and objectives.

The Company's compensation decisions have been largely subjective, based on the Company's compensation philosophy and in particular focusing on retention and available resources.

#### *How the Company makes Compensation Decisions*

The Compensation and Benefits Committee reviews levels of cash compensation on an ad hoc basis, and at least annually, and makes recommendations to the board of directors to adjust cash compensation in light of individual and Company performance, improvements in job proficiency, retention risks, succession requirements and compensation changes in the market. The Compensation and Benefits Committee also reviews the corporate goals and objectives relevant to the compensation of the senior executive officers as needed and at least annually based on recommendations from the Chief Executive Officer and other members of the management team. The board of directors maintains discretionary authority over all compensation awards.

The Compensation and Benefits Committee makes its determinations as to overall compensation levels on the basis of both available third party data regarding comparable compensation at similar size companies as well as their own industry experience, hiring and retention needs and other subjective factors. The Compensation and Benefits Committee has not formalized a peer comparator group for purposes of making compensation decisions although the Company's compensation practices compare favorably with other Toronto Stock Exchange listed issuers with producing and expanding mines. Compensation decisions are not currently made on the basis of the achievement of pre-determined objective benchmarks or goals for the various management positions.

#### *Elements of Total Compensation*

The compensation that the Company's Named Executive Officers receive generally consists of base salary and performance bonuses. Base salary comprises the largest component of each Named Executive Officer's compensation. The following summarizes the primary purpose of each element of compensation and its emphasis within overall compensation for the Named Executive Officers:

- (a) Base salary – paid in cash and is a fixed amount of compensation for performing day-to-day responsibilities; and
- (b) Performance bonuses – bonus awards, paid in cash, earned for achieving short-term goals and other objectives based on the corporate, business unit and individual performance.

In making compensation decisions in respect of these reward categories, the Compensation and Benefits Committee considers the cumulative compensation granted to executives as well as internal comparisons amongst executives.

Given the Company's stage of development and its transitional stage of growth, the trend in the overall compensation paid to the Company's executive officers over the past five years has not been designed to track the performance of the market price of the Company's common shares, or the S&P/TSX Composite Index.

#### *Salary Compensation*

Salaries are reviewed upon hiring decisions and then again at least annually. Salary adjustments for the following year are considered based on a variety of factors, including the individual's performance and contributions, improvements in job proficiency, retention risks, succession requirements and compensation changes in the market and available cash resources.

Bing Liu has elected not to receive any compensation, salary or otherwise, from the Company for carrying out the duties of such role.

#### *Bonus Compensation*

Executive officers of the Company are eligible for annual incentive compensation in the form of a bonus in cash. Annual incentive awards are based on an assessment of performance of a combination of company, business unit and individual performance, as well as a consideration of overall compensation targets and market changes. To date, the Company has not implemented a formalized approach to bonuses, although as the Company experiences further growth, it intends to assess quantitative and qualitative economic measurement criteria and to develop a more objective approach to determining annual bonuses.

For the 2015 financial year, the Company did not award any annual incentive bonuses to any Named Executive Officers.

#### *Other Compensation*

The Company does not maintain a current stock option plan for its Named Executive Officers; however, certain stock options remain outstanding under the Company's prior equity incentive plan. For more information, see "Securities Authorized for Issuance under Equity Compensation Plans".

The Company does not maintain a pension plan or other long-term compensation plan for its Named Executive Officers.

For the 2015 financial year, the Company did not provide any other material compensation for its Named Executive Officers beyond the salaries disclosed above.

#### *Compensation Governance*

For the most recently completed financial year ended December 31, 2015 no fees were billed by any consultant or advisor for services related to determining compensation for any of the Company's directors and executive officers.

#### *Future Compensation Program*

The Company does not expect to change its compensation program in any significant way for the 2015 year.

*Compensation Risk Management*

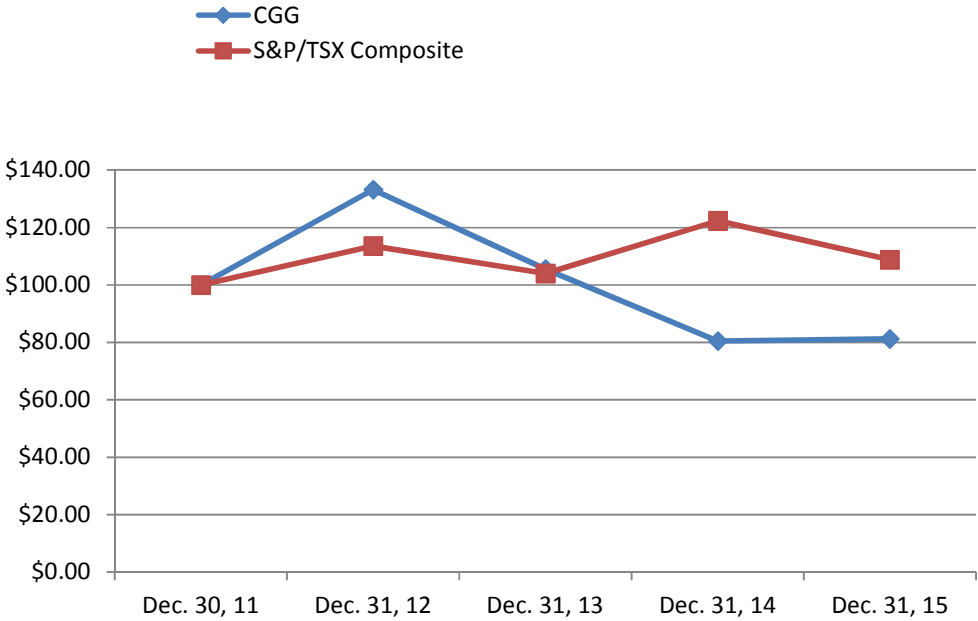
The Board has considered the implications of the risks associated with the Company’s compensation policies and practices. The Board has ultimate oversight of the risks associated with the Company’s compensation policies and practices, and carefully reviews the risks associated with the Company’s compensation structure. The Company’s current compensation structure consists of cash compensation in the form of salary and bonus compensation. The Company does not currently maintain an equity incentive plan nor does it maintain a long term incentive plan. The Company will adopt a more formalized approach to compensation risk management as its compensation practices evolve. The Company uses the following practices to identify and mitigate compensation policies and practices that could encourage an individual to take inappropriate or excessive risks: (i) the Compensation and Benefits Committee completes an annual review of all forms of compensation provided to the Named Executive Officers, directors and top paid employees; (ii) the Board completes an annual review of the Company’s compensation philosophy and components and (iii) independent advisors are engaged from time to time at the recommendation of the Compensation and Benefits Committee. There are no identified risks arising from the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

*Financial Instruments*

The Company does not have a written policy which restricts its executive officers and directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officers or directors.

**Performance Graph**

The following graph and table compares the cumulative total shareholder return on a Cdn\$100 investment in common shares of the Company on December 31, 2006 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial periods of the Company, assuming the reinvestment of all dividends. For a discussion of the relationship between compensation paid to executive officers and shareholder returns, see “Compensation Discussion and Analysis – Elements of Total Compensation”.



	Cdn\$				
	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015
<b>China Gold International Resources Corp. Ltd.</b>	100	133.20	105.47	80.47	81.25
<b>S&amp;P/TSX Composite Index</b>	100	113.60	104.00	122.39	108.82

The trend in overall compensation paid to the Company's executive officers over the past five years has not tracked the performance of the market price of the Company's common shares or the S&P/TSX Composite Index.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Equity Compensation Plan Information**

The Company's incentive stock option plan ceased to be in effect as at the end of December 31, 2015. All unexercised options granted to the Company's directors thereunder have expired.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the Company's directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to the Company or its subsidiaries, or to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries at any time since the beginning of the most recently completed financial year, and none of the foregoing persons, nor any current or former employees or former directors and executive officers, are indebted to the Company or any of its subsidiaries as at the date of this information circular.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed herein, no informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

An "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by an underwriter as such in the course of a distribution; and
- (d) the Company if it has acquired any of its securities, for so long as it holds any of its securities.

## **COMPETING INTERESTS**

As of the Latest Practicable Date, other than the directorships and management roles of the proposed directors of the Company in other gold and other mineral mining companies as disclosed in paragraph 1 of “Schedule A – Corporate Governance Disclosure – Board of Directors”, none of the proposed directors of the Company or their associates was considered by the Company to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group, other than those businesses where such proposed directors had been appointed to represent the interests of the Company and/or other members of the Group.

## **DIRECTORS’ INTEREST IN THE GROUP’S ASSETS**

As of the Latest Practicable Date, none of the Directors and proposed directors had any interests, either directly or indirectly, in any assets which had been, since December 31, 2015 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

## **OTHER ARRANGEMENTS INVOLVING DIRECTORS**

As of the Latest Practicable Date, other than as disclosed in paragraph 1 of “Schedule A – Corporate Governance Disclosure – Board of Directors”, there was no contract or arrangement subsisting at the date of this information circular in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

## **MATERIAL ADVERSE CHANGE**

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2015 (being the date to which the latest published audited financial statements of the Group were made).

## **LITIGATION**

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group other than an arbitration between the Group and a construction supplier to the Group before the China International Economic and Trade Arbitration Commission, as more particularly described in the Company’s annual report for the year ended December 31, 2015.

## **SERVICE CONTRACTS**

As of the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

## DISCLOSURE OF INTERESTS

Other than as disclosed below, the Directors and chief executive officer of the Company are not aware of any other person who, as of the Latest Practicable Date, had an interest or short position in the Shares, convertible securities, warrants, options or derivatives of the Company, the underlying shares of the Company which would fail to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Nature of interest	Number of Shares held	Approximate percentage of outstanding Shares
China National Gold Group Corporation <sup>(1)</sup>	Indirect	155,794,830 <sup>(1)</sup>	39.3%
China National Gold Group Hong Kong Limited	Registered Owner	155,794,830	39.3%

Note:

1. China National Gold directly and wholly owns CNGGHK therefore the interest attributable to China National Gold represents its indirect interest in the Shares through its equity interest in CNGGHK.

## OTHER DISCLOSURE

Save as disclosed in pages 7-11 herein, each of the proposed Directors and the chief executive officer of the Company does not have any other interest or short position in the Shares, convertibles securities, warrants, options or derivatives, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Division 7 and Division 8 of Part XV of the SFO in Hong Kong, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 to the Hong Kong Listing Rules) to be notified to the Company and the Hong Kong Stock Exchange.

Save as disclosed herein, each of the proposed directors does not hold any other position with the Company or its subsidiaries, nor has any other directorships in other listed public companies and no director has any other relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company (as defined in the Hong Kong Listing Rules). For information regarding the other public company directorships of the proposed directors, see "Schedule A – Corporate Governance Disclosure – Board of Directors." For information regarding the relationship between certain proposed directors and China National Gold see "Schedule A – Corporate Governance Disclosure – Board of Directors."

Save as disclosed herein, there is no information for each of the proposed directors of the Company which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

## APPOINTMENT OF AUDITORS

Deloitte Touche Tohmatsu will be nominated at the Meeting for re-appointment as auditors of the Company to hold office until the next annual general meeting of Shareholders with their remuneration to be fixed by the board of directors. Deloitte Touche Tohmatsu was first appointed as auditors of the Company on April 1, 2010.

## MANAGEMENT CONTRACTS

The management functions of the Company and its subsidiaries are not performed by a person or persons other than the directors or executive officers of the Company.

## EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this information circular:

Name	Qualification
TC Capital International Limited	Independent financial adviser and a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulatory activities under the SFO.

As of the Latest Practicable Date, TC Capital had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, TC Capital had no direct or indirect interest in any assets which had been, since December 31, 2015 (the date to which the latest published audited financial statements of the Company were made), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

TC Capital has given and has not withdrawn its written consent to the issue of this information circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

## PARTICULARS OF MATTERS TO BE ACTED UPON

In addition to the election of the directors and other matters disclosed elsewhere in this information circular, the board of directors is proposing that the Shareholders consider and vote upon the following matters at the Meeting:

### Share Repurchase Mandate

The existing general mandate to repurchase common shares of the Company granted to the Board at the annual general and special meeting held on June 30, 2015 will expire upon the conclusion of this Meeting.

An ordinary resolution will be proposed at the Meeting to seek the approval of the Shareholders to grant a general and unconditional mandate to the board of directors of the Company to repurchase Shares up to a maximum of 10% of the aggregate number of issued Shares as at the date of the passing of the ordinary resolution set out as resolution B below (the "Share Repurchase Mandate"). If the resolution is passed, in the event that the Share Repurchase Mandate is exercised in full (on the basis of 396,413,753 Shares outstanding as of the Latest Practicable Date), up to 39,641,375 Shares may be repurchased by the Company as a result during the Relevant Period (as defined below).

An explanatory statement as required by the Hong Kong Listing Rules, providing the requisite information regarding the grant of the Share Repurchase Mandate is set out in Schedule B to this information circular.

### Share Issue Mandate

The existing general mandate to allot, issue or otherwise deal with new Shares granted to the Board at the annual general and special meeting held on June 30, 2015 will expire upon the conclusion of this Meeting.



An ordinary resolution will be proposed at the Meeting to seek the approval of the Shareholders to grant a general and unconditional mandate to the Board to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate number of issued Shares as at the date of passing of the ordinary resolution set out as resolution A below (the “Share Issue Mandate”), in order to increase the flexibility for the Company to raise new capital as and when the board of directors consider appropriate. If the resolution is passed, in the event that the Share Issue Mandate is exercised in full (on the basis of 396,413,753 Shares outstanding as of the Latest Practicable Date), up to 79,282,750 new Shares may be allotted, issued and dealt with by the Company during the Relevant Period (as defined below).

#### **Additional Share Allotment Mandate**

In addition, if the Share Repurchase Mandate is granted, an ordinary resolution will be proposed at the Meeting providing that any Shares repurchased under the Share Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate (the “**Additional Share Allotment Mandate**”).

