

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

*If you have sold or transferred all your shares of **CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*

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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)

**NEW CONTINUING CONNECTED TRANSACTIONS
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
NOTICE AND INFORMATION CIRCULAR
RELATING TO THE ANNUAL GENERAL MEETING AND SPECIAL MEETING
OF THE SHAREHOLDERS
TO BE HELD IN VANCOUVER, BRITISH COLUMBIA, CANADA
ON JUNE 18, 2014 VANCOUVER TIME (JUNE 19, 2014 HONG KONG TIME)**

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



TC Capital
天財資本

TC Capital Asia Limited

May 14, 2014

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

(TSX Symbol: CGG)

(HKEx Stock Code: 2099)

One Bentall Centre

Suite 1030, 505 Burrard Street, Box 31

Vancouver, British Columbia V7X 1M5

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

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "Meeting") of the shareholders of China Gold International Resources Corp. Ltd. (the "Company") (TSX: CGG) (HKEx: 2099) will be held in the Walker Room of the Terminal City Club located at 837 West Hastings Street, Vancouver, British Columbia V6C 1B6, on Wednesday, June 18, 2014 commencing at 8:00 am Vancouver time, for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the financial year ended December 31, 2013, together with the report of the directors and the auditors thereon;
2. to set the number of directors of the Company at nine (9);
3. to elect directors for the ensuing year;
4. to appoint Deloitte Touche Tohmatsu as the auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
5. to grant to the board of directors a general mandate to allot, issue and otherwise deal with unissued shares not exceeding 20% of the issued share capital of the Company;
6. to grant to the board of directors a general mandate to repurchase shares not exceeding 10% of the issued share capital of the Company;
7. to extend the share allotment mandate by the addition thereto of the shares repurchased by the Company;
8. to consider and, if thought fit, approve as an ordinary resolution of independent shareholders of the Company (consisting of the shareholders of the Company other than China National Gold Group Corporation and any of its associates):
 - (a) the 2015 Contract for Purchase and Sale of Dore and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;
 - (b) the proposed annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Dore for the three years ending December 31, 2015, 2016, and 2017, as more particularly described in the information circular accompanying this notice;

- (c) the 2015 Contract for Purchase and Sale of Copper Concentrate and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;
 - (d) the proposed annual monetary cap for the transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate for the year ending December 31, 2015, as more particularly described in the information circular accompanying this notice;
 - (e) the Jiama Phase II Hornfels Stripping and Mining Agreement and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;
 - (f) the annual monetary caps for the transactions contemplated under the Jiama Phase II Hornfels Stripping and Mining Agreement for the period from July 1, 2014 through December 31, 2016, as more particularly described in the information circular accompanying this notice; and
 - (g) to authorize any one director of the Company to do such further acts and things and to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, and to take all such steps which in the opinion of such director of the Company deems necessary or desirable to implement and/or carry out to give effect to the terms of the foregoing resolutions; and
9. to transact such other business as may properly come before the Meeting or any adjournments thereof.

The board of directors has fixed May 2, 2014 Vancouver time (being May 3, 2014 Hong Kong time) as the record date for determining the shareholders entitled to receive notice of and to vote at the Meeting and at any adjournments thereof.

An information circular and a form of proxy accompany this notice. The information circular provides additional information relating to the matters to be dealt with at the Meeting.

A Shareholder who is unable to attend the Meeting in person and who wishes to ensure that such Shareholder's shares are voted at the Meeting is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile, by hand or by mail in accordance with the instructions set out in the form of proxy and in the accompanying information circular.

Please advise the Company of any change in your address.

DATED at Vancouver, British Columbia, this 14th day of May, 2014.

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

"Jerry Xie"
Jerry Xie
Executive Vice President and Corporate Secretary

As of the date of this notice the executive directors are Xin Song, Bing Liu, Zhanming Wu 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.

