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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

中國黃金國際資源有限公司

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

(Hong Kong Stock code: 2099)

(Toronto Stock code: CGG)

**CONTINUING CONNECTED TRANSACTIONS
AND MAJOR TRANSACTIONS**

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On April 26, 2013, the Company entered into the Product and Service Framework Agreement with China National Gold, pursuant to which China National Gold will provide mining related services and products, which are not covered under the Jiama Framework Agreement, to the Company for three years until June 18, 2016 in order to facilitate the Group's operations in the PRC. The Board proposes to revise the Product and Service Framework Agreement to add the sale and purchase of copper concentrates produced at the Jiama Mine beginning with the year ending December 31, 2015; as such, the relevant amounts will exceed the existing annual caps for the year ending December 31, 2015. The Board proposes a revised annual cap for the year ending December 31, 2015. Furthermore, the Board proposes to extend the Product and Service Framework Agreement to December 31, 2017. The addition of the copper concentrate sales, the extension of the expiry date and the Proposed Annual Caps are the only proposed changes to the Product and Service Framework Agreement, no material changes have been made to the terms and conditions under the Product and Service Framework Agreement as previously approved by the shareholders at its meeting held June 18, 2013.

Inner Mongolia Pacific, Huatailong and China Gold Finance entered into a Financial Services Agreement on May 29, 2015 pursuant to which China Gold Finance will satisfy the financial services needs of Inner Mongolia Pacific and Huatailong by providing the certain functions performed by financial institutions offering flexibility and favourable terms for three years with an effect from the date of satisfaction of (i) China Gold Finance successfully obtaining all necessary licenses and permits required to carry out the financial services contemplated under the Financial Services Agreement, and (ii) the approval of the Financial Services Agreement by the Shareholders at the Meeting. The daily maximum deposit balance (including accumulative settlement interest) shall not exceed RMB3 billion.

IMPLICATION UNDER THE HONG KONG LISTING RULES

China National Gold is the controlling shareholder of the Company. The Company, Inner Mongolia Pacific, Huatailong and China Gold Finance are ultimately controlled by China National Gold. As such, China National Gold and China Gold Finance are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. The transactions contemplated under the Continuing Connected Transaction Contracts are aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules on the basis that such transactions have been entered into by the Group with China National Gold or China Gold Finance (where applicable) which are connected or otherwise associated with one another. As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules), when calculated on aggregated basis, for the transactions contemplated under the Continuing Connected Transaction Contracts exceed 5%, such transactions constitute non-exempt continuing connected transactions of the Company, which are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, as the extension of the expiry date and addition of the sale of copper concentrate as contemplated under the Product and Service Framework Agreement and the Proposed Annual Caps constitute material changes to the terms of the Product and Service Framework Agreement. Pursuant to Rule 14A.54(2) of the Hong Kong Listing Rules, the Company is required to re-comply with the reporting, announcement and Independent Shareholders' approval requirements under the Hong Kong Listing Rules.

Further, as one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) under both the Product and Service Framework Agreement, and the Financial Services Agreement are more than 25%, the transactions contemplated under both the Product and Service Framework Agreement, and the Financial Services Agreement also constitute as major transactions for the Company pursuant to Rule 14.06(3) of the Hong Kong Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

GENERAL INFORMATION

An Independent Board Committee has been formed to advise the Independent Shareholders on the subject transactions. The Independent Board Committee has also approved the appointment of TC Capital Asia Limited, as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in accordance with the Hong Kong Listing Rules.

The Board has approved to convene the Meeting in Vancouver, Canada on Tuesday, June 30, 2015 Vancouver time (Wednesday, July 1, 2015 Hong Kong time) to consider and, if thought fit, approve, among other matters, each of the Connected Transaction Contracts and the respective annual monetary caps for the transactions contemplated under each of the Connected Transaction Contracts by way of ordinary resolutions. China National Gold and its associates will abstain from voting with regards to the ordinary resolutions to be proposed at the Meeting in connection with the Connected Transaction Contracts.

A circular containing, among other matters, details of the Connected Transaction Contracts, the advice from the Independent Board Committee to the Independent Shareholders and the advice from TC Capital Asia Limited, will be dispatched to the Shareholders on or before June 3, 2015.

China Gold International Resources Corp. Ltd (the "Company") hereby announces that on May 29, 2015, the Company entered into the following revised Continuing Connected Transaction and new Continuing Connected Transaction: (1) Product Service Framework Agreement; and (2) Financial Services Agreement

1. Product Service Framework Agreement

On April 26, 2013, the Company entered into the Product and Service Framework Agreement with China National Gold, pursuant to which China National Gold will provide mining related services and products, to the Company for three years until June 18, 2016 in order to facilitate the Group's operations in the PRC. The Board proposes to revise the Product and Service Framework Agreement to add the sale and purchase of copper concentrates produced at the Jiama Mine beginning with the year ending December 31, 2015; as such and due to an increase in relevant project construction quantity, the relevant amounts will exceed the existing annual caps for the year ending December 31, 2015. The Board proposes a revised annual cap for the year ending December 31, 2015. Furthermore, the Board proposes to extend the Product and Service Framework Agreement to December 31, 2017. The addition of the copper concentrate sales, the extension of the expiry date and the Proposed Annual Caps are the only proposed changes to the Product and Service Framework Agreement, no material changes have been made to the terms and conditions under the Product and Service Framework Agreement as previously approved by the shareholders at its meeting held June 18, 2013.