Accordingly, at the Meeting, the Shareholders will be asked to consider and if thought fit, pass with or without amendments, the following as an ordinary resolution:

**RESOLVED**, as an ordinary resolution:

**A. “THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the board of directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional Shares in the share capital of the Company or securities convertible into such Shares or options, warrants, or similar rights to subscribe for any such Shares or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws be and is hereby generally and unconditionally approved;
- (b) the approval of paragraph (a) of this resolution shall authorize the board of directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers at any time during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital of the Company which may be allotted or conditionally or unconditionally agreed to be allotted (whether pursuant to an option or otherwise), issued or otherwise dealt with by the board of directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription or conversion rights attaching to any securities or warrants which may be issued by the Company or any securities which are convertible into common shares of the Company from time to time or (iii) the exercise of options granted under the stock option plan of the Company or similar arrangement from the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of common shares or rights to acquire common shares of the Company or (iv) any issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of the Company in force from time to time, shall not exceed 20% of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of the Company to be held; and
- (iii) the time of the passing of an ordinary resolution of the Company in a general meeting revoking or varying the authority set out in this resolution; and

“Rights Issue” means an offer of Shares open for a period fixed by the board of directors to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the board of directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

**B. “THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the board of directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the Toronto Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognized by the Securities and Futures Commission of Hong Kong and the Hong Kong Stock Exchange for this purpose (the “Recognized Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange or on the Toronto Stock Exchange or any other Recognized Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares authorized to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of the Company to be held; and
- (iii) the time of the passing of an ordinary resolution of the Company in a general meeting revoking or varying the authority set out in this resolution.”

- C. “**THAT** conditional upon the resolutions set out in paragraphs A and B above, the general mandate granted to the board of directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares in the share capital of the Company pursuant to the resolution set out in paragraph A above be and is hereby extended by the addition of an amount representing the aggregate number of issued shares of the Company repurchased by the Company under the authority granted pursuant to the resolution set out in paragraph B above, provided that such extended amount shall not exceed 10% of the aggregate number of issued shares of the Company as at the date of passing of this resolution.”

### **Adoption of New Articles**

The Board wishes to replace the Company’s current Articles (the “**Articles**”) with new Articles (the “**New Articles**”) in accordance with the provisions of the Company’s governing statute, the *Business Corporations Act* (British Columbia) (the “**BCBCA**”). The Board believes that the New Articles will modernize the Company’s Articles and better align with recent legal and regulatory developments and market practice by Toronto Stock Exchange and Hong Kong Stock Exchange listed companies. The special resolution approving the New Articles must be passed by not less than 66 <sup>2</sup>/<sub>3</sub> of the votes cast by Shareholders who are entitled to vote and are present in person or by proxy at the Meeting.

The New Articles are substantially similar to the current Articles but reflect a number of regulatory developments, including the following:

- **Definitions** – the Company intends to add certain defined terms to the New Articles to incorporate terminology used in the Hong Kong Listing Rules into the New Articles.
- **Share Certificates** – the Company intends to expressly permit electronic share registration in the New Articles, which is becoming more prevalent with Toronto Stock Exchange and Hong Kong Stock Exchange listed companies.
- **Share Transfers** – the Company intends to update and clarify the procedures for transfers of shares of the Company, including adding references to the maintenance of branch securities registers in recognition of the fact that the Company maintains a separate share register in Hong Kong to comply with Hong Kong Listing Rules.
- **Shareholder Meetings** – the Company intends to clarify procedures relating to meetings of shareholders. In particular, the New Articles will expressly contemplate that shareholder meetings may be held within or outside of British Columbia, as may be determined by the Board. The New Articles will also clarify procedures to select a chair for meetings of shareholders.
- **Advance Notice Provisions** – the Company intends to include certain “Advance Notice” provisions within the New Articles that will require nominations for election of directors at meetings of Shareholders of the Company to be delivered (together with supporting documentation) sufficiently in advance of the meeting to enable the Company to reflect such nominations in its information circular for the meeting. This will (i) allow the Company to facilitate an orderly and efficient annual general meeting or, where the need arises, special meeting process; (ii) ensure that all Shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.
- **Indemnification** – the Company intends to update the mandatory indemnification provisions of the New Articles to align with the BCBCA.

- **Shareholder Communications Provisions** – the Company intends to update the manner in which corporate communications and disclosure documents may be delivered to Shareholders. In particular, the Company intends to take advantage of electronic delivery in accordance with applicable securities laws and stock exchange rules to enable more timely and cost-effective delivery of corporate communications to Shareholders. The New Articles will also more particularly address the requirement to deliver financial statements and financial reporting to Shareholders in accordance with applicable securities laws and stock exchange rules.
- **Name Changes** – the BCBCA permits a company to amend its Notice of Articles to change the name of a company by a resolution of the Directors if authorized to do so under the Articles. The Company’s proposed New Articles will contain this provision so as to be consistent with customary practice for BCBCA incorporated companies.
- **General Amendments** – the New Articles will also include certain “housekeeping” amendments that are intended to clarify and simplify the provisions of the Articles so as to be more easily understood by Shareholders. These “housekeeping” amendments will also remove certain provisions currently included in the Articles that do not apply to the Company because it is a publicly listed company.

In view of the substantial number of amendments proposed to be made to the Articles, the Board proposed that the New Articles, consolidating all of the proposed amendments, be adopted to immediately replace the Articles in its entirety.

At the Meeting, the Shareholders will be asked to consider, and, if thought advisable, pass, with or without variation, a special resolution, as follows:

**RESOLVED, as a special resolution**

**“THAT:**

- (a) the current Articles of the Company be removed in its entirety and immediately replaced with the New Articles as set out in Schedule G to the information circular of the Company dated June 22, 2016; and
- (b) any one director or officer of the Company is authorized and directed on behalf of the Company, to take all necessary steps and proceedings, including filing of such documents and take such further actions that may be necessary to effect the amendment to the Articles and to execute, or cause to be executed, and to deliver or cause to be delivered all such other documents and instruments, and to do or to cause to be done all such other acts and things, as in the option of such director or officer may be necessary or desirable in order to carry out the intent and give effect to this special resolution.

A copy of the proposed New Articles showing changes to the Articles is set out in the Schedule G to this information circular and is available for inspection during local normal business hours up to and including June 21, 2016 at 8/F Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong, and at the Company’s office, One Bentall Centre, Suite 660, 505 Burrard Street, Box 27, Vancouver, British Columbia, Canada V7X 1M4.

## **THE PROPOSED MATTER**

### **Continuing Connected Transactions and Major Transaction**

#### *Loan Framework Agreement*

On May 18, 2016, the Company entered into the 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 of its subsidiaries, Loan(s) in an aggregate principal amount of up to US\$200 million from the date on which approval of the Loan Framework Agreement by the Independent Shareholders is obtained, and each Loan for a term commencing on the date of actual drawdown and expiring on July 31, 2017. For further information please see Schedule D to this information circular.

### **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 Gold as disclosed in the Company's announcement dated April 22, 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 Latest Practicable Date, China National Gold held approximately 39.3% of the 396,413,753 number of issued Shares 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.

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.

The Independent Board Committee comprised of all the independent non-executive Directors was 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 the transactions contemplated thereunder. The Independent Board Committee, having taken into account,

among other things, the advice of TC Capital International Limited, as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard, considers 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, are fair and reasonable that are in the interests of the Company and its Shareholders as a whole; and that the Group will remain able to operate independently of the controlling shareholders and its close associates. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Loan Framework Agreement and the transactions contemplated thereunder at the Meeting.

### **Ordinary Resolutions**

The Independent Shareholders will be asked to consider and, if thought fit, pass the following:

“**RESOLVED**, as an ordinary resolution that:

- (a) the Loan Framework Agreement, as defined in the information circular of the Company dated May 24, 2016 (the “Circular”), the Cap thereunder, and the transactions contemplated thereunder, as more particularly described in this information circular, be and are hereby approved;
- (b) any one director of the Company be and is hereby authorized to do such acts and things and to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, under hand (or where required, under the common seal of the Company together with another director or any other person authorized by the board of directors), and to take all such steps which in the opinion of such director deems necessary, appropriate or desirable to implement and/or carry out to give effect to the Loan Framework Agreement and any of the transactions contemplated thereunder (save and except for the purpose of effecting any material variation to the terms of the Loan Framework Agreement that requires approval of the Company’s Shareholder(s)).”

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the foregoing resolutions.

### **OTHER BUSINESS**

Management of the Company is not aware of any additional matters to come before the Meeting other than the matters referred to in the notice of the Meeting.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during local normal business hours up to and including June 21, 2016 Vancouver time and at 8/F., Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong and at the Company’s office, One Bentall Centre, Suite 660, 505 Burrard Street, Box 27, Vancouver, British Columbia, Canada V7X 1M4:

1. New Articles of the Company with a blackline to the form of Articles currently in force;
2. the Company’s annual reports for the three years ended 31 December 2013, 2014 and 2015;
3. each of the material contracts as referred to in the paragraph headed "Material Contracts" set out in Schedule D to this information circular;
4. the letter from the Independent Board Committee, the text of which is set out in Schedule E to this information circular;

5. the letter from TC Capital International Limited, the text of which is set out in Schedule F to this information circular;
6. the written consent of TC Capital International Limited;
7. the Loan Framework Agreement;
8. the written resolutions of the Board dated May 19, 2016 approving, among other things, the Continuing Connected Transactions and Major Transaction and the transactions contemplated thereunder; and
9. an announcement of the Company dated May 24, 2016 in respect of the Continuing Connected Transactions and Major Transaction.

#### **ADDITIONAL INFORMATION**

Additional information about the Company is located on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative annual financial statements and Management's Discussion and Analysis for the most recently completed financial year ended December 31, 2015. Shareholders may contact the Company to request copies of the annual financial statements and Management's Discussion and Analysis by writing to the Company's Executive Vice President and Corporate Secretary, Jerry Xie, who is a Professional Engineer with APEGGA, at the following address:

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

One Bentall Centre  
Suite 660, 505 Burrard Street, Box 27  
Vancouver, British Columbia V7X 1M4

#### **DIRECTORS' APPROVAL**

The contents of this information circular and its distribution to Shareholders have been approved by the Board.

The Board considers that the ordinary resolutions to set the number of directors of the Company at nine (9), to elect each of the nominated directors, to re-appoint Deloitte Touche Tohmatsu as auditors of the Company for the ensuing year with their remuneration to be fixed by the Board, to approve the Share Issue Mandate, to approve the Share Repurchase Mandate, to approve the Additional Share Allotment Mandate, and to approve the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder, and the special resolution to remove the Company's current Articles in its entirety and immediately replace with the New Articles are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favor of the relevant resolutions at the Meeting.

## **RESPONSIBILITY STATEMENT**

This information circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this information circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**DATED** at Vancouver, British Columbia, this 24<sup>th</sup> \_ day of May, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

*“Jerry Xie”*

---

Jerry Xie  
Executive Vice President and Corporate Secretary

*As of the date of this information circular 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.*



**SCHEDULE A**  
**FORM 58-101F1**  
**CORPORATE GOVERNANCE DISCLOSURE**

**1. Board of Directors**

- (a) Disclose the identity of directors who are independent.

The Board has reviewed the independence of each director on the basis of the definitions in section 1.4 of National Instrument 52-110 (“NI 52-110”), as amended. A director is “independent” if he or she has no direct or indirect material relationship with the Company. A “material relationship” is one that would, or in the view of the Board could, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Board has determined, after reviewing the roles and relationships of each of the directors that, at the date of this Information Circular, four of the nine nominees as members of the Board are “independent” for the purposes of NI 52-110. The Company has determined that Ian He, Yunfei Chen, Gregory Hall and John King Burns are independent non-executive directors and have no material connection to the Company, other than as directors.

- (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

The Board has determined that Xin Song, Bing Liu, Liangyou Jiang and Xiangdong Jiang are not independent of the Company. Xin Song is not considered independent of the Company because of his role as an officer of China National Gold, the Company’s controlling shareholder and his role as a former senior officer of the Company within the previous three years. Bing Liu and Liangyou Jiang are not considered independent of the Company because of their roles as officers of China National Gold and as senior officers of the Company. Lianzhong Sun is not considered independent of the Company because of his role as an officer of China National Gold. Xiangdong Jiang is not considered independent of the Company because of his role as a senior officer of the Company.

- (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities.

The Board has determined that four of its nine directors are independent. The Board believes that its current size and composition results in balanced representation among management and non-management directors and enables the independent non-executive directors to adequately facilitate the exercise of independent supervision over management. The Company’s Nominating and Corporate Governance Committee is composed entirely of independent non-executive directors and monitors the disclosure of conflicts of interest by the directors and ensures that no director votes on a matter in respect of which he has a material interest. The Company’s Nominating and Corporate Governance Committee will continue to examine the size and composition of the Board and recommend adjustments from time to time to ensure that the Board continues to be of a size that facilitates effective decision-making.