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

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

(TSX Symbol: CGG)

(HKEx Stock Code: 2099)

Registered office/ Headquarters :

One Bentall Centre

Suite 1030, 505 Burrard Street, Box 31

Vancouver, British Columbia V7X 1M5

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

Principal Place of Business in Hong Kong:

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

Executive Directors	Non-executive Director	Independent non-executive Directors
Xin Song Bing Liu Zhanming Wu Xiangdong Jiang	Lianzhong Sun	Ian He Yunfei Chen Gregory Hall John King Burns

INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation of proxies by the management of China Gold International Resources Corp. Ltd. (the "Company") (TSX: CGG) (HKEx: 2099) for use at the annual and special meeting (the "Meeting") of its Shareholders to be held at 8:00 am Vancouver time on Wednesday, June 18, 2014 in the Walker Room of the Terminal City Club located at 837 West Hastings Street, Vancouver, British Columbia V6C 1B6, and at any adjournments thereof, for the purposes set forth in the notice that accompanies this information circular. Unless otherwise stated, this information circular contains information as at the Latest Practicable Date. Certain capitalized terms used in this information circular have the meanings given to them in Schedule C. All dollar figures are in Canadian dollars and references to "US\$" are to United States dollars, except as otherwise noted.

SOLICITATION OF PROXIES

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

APPOINTMENT OF PROXYHOLDERS

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

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

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

REVOCAION OF PROXIES

A Shareholder who has given a proxy may revoke it:

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

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

VOTING OF PROXIES AND EXERCISE OF DISCRETION

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

- (a) each matter or group of matters identified therein for which a choice is not specified;
- (b) any amendment to or variation of any matter identified therein; and

- (c) any other matter that properly comes before the Meeting.

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

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

VOTING BY NON-REGISTERED SHAREHOLDERS

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

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

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

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the common shares of the Company they beneficially own. Should a Non-Registered Shareholder

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

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

VOTES NECESSARY TO PASS RESOLUTIONS

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

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

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

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

Pursuant to Rule 14A.59(5) of the Hong Kong Listing Rules, any connected person of the Company and Shareholder with a material interest in the Proposed Matters (as hereinafter defined) and its associates will not be entitled to vote at the Meeting relating to the Proposed Matters. As such, the Independent Shareholders consisting of the Shareholders other than China National Gold and any of its associates, will be asked to consider and, if thought fit, pass ordinary resolutions to, among other things, approve:

- (a) the 2015 Contract for Purchase and Sale of Dore and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;
- (b) the proposed annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Dore for the three years ending December 31, 2015, 2016, and 2017, as more particularly described in the information circular accompanying this notice;
- (c) the 2015 Contract for Purchase and Sale of Copper Concentrate and the transactions contemplated thereunder, as more particularly described in the information circular

accompanying this notice;

- (d) the proposed annual monetary cap for the transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate for the year ending December 31, 2015, as more particularly described in the information circular accompanying this notice;
- (e) the Jiama Phase II Hornfels Stripping and Mining Agreement and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;
- (f) the annual monetary caps for the transactions contemplated under the Jiama Phase II Hornfels Stripping and Mining Agreement for the period from July 1, 2014 through December 31, 2016, as more particularly described in the information circular accompanying this notice; and
- (g) to authorize any one director of the Company to do such further acts and things and to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, and to take all such steps which in the opinion of such director of the Company deems necessary or desirable to implement and/or carry out to give effect to the terms of the foregoing resolutions,

((a) to (g) collectively, the “**Proposed Matters**”).

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

On February 24, 2014, the Company announced the Chairman, Mr. Zhaoxue Sun’s resignation from the Board. The Company announced the appointment of Mr. Xin Song as Chairman and the appointment Bing Liu as CEO along with the appointment of Mr. Lianzhong Sun as non-executive director. As such, until the time of his resignation, Zhaoxue Sun, Bing Liu, from the time of his appointment Lianzhong Sun and Zhanming Wu are each 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 Group Corporation (“China National Gold”) of Beijing, PRC. Each of Zhaoxue Sun, Xin Song, Bing Liu, Lianzhong Sun and Zhanming Wu has abstained from voting on Board resolutions in relation to such transactions. Other than as disclosed herein, no other person who has been a director or officer of the Company at any time since the commencement of the Company’s last financial year, or any affiliate or associate (as such term is defined in the *Securities Act* (British Columbia)) of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

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

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

To the knowledge of the Company’s directors and senior officers, China National Gold, through its wholly owned subsidiary, China National Gold Group Hong Kong Limited of Hong Kong, owns 155,794,830 common shares of the Company, representing approximately 39.3% of the outstanding voting shares of the Company. To the knowledge of the Company’s directors and senior officers, no other person or company

beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights of the Company.