On May 29, 2015, the Company entered into a revised continuing connected transaction and major transaction amending the existing Product and Service Framework Agreement.

A. Key terms

Date: May 29, 2015

Parties: (a) the Company; and
(b) China National Gold

Amendments: (a) copper concentrates produced at the Jiama Mine as one of the products to be purchased by China National Gold from the Company;
(b) the quantity of copper concentrates, pricing terms and payment terms be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the existing Product and Service Framework Agreement;
(c) extending the term of the existing Product and Service Framework Agreement to December 31, 2017.

Effect: The other terms of the existing Product and Service Framework Agreement to remain unchanged.

The amendments under the Amendment Agreement to become effective subject to the approval of the Independent Shareholders at the meeting.

Subject matter: China National Gold will provide mining related services and products, which are not covered under the Jiama Framework Agreement, in order to facilitate the Group's operations in the PRC. China National Gold will also purchase copper concentrate produced at the Jiama Mine.

Term: Subject to the approval of the Independent Shareholders at the meeting, effective until December 31, 2017

Products and services to be provided:

The mining development services encompass the following:

- (d) stripping and related work;
- (e) mining research, development and design and related services;
- (f) environmental, safety and occupational health management;
- (g) tendering agency service;
- (h) office lease;
- (i) copper concentrate sales; and
- (j) auxiliary equipment and materials.

Selection of providers or suppliers:

The provider for each category of services and products will be determined by the Company through an arm's length negotiation process or an open market tendering process, depending on the number of potential providers or suppliers in the market for a particular product or service. Where prices are to be determined through arms' length negotiation, in order to ensure that the pricing is fair and reasonable and in line with market practices, the Company has adopted the following measures (the "**Internal Measures**"): (i) the applicable purchase department will have regular contact with market providers or suppliers (including China National Gold) to keep abreast of market developments and pricing trends;(ii) before entering into an individual purchase agreement, the Company will invite at least three providers or suppliers (including China National Gold) to submit quotations or proposals; and (iii) the Company will have the providers or suppliers and pricing of the products determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval. They will compare the quotations or proposals received and assess the same based on various factors such as pricing and other terms. The Company utilizes open market tendering processes to the maximum extent possible, and generally only utilizes arm's length negotiations for products and services which are not subject to the pricing requirements under the relevant PRC laws and regulations and where there are no comparable historical prices or no active market such that an open market tendering process would be unlikely to result in the required product or service at the best possible price and terms. The tendering process would be conducted strictly in compliance with Law of the People's Republic of China on Tenders and Bids. The Company treats all bidders equally in the tendering process and will accept the proposal of the winning bidder, be it China National Gold or any other bidder.

Pricing and Payment:

Payment terms are determined as follows:

Services

The pricing and payment parameters for services relates to each of stripping and related work, mining research, development and design and related services, environmental, safety and occupational health management; tendering agency service and office leasing services.

The pricing of the services rendered under the Product and Service Framework Agreement shall be determined based on the following:

- (a) prices as may be stipulated by the PRC governmental department

responsible for setting such prices or its local bureaus (if any);

- (b) should there be no such prices stipulated by the PRC governmental department respectively for setting such prices or its local bureaus, but there exists an active trading market, prices may be determined by an offering of tender;
- (c) should there be no such prices stipulated by the PRC governmental department respectively for setting such prices or its local bureaus, and there is no active trading market, prices will be determined by comparison to identical or similar historical prices; or
- (d) otherwise, at an agreed upon price consisting of the actual costs plus a reasonable profit margin in accordance with market practice for comparable products and services in the mining industry in China. The reasonable profit margin will be determined after arm's length negotiations in accordance with the Internal Measures and with reference to profit margin of prevailing market for the services and products as contemplated under the Product and Service Framework Agreement and/or the average profits margin in the related industry. Such profit margin of the prevailing market will be determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval, and with reference to (i) at least three quotations (including one obtained from China National Gold and two obtained from independent third parties, which provide the same or similar services or products), and (ii) comparing the estimated costs of China National Gold in providing the relevant services as assessed by the Group's relevant internal experts with the quotations obtained, and then submitting to the deputy general manager or the general manager for final approval.

The pricing basis for each of the above services shall fall into category (b) above given the fact that there is active trading markets in China. If category (b) for each of the above services cannot be followed, the Company will consider category (c) and if category (c) cannot be followed, then category (d).

All pricing and payment terms will be set out in a specific contract for such products and services. A key principle stipulated in the Product and Service Framework Agreement is that payment terms shall not be less favourable than those offered or received by independent third parties.

Copper Concentrate Sales

The pricing of the copper concentrate sold under the Product and Service Framework Agreement shall be referenced to the pricing principles for connected transactions set out under the existing Product and Service Framework Agreement, as follows:

- (a) prices as may be stipulated by the PRC Governmental department respectively for setting such prices or its local bureaus (if any);
- (b) if there are no such stipulated prices but an active market exists, prices as may be determined by offering of tender;
- (c) if there are no such stipulated prices and also no active market, prices as with reference to identical or similar transacted prices as observed from

the market; otherwise

- (d) an agreed price consisting of the actual costs plus a reasonable profit margin. The reasonable profit margin will be determined after arm's length negotiations in accordance with the Internal Measures and with reference to profit margin of prevailing market for the services and products as contemplated under the Product and Service Framework Agreement and/or the average profits margin in the related industry. Such profit margin of the prevailing market will be determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval, and with reference to (i) at least three quotations (including one obtained from China National Gold and two obtained from independent third parties, which provide the same or similar services or products), and (ii) comparing the actual costs of the Group.