- (d) If a director is presently or in the last three years a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

<b>Name of Director</b>	<b>Other reporting issuer (or equivalent in a foreign jurisdiction)</b>
Xin Song	Zhongjin Gold Corporation Limited (Shanghai Stock Exchange)
Bing Liu	Zhongjin Gold Corporation Limited (Shanghai Stock Exchange)
Lianzhong Sun	Zhongjin Gold Corporation Limited (Shanghai Stock Exchange)
Liangyou Jiang	---
Ian He	Tri-River Ventures Inc. (TSX Venture Exchange) Jiulian Resources Inc. (TSX Venture Exchange) Zhongrun Resources Investment Corporation (Shenzhen Stock Exchange) Huaxing Machinery Corp. (TSX Venture Exchange)
Yunfei Chen <sup>(1)</sup>	DongFeng Auto (Hong Kong Stock Exchange)
Gregory Hall <sup>(2)</sup>	Montero Mining and Exploration Limited (TSX Venture Exchange) Zeus Uranium Ltd. (Australian Securities Exchange) Namibian Copper Limited (Australian Securities Exchange) Dateline Resources Ltd. (Australian Securities Exchange)
John King Burns <sup>(3)</sup>	Simba Energy Inc. (TSX Venture Exchange) Urban Select Capital Corporation (TSX Venture Exchange)
Xiangdong Jiang	---

Notes:

- (1) Yunfei Chen was a former director of Asia Coal Limited (Hong Kong Stock Exchange) in the previous three years.
- (2) Gregory Hall was a former director of Colossus Minerals Inc. (Toronto Stock Exchange), Laurentian Goldfields Ltd. (TSX Venture Exchange) and Triton Gold Limited (Australian Securities Exchange) in the previous three years.
- (3) John King Burns was former director of NovaDx Ventures Corp. (TSX Venture Exchange), Corazon Gold Corp. (TSX Venture Exchange, Titan Goldworx Resources (CNSX) and Dolly Varden Silver Corporation (TSX Venture Exchange) in the previous three years.

- (e) Disclose whether or not the independent non-executive directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent non-executive directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent non-executive directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent non-executive directors.

Although the independent non-executive directors do not hold regularly scheduled meetings, they may meet without management being present at the request of any director. The frequency of meetings as well as the nature of agenda items changes depending upon the state of the Company's affairs and in light of opportunities or issues that the Company may face. The independent non-executive directors held four (4) meetings in 2015. In addition, each of the Board committees is composed entirely of independent non-executive directors and the independent non-executive directors and Board committee members attended four (4) meetings of the Audit Committee, one (1) meeting of the Nominating and Corporate Governance Committee, one (1) meeting of the Compensation and Benefits Committee and two (2) meetings of the Health, Safety and Environmental Committee in 2015. Since the end of the most recently completed financial year the independent non-executive directors have held an in-camera session at each Board meeting during which session non-independent directors and members of management do not attend.

The Chairman of the Audit Committee acts as the de facto lead independent non-executive director and facilitates and chairs discussions among the Company's independent directors and facilitates communication between the independent directors and the Company's management. The de facto lead independent director considers any comments or requests made by an independent director or during an in-camera session of the independent directors and determines the most appropriate action or response which may include a request for additional information or action by the Chief Executive Officer or other members of the Company's management, seeking independent legal or other advice, or any other action that the de facto lead independent director deems appropriate or advisable under the circumstances to address the comments or requests raised.

- (f) Disclose whether or not the chair of the Board is an independent non-executive director. If the Board has a chair or lead director who is an independent non-executive director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.

Mr. Song currently serves as Chairman of the Board and is not an independent non-executive director. At present, the Chairman of the Audit Committee acts as the de facto lead independent director and liaises with management and non-independent directors regarding relevant matters. The de facto lead independent director is also responsible for chairing discussions among the Company's independent directors and ensuring that the Board is able to function independently of management.

- (g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

The following table discloses the attendance record of each director at meetings of the Board for which that director was eligible to attend during the financial year ended December 31, 2015:

Name of Director	Number of Board Meetings Attended	Number of Board Meetings Held
<b>Executive Directors</b>		
Xin Song	4	4
Bing Liu	4	4
Liangyou Jiang	4	4
Xiangdong Jiang	4	4
<b>Non-Executive Directors</b>		
Lianzhong Sun	4	4
<b>Independent Non-Executive Directors</b>		
Ian He	4	4
Yunfei Chen	4	4
Gregory Hall	4	4
John King Burns	4	4

## 2. Board Mandate

Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

## CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

### BOARD MANDATE

The Board of Directors (the "Board") of China Gold International Resources Corp. Ltd. (the "Company") shall have the oversight responsibility, authority and specific duties as described below.

Under the *Business Corporations Act* (British Columbia), the directors of the Company are required to manage the Company's business and affairs, and in doing so to act honestly and in good faith with a view to the best interests of the Company. In addition, each director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Directors is responsible for supervising the conduct of the Company's affairs and the management of its business. This includes setting long term goals and objectives for the Company, formulating the plans and strategies necessary to achieve those objectives and supervising senior management in their implementation. Although the Board delegates the responsibility for managing the day to day affairs of the Company to senior management personnel, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business.

The Board needs to be satisfied that the Company's senior management will manage the affairs of the Company in the best interest of the Shareholders, and that the arrangements made for the management of the Company's business and affairs are consistent with the Board's duties described above. The Board is responsible for protecting shareholder interests and ensuring that the interests of the Shareholders and of management are aligned. The obligations of the Board must be performed continuously, and not merely from time to time, and in times of crisis or emergency the Board may have to assume a more direct role in managing the affairs of the Company.

In discharging this responsibility, the Board oversees and monitors significant corporate plans and strategic initiatives. The Board's strategic planning process includes annual and quarterly budget reviews and approvals, and discussions with management relating to strategic and budgetary issues. At least one meeting per year is to be devoted substantially to a review of strategic plans proposed by management.

The Board reviews the principal risks inherent in the Company's business, including financial risks, through periodic reports from management of such risks. This review takes place in conjunction with the Board's review of operations and risk issues at each Board meeting, at which time the Board assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of the internal financial control and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve annual operating and capital budgets, any material dispositions, acquisitions and investments outside of the ordinary course of business or not provided for in the approved budgets, long-term strategy, organizational development plans and the appointment of senior executive officers. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business.

The Board also expects management to provide the directors on a timely basis with information concerning the business and affairs of the Company, including financial and operating information and information concerning industry developments as they occur, all with a view to enabling the Board to discharge its stewardship obligations effectively. The Board expects management to efficiently implement its strategic plans for the Company, to keep the Board fully apprised of its progress in doing so and to be fully accountable to the Board in respect to all matters for which it has been assigned responsibility.

The Board has instructed management to maintain procedures to monitor and promptly address shareholder concerns and has directed and will continue to direct management to apprise the Board of any major concerns expressed by Shareholders.

Each Committee of the Board is empowered to engage external advisors as it sees fit. Any individual director is entitled to engage an outsider advisor at the expense of the Company provided such director has obtained the approval of the Nominating and Corporate Governance Committee to do so.

The roles of Chairman, Chief Executive Officer and Lead Director (if any) will be as set forth in position statements as may be established by the Board from time to time.

This Mandate will be reviewed periodically by the Board of Directors of the Company and supplemented as required from time to time.

### **The Roles of the Board of Directors**

The Board fulfills its mandate through direct oversight, setting policy, appointing committees and appointing management. Specific responsibilities include the following:

1. Approving the issuance of any securities of the Company.
2. Approving the incurrence of any debt by the Company outside the ordinary course of business.
3. Reviewing and approving the annual and quarterly capital and operating budgets.
4. Reviewing and approving major deviations from the capital and operating budgets.
5. Approving the annual financial statements and quarterly financial statements, including the Management Discussion & Analysis, information circulars, annual information forms, annual reports, offering memorandums and prospectuses.
6. Approving material investments, dispositions and joint ventures, and approving any other major initiatives outside the scope of approved budgets.
7. Reviewing and approving the Company's strategic plans, adopting a strategic planning process and monitoring the Company's performance.
8. Reviewing and approving the Company's incentive compensation plans.
9. Determining the composition, structure, processes, and characteristics of the Board and the terms of reference of committees of the Board, and establishing a process for monitoring the Board and its directors on an ongoing basis.
10. Appointing a Nominating and Corporate Governance Committee, an Audit Committee, a Compensation and Benefits Committee and other Board Committees and delegating to any such committees powers of the Board as appropriate and legally permissible.
11. Nominating the candidates for the Board to the Shareholders, based on recommendations from the Nominating and Corporate Governance Committee.
12. Ensuring an appropriate orientation and education program for new directors is provided.
13. Determining whether individual directors meet the requirements for independence under applicable regulatory requirements.
14. Monitoring the ethical conduct of the Company and ensuring that it complies with applicable legal and regulatory requirements.

15. Ensuring that the directors that are independent of management have the opportunity to meet regularly.
16. Reviewing this Mandate and other Board policies and terms of reference for Committees in place from time to time and propose modifications as applicable.
17. Appointing and monitoring the performance of senior management, formulating succession plans for senior management and, with the advice of the Compensation and Benefits Committee, approving the compensation of senior management.
18. Ensuring policies and processes are in place for identifying principal business risks and opportunities for the Company, addressing the extent to which such risks are acceptable to the Company, and ensuring that appropriate systems are in place to manage risks.
19. Ensuring policies and processes are in place to ensure the integrity of the Company's internal control, financial reporting and management information systems.
20. Ensuring appropriate policies and processes are in place to ensure the Company's compliance with applicable laws and regulations, including timely disclosure of relevant corporate information and regulatory reporting.
21. Exercising direct control during periods of crisis.
22. Serving as a source of advice to senior management, based on directors' particular backgrounds and experience.

#### **Organization of the Board of Directors**

**Independence:** The Company intends to monitor best practices recommendations and to fully comply with the corporate governance requirements relating to the composition and independence of board and committee members under applicable legislation and stock exchange rules by the date of the effectiveness of such legislation and rules or earlier and, through the Nominating and Corporate Governance Committee, to identify additional qualified board candidates where required to meet such requirements.

**Committees:** The Company has an Audit Committee, a Nominating and Corporate Governance Committee, a Compensation and Benefits Committee and a Health, Safety and Environmental Committee. The Company will have such other committees of the Board as may be required from time to time.

#### **Meetings**

The Board holds regular annual and quarterly meetings. Between the quarterly meetings, the Board meets on an ad hoc basis as required, generally by means of telephone conferencing facilities. As part of the annual and quarterly meetings, the independent non-executive directors also have the opportunity to meet separate from management. Management also communicates informally with members of the Board on a regular basis, and solicits the advice of Board members falling within their specific knowledge and experience. Each director shall review all Board meeting materials in advance of each meeting and shall make all reasonable efforts for attendance at all Board and Board Committee meetings.

### **3. Position Descriptions**

- (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

The Board does not have written position descriptions for the Chair of the Board or of the committees. For each such position, the Chair assumes a leadership role over the relevant organization (Board or committee, as applicable) within the bounds of authority identified in the applicable Board mandate or committee charter, as applicable, including the setting of agenda items at meetings and chairing of those meetings.

- (b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

The Board has developed position descriptions for both the CEO and the CFO. Such position descriptions were reviewed by the Nominating and Corporate Governance Committee and approved by the Board and are subject to annual review by the Nominating and Corporate Governance Committee.

### **4. Orientation and Continuing Education**

- (a) Briefly describe what measures the Board takes to orient new directors regarding (i) the role of the Board, its committees and its directors; and (ii) the nature of the operation of the Company's business.

The Board takes steps to ensure that prospective directors fully understand the role of the Board and its committees and the contribution individual directors are expected to make, including, in particular, the commitment of time and energy that the Company expects of its directors. New directors receive a detailed briefing with the Chair of the Board and of its committees and a comprehensive information package, including pertinent corporate documents and a director's manual containing information on the duties, responsibilities and liabilities of directors. New directors are also briefed by management as to the status of the Company's business. The Nominating and Corporate Governance Committee reviews the orientation program in connection with new appointments.

To facilitate ongoing education of the Company's directors, the Nominating and Corporate Governance Committee: (i) periodically canvasses the directors to determine their training and education needs and interests; (ii) arranges ongoing visitation by the directors to the Company's facilities and operations; (iii) arranges funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Company and (iv) encourages and facilitates presentations by outside experts to the Board and its committees on matters of importance.

- (b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

To facilitate ongoing education of the Company's directors, the Nominating and Corporate Governance Committee: (i) periodically canvasses the directors to determine their training and education needs and interests; (ii) arranges ongoing visitation by the directors to the Company's facilities and operations; (iii) arranges funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Company and (iv) encourages and facilitates presentations by outside experts to the Board and its committees on matters of importance.

Directors have the opportunity to take courses relevant to the Company and its business, particularly with respect to corporate governance and the mining industry. As a means of facilitating continuing education opportunities for Directors, each Director is enrolled as a member of the Institute of Corporate Directors.

## **5. Ethical Business Conduct**

- (a) Disclose whether or not the Board has adopted a written code for its directors, officers and employees. If the Board has adopted a written code:
- (i) disclose how a person or company may obtain a copy of the code;
  - (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and disclose how a person or company may obtain a copy of the code; and
  - (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

The Company has adopted a Code of Business Conduct and Ethics applicable to its directors, officers and employees. The Audit Committee of the Board is responsible for monitoring compliance with the Code. The Code of Business Conduct and Ethics provides that the Company's employees, consultants, officers and directors will uphold its commitment to a culture of honesty, integrity and accountability and the Company requires the highest standards of professional and ethical conduct from its employees, consultants, officers and directors. No material change reports have been filed since the beginning of the Company's most recently completed financial year that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

A copy of the Company's Code of Business Conduct and Ethics is located on SEDAR at [www.sedar.com](http://www.sedar.com) and is available on the Company's website at [www.chinagoldintl.com](http://www.chinagoldintl.com). Shareholders may contact the Company to request a copy of the Code of Business Conduct and Ethics, without charge, by writing to the Company's Executive Vice President and Corporate Secretary, Jerry Xie at China Gold International Resources Corp. Ltd., One Bentall Centre, Suite 660, 505 Burrard Street, Box 27, Vancouver, British Columbia V7X 1M4.

- (b) Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Nominating and Corporate Governance Committee monitors the disclosure of conflicts of interest to the Board and ensures that no director will vote nor participate in a discussion on a matter in respect of which such a director has a material interest. Committee Chairs perform the same function with respect to meetings of the committees of the Board.

- (c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.



The Company has developed a vision and mission statement as well as various corporate policies including a Corporate Disclosure, Confidentiality and Securities Trading policy and a Whistleblower Policy, administered by an independent third party.

## **6. Nomination of Directors**

- (a) Describe the process by which the Board identifies new candidates for Board nomination.

