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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)

**ANNOUNCEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

Contract for Purchase and Sale of Dore

**RECORD DATE FOR EXTRAORDINARY GENERAL MEETING**

Reference is made to the 2008 Contract for Purchase and Sale of Dore between Inner Mongolia Pacific, a company in which the Company holds 96.5% interest, and China National Gold. Details of the 2008 Contract for Purchase and Sale of Dore have been disclosed in the Prospectus in 2010.

The Hong Kong Stock Exchange had granted a waiver in favour of the Company, before the listing of the shares of the Company on the Hong Kong Stock Exchange, to waive, subject to certain conditions, the transactions under the 2008 Contract for Purchase and Sale of Dore from compliance with the announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules for a period up to 31 December 2011.

On 27 January 2012, Inner Mongolia Pacific has entered into the 2012 Contract for Purchase and Sale of Dore with China National Gold for the purpose of regulating the sale and purchase of gold dore to be carried out between them for the three years ending 31 December 2012, 2013 and 2014.

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. As a result, the transactions under the 2012 Contract for Purchase and Sale of Dore constitute non-exempt continuing connected transactions which, based on the applicable percentage ratios, are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Board has approved to convene the EGM in Vancouver, Canada on 16 March 2012 (Vancouver time), namely, 17 March 2012 (Hong Kong time), to consider and, if thought fit, approve the 2012 Contract for Purchase and Sale of Dore, the transactions contemplated thereunder and the annual monetary caps of such transactions for the three years ending 31

December 2012, 2013 and 2014. China National Gold and its associates will abstain from voting on the resolutions to be proposed at the EGM for the approval of the transactions under the 2012 Contract for Purchase and Sale of Dore.

The Board has also decided to fix the Record Date for the determination of the Shareholders who are entitled to receive the notice of, and to attend and vote at, the EGM or adjournment thereof, on Tuesday, 14 February 2012. Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date will be entitled to attend the EGM and cast vote if his/her/its/their shares carry voting rights. In order to be eligible for attending and voting at the EGM, any person who has acquired the shares of the Company listed on the Hong Kong Stock Exchange must lodge all the relevant transfer documents with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on the Record Date.

A circular containing, among other things, the information relating to the transactions contemplated under the 2012 Contract for Purchase and Sale of Dore, together with the notice to convene the EGM to approve the transactions contemplated under the 2012 Contract for Purchase and Sale of Dore and the annual monetary caps of such transactions for the three years ending 31 December 2012, 2013 and 2014, will be dispatched to the Shareholders as soon as practicable on or before 21 February 2012, taking into account administrative and technical concerns and requirements under relevant Canadian securities rules and regulations to which the Company is subject.

The Board has further approved Inner Mongolia Pacific to carry on the transactions, within the aggregate amount of RMB100 million, pursuant to the terms of the 2008 Contract for Purchase and Sale of Dore until the 2012 Contract for Purchase and Sale of Dore is approved by the Independent Shareholders at the EGM.

## **BACKGROUND**

Reference is made to the 2008 Contract for Purchase and Sale of Dore between Inner Mongolia Pacific, a company in which the Company holds 96.5% interest, and China National Gold. Details of the 2008 Contract for Purchase and Sale of Dore have been disclosed in the prospectus of the Company dated 17 November 2010 in relation to its global offering of 53,660,000 shares and listing on the Hong Kong Stock Exchange (the "**Prospectus**").

The Hong Kong Stock Exchange had granted a waiver in favour of the Company, before the listing of the shares of the Company on the Hong Kong Stock Exchange, to waive, subject to certain conditions, the transactions under the 2008 Contract for Purchase and Sale of Dore from compliance with the announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules for a period up to 31 December 2011. Details of the waiver have been disclosed in the Prospectus.

On 27 January 2012, Inner Mongolia Pacific has entered into the 2012 Contract for Purchase and Sale of Dore with China National Gold for the purpose of regulating the

sale and purchase of gold dore to be carried out between them for the three years ending 31 December 2012, 2013 and 2014.

**2012 CONTRACT FOR PURCHASE AND SALE OF DORE**

Date: 27 January 2012

Parties: (a) Inner Mongolia Pacific (as the seller); and  
(b) China National Gold (as the purchaser).

Subject Matter: The sale and purchase of gold dore bars and silver by-products produced at the CSH Gold Mine owned and operated by Inner Mongolia Pacific in Inner Mongolia, China.

Term: Subject to the approval of the Independent Shareholders at the EGM, effective until 31 December 2014.

Payment terms: Pricing is referenced to the daily average price of Au9995 gold ingot as quoted on the Shanghai Gold Exchange on the notification date (i.e. three working days prior to delivery of shipment of gold dore bars) less RMB0.95 per gram, multiplied by the settlement weight and the daily average price of No. 2 silver at the Shanghai Huatong Platinum & Silver Exchange on the notification date less RMB0.5 per gram, multiplied by the settlement weight.