The pricing basis for the sales and purchase of copper concentrates between the Group and China National Gold shall fall into category (b) above given the fact that there is active markets for copper, gold and silver in China. If category (b) for each of the sales and purchase of copper concentrates cannot be followed, the Company will consider category (c) and if category (c) cannot be followed, then category (d). The settlement price of the Group's copper concentrates shall be referenced to the publicly available quotation from international recognized commodity exchanges in China such as (i) the spot contract of the standard cathode copper in Shanghai Futures Exchange, (ii) the price of Au9995 gold ingot in the Shanghai Gold Exchange, and (iii) the No.3 GB silver in the Shanghai White Platinum & Silver Exchange prevailing at the time of each purchase order.

China National Gold represented and warranted in the existing Product and Service Framework Agreement that the terms offered to the Company are not less favourable than those offered to independent third parties. The Group has in place internal control measures for choosing between China National Gold and other independent third party buyers for the Group's copper concentrates. Under such measures, the Group will select the successful buyer of the Group's products including the copper concentrates by the way of open tender. In particular, before entering into specific purchase and sales contract with the potential buyers, at least 3 quotations from different parties (including China National Gold) will be obtained by the Group and the Group will assess each potential buyer based on the following criteria:

- (a) Pricing terms
- (b) Payment terms
- (c) Payment ability (with the assessment on historical payment record of potential buyers)
- (d) Volume of intended transactions (buyers with the ability to take up a large volume of the Group's products will be preferred)

The screening process, rationale and result on the potential buyers will be documented and submitted to the senior management of the Group for review and final approval before entering into specific purchase and sales contract with the successful buyers.

After considering the above including the pricing basis and the internal control measures mentioned above, the Directors are of the view that the transactions contemplated under the Product and Service Framework Agreement (as amended by the Amendment Agreement) will be conducted on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Auxiliary Equipment and Materials

The pricing of the auxiliary equipment and materials provided under the Product and Service Framework Agreement shall be determined based on the following:

- (a) prices as may be stipulated by the PRC governmental department respectively for setting such prices or its local bureaus (if any);
- (b) should there be no such prices stipulated by the PRC governmental department respectively for setting such prices or its local bureaus, but there exists an active trading market, prices may be determined by an offering of tender;
- (c) should there be no such prices stipulated by the PRC governmental department respectively for setting such prices or its local bureaus, and there is no active trading market, prices will be determined by comparison to identical or similar historical prices; or
- (d) otherwise, at an agreed upon price consisting of the actual costs plus a reasonable profit margin in accordance with market practice for comparable products and services in the mining industry in China. The reasonable profit margin will be determined after arm's length negotiations in accordance with the Internal Measures and with reference to profit margin of prevailing market for the services and products as contemplated under the Product and Service Framework Agreement and/or the average profits margin in the related industry. Such profit margin of the prevailing market will be determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval, and with reference to (i) at least three quotations (including one obtained from China National Gold and two obtained from independent third parties, which provide the same or similar services or products), and (ii) comparing the estimated costs of China National Gold in providing the auxiliary equipment and materials as assessed by the Group's relevant internal experts with the quotations obtained, and then submitting to the deputy general manager or the general manager for final approval.

The pricing basis for the auxiliary equipment and materials shall fall into category (b) above given the fact that there is active trading markets in China. If category (b) for each of the above services cannot be followed, the Company will consider category (c) and if category (c) cannot be followed, then category (d).

All pricing and payment terms will be set out in a specific contract for such products and services. A key principle stipulated in the Product and Service Framework Agreement is that payment terms shall not be less favourable than those offered or received by independent third parties.

The Company expects that it will attain significant cost savings for prices of auxiliary equipment and materials by utilizing China National Gold's centralized procurement system. However, to ensure it receives favourable pricing, the Company will seek prices from at least three sources (including two from third party sources and China National Gold) and will maintain relationships with equipment and material suppliers other than China National Gold. For each specific contract, the Company will formally seek third party bids and proposals in writing and will involve members of management who are tasked with maintaining the Company's database on market pricing and terms. No contract will be entered into without input and participation of each relevant department of the Company. It will be The reasonable profit margin will be determined after arm's length negotiations in accordance with the Internal Measures and with reference to profit margin of prevailing market for the services and products as contemplated under the Product and Service Framework Agreement and/or the average profits margin in the related industry. Such profit margin of the prevailing market will be determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval, and will compare the quotations or proposals received and assess the same based on various factors such as pricing and other terms. A core principle is that the Company will attain the best available pricing terms, so in the event the most favourable pricing is not available through China National Gold's centralized procurement system the Company will purchase such equipment and materials directly from third parties who offer the best pricing.

B. Basis for the proposed revision to the Product and Service Framework Agreement

The Company expects to complete its ongoing Phase II expansion of the Jiama Mine by 2016. Given the current unfavorable copper market, the Directors considered it strategically beneficial to leverage China National Gold's strong smelting and purchasing capabilities by including the sale of copper concentrate under the Product and Service Framework Agreement that relates to the overall development of the Phase II expansion. The Directors anticipate that the existing annual cap for the year ending December 31, 2015 for the transactions under the Product and Service Framework Agreement will not be sufficient and the transactions between the Company and China National Gold will be extended beyond June 18, 2016 i.e. the original expiry date of the Product and Service Framework Agreement. Therefore, the Company entered into the Amendment Agreement with China National Gold to revise the expiry date of the Product and Service Framework Agreement to December 31, 2017 and include the sales and purchase transaction of copper concentrates between the Group and China National Gold into the product and service scope of existing Product and Service Framework Agreement. Upon amendments under the Amendment Agreement becoming effective when the approval of the Amendment Agreement by the Independent Shareholders at the meeting is obtained, the 2015 Contract for Purchase and Sale of Copper Concentrate (as defined in the circular of the Company dated May 14, 2014) will be terminated.

