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

**中國黃金國際資源有限公司**

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

(Hong Kong stock code: 2099)

(Toronto stock code: CGG)

**DISCLOSEABLE TRANSACTIONS**

**Mine Engineering Agreements and  
Equipment Purchase Agreements**

The Board is pleased to announce that Huatailong, a wholly-owned subsidiary of the Company, has entered into the Mine Engineering Agreements with the Second Engineering Company on 7 November 2012 pursuant to which the Second Engineering Company will provide mine engineering, construction and excavation services at the Jiama Mine.

Huatailong has also entered into the Equipment Purchase Agreements with CITIC Heavy Industries on 7 November 2012 pursuant to which CITIC Heavy Industries will supply and install certain mining equipment for Huatailong at the Jiama Mine.

The transactions contemplated under the Mine Engineering Agreements with the Second Engineering Company are aggregated pursuant to Rule 14.22 of the Listing Rules on the basis that the Engineering Agreements were all entered into between the Company and the Second Engineering Company.

The transactions contemplated under the Equipment Purchase Agreements with CITIC Heavy Industries are aggregated pursuant to Rule 14.22 of the Listing Rules on the basis that the Equipment Purchase Agreements were all entered into between the Company and CITIC Heavy Industries.

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules), when calculated on aggregated basis, for the Mine Engineering Agreements exceed 5%, but all of the percentage ratios are less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Similarly, as one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules), when calculated on aggregated basis, for the Equipment Purchase Agreements exceed 5%, but all of the percentage ratios are less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **BACKGROUND**

In order to expand the ore processing capacity at the Jiama Mine, Huatailong has entered into the Mine Engineering Agreements with the Second Engineering Company on 7 November 2012 pursuant to which the Second Engineering Company will provide mine engineering, construction and excavation services at the Jiama Mine.

In order to fulfill its operational requirements, Huatailong has entered into the Equipment Purchase Agreements with CITIC Heavy Industries on 7 November 2012 pursuant to which CITIC Heavy Industries shall manufacture, deliver and install certain mining equipment for Huatailong at the Jiama Mine.

## **MINE ENGINEERING AGREEMENTS**

The Mine Engineering Agreements consist of Engineering Agreement I, Engineering Agreement II and Engineering Agreement III (collectively the “**Mine Engineering Agreements**”). Key terms of the Mine Engineering Agreements are summarized below.

### *Mine Engineering Agreement I*

Date: 7 November 2012

Parties to the agreement: (a) Huatailong; and  
(b) the Second Engineering Company

Subject Matter: The Second Engineering Company shall provide engineering and construction services to further extend the existing slope at the northern section of the Jiama Mine.

The total excavation workload is 175,537 cubic meters, and the total tunneling support workload is 2,623 cubic meters.

Term: The project shall be completed in 20 months.

Service Fee: In consideration for the engineering and construction services, Huatailong shall pay to the Second Engineering Company a service fee of RMB97,800,000.

The service fee is payable in installments in accordance with the work schedule as the project progresses.

Each installment shall be payable to the Second Engineering Company within 14 days after the work (as specified on the work schedule) has been confirmed by the supervising engineer and Huaitailong.

Once 80% of the total service fee has been paid, Huatailong will cease to make progress installment payment. The remaining 20% of the total service fee is payable in the following manner:

- (i) 15% is payable upon completion of the project (subject to deduction of any water and electricity bill and penalty payable) and signing of the quality assurance agreement between Huatailong and the Second Engineering Company; and
- (ii) 5% will be withheld by Huatailong as a quality assurance bond and is payable 24 months after completion of the project.

### *Mine Engineering Agreement II*

Date: 7 November 2012

Parties to the agreement: (a) Huatailong; and  
(b) the Second Engineering Company

Subject Matter: The Second Engineering Company shall provide engineering and construction services to construct a ventilation shaft at the northern section of the Jiama Mine.

The total excavation workload is 78,822 cubic meters, and the total tunneling support workload is 1,575 cubic meters.