The full Board determines what competencies, skills and personal qualities it should seek in new members in order to add value to the Company. Candidates for nomination to the Board are identified within the network and contacts of the Board and from various professional associations based on the competencies, skills and personal characteristics sought by the Company from time to time to advance its organizational goals as determined by the stage of development, size and complexity of the Company's business. The Nominating and Corporate Governance Committee is responsible for identifying new candidates for nomination to the Board, and for reporting to the Board on appropriate candidates. The Nominating and Corporate Governance Committee considers candidates for nomination from across the world based on the expertise of each candidate for nomination and the needs of the Company. Candidates for nomination are evaluated by the Nominating and Corporate Governance Committee based on (i) the independence of each nominee; (ii) the experience and background of each nominee; (iii) having a balance of skills for the Board and its committees to meet their respective mandates; (iv) the past performance of directors being considered for re-election; (v) applicable regulatory requirements; and (vi) such other criteria as may be established by the Board or the Nominating and Corporate Governance Committee from time to time. The Nominating and Corporate Governance Committee is responsible for assessing director performance on an ongoing basis.

- (b) Disclose whether or not the Board has a nominating committee composed entirely of independent non-executive directors. If the Board does not have a nominating committee composed entirely of independent non-executive directors, describe what steps the Board takes to encourage an objective nomination process.

The Nominating and Corporate Governance Committee of the Board is composed entirely of independent non-executive directors, being Ian He, Yunfei Chen, Gregory Hall and John King Burns.

- (c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The responsibilities of the Nominating and Corporate Governance Committee include developing the Company's approach to corporate governance, making recommendations to the Board with respect to corporate governance developments and practices, reporting to the Board on appropriate candidates for nomination to the Board and its committees and overseeing the evaluation process of the Board and its committees.

## **7. Compensation**

- (a) Describe the process by which the Board determines the compensation for the Company's directors and officers.

The Compensation and Benefits Committee presently composed entirely of independent non-executive directors has the responsibility for recommending compensation for the Company's officers and directors to the Board. The Compensation and Benefits Committee reviews and makes recommendations to the Board regarding the adequacy and form of the compensation for non-management directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director, without comprising the director's

independence. Currently, the Company pays a cash retainer to its independent non-executive directors for acting in such capacity. Ian He, receives Cdn\$4,500 per month for acting as independent non-executive director and Chairman of the Board committees and Yunfei Chen, Gregory Hall and John King Burns each receive Cdn\$4,000 per month for acting as independent non-executive directors. In addition to their cash compensation, the independent non-executive directors may be granted stock options from time to time. No fees or commissions are paid to those directors that are not independent and no grants of stock options are permitted to such directors. The directors are reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

- (b) Disclose whether or not the Board has a compensation committee composed entirely of independent non-executive directors. If the Board does not have a compensation committee composed entirely of independent non-executive directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The Board acts through its Compensation and Benefits Committee to review the adequacy and form of compensation of the directors and senior management and to ensure that such compensation realistically reflects the responsibilities and risks of such positions. All members of the Compensation and Benefits Committee are independent non-executive directors.

- (c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The responsibilities of the Company's Compensation and Benefits Committee include: (i) developing a compensation philosophy and policy; (ii) evaluating the performance of the Company's senior executive officers; (iii) reviewing the compensation of the Company's senior executive officers and top paid employees; and (iv) monitoring the Company's equity incentive arrangements. The role of the Compensation and Benefits Committee is primarily to review the adequacy and form of compensation of senior management and the directors with such compensation realistically reflecting the responsibilities and risks of such positions, to administer the equity incentive plan of the Company if any, to determine the recipients of, and the nature and size of share compensation awards granted from time to time, to determine the remuneration of executive officers and to determine any bonuses to be awarded.

## **8. Other Board Committees**

If the Board has standing committees other than the audit, compensation & benefits and nominating & corporate governance committees, identify the committees and describe their function.

Other than the Audit Committee, the Compensation and Benefits Committee, the Nominating and Corporate Governance Committee, the Board has a Health, Safety and Environmental Committee.

### **Audit Committee**

The Audit Committee is responsible for overseeing the Company's financial reporting obligations, systems and disclosure, including monitoring the integrity of the Company's financial statements, monitoring the independence and performance of the Company's external auditors and acting as a liaison between the Board and the Company's auditors. The activities of the Audit Committee typically include reviewing interim financial statements and annual financial statements, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to Shareholders, reviewing the results of internal and external audits and any change in accounting procedures or policies, and evaluating the performance of the Company's auditors. The Audit Committee communicates directly with the Company's external auditors in order to discuss audit and related matters whenever appropriate.

The members of the Audit Committee are Ian He, Yunfei Chen, Gregory Hall and John King Burns. Ian He serves as Chairman of the Audit Committee.

Information concerning the Audit Committee of the Company, as required by National Instrument 52-110, is provided in the Company's Annual Information Form for the year ended December 31, 2014 located under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Compensation and Benefits Committee**

The Compensation and Benefits Committee is responsible for reviewing the adequacy and form of compensation of senior management, the directors and top paid employees with such compensation realistically reflecting the responsibilities and risks of such positions, for determining the recipients of, and the nature and size of share compensation awards granted from time to time, for determining the remuneration of executive officers and for determining any bonuses to be awarded.

The members of the Compensation and Benefits Committee are Ian He, Yunfei Chen, Gregory Hall and John King Burns. Ian He serves as Chairman of the Compensation and Benefits Committee. For more information on the Compensation and Benefits Committee see "*Compensation Discussion and Analysis*".

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board with respect to developments in the area of corporate governance and the practices of the Board. The Nominating and Corporate Governance Committee has expressly assumed responsibility for developing the Company's approach to governance issues. The Nominating and Corporate Governance Committee is also responsible for reporting to the Board with respect to appropriate candidates for nomination to the Board, and for overseeing the execution of an assessment process appropriate for the Board and its committees to evaluate the performance and effectiveness of the Board.

When identifying candidates for election or appointment to the Board, the Nominating and Corporate Governance Committee is guided by the principles of its diversity policy adopted by the Company in 2013, setting out the diversity criteria representing genders, age, cultural communities and geographic areas. The Company recognizes and embraces the benefits of diversity of Board members. The Nominating and Corporate Governance Committee works hard to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including, but not limited to, (i) business experience; (ii) specialized skills and other experiences; (iii) race, ethnicity, international background, gender and age; (iv) applicable regulatory requirements; and (v) issues involving possible conflicts of interest. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

No measurable objectives for achieving diversity were specifically set by the Nominating and Corporate Governance Committee at this time, other than the recruitment of the most suitable candidate for a position.

The Nominating and Corporate Governance Committee adopted a majority voting policy for the election of the board of directors pursuant to the TSX requirements of listed companies. The policy states that should a board nominee not receive more than 50% of the votes cast in favour of his or her appointment, the director nominee is compelled to resign.

The members of the Nominating and Corporate Governance Committee are Ian He, Yunfei Chen, Gregory Hall and John King Burns. Ian He serves as Chairman of the Nominating and Corporate Governance Committee.

## **Health, Safety and Environmental Committee**

The Health, Safety and Environmental Committee is responsible for assisting the board of directors in its oversight responsibilities relating to the development, implementation and evaluation by management of the Company's health, safety and environmental objectives and social responsibility programs and for monitoring compliance with applicable health, safety and environmental laws and regulations.

The members of the Health, Safety and Environmental Committee are Ian He, Yunfei Chen, Gregory Hall and John King Burns. Ian He serves as Chairman of the Health, Safety and Environmental Committee.

### **9. Assessments**

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

The Nominating and Corporate Governance Committee of the Board is responsible for overseeing the assessment process for the Board and its committees on an ongoing-basis. It has developed and is continuing to refine an assessment process for the Board and each of its committees.

In order to facilitate the ongoing assessment of the effectiveness of the Board and its committees, each director is required, at least annually, to assess the members of the Board and each committee of which he is member.

The Nominating and Corporate Governance Committee has initiated a process whereby it reviews and approves a Board effectiveness survey that is forwarded to the members of the Board on an annual basis. The survey covers a wide range of issues and allows for comments and suggestions.

### **10. Director Term Limits and Other Mechanisms of Board Renewal**

Directors can be re-elected to the Board annually. The Board has not adopted a term limit for directors or established a retirement age for directors. The Company believes that the imposition of director term limits implicitly discounts the value of experience and continuity on the Board and runs the risk of excluding effective Board members who have longstanding knowledge of the Company and its operations as a result of an arbitrary determination. The Board believes that it can achieve the right balance between continuity and encouraging turnover and independence without mandated term limits and relies on its annual director assessment procedures in this regard.

### **11. Policies Regarding the Representation of Women on the Board**

- (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Company has adopted a diversity policy which includes consideration of women in the selection criteria of the new Board members

- (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:

- (i) a short summary of its objectives and key provisions:

The objective of the diversity policy is to enhance diversity within the Company, including gender diversity on its Board and executive management.

During 2013, the Nominating and Corporate Governance Committee adopted a diversity policy setting out the approach to diversity of members of the Board. The Company recognizes and embraces the benefits of diversity of Board members. The Nominating and Corporate Governance Committee works hard to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including, but not limited to, (i) business experience; (ii) specialized skills and other experiences; (iii) race, ethnicity, international background, gender and age; (iv) applicable regulatory requirements; and (v) issues involving possible conflicts of interest. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board."

- (ii) the measures taken to ensure that the policy has been effectively implemented:
- (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and
- (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

The diversity policy was implemented in March, 2013 There are no measurable objectives for achieving diversity at this time.

**12. Consideration of the Representation of Women in the Director Identification and Selection Process**

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

In accordance with its Diversity Policy, the Board considers diversity, including gender diversity, in the selection criteria of new Board members.

**13. Consideration Given to the Representation of Women in Executive Officer Appointments**

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

In accordance with its Diversity Policy, the Company considers diversity, including gender diversity, in the selection criteria of new executive officer appointments.

**14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

- (a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.

In accordance with its Diversity Policy, the Company has not adopted a target or quota regarding women on its Board or executive management, as it considers gender diversity to be part of a broader diversity goal which includes age, gender, ethnicity, cultural background, disability or other personal factors. Diversity, including gender diversity, is one aspect of merit which includes an individual's skills, performance, values, leadership and other job related criteria. While the Board is not setting any targets initially, it will monitor progress and could decide to do so in the future if progress is not being made in obtaining appropriate diversity.

- (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

In accordance with its Diversity Policy, the Company has not adopted a target or quota regarding women on its Board or executive management, as it considers gender diversity to be part of a broader diversity goal which includes age, gender, ethnicity, cultural background, disability or other personal factors. Diversity, including gender diversity, is one aspect of merit which includes an individual's skills, performance, values, leadership and other job related criteria. While the Board is not setting any targets initially, it will monitor progress and could decide to do so in the future if progress is not being made in obtaining appropriate diversity.

- (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

In accordance with its Diversity Policy, the Company has not adopted a target or quota regarding women on its Board or executive management, as it considers gender diversity to be part of a broader diversity goal which includes age, gender, ethnicity, cultural background, disability or other personal factors. Diversity, including gender diversity, is one aspect of merit which includes an individual's skills, performance, values, leadership and other job related criteria. While the Board is not setting any targets initially, it will monitor progress and could decide to do so in the future if progress is not being made in obtaining appropriate diversity.

- (d) If the issuer has adopted a target referred to in either (b) or (c), disclose:

- (i) the target, and
- (ii) the annual and cumulative progress of the issuer in achieving the target.

Not applicable.

## **15. Number of Women on the Board and in Executive Officer Positions**

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

The Company's Board currently does not have any members who are women.

- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

None of the Company's executive officers were women, and one executive of the Company's subsidiary executive officers was a woman.

## **SCHEDULE B**

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this document.

### **EXPLANATORY STATEMENT SHARE REPURCHASE MANDATE**

This Schedule serves as an explanatory statement, as required by the Hong Kong Listing Rules, to provide requisite information to the Shareholders for their consideration of the Share Repurchase Mandate.

#### **HONG KONG LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Hong Kong Listing Rules permit companies whose primary listing is on the Hong Kong Stock Exchange to repurchase their shares on the Hong Kong Stock Exchange, Toronto Stock Exchange or other stock exchange subject to certain restrictions. The Company is empowered by its Articles to repurchase its own shares.

#### **SHARE CAPITAL**

As of the Latest Practicable Date, the issued and outstanding share capital of the Company comprised of 396,413,753 fully paid up common Shares. Subject to the passing of the repurchase resolution and on the basis that no further shares are issued or repurchased prior to the Meeting, the Company would be allowed to repurchase up to a maximum of 39,641,375 fully paid up common shares under the Share Repurchase Mandate during the Relevant Period, representing 10% of the number of issued shares of the Company as of the Latest Practicable Date.

#### **REASONS FOR THE REPURCHASES**

The Board believes that the flexibility afforded to them by the Share Repurchase Mandate would be in the best interests of the Company and the Shareholders. Repurchases pursuant to such mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or the earnings per share and will only be made when the Board believes that such actions will benefit the Company and the Shareholders as a whole. Notwithstanding the foregoing, any repurchase of the Company's securities as contemplated in the Share Repurchase Mandate will still require compliance with Canadian securities laws and, the rules and regulations of the Toronto Stock Exchange and the Hong Kong Listing Rules.

#### **FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles and the *Business Corporations Act* (British Columbia). It is expected that the Company will fund any repurchase of Shares from its available internal resources.

Pursuant to the Business Corporations Act (British Columbia), a company may not redeem or repurchase any of its share capital if it is insolvent at the time of such redemption or repurchase or, if by virtue of such redemption or repurchase, would become insolvent.

#### **IMPACT ON THE WORKING CAPITAL OR GEARING POSITION**

If the Share Repurchase Mandate is exercised in full at any time during the Relevant Period, there may be a material adverse effect on the working capital requirements of the Company or its gearing levels, as compared with the position disclosed in the Company's audited financial statements for the year ended

December 31, 2015 (the most recent published audited financial statements). However, the Board does not propose to exercise such mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company at the time of the relevant repurchases unless the Board determines that such repurchases are, taking into account of all relevant factors, in the best interests of the Company.