The reasons for and benefits of revising the Product and Service Framework Agreement mainly include:

- (a) the ability to leverage on China National Gold's expertise in mining design, its centralized procurement system and its technological capabilities to maximize productivity; and
- (b) in view of the unfavourable copper market for copper producers, by entering such agreement, the Company can leverage on China National Gold's strong melting and purchase capabilities.

C. Historical figures and the proposed annual caps for sales of copper concentrate

	2013 <i>(RMB in million)</i>	2014 <i>(RMB in million)</i>	2015 <i>(RMB in million)</i>
Historical and existing annual caps for the sale of copper concentrate	510	3,400	3,553
Existing annual caps under the Product and Service Framework Agreement			650

D. Proposed annual caps and basis of determination for annual caps under the Product and Service Framework Agreement

The following table sets out (1) the existing annual caps for the year ending December 31, 2015 and (2) the proposed annual caps for the years December 31, 2015 through December 31, 2017.

	For the financial year ended December 31				
	2013 <i>(RMB in thousands)</i>	2014 <i>(RMB in thousands)</i>	2015 <i>(RMB in thousands)</i>	2016 <i>(RMB in thousands)</i>	2017 <i>(RMB in thousands)</i>
Existing annual caps under the Product and Service Framework Agreement	870,000	780,000	650,000		
Actual transaction amounts	401,000	463,428			
Revised and proposed annual caps			5,123,300	5,800,060	7,067,340

The revision of the proposed annual caps for the year ending December 31, 2015 from RMB459.7 million to RMB3,657.7 million (before taking the 40% buffer into consideration) is principally caused by the estimated additional transaction amount between the Group and China National Gold in relation to (i) the sales and purchase of copper concentrates of approximately RMB1,639.0 million; (ii) the over-budget budget on the existing construction work of the Jiama Mine tailing dam of approximately RMB818.0 million due to the revision on the Environmental Protection Law of the People's Republic of China imposed by the Chinese Government on April 24, 2014 of which will come into effect on January 1, 2015 (the "Revision") and the complex geological conditions of the Jiama Mine expected to be faced by the Company in carrying out such construction; (iii) the additional purchase of auxiliary equipment from China National Gold of approximately RMB176.1 million by utilizing its centralized procurement office; (iv) the additional mining, stripping and transportation services of approximately RMB480.7 million and (v) the other additional and new services provided by China National Gold that were not covered in the existing annual caps for the year ending December 31, 2015 of approximately RMB84.2 million.

The Directors have estimated such proposed annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement based on the following factors:

- (a) the expected contractual fees payable for the mining related services and products;

- (b) the work schedule for mining development services under the Product and Service Framework Agreement and the procurement schedule for equipment;
- (c) the historical caps under the Product and Service Framework Agreement;
- (d) the price of copper concentrates referenced to an analysis of anticipated copper prices during the term of the Product and Service Framework Agreement, which is assessed against historical prices to assess market volatility, based on: (i) the monthly arithmetic average price settled in each trading day of the month in which the goods are delivered under the spot contract of the standard cathode copper in Shanghai Futures Exchange, (ii) the monthly arithmetic average of the weighted (settlement) price of Au9995 gold ingot of each trading day in the Shanghai Gold Exchange, and (iii) the monthly arithmetic average of No.3 GB silver in the Shanghai White Platinum & Silver Exchange prevailing at the time of each purchase order; and
- (e) the environmental, geological and socioeconomic conditions in the mines operated by the Group in the PRC.

E. Reasons for and benefits of revising the Product and Service Framework Agreement

The reasons for and benefits of revising the Product and Service Framework Agreement mainly include:

- (a) China National Gold is the largest gold production enterprise in the PRC and is engaged in survey design, resources development, production, sale and construction in relation to minerals such as gold, silver, copper and molybdenum. The Group can leverage on China National Gold's expertise in mining design, its centralized procurement system and its technological capabilities to maximize productivity at the CSH Mine and the Jiama Mine.
- (b) The Directors are of the view that the Product and Service Framework Agreement will effectively facilitate the Group's operations in the PRC.
- (c) As required under the Price Law of the PRC, the relevant rules, regulations and measures formulated and promulgated thereunder and other applicable PRC laws and regulations, merchandise and services prescribed thereunder will be subject to the pricing requirements thereunder or the prices stipulated in the price catalogs issued by the central government or local governments at the provincial, autonomous regional and municipal levels of the PRC from time to time. Should the services or products provided for the transactions under the Product and Service Framework Agreement fall within the scope of such pricing requirements or the applicable price catalogs issued by the PRC government at the relevant time, the prices of such services or products will be determined in accordance with the prices stipulated under such requirements or such catalogs. Should there be no such prices stipulated by the PRC government but there exists an active trading market, prices may be determined by an offering of tender. Should there be no such prices stipulated by the PRC government and there is no active trading market, prices will be determined by comparison to identical or similar historical prices. For transactions which are not subject to the pricing requirements under the relevant PRC laws and regulations and where there are no comparable historical prices or no active market, the prices will be determined through arm's length negotiations between the parties after taking into account the actual costs and reasonable profit margin, which will be determined after arm's length negotiations and with reference to profit margin of prevailing market for the services and products as contemplated under the Product and Service Framework Agreement and/or the average profits margin in the related industry. Such profit margin of the prevailing market will be determined with reference to the quotations obtained from independent third parties, which provide the same or similar services or products.