ELECTION OF DIRECTORS

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




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




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

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

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Number of Options Held	Principal Occupation and Qualifications ⁽¹⁾
 <p>Xin Song Beijing, PRC Age: 51 Chief Executive Officer and</p>	October 9, 2009	Nil	Nil	Xin Song's principal occupations include President of China National Gold from December 2013. He was Chief Executive Officer of the Company from October 9, 2009 to February 2014, Vice President of China National Gold in charge of resources development and international operations from 2003 to 2013, Chairman of the Board of Skyland Mining Limited from December 2007 to present and Chairman of the Board of Tibet Jia Ertong Minerals Exploration Ltd. from April 2008 to present, the subsidiaries

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Number of Options Held	Principal Occupation and Qualifications ⁽¹⁾
Director and Chairman				<p>of the Company which indirectly hold the Jiama Mine.</p> <p>Xin Song holds a Ph.D. doctorate degree in resources economics and management from the University of Science and Technology Beijing, China, a master's degree in business administration from the China Europe International Business School, a master's degree in mining engineering from the University of Science and Technology in Beijing and a bachelor's degree in mineral processing engineering from the Central-South Institute of Mining and Metallurgy.</p>
 <p>Bing Liu Beijing, PRC Age: 51 Director and Chief Executive Officer</p>	May 12, 2008	Nil	Nil	<p>Bing Liu's principal occupation includes Chief Executive Officer of the Company from February 2014 to present Vice President and Chief Accountant of China National Gold from November 1999 to present.</p> <p>Bing Liu holds a master's degree in currency and banking from the Department of Business Administration, Asia International Open University in Macau and holds a bachelor's degree in finance from the Department of Finance and Trade Economics, Chinese Academy of Social Science.</p>
 <p>Lianzhong Sun Beijing, PRC Age: 56 4/6/1958 Director</p>	February 24, 2014	Nil	No	<p>Lianzhong Sun's principal occupations include Vice President of China National Gold in charge of resource development. From February 2011 to present. Director of China National Gold Group Hong Kong Limited since February 2014. Chairman of the board of Kichi-charat Company since February 2012. Chairman of the board of Tibet Huatailong Mining Development Co., Ltd. from June 2010 to February 2012. Vice President of Zhongjin Gold Corporation from March 2005 to January 2009. Chairman of four other China National Gold subsidiaries from December 2000 to July 2011.</p> <p>Mr. Sun graduated from Shenyang Gold Institute and majored in Mining Engineering.</p>

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Number of Options Held	Principal Occupation and Qualifications ⁽¹¹⁾
 <p>Zhanming Wu Beijing, PRC Age: 39 Senior Executive Vice President and Director</p>	May 12, 2008	Nil	Nil	<p>Zhanming Wu's principal occupations include Senior Executive Vice President since March 2013, Vice President of Business Development of the Company from March 11, 2010 to March 2013, Head of the Overseas Operation Department of China National Gold from September 2007 to present, director of Skyland Mining Limited from April 2008 to present and director of Tibet Jia Ertong Minerals Exploration Ltd. from April 2008 to present, the subsidiaries of the Company which indirectly hold the Jiama Mine and Director of Strategic Investment of Digital China Financial Service Holdings Limited from January 2006 to August 2007.</p> <p>Zhanming Wu holds a master's degree in management science and engineering from Tsinghua University and a bachelor's degree in management information systems from Tsinghua University.</p>
 <p>Ian He ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada Age: 52 Director (Independent)</p>	May 31, 2000	160,000	100,000 ⁽⁶⁾	<p>Ian He's principal occupations include President of Tri-River Ventures Inc. from July 2007 to present and President of Spur Ventures Inc. from August 1995 to June 2006.</p> <p>Ian He holds a Ph.D. degree and a M.A.Sc. degree from the Department of Mining Engineering of the University of British Columbia and a bachelor's degree from the Heilongjiang Institute of Mining and Technology, China.</p>
 <p>Yunfei Chen ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Hong Kong, PRC Age: 43 Director (Independent)</p>	May 12, 2008	Nil	100,000 ⁽⁷⁾	<p>Yunfei Chen's principal occupations include acting as an Independent Advisor from August 2007 to present and Managing Director of Deutsche Bank Hong Kong from July 2001 to August 2007.</p> <p>Yunfei Chen graduated from Southern Illinois University, Carbondale, with a juris doctor degree and is qualified to practice law in New York. Mr. Chen obtained a bachelor of law degree in China.</p>