## SHARE PRICES

The highest and lowest prices at which the Company's shares have been traded on the Hong Kong Stock Exchange during each of the following months preceding the issue of this information circular were as follows:

	Per Share	
	Highest HK\$	Lowest HK\$
2015		
May	14.50	12.60
June	15.52	12.90
July	13.00	10.20
August	12.78	9.72
September	11.88	9.99
October	12.44	10.60
November	12.18	10.50
December	11.92	10.66
2016		
January	12.10	10.50
February	13.16	10.36
March	13.62	11.98
April	13.96	12.64
May (up to the Latest Practicable Date)	15.16	13.88

## EFFECT OF THE CODE OF TAKEOVERS AND MERGERS OF HONG KONG ("TAKEOVERS CODE")

A shareholder's proportionate interest in the voting rights of the Company will increase upon the Company's exercise of its powers to repurchase shares pursuant to the Share Repurchase Mandate, and such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase in his/her or their shareholding interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As of the Latest Practicable Date, China National Gold, through its wholly owned subsidiary, CNGGHK, held 155,794,830 Shares, representing 39.3% of the outstanding shares of the Company. On the basis that no further Shares are issued or repurchased prior to the Meeting and in the event that the Board exercises in full the power to repurchase Shares pursuant to the Share Repurchase Mandate, the shareholding interest held by China National Gold (through CNGGHK) would be increased to approximately 43.67% of the issued share capital of the Company. Such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. In such an event, the Board will take all steps necessary to comply with the Hong Kong Listing Rules and Takeovers Code.



In addition, assuming that there is no issue of Shares between the Latest Practicable Date and the date of repurchase, an exercise of the Share Repurchase Mandate whether in whole or in part will not result in less than 25% of the issued share capital of the Company being held by the public, being the prescribed minimum percentage of shares required under the Hong Kong Listing Rules. The Board has no intention to exercise the Share Repurchase Mandate to the extent that it may result in a public shareholding of less than the prescribed minimum percentage under the Hong Kong Listing Rules.

#### **DIRECTORS, THEIR CLOSE ASSOCIATES AND CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Hong Kong Listing Rules), has any present intention to sell Shares to the Company in the event that the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected person (as defined in the Hong Kong Listing Rules) of the Company that he has a present intention to sell Shares to the Company or has undertaken not to sell Shares held by him to the Company in the event that the Share Repurchase Mandate is approved by the Shareholders.

#### **UNDERTAKING OF DIRECTORS**

The Directors have undertaken to the Hong Kong Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Share Repurchase Mandate in accordance with the Hong Kong Listing Rules, Canadian laws and the Articles of the Company.

#### **SHARE PURCHASE MADE BY THE COMPANY**

The Company has not purchased any of its Shares whether on the Hong Kong Stock Exchange or otherwise in the six months preceding the Latest Practicable Date.

## SCHEDULE C

### DEFINITIONS

In this information circular, unless the context otherwise requires, the following expressions 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 appropriate, to approve the matters set out in this information circular, or any adjournment thereof;
“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 maximum interest payable thereunder;
“Cdn”	Canadian dollars, the lawful currency of Canada;
“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;
“CNGGHK”	China National Gold Group Hong Kong Limited
“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;
“Continuing Connected Transactions and Major Transaction”	the transactions contemplated under the Loan Framework Agreement, the Cap thereunder, and the Loan(s) thereunder, which constitute continuing connected transactions and a major transaction of the Company;
“CSH Mine”	Chang Shan Hao mine, a gold mine located in Wulate Xhong Qi in Inner Mongolia, in which the Company holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;

“Directors”, each a “Director”	the directors 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 PRC;
“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;
“Huatailong”	Tibet Huatailong Mining Development Co., Ltd., a limited liability company incorporated in the PRC which owns and operates the Jiama Mine, in which the Company holds a 100% interest through Skyland Mining Limited and Tibet Jia Ertong Mining Development Co., Ltd., its wholly-owned subsidiaries;
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors;
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulatory activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Continuing Connected Transactions and Major Transaction;
“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 , and are not required to abstain from voting at the Meeting to approve the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder;
“Inner Mongolia”	Inner Mongolia Autonomous Region of the PRC;
“Inner Mongolia Pacific”	Inner Mongolia Pacific Mining Co. Limited, a cooperative joint venture company incorporated in the PRC which owns and operates the CSH Mine and in which the Company holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;
“Jiama Mine”	Jiama Copper-Gold Polymetallic Mine located in Tibet, China. Jiama hosts a large scale copper-gold polymetallic deposit consisting of copper, gold, molybdenum, silver, lead and zinc. It is owned and operated by the Group through the Company’s indirect wholly-owned subsidiary Huatailong;
“Latest Practicable Date”	May 18, 2016, being the latest practicable date before printing of this information circular for ascertaining information contained herein;
“Lender”	with respect to the Loan Framework Agreement, the Company or any of its subsidiaries;

“Loan(s)”, and each a “Loan”	with respect to the Loan Framework Agreement, the loans 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 Facility”	the loan facility agreement entered into between Huatailong and a syndicate of banks on November 3, 2015 pursuant to which the banks agreed to lend to the aggregate principal amount of RMB3.98 billion, approximately US\$627 million;
“Loan Framework Agreement”	the loan framework agreement dated May 18, 2016 entered into between the Company and China National Gold, pursuant to which the Company or any of its subsidiaries has agreed to make available to China National Gold and any of its subsidiaries the Loan(s) in an aggregate principal amount of up to US\$200 million;
“New Articles”	proposed new Articles consolidating all of the proposed amendments to the current Company’s Articles;
“PRC”	the People’s Republic of China, excluding, for the purpose of this information circular only, Hong Kong, Macau Special Administrative Region of the PRC, 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”	Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);
“Shareholder(s)”	holder(s) of Share(s);
“Share(s)”	share(s) of the Company;
“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;
“Zhongjin Gold Corporation”	Zhongjin Gold Corporation Limited is a limited liability company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange; and China National Gold holds approximately 50% of its issued shares; and
“%”	percent.

## SCHEDULE D

### LETTER FROM THE BOARD OF DIRECTORS

Dear Shareholders,

#### INTRODUCTION

Reference is made to the Company's announcement dated May 24, 2016 in relation to the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder.

The main purpose of this information circular is to provide you with more information and request your approval of the ordinary resolution(s) regarding the Loan Framework Agreement and the transactions contemplated thereunder as set out in the accompanying notice and information circular of the Meeting.

Unless the context requires otherwise, terms and expressions defined in the accompanying information circular to the Shareholders dated May 24, 2016 shall have the same meanings in this letter.

#### CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION

The Company and China National Gold entered into a Loan Framework Agreement on May 24, 2016, pursuant to which the Company or any of its subsidiaries has agreed to make available to China National Gold or any 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 on July 31, 2017. Under the terms of the Loan Framework Agreement, the making of any Loan(s) thereunder is subject to the approval of the Loan Framework Agreement by the Independent Shareholders having been obtained at the Meeting.

#### Loan Framework Agreement

##### A. Key terms

<b>Date:</b>	May 24, 2016
<b>Parties:</b>	(a) China Gold International Resources Corp. Ltd. and/or any of its subsidiaries, as lender (collectively, the "Lender"); and (b) China National Gold and/or any of its subsidiaries, as borrower (collectively, the "Borrower").
<b>Aggregate principal amount</b>	Up to US\$200 million. The Borrower may request to 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
<b>Maturity Date:</b>	Maturing July 31, 2017
<b>Interest:</b>	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 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(s) in whole or in part (and/or the interest accrued 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 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 consider 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 or 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.

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 under 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 a centrally state owned Chinese gold corporation and 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 intercorporate 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 drawdowns, 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 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.

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 (including independent non-executive Directors whose views are set out in Schedule E to this information circular), believe that the provisions of the Loan Framework Agreement and any Loan(s) advanced thereon will benefit the Company in the long 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.

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) by the Group (which may be funded by available idle cash) 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.



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 May 29, 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.

### **C. Internal Control Measures**

In order to secure the Shareholders' interests and ensure the terms of the Loan Framework Agreement and the transactions contemplated thereunder and the Cap are on normal commercial terms or terms not more favourable than those available to independent third parties, the Company has adopted the following internal control measures:

- (a) the fact that no Loan under the Loan Framework Agreement is required to be advanced unless the Company confirms it has sufficient working capital for its current requirements for at least the next twelve (12) months;
- (b) the terms of the Loan(s) are fixed for the term (including the interest rate) and are set out in the Loan Framework Agreement,
- (c) the Company will conduct continuous reviews of the Borrower to evaluate each Borrower's credit, capacity, collateral and character; as well as its own financial position prior to acceptance of a drawdown request. Individual loan agreements will be prepared for each Borrower; and
- (d) the Company's financial reporting department continually monitors working capital independent of China National Gold.

### **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 China National Gold as disclosed in the Company's announcement dated April 22, 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 Latest Practicable Date, 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 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 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.

## **FINANCIAL EFFECTS OF THE PROVISION OF THE LOAN(S)**

The Company has cash and cash equivalents of US\$116.2 million as of March 31, 2016.

The Company's principal sources of funds have been proceeds from borrowing from commercial banks in the PRC, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations.

The Company has available a Loan Facility for the aggregate principal amount of RMB3.98 billion, approximately US\$627 million. The drawdowns from this Loan Facility bear a floating rate of interest which is approximately 2.83% per annum. This interest rate is significantly lower than typical in the mining industry. The Company will be able to borrow through the Loan Facility and deploy such funds to repay existing intercompany debt to entities outside of the PRC, which can then deploy capital pursuant to the Loan Framework Agreement to receive higher interest income than the original cost of capital. 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 hereunder in the event such request is refused.

The Loan(s) will be recognized and disclosed as accounts receivables under current assets in the Group's consolidated statement of financial position. The provision of the Loan(s) will increase the accounts receivables and will decrease the bank and cash balances of the Group by the same amount of up to US\$200 million. As such, the provision of the Loan(s) will not have material financial effect to the total assets and liabilities of the Group. Except for the interest income from the Loan(s) which will be recorded as other income of the Group, there will be no material effect on earnings of the Group associated with the provision of the Loan(s).

## **IMPACT ON THE GEARING POSITION**

The Directors do not expect that the entering into of the Loan Framework Agreement would have any adverse financial impact on the earnings, assets and liabilities or its gearing levels, as compared with the position disclosed in the Company's audited financial statements for the year ended December 31, 2015 (the most recent published audited financial statements).

## **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 THE 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.

## **FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the company for the last three financial years ended 31 December 2013, 2014 and 2015 and the three months ended 31 March 2016 are disclosed in the following documents which have been published on the Company's website, at the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com), and on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

- (i) annual report of the Company for the year ended 31 December 2013 published on 26 March 2014 (pages 65 to 124).
- (ii) annual report of the Company for the year ended 31 December 2014 published on 26 March 2015 (pages 61 to 124).
- (iii) annual report of the Company for the year ended 31 December 2015 published on 31 March 2016 (pages 59 to 124).
- (iv) first quarter financial statements of the company for the three months ended 31 March 2016 published on 13 May 2016 .

## **STATEMENT OF INDEBTEDNESS**

As of the close of business on March 31, 2016, the Group had total interest bearing borrowings of approximately US\$952.4 million, comprised of US\$500 million of 3.5% unsecured bonds and US\$218.27 million of short term debt facilities with interest rates ranging from 2.75% to 6.00% per annum.

The Group did not have any contingent liabilities as at March 31, 2016.

The Group did not have any financial derivatives or outstanding hedging contracts as at March 31, 2016.

As at March 31, 2016, the Group held US\$11,460,000 investment in equity securities measured at fair value on a recurring basis. The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals in the PRC. The Group also held a US\$2,166,000 investment in an unlisted company incorporated in the PRC is measured at cost since the investment in unlisted equity instrument does not have a quoted market price and the fair value cannot be measured reliably as at March 31, 2016.

Other than as set out above, the Group did not have any other outstanding indebtedness in respect of any debentures, loan capital, bank loans and overdrafts, term loans and other borrowings, debt securities, mortgages, charges or other similar indebtedness, purchase commitments, lease commitments, guarantees or contingent liabilities, whether guaranteed or secured, as of March 31, 2016.

The Directors have confirmed that there has not been any material change in the indebtedness of or the contingent liabilities of the Group since March 31, 2016.

## **WORKING CAPITAL**

The Directors are of the opinion that, after taking into account (i) the internal resources available to the Group; (ii) the presently available and unutilized banking and other facilities, and (iii) the provision of the Loan(s) on the terms detailed above in this Schedule D, and in the absence of unforeseeable circumstance, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months from the date of publication of this information circular.

## **MATERIAL CONTRACTS**

Below are the particulars of each contract, other than those entered into in the ordinary course of business, that is material to the Company and was entered into within the last two years immediately preceding the Latest Practicable Date. Each of the following material contracts relates to the offering by Skyland Mining Limited, a wholly-owned subsidiary of the Company, of US\$500 million unsecured bonds bearing interest at a rate of 3.5% and maturing on July 17, 2017.

- a. On July 17, 2014, the Company, its wholly-owned subsidiary, Skyland Mining Limited and China National Gold entered into a Trust Deed with The Bank of New York Mellon in connection with the US\$500 million bond issuance by Skyland Mining Limited.
- b. On July 17, 2014, the Company, its wholly-owned subsidiary, Skyland Mining Limited and China National Gold entered into a Keepwell and Liquidity Support Deed with The Bank of New York Mellon in connection with the US\$500 million bond issuance by Skyland Mining Limited.
- c. On July 17, 2014, China National Gold entered into an Equity Interest Purchase Undertaking with The Bank of New York Mellon as trustee in connection with the US\$500 million bond issuance by Skyland Mining Limited.