- (d) Where prices are to be determined through arms' length negotiation, in order to ensure that the pricing is fair and reasonable and in line with market practices, the Company has adopted the following measures: (i) the applicable purchase department will have regular contact with market providers or suppliers (including China National Gold) to keep abreast of market developments and pricing trends;(ii) before entering into an individual purchase agreement, the Company will invite certain providers or suppliers (including China National Gold) to submit quotations or proposals; and (iii) the Company will have the providers or suppliers and pricing of the products determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval. They will compare the quotations or proposals received and assess the same based on various factors such as pricing and other terms.
- (e) Where prices are to be determined through the application of a cost plus profit margin, the profit margin must fall into the range of the pre-agreed arm's length range, which is equal to or no favourable than those provided by China National Gold to any independent third-party. The Company anticipates that based on previous experience, there are only a very minor number of services may fall into this category. Historically, the pre-agreed arm's length range of profit margin is 10% to 30% and the Company expects that range would continue to be applied.

The Directors (including the independent non-executive Directors) consider that (i) the revisions to the transactions under the Product and Service Framework Agreement will be entered into in the ordinary course of business; (ii) the terms of the Product and Service Framework Agreement 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 proposed annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement for years ending December 31, 2015, 2016 and 2017 are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

2. Financial Services Agreement

Inner Mongolia Pacific, Huatailong and China Gold Finance entered into a Financial Services Agreement on May 29, 2015 pursuant to which China Gold Finance will provide deposit services, loan, settlement, credit facility, financial advisory and other financial services subject to terms and conditions provided therein for a term of three years with an effective date from the date of satisfaction of (i) China Gold Finance successfully obtaining all necessary licenses and permits required to carry out the financial services contemplated under the Financial Services Agreement, and (ii) the approval of the Financial Services Agreement by the Shareholders at the Meeting. The daily maximum deposit balance (including accumulative settlement interest) shall not exceed RMB3,000 million.

A. Key terms

Date: May 29, 2015

Parties: (a) Inner Mongolia Pacific and Huatailong (as the Recipients); and
(b) China Gold Finance (to be established and as the Provider)

Subject matter: Financial Services provided by China Gold Finance to the Recipients and/or its controlling subsidiaries include deposits, loans, settlement services, financial advisory and other financial services.

Term: Three years effective from the date of satisfaction of (i) successfully obtaining

all necessary licenses and permits by China Gold Finance in carrying out the financial services contemplated under the Financial Services Agreement; and (ii) the approval of the Financial Services Agreement by the Shareholders at the Meeting.

Description:

China Gold Finance will provide the financial services set out below. China Gold Finance undertakes to provide the Recipient with high quality and efficient financial services.

Deposit Service

China Gold Finance will accept deposits from the Recipients, up to a maximum amount of daily deposit balance (including accumulative settlement interest) not to exceed RMB3,000 million during the term of the Financial Services Agreement.

Each of the deposit service, the loan service, the settlement service and other financial services mentioned above will be conducted separately and independently from one another, although the terms of these services are set out in the Financial Services Agreement as opposed to in separate agreements. Further, no security over the Group's assets will be given in favour of China Gold Finance for each type of service to be provided under the Financial Services Agreement.

Loan Service

China Gold Finance will provide funds circulation services, such as loans and guarantees of financial obligations of the Recipients. The loans are to be provided on a similar basis as the Recipients are currently subject to in dealings with the major domestic commercial banks. The Recipients will not grant any security interest over their assets for loans made under the Financial Services Agreement. In the event the Recipients are unable to repay any loans, China Gold Finance will have the only recourse under the contract to sue for damages for that particular loan. China Gold Finance will not have any recourse against the Recipients under such contracts that affect any deposits provided by the Group under the Financial Services Agreement (including but not limited to any right whatsoever relating to the control, offset or other disposal of such deposits).

Settlement Service

China Gold Finance will provide settlement services such as collection, payment or internal settlement services.

Other Financial Services

China Gold Finance will provide financial advisory services, credit appraisal services and other services approved by the China Banking Regulatory Commission.

Payment terms:

Payment terms are determined as follows:

Deposit Service

Deposit interest rates will not be lower than (i) the benchmark rates established by the Chinese Central bank for the same period and the same type, (ii) the same type of deposit interest rate at the same period from the

major domestic commercial banks, and (iii) the interest rate for deposits made by China National Gold or its subsidiaries at the same period.

Loan Service

Loan interest rates will not be higher than (i) the benchmark rates established by the Chinese Central bank for the same period and the same type of loan, (ii) the interest rate for the same type of loans at the same period from the major domestic commercial banks, and (iii) the interest rate for comparable loans made to China National Gold or its subsidiaries at the same period.

Settlement Service

China Gold Finance will provide the Recipients the settlement services free of charge.

Other Financial Services

China Gold Finance will provide other financial services free of charge.

B. Proposed caps

There is no historical data available as this is the initial Financial Services Agreement.

The following table sets out the proposed deposit balance daily caps for the years December 31, 2015 through December 31, 2017.