Term: The project shall be completed in 20 months.

Service Fee: In consideration for the engineering and construction services, Huatailong shall pay to the Second Engineering Company a service fee of RMB45,600,000.

The service fee is payable in installments in accordance with the work schedule as the project progresses.

Each installment shall be payable to the Second Engineering Company within 14 days after the work (as specified on the work schedule) has been confirmed by the supervising engineer and Huaitailong.

Once 80% of the total service fee has been paid, Huatailong will cease to make progress installment payment. The remaining 20% of the total service fee is payable in the following manner:

- (i) 15% is payable upon completion of the project (subject to deduction of any water and electricity bill and penalty payable) and signing of the quality assurance agreement between Huatailong and the Second Engineering Company; and
- (ii) 5% will be withheld by Huatailong as a quality assurance bond and is payable 24 months after completion of the project.

### *Mine Engineering Agreement III*

Date: 7 November 2012

Parties to the agreement: (a) Huatailong; and  
(b) the Second Engineering Company

Subject Matter: The Second Engineering Company shall provide the following engineering and construction services at Section III of the Jiama Mine expansion site:

- adit development and construction at the southern side;
- develop mine waste draw shaft station;
- develop cage shaft station; and
- other related work.

The total advancement is 4,425 meters, the total excavation workload is 57,433 cubic meters, and the total tunneling support workload is 1,016 cubic meters.

Term: The project shall be completed in 20 months.

Service Fee: In consideration for the engineering and construction services, the Company shall pay to the Second Engineering Company a service fee of RMB42,640,789.69.

The service fee is payable in installments in accordance with the work schedule as the project progresses.

Each installment shall be payable to the Second Engineering Company within 14 days after the work (as specified on the work schedule) has been confirmed by the supervising engineer and Huatailong.

Once 80% of the total service fee has been paid, Huatailong

will cease to make progress installment payment. The remaining 20% of the total service fee is payable in the following manner:

- (i) 15% is payable upon completion of the project (subject to deduction of any water and electricity bill and penalty payable) and signing of the quality assurance agreement between Huatailong and the Second Engineering Company; and
- (ii) 5% will be withheld by Huatailong as a quality assurance bond and is payable 24 months after completion of the project.

### **EQUIPMENT PURCHASE AGREEMENTS**

The Equipment Purchase Agreements consist of Equipment Purchase Agreement I, Equipment Purchase Agreement II and Equipment Purchase Agreement III (collectively the “**Equipment Purchase Agreements**”). Key terms of the Equipment Purchase Agreements are summarized below.

#### *Equipment Purchase Agreement I*

Date: 7 November 2012

Parties to the agreement: (a) Huatailong; and  
(b) CITIC Heavy Industries

Subject Matter: CITIC Heavy Industries shall manufacture, deliver and install two sets of  $\Phi 10.37 \times 5.19$  meter dual-motor electric semi-automatic milling machines to Huatailong for mining production at the Jiama Mine.

The equipment ordered consists of two sets of milling machines (the “**Milling Machines**”) and two sets of electric motors (the “**Electric Motors**”) to drive the Milling Machines.

Term: The first semi-automatic milling machine shall be delivered to the Jiama Mine by 28 February 2013 and its electric motor shall be delivered by 31 March 2013.

The second semi-automatic milling machine and its electric motor shall be delivered by 30 June 2013.

Purchase Price: In consideration for the Milling Machines and Electric Motors, Huatailong shall pay CITIC Heavy Industries the sum of RMB128,630,000 and RMB70,250,000, respectively.