## **FINANCIAL AND TRADING PROSPECTS**

The Company continues to focus on the operations of its Jiama Mine and CSH Mine. The Company projects to have 2016 production of 235,000 ounces of gold and 38.6 million pounds (18,000 tonnes) of copper. The Jiama Mine's Phase II expansion is anticipated to be finalized in 2016. Stage I has been completed and is now in the commissioning process at 22,000 tpd. The throughput capacity will be 28,000 tpd, up from the previous capacity of 6,000 tpd after completing the commissioning process. Stage II of the project, which will add an additional 22,000 tpd, is under way and is expected to be completed in the second half of 2016. The total processing capacity will increase to 50,000 tpd upon completion of the two-stage expansion program. The Company will continue to leverage the technical and operating experience of the Company's controlling shareholder, CNG, to improve operations at its mines. In addition, the Company continues to focus its efforts on increasing production while minimizing costs at both mines. To fulfill its growth strategy, the Company is continually working with CNG and other interested parties to identify potential international mining acquisition opportunities, namely projects outside of China, which can be readily and quickly brought into production with the possibility of further expansion through continued exploration. Risk factors that may impact the Company's performance going forward are set out on page 56 of the Company's annual report for the year ended December 31, 2015.

## **EFFECT ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP**

The Directors are of the view that the Loan Framework Agreement is not expected to have any material impact on earnings, assets and liabilities of the Group. The Loan(s) will increase the loans receivable under current assets in the Group's consolidated statement of financial position and will decrease the bank and cash balances of the Group by the same amount of up to US\$200 million. As such, the provision of the Loan(s) will not have material financial effect to the assets and liabilities of the Group.

## **INDEPENDENCE FROM CHINA NATIONAL GOLD**

According to the paragraphs headed "Independence from China National Gold" under section headed "Relationship with Controlling Shareholder" of the prospectus of the Company dated November 17, 2010 (the "**Prospectus**"), the Directors, having considered the matters and factors described in such section, confirmed that the Group was able to operate independently of China National Gold, being the controlling shareholder of the Company, and its close associates. The Directors are not aware of anything that has happened since the issue of the Prospectus which has made the Directors change their view about such independence of the Group. The Directors therefore are of the view that, having considered the Loan Framework Agreement and the transactions contemplated thereunder, the Group remains able to operate independently of the controlling shareholders and its associates.

## **RECOMMENDATION**

Based on its views set out above, the Board recommends that the Independent Shareholders vote in favour of the ordinary resolution(s) concerning the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder.

Furthermore, your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out in Schedule E to the accompanying information circular.

The Independent Board Committee, having taken into account, among other things, the advice from TC Capital International Limited, as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard, the current financial position of the Company and the Group, the current market norm in relation to similar transactions; the costs of providing the Loan(s), and the interest income to be generated by the Loan(s), considers that the Loan Framework Agreement and the transactions contemplated thereunder have been entered into equitably upon arm's length negotiation and on normal commercial terms, are fair and reasonable that are in the interests of the Company and its Shareholders as a whole, and that the Group will remain to operate independently of the controlling shareholder and its close associates. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution(s) in respect of the Loan Framework Agreement and the transactions contemplated thereunder at the Meeting.

## **THE MEETING**

The Meeting will be held at 9:00 am on Wednesday, June 22, 2016 Vancouver time (Thursday, June 23, 2016 Hong Kong time) at will be held at Dentons Canada LLP located at 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, British Columbia V5C 3R8.

At the Meeting, ordinary resolution(s) will be proposed to, among other things, approve the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder. Voting on such ordinary resolution(s) at the Meeting will be conducted by way of poll in accordance with the requirements of the Hong Kong Listing Rules.

As of the Latest Practicable Date, China National Gold was interested in and entitled to exercise control over approximately 39.3% of the total number of the issued shares of the Company. As such, China National Gold and its associates (as defined in the Hong Kong Listing Rules) will abstain from voting with regards to the ordinary resolution(s) to be proposed at the Meeting in connection with the Loan Framework Agreement, the Cap thereunder, and the transactions contemplated thereunder.

Yours faithfully,

**FOR AND ON BEHALF OF THE BOARD  
OF CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

*"Xin Song"*

---

Xin Song  
Chairman

## **SCHEDULE E**

### **LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

May 24, 2016

Dear Independent Shareholders,

We refer to the information circular dated May 24, 2016 issued by the Company to its Shareholders, of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the accompanying information circular shall have the same meanings in this letter.

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 Listing Rules and, together with the Cap, are subject to the approval of the Independent Shareholders at the Meeting.

We have been appointed to as members of the Independent Board Committee, to consider the terms of the Loan Framework Agreement and the transactions contemplated thereunder and the Cap and to advise the Independent Shareholders on whether (i) the terms of the Loan Framework Agreement are fair and reasonable; (ii) the transactions contemplated thereunder are on normal commercial terms; and (iii) such transactions are in the best interests of the Company and its Shareholders as a whole.

TC Capital International Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders in respect of the transactions contemplated under the Loan Framework Agreement. We wish to draw your attention to (a) the letter from the Board as set out in Schedule D to the accompanying information circular and (b) the letter from TC Capital International Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders as set out in Schedule F to the accompanying information circular.

As members of the Independent Board Committee, we have discussed with the management of the Company in relation to (i) the Loan Framework Agreement, and (ii) the basis upon which the terms of the Loan Framework Agreement has been determined. We have also taken into account the principal factors and reasons considered by TC Capital International Limited in forming its opinion in relation to the transactions contemplated under the Loan Framework Agreement, and have discussed with TC Capital International Limited its letter of advice.

On the basis of the above, we consider, and agree with the view of TC Capital International Limited, that (i) the terms of the Loan Framework Agreement and the transactions contemplated thereunder and the Cap are fair and reasonable; and (ii) have been entered into equitably and have been entered into after arm's length negotiation and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Loan Framework Agreement and the transactions contemplated thereunder and the Cap at the Meeting.

Yours faithfully,

**FOR AND ON BEHALF OF THE INDEPENDENT BOARD COMMITTEE OF CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

**Ian He  
Yunfei Chen  
Gregory Hall  
John King Burns**

*Independent Non-executive Directors*

## SCHEDULE F



May 24, 2016

*The Independent Board Committee and the Independent Shareholders  
China Gold International Resources Corp. Ltd.*

Dear Sirs,

### MAJOR AND CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Loan Framework Agreement entered into between the Company and China National Gold (the “**Loan Framework Agreement**”). Details of the Loan Framework Agreement are set out in Schedule D - Letter from the Board of Directors (the “**Board Letter**”) contained in the information circular dated May 24, 2016 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

On 24 May 2016, the Company and China National Gold entered into the Loan Framework Agreement pursuant to which the Group agreed to advance a loan to China National Gold with aggregate principal amount up to USD 200 million (the “**Loan Amount**”) and with the maximum amount of daily loan balance (including accumulative interest) not to exceed USD 208 million (the “**Daily Loan Cap**”) during the term of the Loan Framework Agreement (the “**Loan Advancement**”).

As set out in the Board Letter, as one or more of the Percentage Ratios pursuant to the Listing Rules applicable to the Loan Advancement exceeds 25%, the advancement of the Loan constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

In addition, as China National Gold is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules, the Loan Advancement constitutes a continuing connected transaction for the Company and is subject to the approval by the Independent Shareholders at the AGM by poll in accordance with the requirement under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Gregory Hall, Ian He, John King Burns and Yunfei Chen, has been established to advise the independent Shareholders as to whether the terms of the Loan Framework Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole and how to vote on the relevant resolution in the AGM.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, our role is to provide the Independent Board Committee and the independent Shareholders with an independent opinion and recommendation in this regard.



## **Basis of our opinion**

As at the Latest Practicable Date, we were independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules. In addition to the appointment as the Independent Financial Adviser, TC Capital International Limited (former: TC Capital Asia Limited) in the last two years was appointed by the Company as the independent financial adviser in respect of (i) the revisions to existing continuing connected transactions and new continuing connected transactions as set out in the circular of the Company to the Shareholders dated on May 29, 2015 and (ii) the continuing connected transactions as set out in the circular of the Company to the Shareholders dated on May 14, 2014. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered and reviewed, among other things, (i) the Loan Framework Agreement; (ii) the annual reports of the Company for the three years ended December 31 2015; and (iii) other information as set out in the Circular. We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the senior management of the Company. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to doubt that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company and contained in the Circular, which would make any statement therein misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, affairs operations, financial position or future prospects of each of the Company and China National Gold, and any of their respective subsidiaries and/or associates.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation in respect to the Loan Framework Agreement, we have taken into consideration the following principal factors and reasons:

### **I. Background of and reasons for the Loan Framework Agreement**

#### *a. Information of the Group*

The Company is a gold and base metal mining company based in Vancouver, Canada. The Company's main business involves the acquisition, development and exploration of gold and base metal mineral properties. The Company's principal mining operation are the Chang Shan Hao Gold Mine located in Inner Mongolia, China and the Jiama Copper-Gold Polymetallic Mine located in Tibet, China.

The tables below show certain financial information of the Group for three years ended December 31 2015 (“FY2013”, “FY2014” and “FY2015” respectively):

	For the year ended / as at December 31		
	2013	2014	2015
	(USD'000)		
	(audited)		
Revenue	302,608	277,783	339,949
Net Profit	55,032	41,867	(6,827)
Current Assets	184,068	756,167	356,989
Cash and cash equivalent	105,887	565,578	112,399
Net Asset	1,431,525	1,465,158	1,447,254

Source: Annual reports of the Company for the three years ended December 31 2015

Revenue of the Group increased by approximately 12.3% from approximately USD302,608 thousand for FY2013 to approximately USD339,949 thousand for FY2015, under the uninspiring market conditions of gold and copper. Net loss of approximately USD6,827 thousand was mainly due to increase of cost of sales and net loss in foreign exchange.

As at December 31 2015, the net assets of the Group were approximately USD1,447,254 thousand, representing an increase of approximately 1.1% as compared to the approximately USD1,431,525 thousand as at December 31 2013. The increase in net assets of the Group was mainly due increase of property, plant and equipment due to the completing the expansion construction of mine, trade and other receivables, and inventories, which partially offset by the increase of borrowings due to the issuance of bonds in an aggregate principal amount of US\$500 million through its wholly-owned subsidiary of the Group.

As confirmed by the management of the Company, the Company did not provide lending service to any other independent third parties since its listing in the Stock Exchange of Hong Kong.

*b. Information of China National Gold*

China National Gold is the ultimate controlling shareholder of the Company holding approximately 39.3% of the issued shares of the Company through China National Gold Hong Kong Limited, its wholly-owned subsidiary as at the Latest Practicable Date.

Established since 2003, China National Gold is the only central state-owned enterprise in China's gold industry under supervision of State-owned Assets Supervision Administration Commission of the State Council and one of the largest gold producer in the world. China National Gold is mainly specialized in prospection designing, resource development, production, trade, engineering procurement construction and others businesses of gold and other non-ferrous metals As a large-scale comprehensive mining corporation, it integrates operations of geologic prospection, mining, mineral dressing and processing, product refining, marketing, scientific and technological research, engineering design and construction.

c. *Reasons and benefits for entering into the Loan Framework Agreement*

As at December 31 2011, 2012, 2013, 2014 and 2015, the cash and cash equivalent of the Group was approximately USD354.3 million, USD187.1 million, USD105.9 million, USD565.6 million and USD 112.4 million, averaging USD 265.0 million in the past five years. The substantially higher cash and cash equivalent balance of the Group as at December 31 2014 was primarily attributable to the proceeds from USD bond issuance of USD500.0 million. According to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the three months ended March 31, 2016 issued by the Group on May 13 2016, the cash and cash equivalent of the Group as at March 31, 2016 was approximately USD116.2 million,

As advised by the Company, we understood that the idle cash balance of the Group will be placed in the financial institution in the USD account in Hong Kong. We are therefore of the view that the execution of the Loan Framework Agreement shall be in the interest of the Company and the Shareholders as a whole on the condition that if the loan interest earned from the Loan Advancement is higher than the interest income received by placing the same fund in the financial institution in the Hong Kong.

We therefore have compared the interest rate stated under the Loan Framework Agreement with the USD interest rate for fixed deposit published in the website of three major banks in Hong Kong, namely the Hong Kong and Shanghai Banking Corporation, the Standard Chartered Bank, and the Bank of China (Hong Kong) Limited, the one-year USD interest rates for fixed deposit as at April 28 2016 ranges from 0.15% p.a. to 0.50% p.a. As further discussed in the section headed "II. Principal Terms of the Loan Framework Agreement" below, the interest rate payable by China National Gold to the Group under the Loan Framework Agreement will be 3.9% per annum, which is substantially higher than the USD fixed deposit rate in Hong Kong for one year, which correspond to the duration of the Loan Framework Agreement.

Since the Group is principally engaged in gold and base metal mining as at the Latest Practicable Date, the execution of the Loan Framework Agreement is not in the ordinary and usual course of the business of the Group. However, having considered that (i) the available cash on hand of the Group; (ii) the fact that the loan interest income earned from the Loan Advancement is higher than the interest income earned from the current practice of deployment of the same amount of fund i.e. placing in the financial institution in the Hong Kong and (iii) the terms of the Loan Framework Agreement are on normal commercial terms and are fair and reasonable of which will be further discussed in section headed "II. Principal Terms of the Loan Framework Agreement" below, we are therefore of the view that the execution of the Loan Framework Agreement is a normal practice of working capital management of the Group to earn additional income from available fund on hand to the Group and also is in the interest of the Company and the Shareholders as a whole.