	2015 <i>(RMB in million)</i>	2016 <i>(RMB in million)</i>	2017 <i>(RMB in million)</i>
Proposed daily caps	3,000	3,000	3,000

The Recipient's estimate that the daily caps for the maximum daily balance of the deposit for each of the three years ending December 31, 2017 is RMB3,000,000,000 after considering the current operations and development plan of each of the Recipients. The Company has also taken into account its current and anticipated daily deposit balance for each of the Recipients under current financial services arrangements.

According to the annual report of the Company for the year ended 31 December 2014, the Group had bank balances and cash of approximately USD565.6 million (equivalent to approximately RMB3,506.7 million) as at 31 December 2014, which was significantly more than the bank balances and cash of approximately USD105.9 million (equivalent to approximately RMB656.6 million) as at 31 December 2013 due to the bond issuance of USD500 million (equivalent to approximately RMB3,100.0 million) in July 2014. Since July 2014, the proceeds from the bond issuance have been deposited to local branches of the Bank of China and the Industrial and Commercial Bank of China. The daily deposit cap represented approximately 85.6% of the Group's bank balances and cash as at 31 December 2014. By depositing majority of the cash that is temporarily not in use by the Group, the Group can earn a higher interest income and can thereby maximize the interest income received by the Group and maximize the Shareholder value at the same time. Due to the expected gradual increase in business scale of the Group, in particular due to the completion of Phase II of the Jiama Mine expansion plan, will also result in the increase in future cash inflow and outflow of the Group and therefore it would mean a need for a higher daily deposit cap by the Group with China Gold Finance.

The proposed daily cap is based only on deposit services.

C. Basis for the Financial Services Agreement

In arriving at the reasons to enter the Financial Services Agreement, the Company has considered the following factors:

- (a) the interest rate payable for the Recipient's deposits with China Gold Finance shall not be lower than the interest rate payable by major domestic commercial banks in the PRC for comparable deposits and such interest shall be payable by China Gold Finance on a basis that is not less favourable to the Recipients than those of the major domestic commercial banks;
- (b) no service fees shall be charged for settlement services, financial and financing advisory services to be provided by China Gold Finance;
- (c) the interest rate to be charged for the loans to be provided by China Gold Finance to either Recipient shall not be higher than the rate charged by major domestic commercial banks in the PRC for comparable loans and such interest shall be payable on a basis that is not less favourable to the Recipients than those of the major domestic commercial banks;
- (d) China Gold Finance shall ensure the prudent management of its business and the strict compliance with the risk control indicators for financial institutions issued by the China Banking Regulatory Commission ("CBRC");
- (e) China Gold Finance is required under the terms of the Financial Services Agreement to provide financial services at terms that are not inferior to the terms for the same type of services provided by the major domestic commercial banks and by China Gold Finance to China National Gold and its subsidiaries;
- (f) China National Gold is the largest gold producer and has the largest gold refinery facility in the PRC;
- (g) China National Gold has excellent credibility in the gold industry and also has a very good financial history;
- (h) the Group has a long term cooperative relationship with China National Gold;
- (i) China Gold Finance is regulated by the CBRC and must adhere to the relevant rules, regulations and measures formulated and promulgated thereunder and other applicable PRC laws and regulations issued by the central government or local governments at the provincial, autonomous regional and municipal levels of the PRC from time to time;
- (j) China Gold Finance has obtained approval for establishment from the CBRC and China Gold Finance has provided the Company with a legal opinion of PRC counsel that all remaining licenses and approvals should be obtained in the ordinary course without delay, which provides the Company with additional comfort on the timing of the effective date of the Financial Services Agreement; and
- (k) the Financial Services Agreement will not cause significant financial impact to the Company (including Inner Mongolia Pacific and Huatailong).

D. Reasons for and benefits of the Financial Services Agreement

The reasons for and benefits of the Financial Services Agreement mainly include:

- (a) The rates on loans, guarantees and deposits to be offered by China Gold Finance to the Recipient's will be equal to or more favourable than those offered by major domestic commercial banks in the PRC.
- (b) The settlement service and other financial services will be provided under the Financial Services Agreement free of charge.

- (c) China Gold Finance will be regulated by the CBRC and provides its services in accordance with the rules and operational requirements of these regulatory authorities. In addition, capital risks are reduced through the introduction of the risk control measures stipulated in the Financial Services Agreement.
- (d) The Recipients are expected to benefit from the China Gold Finance's better understanding of the operations of the Recipients which will allow more expedient and efficient services than those rendered by other major domestic commercial banks. For example, in the event that either Recipient considers that it necessary to obtain a loan and guarantee from China Gold Finance in view of its business and financial needs, it is expected that the time required for the examination and approval of the loans and guarantee to be provided by China Gold Finance will be shorter than that required by other major domestic commercial banks.
- (e) Pursuant to the relevant regulations of the CBRC, the customers of China Gold Finance are limited to entities affiliated with China National Gold and its subsidiaries, thereby reducing the risks that China Gold Finance may otherwise be exposed to if its customers include other entities unrelated to China National Gold.
- (f) China National Gold, being the largest gold producer in China and 100% owned by the Chinese central government, has good credibility in the industry. This lends assurance to the Company (including Inner Mongolia Pacific and Huatailong) that risks it may face conducting business with China National Gold (including China Gold Finance) would be low.
- (g) The terms under the Financial Services Agreement are fair, reasonable and beneficial to the Company (including Inner Mongolia Pacific and Huatailong).
- (h) The Directors (including the independent non-executive Directors) considers that the terms of the Financial Services Agreement and the daily caps in respect of the maximum daily balance of deposit and the maximum fees (where applicable) payable for other financial services under the Financial Services Agreement are fair and reasonable and are entered into on normal commercial terms, and on terms no less favourable than those available to independent third parties under the prevailing local market conditions, in the ordinary and usual course of business of the Recipients and the Company and in the interests of the Recipients, the Company and the Shareholders as a whole.

