

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



**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)

**CONNECTED TRANSACTION ANNOUNCEMENT**

**Entrustment Loan Agreement**

The Board is pleased to announce that Inner Mongolia Pacific, a cooperative joint venture company controlled by the Company, has entered into the Entrustment Loan Agreement with China National Gold and the head office of Agricultural Bank on 18 October 2012 pursuant to which Inner Mongolia Pacific has agreed to provide the Loan in the sum of RMB100 million through Agricultural Bank, the trustee bank, to China National Gold.

The Company is ultimately controlled by China National Gold, therefore China National Gold is a connected person of the Company under the Listing Rules. The Loan contemplated under the Entrustment Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As more than one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Loan exceed 0.1% but are less than 5%, the Entrustment Loan Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**BACKGROUND**

Inner Mongolia Pacific, a cooperative joint venture company controlled by the Company, has entered into an entrustment loan agreement (the “**Entrustment Loan Agreement**”) with China National Gold and the head office of Agricultural Bank on 18 October 2012 pursuant to which Inner Mongolia Pacific has agreed to provide the Loan in the sum of RMB100 million through Agricultural Bank as the trustee bank, to China National Gold.

Summarized below are the principal terms of the Entrustment Loan Agreement.

## **Parties**

Lender: Inner Mongolia Pacific

Borrower: China National Gold

Entrustee bank: Agricultural Bank

## **Principal amount of the Loan**

Pursuant to the Entrustment Loan Agreement, the principal amount of the Loan is RMB100,000,000, which will be made available by Inner Mongolia Pacific to China National Gold through Agricultural Bank as the entrustee bank.

## **Term**

The term of Loan as stipulated in the Entrustment Loan Agreement is six months.

## **Interest rate**

Interest shall be payable at the benchmark lending interest rate announced by the People's Bank of China for equivalent duration on the date of each particular draw down.

## **Repayment method**

The principal amount of the Loan shall be repaid at maturity and interest accrued shall be payable on a quarterly basis.

## **Early repayment**

China National Gold is permitted to repay the Loan prior to maturity.

## **REASONS FOR, AND BENEFITS OF, THE ENTRUSTMENT LOAN AGREEMENT**

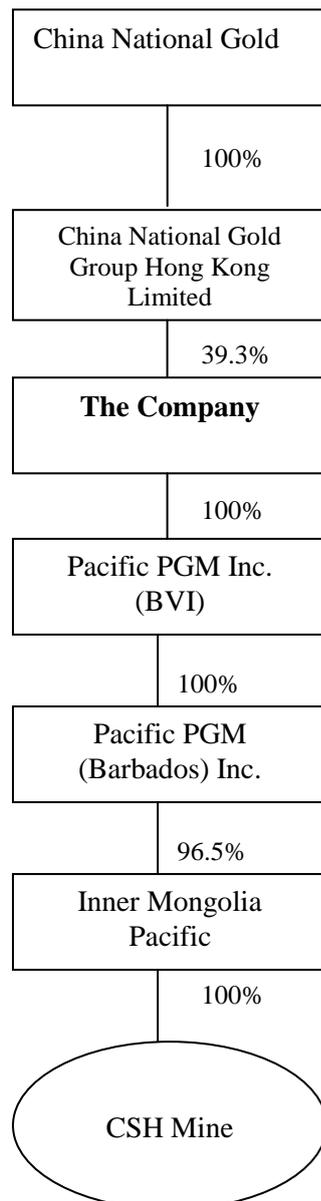
The Company is of the view that the Entrustment Loan Agreement will (i) generate profit by utilizing the available cash reserve of the Company; and (ii) maximize the Group's return on its available cash reserve and limiting the Company's risk exposure.

The terms of the Entrustment Loan Agreement (including the interest rate) were mutually agreed between the parties having taken into account prevailing market interest rates and practices. The Directors (including the independent non-executive Directors) are satisfied that the terms of the Entrustment Loan Agreement had been arrived upon arm's length negotiations between the parties, are normal commercial terms and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

Each of 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 Entrustment Loan Agreement due to their respective senior management positions in China National Gold. They abstained from voting on the resolutions in relation to the Entrustment Loan Agreement proposed to the Board.

**LISTING RULES IMPLICATIONS**

The following chart sets out the current shareholding relationship among China National Gold, the Company and Inner Mongolia Pacific:



As shown above, (i) Inner Mongolia Pacific is a cooperative joint venture company controlled by the Company and (ii) the Company is ultimately controlled by China National Gold. As such, Inner Mongolia Pacific and China National Gold are connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

The Loan contemplated under the Entrustment Loan Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. As more than one of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Loan exceed 0.1% but are less than 5%, the Entrustment Loan Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A 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 copper-gold polymetallic mine, located in Tibet, 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 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.

China National Gold is one of the largest gold producers in China by gold output. It is the only enterprise directly supervised by the State Council of the PRC that focuses on the exploration, mining, processing, smelting, refining and sale of gold. China National Gold is the ultimate controlling shareholder of the Company currently holding approximately 39.3% of the issued share capital of the Company.

Inner Mongolia Pacific is a cooperative joint venture company controlled by the Company whose major asset is the CSH 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.

Agricultural Bank is a major commercial bank in the PRC. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Agricultural Bank and its 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:

**“Agricultural Bank”** Agricultural Bank of China Limited, (中國農業銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability;

<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 39.3% of the issued share capital of the Company through China National Gold Hong Kong Limited (中國黃金集團香港有限公司), its wholly-owned subsidiary;
<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 Listing Rules;
<b>“control”</b>	has the same meaning ascribed thereto under the Listing Rules;
<b>“CSH 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 our wholly-owned subsidiary, Pacific PGM (Barbados) Inc.;
<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>“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 Mine, in which our Group holds a 96.5% interest through our wholly-owned subsidiary, Pacific PGM (Barbados) Inc.;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“Loan”</b>	The entrustment loan in the sum of RMB100 million to be provided by Inner Mongolia Pacific to China

	National Gold pursuant to the Entrustment Loan Agreement;
“ <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>Toronto Stock Exchange</b> ”	The Toronto Stock Exchange of Toronto, Canada; and
“ <b>%</b> ”	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, 18 October 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.*