**II. Principal Terms of the Loan Framework Agreement**

As set out in the Board Letter, set out below the major terms of the Loan Framework Agreement:

Date	:	May 24, 2016
Parties	:	The Company and its subsidiaries, as the lender China National Gold and its subsidiaries, as the borrower
Aggregate principal amount		Up to USD200 million
Maximum daily loan balance	:	Not to exceed USD 208 million (including accumulative interest)

Term	:	12 months effective from the date of approval in the AGM.
Interest	:	3.9% per annum (on the basis of a 360-day year), which was determined after arm's length negotiation between the parties taking into account, among other things, the principal amount, the prevailing market interest rates, the existing cash balance of the Group, the existing available loan facilities available to the Group, the term of the Loan Framework Agreement and the funding cost of the Group.  All interest accrued shall be paid quarterly on the 21st day of the last month of each calendar quarter.

In order to assess whether the terms under the Loan Framework Agreement, in particular of the Loan Amount of up to USD200 million and the loan interest rate of 3.9% p.a., are on normal commercial terms and are fair and reasonable so far as the Company and the independent Shareholders are concerned, we have discussed with the management of the Company and we understand that the Loan Amount is principally determined by (i) the existing cash balance of the Group, (ii) the existing available loan facilities available to the Group and (iii) the level of exposure of counterparty risk borne by the Group for the Loan Advancement (i.e. the risk of default of the repayment of the Loan Advancement by China National Gold). The cash and cash equivalent of the Group as at March 31 2016 was approximately USD116.2 million. According to the announcement of the Company dated November 3, 2015 (the "**Huatailong Loan Announcement**"), the Company's wholly-owned subsidiary, Tibet Huatailong Mining Development Corp. Ltd ("**Huatailong**"), had entered into a loan facility agreement, to which the lenders, which composed of a syndicate of banks, agreed to lend to Huatailong an aggregate principal amount of RMB3.98 billion (approximately USD627 million). ("**Huatailong Loan Facility**") at a floating interest rate, which is at 2.83% per annum on the date of the announcement. Given the Loan Amount is within the lower range of the potential available fund on hand of the Group i.e. from USD 116.2 million to USD 743.2 million, we are of the view that the Loan Amount (i) is set at a prudent level to the Group without letting the Group to expose significantly to the counterparty risk, which nevertheless was considered minimal as will be discussed in the sectioned headed "IV. Repayment ability of China National Gold" below and (ii) is fair and reasonable so far as the Company and the independent Shareholders are concerned.

We have also compared the loan interest rate stated under the Loan Framework Agreement with the borrowing cost of comparable borrowers who had same credit rating with China National Gold (the "**Comparable Borrowers**"), so as to justify the interest earned from the Loan Advancement by the Group would be no less than the same amount of fund to lend to other counterparties with the same risk profile.

According to the Company, we understood that the current credit rating of CNG issued by Standard & Poor's Ratings Services ("**S&P**"), an international credit rating agencies is BBB. The an exhaustive table below summarizes the bonds issued by the PRC based issuers who were also assigned a BBB credit rating since October 27 2015 (i.e. approximately six months prior to the entering into of the Loan Framework Agreement) with duration of one-year and denominated in USD, which correspond to the term under the Loan Framework Agreement (the "**Comparable Bonds**"):

Issue Date	Issuer Name	Total Loan Amount (USD million)	Interest Rate (per annum)
October 22 2015	Banco Latinoamericano de Comercio Exterior SA	20,000	1.01%
October 27 2015	Banco Latinoamericano de Comercio Exterior SA	15,000	1.09%
February 2 2016	Haitong International Securities Group Ltd	30,000	1.75%

	<b>Maximum</b>		1.75%
	<b>Minimum</b>		1.01%
	<b>Mean</b>		1.28%
	<b>Median</b>		1.09%
	<b>The Loan Advancement</b>	<b>208</b>	<b>3.9%</b>
<i>Source: Bloomberg</i>			

As shown above, the interest rate of the Comparable Bonds represent approximately 1.01% p.a. to 1.75% p.a., with the mean of 1.28% p.a. The interest rate under the Loan Framework Agreement of 3.9% p.a. is higher than the mean and maximum interest rates of the Comparable Bonds. We also noted in the Board Letter that in case that the borrowing cost of the Group is higher than 3.9% during the term of the Loan Framework Agreement, the Company has the right to refuse to oblige to Loan Framework Agreement (the “**Right**”). Given the higher interest income is expected to be earned by the Group under the Loan Framework Agreement than the same fund it loan out to other counterparties with the same risk profile, we are of the view that the interest rate terms of the Loan Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the independent Shareholders are concerned.

### III. Daily Loan Balance

The maximum amount of daily loan balance (including accumulative interest) under the Loan Framework Agreement is USD 208 million. As at March 31 2016, the cash and cash equivalent of the Group was approximately USD 116.2 million, probably suggesting that the Group might not able to fully utilize the Daily Loan Balance during the term of the Loan Framework Agreement. Nevertheless, as discussed with the management of the Company, we understand that the Group shall fill up the balance amount by utilizing the Huatailong Loan Facility of RMB3.98 billion (approximately USD627 million) available to the Group.

Taking into account of the additional funding from the Huatailong Loan Facility, we are of the view that the Group can fully utilize the Daily Loan Cap. Given (i) the borrowing cost of Huatailong Loan Facility of 2.83% p.a. as at the date of Huatailong Loan Announcement is much lower than the interest rate earned from the Loan Advancement of 3.9% p.a., (ii) the Right and (iii) the strong repayment ability of China National Gold as will be further discussed in the section headed “IV. Repayment ability of China National Gold” below, we are also of the view that the Group will be able to generate additional profit at a relativity lower risk level by taking advantage from the interest rate differentials between the Huatailong Loan Facility and the Loan Facility Agreement and is in the interest of the Company and the Shareholders as a whole.

### IV. Repayment ability of China National Gold

We also noted that China National Gold does not provide any collateral on the performance of the Loan Advancement but will be obligated to cause its subsidiary to satisfy their obligations of the borrower under the Loan Framework Agreement. According to the audited financial report of the China National Gold for the year ended December 31 2015, as at December 31 2015, China National Gold had net asset value attributable to equity holders of approximately RMB29,989 (equivalent to approximately USD4,579 million) and its consolidated current asset value and cash and cash equivalent balances were approximately RMB29,245 million (equivalent to approximately USD4,466 million) and RMB8,244 million (equivalent to approximately USD1,259 million) respectively.

Also, S&P assigned China National Gold a long-term corporate credit rating of “BBB” (which fall within investment grade). As discussed with the management of the Company, we understand that this credit rating is the one of highest among the companies in the industry.

We have identified, to the best of our knowledge, an exhaustive list of current members of the World Gold Council, which are considered to be the leading gold mining companies in the world and their corresponding credit ratings assigned by S&P (on a scale from AAA to D) as at April 22 2016. The table below summarises our relevant findings:

<b>Company Name</b>	<b>S&amp;P Credit rating</b>
Acacia Mining plc	Not available
Agnico-Eagle Mines Limited	Not rated
Alamos Gold Inc.	B
Barrick Gold Corporation	BBB-
Compania de Minas Buenaventura S.A.A.	Not available
Centerra Gold Inc.	Not available
Eldorado Gold Corporation	BB
Franco-Nevada Corporation	Not available
Goldcorp Inc.	BBB+
Golden Star Resources Ltd	Not available
Kinross Gold Corporation	BB+
New Gold Inc.	B+
Newmont Mining Corporation	BBB
Primero Mining Corp.	Not available
Royal Gold Inc.	Not available
Silver Wheaton	Not available
Yamana Gold Inc.	BB+
<b>Maximum</b>	<b>BBB+</b>
<b>Minimum</b>	<b>Not available /Not rated</b>
<b>China National Gold</b>	<b>BBB</b>
<i>Source: Bloomberg</i>	

As shown by the above table, among the 17 companies in the gold mining industry, there is only one company was assigned a higher credit than China National Gold, which is consistent with understanding of the management of the company, and this reflect the sufficient repayment ability of China National Gold for the Loan Framework Agreement and therefore, we are of the view that the Loan Advancement without collateral is acceptable.

## V. Financial effects of the Loan Framework Agreement

### Assets and liabilities

As advised by the Company, the Loan Advancement will be recorded as loan receivables under current asset of the Company. The Loan Advancement will therefore increase the loan receivable of the Company and will decrease cash and cash equivalent of the Group.

### Earnings

The interest payable under the Loan Framework Agreement is payable quarterly on the 21st day of the last month of each calendar quarter, and the Group is expected to generate interest income on the outstanding balance until the Loan Advancement is fully repaid, pursuant to the terms of the Loan Framework Agreement.

## CONTINUING CONNECTED TRANSACTION REQUIREMENTS UNDER THE LISTING RULES

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the advancement of the Loan (the “**Continuing Connected Transaction**”) are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Continuing Connected Transaction and confirm in the annual report whether the Continuing Connected Transaction has been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company’s annual report) confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transaction:
  - (i) has not been approved by the Board;
  - (ii) was not, in all material respects, in accordance with the pricing policies of the Group (if applicable);
  - (iii) was not entered into, in all material respects, in accordance with the relevant agreement governing the Continuing Connected Transaction; and
  - (iv) has exceeded the Proposed Annual Caps;
- (c) the Company must allow, and ensure that the relevant counterparties to the Continuing Connected Transaction allows, the Company’s auditors sufficient access to their records for the purpose of the reporting on the Continuing Connected Transaction as set out in paragraph (b); and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.





**SCHEDULE G**

“Proposed Articles”

**CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**  
(the “Company”)

The Company has as its articles the following articles.

Adopted by Special Resolution of the shareholders on June 22, 2016

<u>Full Name and Signature of Director</u>	<u>Date of Signing</u>
(signed) “ ” _____ Name:	June [22], 2016 _____

*Incorporation number: BC0608085*

**ARTICLES**

**1. INTERPRETATION .....2**

**2. SHARES AND SHARE CERTIFICATES .....3**

**3. ISSUE OF SHARES .....5**

**4. SHARE REGISTERS .....6**

**5. SHARE TRANSFERS .....6**

**6. TRANSMISSION OF SHARES .....8**

**7. PURCHASE OF SHARES .....8**

**8. BORROWING POWERS .....9**

**9. ALTERATIONS.....9**

**10. MEETINGS OF SHAREHOLDERS .....10**

**11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS.....12**

<b>12. VOTES OF SHAREHOLDERS .....</b>	<b>16</b>
<b>13. DIRECTORS .....</b>	<b>19</b>
<b>14. ELECTION AND REMOVAL OF DIRECTORS.....</b>	<b>20</b>
<b>15. ALTERNATE DIRECTORS .....</b>	<b>25</b>
<b>16. POWERS AND DUTIES OF DIRECTORS.....</b>	<b>26</b>
<b>17. DISCLOSURE OF INTEREST OF DIRECTORS.....</b>	<b>27</b>
<b>18. PROCEEDINGS OF DIRECTORS .....</b>	<b>28</b>
<b>19. EXECUTIVE AND OTHER COMMITTEES.....</b>	<b>30</b>
<b>20. OFFICERS.....</b>	<b>31</b>
<b>21. INDEMNIFICATION.....</b>	<b>32</b>
<b>22. DIVIDENDS .....</b>	<b>33</b>
<b>23. DOCUMENTS, RECORDS AND REPORTS.....</b>	<b>35</b>
<b>24. NOTICES.....</b>	<b>36</b>
<b>25. SEAL .....</b>	<b>37</b>
<b>26. OTHER .....</b>	<b>38</b>

**1. INTERPRETATION**

**1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (1) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (2) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, and the regulations thereunder, as from time to time amended;
- (3) “Clearing House” means a recognized clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong or any statute, ordinance or regulation which amends, supplements or supersedes such Ordinance;
- (4) “corporate communication” has the meaning ascribed thereto in the Listing Rules, including but not limited to, annual report and accounts, interim report, notice of meeting, listing documents, circular, and forms);

- (5) “Designated Stock Exchange” a stock exchange in respect of which the shares of the Company are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company;
- (6) “electronic communication” a communication sent by electronic transmission in any form through any medium;
- (7) “Entitled Person” a person who is entitled to receive or otherwise demand for a copy of the reporting documents of the Company pursuant to the *Business Corporations Act*, these Articles the Listing Rules and the Ordinance;
- (8) “*Interpretation Act*” means the *Interpretation Act*, R.S.B.C. 1996, c.238, as amended from time to time;
- (9) “legal personal representative” means the personal or other legal representative of the shareholder;
- (10) “Listing Rules” means the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited’
- (11) “Ordinance” the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and
- (12) “seal” means the seal of the Company, if any.

## 1.2 ***Business Corporations Act and Interpretation Act Definitions Applicable***

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### **2.2 Form of Share Certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### **2.3 Right to Share Certificate or Acknowledgement**

Each shareholder is entitled, without charge, to one share certificate representing the shares of each class or series of shares registered in the shareholder's name. At its option, the Company may, in lieu of a share certificate, issue to the shareholder a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

### **2.4 Sending of Share Certificate**

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

### **2.5 Replacement of Worn Out or Defaced Certificate**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgement, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgement, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgement, as the case may be.

### **2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement**

If a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgement, as the case may be, must be issued to the person entitled to that share certificate or acknowledgement, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgement is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

#### **2.6.1 Certificate not to be replaced after registration of transfer**

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate under Articles 2.6 if:

- (1) the share certificate has been lost, apparently destroyed or wrongfully taken and the person fails to notify the company of that fact within a reasonable time after the person has notice of it, and
- (2) the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

## **2.7 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two (2) or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## **2.8 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

## **2.9 Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

# **3. ISSUE OF SHARES**

## **3.1 Directors Authorized**

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

## **3.2 Commissions and Discounts**

The directors may authorize the Company to pay at any time a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person, or procuring or agreeing to procure purchasers for shares of the Company.

## **3.3 Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### **3.4 Conditions of Issue**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services performed for the Company;
  - (b) property; or
  - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register**

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register or any branch securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register or any branch securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 Closing Register**

The Company must not at any time close its central securities register.

### **4.3 Branch Registers**

The Company may keep or cause to be kept one or more branch securities registers.