The purchase price of RMB128,630,000 for the Milling Machines is payable in the manner set out below:

- (i) Payment of RMB38,589,000 (being 30% of the purchase price) within 20 days following the execution of the Equipment Purchase Agreement I;
- (ii) Payment of RMB25,726,000 (being 20% of price of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that manufacturing of the roughcast for the main parts of the Milling Machines is completed;
- (iii) Payment of RMB6,431,500 (being 5% of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that the first milling machine is in deliverable state;
- (iv) Payment of RMB6,431,500 (being 5% of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that the second milling machine is in deliverable state;
- (v) Payment of RMB12,863,000 (being 10% of the purchase price) within 20 days upon delivery and satisfactory inspection of the first milling machine by Huatailong;
- (vi) Payment of RMB12,863,000 (being 10% of the purchase price) within 20 days upon delivery and satisfactory inspection of the second milling machine by Huatailong;
- (vii) Payment of RMB6,431,500 (being 5% of the purchase price) for each milling machine within 20 days upon the earlier of:
  - (a) installation and trial operation of a milling machine, or
  - (b) 8 months after a milling machine is delivered to the Jiama Mine; and
- (viii) RMB12,863,000 (being 10% of the purchase price) will be withheld by Huatailong as quality assurance bond and is payable upon the earlier of:
  - (a) 12 months after successful completion of trial operation; or
  - (b) 18 months after the Milling Machines are delivered to the Jiama Mine.

The purchase price RMB70,250,000 for the Electric Motors is payable in the manner set out below:

- (i) Payment of RMB21,075,000 (being 30% of the purchase price) within 20 days following the execution of the Equipment Purchase Agreement I;
- (ii) Payment of RMB14,050,000 (being 20% of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that manufacturing of the roughcasts for the main parts of the Electric Motors is completed; and
- (iii) Payment of RMB17,562,500 (being 25% of the purchase price) for each of the Electric Motors within 30 days upon receiving notice from CITIC Heavy Industries that each of the Electric Motors is in deliverable state.

*Equipment Purchase Agreement II*

Date: 7 November 2012

Parties to the agreement: (a) Huatailong; and  
(b) CITIC Heavy Industries

Subject Matter: CITIC Heavy Industries shall manufacture, deliver and install two sets of  $\Phi 7.32 \times 12.5$  meter dual motor electric ball mills to Huatailong for mining production at the Jiama Mine.

The equipment ordered consists of two sets of ball mills (the “**Ball Mills**”) and two sets of electric motors (the “**Electric Motors**”) to drive the Ball Mills.

Term: The first ball mill shall be delivered to the Jiama Mine by 28 February 2013 and its electric motor shall be delivered by 15 April 2013.

The second ball mill and its electric motor shall be delivered by 30 June 2013.

Purchase Price: In consideration for the Ball Mills and Electric Motors, Huatailong shall pay CITIC Heavy Industries the sum of RMB116,790,000 and RMB74,320,000, respectively.

The purchase price of RMB116,790,000 for the Ball Mills is payable in the manner set out below:

- (i) Payment of RMB35,037,000 (being 30% of the

purchase price) within 20 days following the execution of the Equipment Purchase Agreement II;

- (ii) Payment of RMB23,358,000 (being 20% of price of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that manufacturing of the roughcast for the main parts of the Ball Mills is completed;
- (iii) Payment of RMB5,839,500 (being 5% of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that the first ball mill is in deliverable state;
- (iv) Payment of RMB5,839,500 (being 5% of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that the second ball mill is in deliverable state;
- (v) Payment of RMB11,679,000 (being 10% of the purchase price) within 20 days upon delivery and satisfactory inspection of the first ball mill by Huatailong;
- (vi) Payment of RMB11,679,000 (being 10% of the purchase price) within 20 days upon delivery and satisfactory inspection of the second ball mill by Huatailong;
- (vii) Payment of RMB5,839,500 (being 5% of the purchase price) for each ball mill within 20 days upon the earlier of:
  - (a) installation and trial operation of a ball mill, or
  - (b) 8 months after a ball mill is delivered to the Jiama Mine; and
- (viii) RMB11,679,000 (being 10% of the purchase price) will be withheld by Huatailong as quality assurance bond and is payable upon the earlier of:
  - (a) 12 months after successful completion of trial operation; or
  - (b) 18 months after the Ball Mills are delivered to the Jiama Mine.