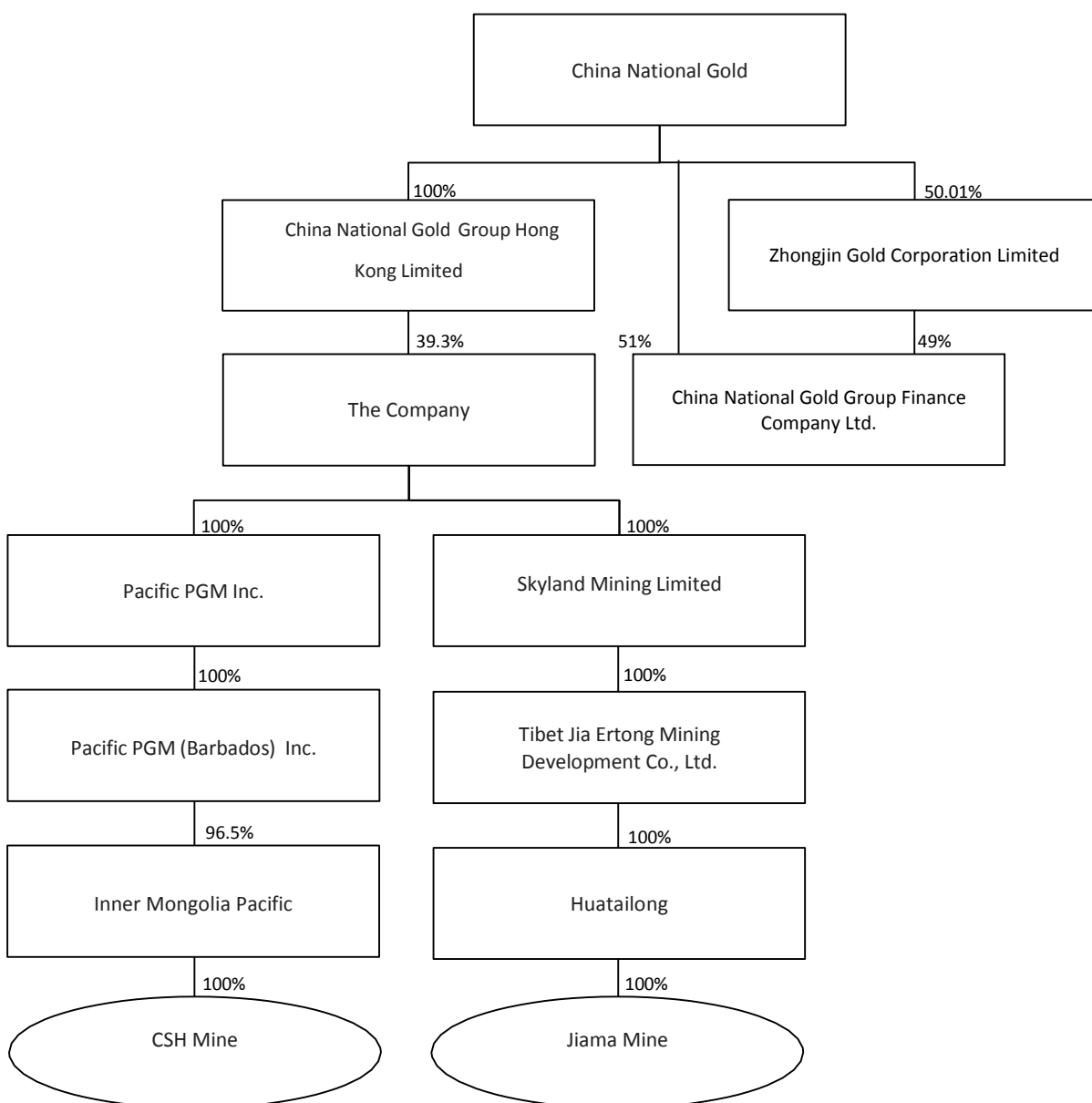
Information on China Gold Finance

China Gold Finance obtained approval for establishment from the CBRC on August 18, 2014. China Gold Finance obtained the Financial License granted by CBRC's Beijing office on May 12, 2015. China Gold Finance is conducting the remaining ordinary procedures for its business establishment and operations, which are all expected to be completed in due course. The Company anticipates that China Gold Finance will commence its operations by June 22, 2015.

The principal operations of China Gold Finance include: providing financial and financing advisory, assisting its members in collecting and making transaction payments; handling entrusted loan and entrusted investments among its members; handling bill acceptance and discounting affairs for its members; conducting internal financial transfers between members the corresponding settlement, clearing design; absorbing deposits from its members; providing loans and finance lease to its members; and engaging in inter-bank borrowings.

IMPLICATION UNDER THE HONG KONG LISTING RULES

The following diagram sets out the current shareholding relationship among China National Gold and the Company and its subsidiaries.