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company or its transfer agent;

- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company or its transfer agent;
- (3) if an non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgement has been surrendered to the Company or its agent; and
- (4) any other evidence reasonably required by the Company, or by the transfer agent or registrar for the applicable class or series of shares, to prove:
  - (a) the title of the transferor,
  - (b) the transferor's right to transfer the share
  - (c) that the endorsement is genuine and authorized, or
  - (d) that the transfer is rightful or is to a protected purchaser.

## **5.2 Form of Instrument of Transfer**

All transfers of Shares shall be effected by transfer in writing in the usual or common form, or if any, on the back of the Company's share certificates or in such other form as the Board may approve and accept provided always that, if and for so long as the Company is listed on the Stock Exchange of Hong Kong Limited ("HKSE"), it shall comply with such form requirements as may be prescribed by HKSE and transfers may be under hand only or, if the transferor or transferee is a Clearing House (or its nominees)), under hand, by machine imprinted signature or by such other means of execution as the Board may approve from time to time.

## **5.3 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company as the registered owner of the transferred shares.

## **5.4 Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

## **5.5 Enquiry as to Title Not Required**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares. A transfer, when entered in a securities register of the Company, shall confer upon the person whose name the shares have been entered into valid title to such shares.

## **5.6 Transfer Fee**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors from time to time.

## **6. TRANSMISSION OF SHARES**

### **6.1 Legal Personal Representative Recognized on Death**

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

### **6.2 Rights of Legal Personal Representative or Trustee in Bankruptcy**

The legal personal representative or trustee in bankruptcy of a shareholder, as the case may be, has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

## **7. PURCHASE OF SHARES**

### **7.1 Company Authorized to Purchase Shares**

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

### **7.2 Purchase When Insolvent**

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.



### **7.3 Sale and Voting of Purchased Shares**

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

## **9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

## **9.3 Change of Name**

The Company may, by a resolution of the directors, authorize an alteration of its Notice of Articles in order to change its name.

## **9.4 Other Alterations**

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

# **10. MEETINGS OF SHAREHOLDERS**

## **10.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place within or outside British Columbia as may be determined by the directors.

## **10.2 Resolution Instead of Annual General Meeting**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

## **10.3 Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders at such time and place, within or outside British Columbia, as may be determined by the directors.

#### **10.4 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

#### **10.5 Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.6 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.7 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

#### **10.8 Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and

- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders who are entitled to vote at the meeting:
  - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
  - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

## **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
  - (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;
  - (c) consideration of any reports of the directors or auditor;
  - (d) the setting or changing of the number of directors;
  - (e) the election or appointment of directors;
  - (f) the appointment of an auditor;
  - (g) the setting of the remuneration of an auditor;
  - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
  - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

### **11.2 Special Majority**

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

### **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

#### **11.4 One Shareholder May Constitute Quorum**

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

#### **11.5 Other Persons May Attend**

The directors, the chief executive officer (if any), the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder otherwise entitled to vote at the meeting.

#### **11.6 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

#### **11.7 Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

#### **11.8 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

#### **11.9 Chair**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the chief executive officer, if any; or
- (3) if the chief executive officer is absent or unwilling to act as chair of the meeting, the corporate secretary, if any.

### **11.10 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board, chief executive officer or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board, chief executive officer and the president are unwilling to act as chair of the meeting, or if the chair of the board, chief executive officer and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

### **11.11 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

### **11.12 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

### **11.13 Decisions by Show of Hands or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

### **11.14 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **11.15 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

### **11.16 Casting Vote**

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

### **11.17 Manner of Taking Poll**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
  - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

### **11.18 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

### **11.19 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

### **11.20 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

### **11.21 Demand for Poll**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

### **11.22 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

### **11.23 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

### **11.24 Ordinary Resolution**

Unless the *Business Corporations Act* or these Articles otherwise provide any action that must or may be taken or authorized by the shareholders may be taken or authorized by ordinary resolution.

## **12. VOTES OF SHAREHOLDERS**

### **12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3 on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

### **12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 Votes by Joint Holders**

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

### **12.4 Legal Personal Representatives as Joint Shareholders**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

### **12.5 Representative of a Corporate Shareholder**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
  - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
  - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;



- (2) if a representative is appointed under this Article 12.5:
- (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

Notwithstanding anything contained in these Articles, a shareholder who is a Clearing House, or its nominee(s), may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of shareholders or any meeting of any class of shareholders and provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarized authorization and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the Clearing House as that Clearing House or its nominee(s) could exercise if it were an individual shareholder of the Company.

#### **12.6 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy, including specifying the number of shares each proxy holder shall be entitled to vote.

#### **12.7 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

#### **12.8 Who May Act as Proxy Holder**

Any person having attained the age of majority may act as proxy holder whether or not he or she is entitled on his or her own behalf to be present and to vote at the meeting at which he or she acts as proxy holder. The proxy may authorize the person so appointed to act as proxy holder for the appointor for the period, at any meeting or meetings and to the extent permitted by the Act.

#### **12.9 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages, and by using available internet or telephone services as may be approved by the directors.

#### 12.10 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of revocations, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

#### 12.11 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[name]* of *company]*  
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number and class of shares in respect of which this proxy is given (if no number and class is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

\_\_\_\_\_  
Signed *[month, day, year]*

\_\_\_\_\_  
*[Signature of shareholder]*

\_\_\_\_\_  
*[Name of shareholder—printed]*

#### 12.12 Revocation of Proxy

Subject to Article 12.13, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of revocations, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used;

- (2) provided, at the meeting, to the chair of the meeting before any vote in respect of which the proxy used shall have been taken; or
- (3) in any manner provided by law.

### **12.13 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.12 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy; and
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

### **12.14 Production of Evidence of Authority to Vote**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **13. DIRECTORS**

### **13.1 First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the greater of one and the most recently set of:
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; and

- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

### **13.3 Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### **13.5 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **14. ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 Election at Annual General Meeting**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

#### **14.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

#### **14.3 Failure to Elect or Appoint Directors**

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

#### **14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 Nominations of Directors**

Subject only to the *Business Corporations Act* and these Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, (A) by or at the direction of the board of directors, including pursuant to a notice of meeting, (B) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act, or (C) by any person (a "Nominating Shareholder") (i) who, at the

close of business on the date of the giving of the notice provided for below in this Article 14.5 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Article 14.5:

- (1) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company at the principal executive offices of the Company in accordance with this Article 14.5.
- (2) To be timely, a Nominating Shareholder's notice to the secretary of the Company must be made:
  - (a) in the case of an annual meeting of shareholders, not less than thirty (30) nor more than sixty-five (65) days prior to the date of the annual meeting of shareholders. However, in the event that the annual meeting of shareholders is to be held on a date that is less than fifty (50) days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph (b).
- (3) In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- (4) To be in proper written form, a Nominating Shareholder's notice to the secretary of the Company must set forth:
  - (a) As to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company that are controlled or that are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

- (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Company may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (5) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.5. However, nothing in this Article 14.5 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Article 14.5 and, if any proposed nomination is not in compliance with this Article 14.5, to declare that such defective nomination shall be disregarded.
- (6) For purposes of this Article 14.5,
  - (a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - (b) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (7) Notwithstanding any other provision of the Articles of the Company, notice given to the secretary of the Company pursuant to this Article 14.5 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Company for purposes of such notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Company. However, if such delivery or electronic communication is made on a day that is a not a business day or later than 5:00 p.m. (Vancouver time) on a day that is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (8) The invalidity or unenforceability of any provision of this Article 14.5 will not affect the validity or enforceability of the remaining provisions of this Article 14.5.

#### **14.6 Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors.

#### **14.7 Remaining Directors Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.8 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.9 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.9 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.9.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

#### **14.10 Ceasing to be a Director**

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

#### **14.11 Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.



#### **14.12 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

### **15. ALTERNATE DIRECTORS**

#### **15.1 Appointment of Alternate Director**

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

#### **15.2 Notice of Meetings**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

#### **15.3 Alternate for More Than One Director Attending Meetings**

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity; and
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

#### **15.4 Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

#### **15.5 Alternate Director Not an Agent**

Every alternate director is deemed not to be the agent of his or her appointor.

## **15.6 Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

## **15.7 Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

## **15.8 Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

## **16. POWERS AND DUTIES OF DIRECTORS**

### **16.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

### **16.2 Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## **17. DISCLOSURE OF INTEREST OF DIRECTORS**

### **17.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

### **17.2 Restrictions on Voting by Reason of Interest**

A director or whose close associates (as defined under the meaning of the Listing Rules) who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

### **17.3 Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

### **17.4 Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

### **17.5 Director Holding Other Office in the Company**

A director may hold any office, employment or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

### **17.6 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office, employment or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

### **17.7 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

## **17.8 Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

## **18. PROCEEDINGS OF DIRECTORS**

### **18.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

### **18.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### **18.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
  - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

### **18.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **18.5 Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

### **18.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors at least 48 hours before the time appointed for holding the meeting or such lesser time as may be reasonable under the circumstances, by any method set out in Article 24.1 or orally in person or by telephone.

### **18.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

### **18.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

### **18.9 Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

### **18.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of the number of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director for the time being set pursuant to these Articles or may constitute a meeting.

### **18.11 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

### **18.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as

if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **19. EXECUTIVE AND OTHER COMMITTEES**

### **19.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **19.2 Appointment and Powers of Other Committees**

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (a) the power to fill vacancies in the board of directors;
  - (b) the power to remove a director;
  - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors;
- (2) report every act or thing done in exercise of those powers at such times as the directors may require; and
- (3) keep minutes of all meetings of the committee.

#### **19.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

#### **19.5 Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee;
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote; and
- (5) the committee may make rules for the conduct of its business and may seek such assistance as it may deem necessary.

### **20. OFFICERS**

#### **20.1 Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

#### **20.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **20.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

### **20.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **21. INDEMNIFICATION**

### **21.1 Definitions**

In this Article 21:

- (1) “associated corporation” means a corporation or entity referred to in paragraph (b) or (c) of the definition of “eligible party”;
- (2) “eligible party” means an individual who:
  - (a) is or was a director or alternate director of the Company;
  - (b) is or was a director or alternate director of another corporation,
    - i. at a time when the corporation is or was an affiliate of the Company; or
    - ii. at the request of the Company; or
  - (c) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director or alternate director of a partnership, trust, joint venture or other unincorporated entity;
- (3) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (4) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which an eligible party or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company or an associated corporation:
  - (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and
- (5) “expenses” has the meaning set out in the *Business Corporations Act*.



## **21.2 Mandatory Indemnification of an Eligible Party**

Subject to the *Business Corporations Act*, the Company must indemnify an eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

## **21.3 Indemnification of Other Persons**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

## **21.4 Non-Compliance with *Business Corporations Act***

The failure of an eligible party to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Article 21.

## **21.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity; against any liability incurred by him or her by reason of being or having been such a director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **22. DIVIDENDS**

### **22.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares of the Company with special rights as to dividends.

### **22.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

### **22.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

#### **22.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

#### **22.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

#### **22.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets or any part thereof;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

#### **22.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

#### **22.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

#### **22.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

#### **22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

#### **22.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

## **22.12 Payment of Dividends**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

## **22.13 Capitalization of Surplus**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

## **23. DOCUMENTS, RECORDS AND REPORTS**

### **23.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

### **23.2 Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

### **23.3 Remuneration of Auditor**

The directors may set the remuneration of the Company's auditor (if any).

### **23.3 Accounts**

Subject to Article 23.4, a printed copy of the directors' report, accompanied by the balance sheet and profit and loss account or income and expenditure account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the shareholders at the annual general meeting held pursuant to Article 10.1 provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.

### **23.4 Summary Financial Report**

Subject to due compliance with all applicable laws, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 23.3 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the law, summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled

to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

### **23.5 Delivery of Accounting Records**

The requirement to send to a person referred to in Article 23.3 the documents referred to in that article or a summary financial report in accordance with Article 23.4 shall be deemed satisfied where, in accordance with all applicable laws, rules and regulations, including without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 23.3 and, if applicable, a summary financial report complying with Article 23.4, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

## **24. NOTICES**

### **24.1 Method of Giving Notice**

Any notice or document to be given or issued by or on behalf of the Company under these Articles, including, but not limited to, any corporate communication, shall be in writing (which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible and legible form (including an electronic communication and publication on a computer network (including, but not limited to, a website)) whether having physical substance or not) and may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the *Business Corporations Act*, these Articles, the Ordinance, the Listing Rules and any applicable laws, rules and regulations, as amended from time to time:

- (1) personally;
- (2) by sending it by ordinary mail to the Entitled Person at their registered address as recorded in the central securities register of the Company or at the address, supplied by the Entitled Person to the Company for the sending of notices or documents or corporate communication;
- (3) by delivering or leaving it at such address as aforesaid;
- (4) by advertisement Published in the Newspapers as that meaning is assigned by the Listing Rules;
- (5) by transmitting it as an electronic communication to the Entitled Person by email at their email address as provided by them;
- (6) by publishing it on the Company's website, and on the Company's profile on the systems used for electronically filing securities related information and providing the Entitled Person a notice of publication of such notice, document, or corporate communication; or
- (7) as otherwise permitted by any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and all regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

## **24.2 Deemed Receipt of Mailing**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing. A record that is sent to a person by email to the email address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was emailed on the day, Saturdays, Sundays and holidays excepted, such record was emailed.

## **24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, document, or corporate communication was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

## **24.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share and such notice, statement, report or record so given shall be deemed a sufficient service on or delivery to all the persons interested.

## **24.5 Notice to Trustees**

A notice, document or corporate communication may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **25. SEAL**

### **25.1 Who May Attest Seal**

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or

- (4) any one or more directors or officers or persons as may be determined by the directors.

## **25.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

## **25.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **26. OTHER**

### **26.1 Translation of Company Name**

The Company has adopted a Chinese translation of its name that it intends to use outside of Canada which, set out in letters from the English alphabet is "China Gold International Resources Corp. Ltd." and which, set out in traditional Chinese is 中國黃金國際資源有限公司 and which set out in simplified Chinese is 中国黄金国际资源有限公司.