The purchase price RMB74,320,000 for the Electric Motors is payable in the manner set out below:

- (i) Payment of RMB22,296,000 (being 30% of the purchase



price) within 20 days following the execution of the Equipment Purchase Agreement II;

- (ii) Payment of RMB14,864,000 (being 20% of the purchase price) within 20 days upon receiving notice from CITIC Heavy Industries that manufacturing of the roughcasts for the main parts of the Electric Motors is completed; and
- (iii) Payment of RMB18,580,000 (being 25% of the purchase price) for each of the Electric Motors within 30 days upon receiving notice from CITIC Heavy Industries that each of the Electric Motors is in deliverable state.

### *Equipment Purchase Agreement III*

Date: 7 November 2012

Parties to the agreement: (a) Huatailong; and  
(b) CITIC Heavy Industries.

Subject Matter: CITIC Heavy Industries shall manufacture, deliver and install two sets of robotic arms to supplement the Milling Machines and the Ball Mills for the Jiama Mine.

The equipment ordered consists of two sets of robotic arms (being one for the Milling Machines and one for the Ball Mills) and other auxiliary equipment (collectively the “**Robotic Arms**”).

Term: The Robotic Arms shall be delivered to the Jiama Mine by 30 April 2013.

Purchase Price: In consideration for the Robotic Arms, Huatailong shall pay CITIC Heavy Industries the sum of RMB17,290,000. The purchase price is payable in the following manner:

- (i) Payment of RMB5,187,000 (being 30% of the purchase price) within 20 days following the execution of the Equipment Purchase Agreement III;
- (ii) Payment of RMB3,458,000 (being 20% of the purchase price) within 4 months following the Equipment Purchase Agreement III coming into effect; and
- (iii) Payment of RMB8,645,000 (being 50% of the purchase price) once the Robotic Arms are in deliverable state.

## **REASONS FOR AND BENEFITS OF THE AGREEMENTS**

The Second Engineering Company is a large-scale construction and engineering company. It possesses extensive experience in carrying out construction projects under harsh environment and at high altitude. Huatailong has previously assessed and evaluated various construction and engineering services providers in preparation for development of the Jiama Mine. Through an open marketing tendering process, the Second Engineering Company was chosen for, and had successfully completed, certain projects at the Jiama Mine. The Second Engineering Company has a well-established systematic management system and is able to take advantage of its understanding of the working conditions at the Jiama Mine.

CITIC Heavy Industries is a major industrial and mining equipment manufacturer in the PRC. It possesses the technical capabilities and knowhow to manufacture, deliver and install the large-scale machineries required for production at the Jiama Mine. During the open market tendering process, the technical features and operational efficiency of the Milling Machines, the Ball Mills and Robotic Arms were assessed and evaluated by the Company's panel of experts, and CITIC Heavy Industries was chosen following the tendering process.

The terms of the Mine Engineering Agreements and the Equipment Purchase Agreements have been arrived upon open market tendering and through arm's-length negotiations between the parties thereto. The service fee charged by the Second Engineering Company and the purchase price charged by CITIC Heavy Industries are fair and reasonable.

The Directors (including the independent non-executive Directors) consider that the transactions under the Mine Engineering Agreements and the Equipment Purchase Agreements will be entered into in the ordinary course of business of the Group and the terms of these agreements are normal commercial terms which are fair, reasonable, and in the interests of the Group and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

The transactions contemplated under the Mine Engineering Agreements with the Second Engineering Company are aggregated pursuant to Rule 14.22 of the Listing Rules on the basis that the Mine Engineering Agreements were all entered into between the Company and the Second Engineering Company.

The transactions contemplated under the Equipment Purchase Agreements with CITIC Heavy Industries are aggregated pursuant to Rule 14.22 of the Listing Rules on the basis that the Equipment Purchase Agreements were all entered into between the Company and CITIC Heavy Industries.