Inner Mongolia Pacific shall deliver a provisional invoice to China National Gold three working days in advance of the delivery date, and China National Gold shall effect provisional payment to Inner Mongolia Pacific two working days prior to the delivery date. If samples of gold and silver delivered are sent to an umpire for analysis, the settlement date shall be two working days following the completion of the umpire analysis.

**PROPOSED ANNUAL MONETARY CAPS FOR THE TRANSACTIONS UNDER THE 2012 CONTRACT FOR PURCHASE AND SALE OF DORE AND THE BASIS**

The Directors estimate that the annual aggregate sales amount in respect of the transactions under the 2012 Contract for Purchase and Sale of Dore will not exceed RMB1,782 million, RMB1,980 million and RMB3,168 million, for the three years ending 31 December 2012, 2013 and 2014, respectively.

The Directors have estimated such annual monetary caps for the transactions contemplated under the 2012 Contract for Purchase and Sale of Dore based on the following factors:

- (a) Such caps are determined with reference to the amount of previous transactions during the year ended 31 December 2010 and the nine months ended 30 September 2011. For the year ended 31 December 2010 and the nine months ended 30 September 2011, the total gold production at the CSH Gold Mine was approximately 111,289 ounces and 92,244 ounces, respectively, and the aggregate sales amount to China National Gold was RMB783 million (audited) for the year ended 31 December 2010 and RMB894 million (unaudited) for the nine months ended 30 September 2011.
- (b) The production of gold at the CSH Gold Mine is expected to continue to grow pursuant to the operation expansion plan of CSH Gold Mine and the demand for gold by China National Gold will continue to increase.
- (c) The price of gold dore bars to be purchased by China National Gold from Inner Mongolia Pacific will be referenced to the daily average price of Au9995 gold ingot as quoted on the Shanghai Gold Exchange prevailing at the time of each purchase order. Despite the overall substantial increase in the gold price during 2010 and 2011, the Directors estimate that the selling price for the gold dore bars from Inner Mongolia Pacific to China National Gold will remain relatively stable with possible upward adjustments for the three years ending 31 December 2012, 2013 and 2014.

#### **REASONS FOR AND BENEFITS OF THE 2012 CONTRACT FOR PURCHASE AND SALE OF DORE**

The reasons for and benefits of the 2012 Contract for Purchase and Sale of Dore mainly include:

- (a) The Group (including Inner Mongolia Pacific) has established a long-term cooperative relationship with China National Gold and therefore, the Group (including Inner Mongolia Pacific) is able to execute the transactions with China National Gold with more flexibility and on more favourable terms;
- (b) China National Gold, being the largest gold producer in China, has good credibility in the industry. This lends assurance to the Group (including Inner Mongolia Pacific) that risks it may face conducting business with China National Gold would be low;
- (c) The terms and conditions of the 2012 Contract for Purchase and Sale of Dore are based on substantially the same terms of the 2008 Contract for Purchase and Sale of Dore. The 2008 Contract for Purchase and Sale of Dore has been well executed which further demonstrates the good cooperative relationship between

Inner Mongolia Pacific and China National Gold as well as the credibility of China National Gold; and

- (d) The pricing term under the 2012 Contract for Purchase and Sale of Dore is fair, reasonable and beneficial to Inner Mongolia Pacific.

The Directors (including the independent non-executive Directors) consider that (i) the transactions under the 2012 Contract for Purchase and Sale of Dore will be entered into in the ordinary course of business of the Group; (ii) the terms of the 2012 Contract for Purchase and Sale of Dore are normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole; and (iii) the annual monetary caps for the transactions contemplated under the 2012 Contract for Purchase and Sale of Dore for the three years ending 31 December 2012, 2013 and 2014 are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

China National Gold indirectly holds 39.33% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company. China National Gold is therefore a connected person of the Company by virtue of Rule 14A.11 of the Hong Kong Listing Rules.

The transactions under the 2012 Contract for Purchase and Sale of Dore constitute non-exempt continuing connected transactions of the Company which, based on the applicable percentage ratios, are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mr. Sun Zhaoxue, Mr. Song Xin, Mr. Liu Bing and Mr. Wu Zhanming are considered to have a conflict of interest in the transactions under the 2012 Contract for Purchase and Sale of Dore due to their senior management positions in China National Gold. They abstained from voting at the resolutions in relation to the 2012 Contract for Purchase and Sale of Dore proposed to the Board.

### **EGM AND THE RECORD DATE**

The Board has approved to convene the EGM in Vancouver, Canada on 16 March 2012 (Vancouver time), namely, 17 March 2012 (Hong Kong time) to consider and, if thought fit, approve the 2012 Contract for Purchase and Sale of Dore, the transactions contemplated thereunder and the annual monetary caps of such transactions for the three years ending 31 December 2012, 2013 and 2014. China National Gold and its associates will abstain from voting on the resolutions to be proposed at the EGM for the approval of the transactions under the 2012 Contract for Purchase and Sale of Dore. Voting on such resolutions shall be taken by poll.