As shown above, the Company, Inner Mongolia Pacific, Huatailong and China Gold Finance are ultimately controlled by China National Gold. As such, China National Gold and China Gold Finance are connected persons of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) for the transactions contemplated under the Product and Services Framework Agreement and the Financial Services Agreement exceeds 5%, such transactions constitute non-exempt continuing connected transactions that are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) for the deposit service to be provided under the Financial Services Agreement exceeds 5%, such transactions constitute non-exempt continuing connected transactions that are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. Since the loan service under the Financial Services Agreement will be provided to the Group on normal commercial terms or better and no security over the Group's assets will be given for such transactions, the loan service is fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.90 of the Hong Kong Listing Rules. Given that the settlement service and other financial services under the Financial Services Agreement will be provided to the Group free of charge, none of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) for such transactions exceeds 0.1%, therefore the settlement service and other financial services are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.76(1)(a) of the Hong Kong Listing Rules.

Each of Mr. Xin Song, Mr. Bing Liu, Mr. Lianzhong Sun and Mr. Liangyou Jiang is considered to have a conflict of interest in the transactions contemplated under the Continuing Connected Transaction Contracts due to their senior management positions in China National Gold. They abstained from voting on the Board resolutions in relation to such transactions.

Further, as one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) under both the Product and Service Framework Agreement, and the Financial Services Agreement are more than 25%, the transactions contemplated under both the Product and Service Framework Agreement, and the Financial Services Agreement also constitute as major transactions for the Company pursuant to Rule 14.06(3) of the Hong Kong Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

FURTHER INFORMATION OF THE PARTIES

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.

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 July 1, 2008. The Company acquired 100% ownership of the Jiama Mine which hosts a large scale copper-gold polymetallic deposit consisting of copper, molybdenum, gold, silver, lead and zinc on December 1, 2010. The mine commenced commercial production in September 2010.

Inner Mongolia Pacific is a co-operative 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.

Huatailong is a company indirectly wholly-owned by the Company whose major asset is the Jiama Mine. The Company acquired Huatailong in 2010 and since that time it has been primarily engaged in the exploration, development and mining of the Jiama Mine.

GENERAL INFORMATION

An Independent Board Committee has been formed to advise the Independent Shareholders on the subject transactions. The Independent Board Committee has also approved the appointment of TC Capital Asia Limited, as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in accordance with the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no member of the Independent Board Committee has any material interest in the transaction contemplated under the subject transactions.

The Board has approved to convene the Meeting in Vancouver, Canada on Tuesday, June 30, 2015 Vancouver time (Wednesday, July 1, 2015 Hong Kong time) to consider and, if thought fit, approve, among other matters, each of the Continuing Connected Transaction Contracts and the respective annual monetary caps for the transactions contemplated under each of the Continuing Connected Transaction Contracts by way of ordinary resolutions. China National Gold and its associates will abstain from voting with regards to the ordinary resolutions to be proposed at the Meeting in connection with the Continuing Connected Transaction Contracts.

A circular containing, among other matters, details of the Continuing Connected Transaction Contracts, the advice from the Independent Board Committee to the Independent Shareholders and the advice from TC Capital Asia Limited, will be dispatched to the Shareholders on or before June 3, 2014.

DEFINITIONS

In this Announcement, 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 Tuesday, June 30, 2015 at 9:00 a.m. in Vancouver, British Columbia, Canada (Wednesday, July 1, 2015 Hong Kong time), to consider and, if thought fit, approve, among other things, the Proposed Matters;
“Board”	the board of Directors;
“CBRC”	China Banking Regulatory Commission
“China Gold Finance”	China National Gold Group Finance Company Ltd., is a limited liability company established and existing under the laws of People's Republic of China, a non-banking financial institution approved by the CBRC and is owned as to 51% by China National Gold and 49% by Zhongjin Gold Corporation;
“China National Gold”	China National Gold Group Corporation, the ultimate controlling shareholder of the Company currently holding approximately 39.3% of the issued share capital of the Company through China National Gold Hong Kong Limited, its wholly-owned subsidiary;

“Company”	China Gold International Resources Corp. Ltd., a limited liability company incorporated under the laws of British Columbia, Canada with its Shares listed on both the Hong Kong Stock Exchange and the Toronto Stock Exchange;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Continuing Connected Transaction Contracts”	collectively, (i) the Product and Service Framework Agreement; and (ii) the Financial Services Agreement
“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”	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 Stock Exchange of Hong Kong Limited;
“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 Asia 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 Transaction Contracts including the respective annual monetary caps for each of the Continuing Connected Transaction Contracts;
“Independent Shareholders”	the Shareholders (other than China National Gold and any of its associates) which are not required to abstain from voting at the Meeting to approve the Proposed Matters;
“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 Framework Agreement”	The service framework agreement entered into between the Company and China National Gold on November 6, 2012, pursuant to which China National Gold will provide mining development services to the Company at the Jiama Mine in order to implement the Phase II plan as set out in the Pre-feasibility Study;
“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 29, 2015, being the latest practicable date before printing of this information circular for ascertaining information contained herein;
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan;
“Pre-feasibility Study”	the pre-feasibility study report produced by Minarco-MineConsult, details of which have been disclosed in the announcement of the Company dated October 25, 2012;
“Product and Service Framework Agreement”	The product and service framework agreement dated April 26, 2013 between the Company and China National Gold, pursuant to which China National Gold will provide products and services to the Company for three years until June 18, 2016 in order to facilitate the Group’s operations in the PRC;
“Proposed Matters”	the Continuing Connected Transaction Contracts and the monetary caps relating thereto;
“Record Date”	May 1, 2015 Vancouver time (being May 2, 2015 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;
“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 as of the date hereof; and
“%”	percent.

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

Hong Kong, June 3, 2015

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