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules), when calculated on aggregated basis, for the Mine Engineering Agreements exceed 5%, but all of the percentage ratios are less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Similarly, as one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules), when calculated on aggregated basis, for the Equipment Purchase Agreements exceed 5%, but all of the percentage ratios are less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **GENERAL**

The Company is a gold and base metal mining company based in Vancouver, Canada. Its principal properties are the CSH Mine located in Inner Mongolia, China and the Jiama Mine, located in the Tibet Autonomous Region, China. The Company commenced gold production at the CSH Mine in July 2007 and commenced commercial production on 1 July 2008. The Company acquired 100% ownership of Jiama Mine which hosts a large scale copper-gold polymetallic deposit consisting of copper, molybdenum, gold, silver, lead and zinc on 1 December 2010. The mine commenced commercial production in September 2010.

Huatailong owns and operates the Jiama Mine. Since its establishment on 11 January 2007, it has been primarily engaged in exploration and mining activities. It is ultimately controlled by the Company.

The Second Engineering Company is a large state-owned construction services company in the PRC. The company specializes in highway engineering and construction, building construction engineering, municipal public facility engineering and railway engineering. It holds general contracting qualification Grade A for highway engineering and Grade B for water hydropower engineering and mining engineering. It is also qualified to conduct earthwork engineering, bridge engineering, tunnel engineering and highway subgrade engineering projects. It is an ultimate subsidiary of China Railway Construction Corporation Limited\*(中國鐵建股份有限公司) which is listed on both the Shanghai Stock Exchange (上海證券交易所) (stock code:601186) and the Hong Kong Stock Exchange (stock code:1186).

CITIC Heavy Industries is mainly engaged in the development, research, manufacturing and sell of large-scale industrial equipment, large-scale technical equipment sets and heavy casting for industries such as building and construction, mining, power and energy conservation and environmental protection. CITIC Heavy Industries is one of the largest heavy machinery manufacturing enterprises in the PRC. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Second Engineering Company and CITIC Heavy Industries and their ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

## **DEFINITIONS**

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

“**Board**” the board of Directors;

“**CITIC Heavy Industries**” CITIC Heavy Industries Co., Ltd.\* (中信重工機械股

份有限公司), a limited liability company incorporated in Luoyang, Henan Province of the PRC. Its shares are listed on the Shanghai Stock Exchange (stock code: 601608);

<b>“Company”</b>	China Gold International Resources Corp. Ltd. (中國黃金國際資源有限公司), a limited liability company incorporated under the laws of British Columbia, Canada with shares listed on both the Hong Kong Stock Exchange and the Toronto Stock Exchange;
<b>“control”</b>	has the same meaning ascribed thereto under the Listing Rules;
<b>“Directors”</b>	the directors of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC;
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Huatailong”</b>	Tibet Huatailong Mining Development Co., Ltd.* (西藏華泰龍礦業開發有限公司), 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. (西藏嘉爾通礦業開發有限公司), its wholly-owned subsidiaries;
<b>“Jiama Mine”</b>	Jiama Copper-Gold Polymetallic Mine (甲瑪銅多金屬礦) 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 its indirect wholly-owned subsidiary Huatailong;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“PRC”</b>	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region, and Taiwan;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;

“Second Engineering Company”	China Railway 17 <sup>th</sup> Bureau Group Second Engineering Co., Ltd.* (中鐵十七局集團第二工程有限公司) a limited liability company incorporated in Xi’an, Shanxi Province of the PRC;
“Toronto Stock Exchange”	The Toronto Stock Exchange of Toronto, Canada;
“%”	per cent.

*\*The English translation appears for identification purposes only.*

By Order of the Board  
**China Gold International Resources Corp. Ltd.**  
**Sun Zhaoxue**  
*Chairman*

Hong Kong, 7 November 2012

*As of the date of this announcement, the executive Directors are Mr. Sun, Zhaoxue, Mr. Song, Xin, Mr. Wu, Zhanming and Mr. Jiang, Xiangdong, the non-executive Director is Mr. Liu, Bing and the independent non-executive Directors are Mr. He, Ying Bin Ian, Mr. Chen, Yunfei, Mr. Hall, Gregory Clifton and Mr. Burns, John King.*