A circular containing, among other things, the information relating to the transactions contemplated under the 2012 Contract for Purchase and Sale of Dore, together with the notice to convene the EGM to approve the transactions contemplated under the 2012 Contract for Purchase and Sale of Dore and the annual monetary caps of such transactions for the three years ending 31 December 2012, 2013 and 2014, will be dispatched to the Shareholders as soon as practicable on or before 21 February 2012, taking into account administrative and technical concerns and requirements under relevant Canadian securities rules and regulations to which the Company is subject.

The Board has also decided to fix the record date for the determination of the Shareholders who are entitled to receive the notice of, and to attend and vote at, the EGM or adjournment thereof (“**Record Date**”), on Tuesday, 14 February 2012. Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date will be entitled to attend the EGM and cast vote if his/her/its/their shares carry voting rights. In order to be eligible for attending and voting at the EGM, any person who has acquired the shares of the Company listed on the Hong Kong Stock Exchange must lodge all the relevant transfer documents with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on the Record Date.

#### **PURCHASE AND SALE OF DORE PRIOR TO THE EGM**

The Board has further approved Inner Mongolia Pacific to carry on the transactions, within the aggregate amount of RMB100 million, pursuant to the terms of the 2008 Contract for Purchase and Sale of Dore until the 2012 Contract for Purchase and Sale of Dore is approved by the Independent Shareholders at the EGM. Based on the applicable ratios, transactions pursuant to the terms of the 2008 Contract for Purchase and Sale of Dore within the monetary cap of RMB100 million are subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

#### **FURTHER INFORMATION ON THE PARTIES**

The Company is a gold and base metal mining company based in Vancouver, Canada. Its principal properties are the CSH Gold Mine located in Inner Mongolia, China and the Jiamia Copper-Gold Polymetallic Mine, located in Tibet, China. The Company commenced gold production at the CSH Gold Mine in July 2007 and commenced commercial production on 1 July 2008. The Company acquired 100% of Jiamia Copper-Gold Polymetallic 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.

Inner Mongolia Pacific is a cooperative joint venture company controlled by the Company whose major asset is the CSH Gold Mine. Since its establishment in April 2002, it has been primarily engaged in exploration and mining activities. The Company has

been in control of 96.5% of the equity interest of Inner Mongolia Pacific through its wholly-owned subsidiary Pacific PGM (Barbados) Inc. since April 2005.

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 business. 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 2010 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.

## **DEFINITIONS**

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

<b>“2008 Contract for Purchase and Sale of Dore”</b>	the contract for purchase and sale of dore dated 24 October 2008 between Inner Mongolia Pacific and China National Gold for the sale by Inner Mongolia Pacific and the purchase by China National Gold of gold dore bars and silver by-products produced at the CSH Gold Mine from time to time through to 31 December 2011;
<b>“2012 Contract for Purchase and Sale of Dore”</b>	the contract for purchase and sale of dore dated 27 January 2012 between Inner Mongolia Pacific and China National Gold for the sale by Inner Mongolia Pacific and the purchase by China National Gold of gold dore bars and silver by-products produced at the CSH Gold Mine from time to time from the three years ending 31 December 2012, 2013 and 2014;
<b>“associate”</b>	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
<b>“Board”</b>	the board of Directors;
<b>“China National Gold”</b>	China National Gold Group Corporation* (中國黃金集團公司), the ultimate controlling shareholder of the Company currently holding approximately 39.33% of the issued share capital of the Company through China National Gold Group Hong Kong Limited (中國黃金集團香港有限公司), its wholly-owned subsidiary incorporated in Hong Kong;
<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>“connected person(s)”</b>	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
<b>“control”</b>	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
<b>“CSH Gold Mine”</b>	Chang Shan Hao mine (長山壕金礦), a gold mine located in Wulate Zhong Qi in Inner Mongolia Autonomous Region of the PRC, in which our Group holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;
<b>“Directors”</b>	the directors of the Company;
<b>“EGM”</b>	the extraordinary general meeting of the Company to be convened in Vancouver, Canada on 16 March 2012 (Vancouver time), namely, 17 March 2012 (Hong Kong time), to consider and, if thought fit, approve, among other things, the 2012 Contract for Purchase and Sale of Dore and the transactions contemplated thereunder;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC;
<b>“Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Independent Board Committee”</b>	an independent committee of the Board comprising all of the independent non-executive Directors of the Company;
<b>“Independent Shareholders”</b>	the shareholders of the Company other than China National Gold and any of its associates;
<b>“Inner Mongolia Pacific”</b>	Inner Mongolia Pacific Mining Co. Limited (內蒙古太平洋礦業有限公司), a cooperative joint venture company incorporated in the PRC which owns and operates the



CSH Gold Mine and in which the Company holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;

“ <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;
“ <b>Shareholders</b> ”	shareholders of the Company;
“ <b>Toronto Stock Exchange</b> ”	The Toronto Stock Exchange of Toronto, Canada; and
“ <b>%</b> ”	per cent.

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

Hong Kong, 27 January 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.*