Name, Province or State and Country of Residence and Present Office Held	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Number of Options Held	Principal Occupation and Qualifications ⁽¹¹⁾
 <p>Gregory Hall ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Western Australia, Australia Age: 64 Director (Independent)</p>	October 9, 2009	Nil	100,000 ⁽⁸⁾	<p>Gregory Hall's principal occupations include acting as an Independent Geological Consultant from August 2006 to present and Chief Geologist of Placer Dome Group from 2000 to July 2006.</p> <p>Gregory Hall holds a Bachelor of Science degree in applied geology from the University of New South Wales, Australia.</p>
 <p>John King Burns ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Pennsylvania, USA Age: 63 Director (Independent)</p>	October 27, 2009	Nil	100,000 ⁽⁹⁾	<p>John King Burns' principal occupations include serving as a Director of several public and private mineral and energy companies from 1995 to present.</p> <p>John King Burns holds a Bachelor of Arts degree in economics from the University of Pennsylvania.</p>
 <p>Xiangdong Jiang British Columbia, Canada Age: 55 Vice President of Production and Director</p>	June 17, 2010	38,800	0	<p>Xiangdong Jiang's principal occupations include Vice President of Production of the Company from March 24, 2009 to present, Director of Inner Mongolia Pacific Mining Co. Ltd. from September 2008 to present, General Manager of the CSH Gold Mine from August 2007 to present, Vice President of Production and Technology of the Company from September 8, 2008 to March 23, 2009 and Vice President of Business Development of the Company from May 20, 2004 to September 8, 2008.</p> <p>Xiangdong Jiang holds a bachelor's degree in Geology and Mineral Exploration from Changchun College of Geology.</p>

Notes:

- (1) As of the Latest Practicable Date.
- (2) Denotes a member of the Audit Committee.
- (3) Denotes a member of the Compensation and Benefits Committee.
- (4) Denotes a member of the Nominating and Corporate Governance Committee.
- (5) Denotes a member of the Health, Safety and Environmental Committee.

- (6) As of the Latest Practicable Date, Ian He held 100,000 stock options granted on June 1, 2010 pursuant to the 2007 Stock Option Plan and expiring on June 1, 2015 at an exercise price of CAD\$4.35 from June 1, 2010 until June 1, 2011; CAD\$4.78 from June 2, 2011 until June 1, 2012; CAD\$5.21 from June 2, 2012 until June 1, 2013; CAD\$5.64 from June 2, 2013 until June 1, 2014 and CAD\$6.09 from June 2, 2014 until June 1, 2015 with 20% vesting immediately and an additional 20% vesting on June 2, 2011, June 2, 2012, June 2, 2013 and June 2, 2014 respectively. Mr. He exercised 40,000 options originally granted on July 20, 2007 which were to expire July 20, 2013.
- (7) As of the Latest Practicable Date, Yunfei Chen held 100,000 stock options granted on June 1, 2010 pursuant to the 2007 Stock Option Plan and expiring on June 1, 2015 at an exercise price of CAD\$4.35 from June 1, 2010 until June 1, 2011; CAD\$4.78 from June 2, 2011 until June 1, 2012; CAD\$5.21 from June 2, 2012 until June 1, 2013; CAD\$5.64 from June 2, 2013 until June 1, 2014 and CAD\$6.09 from June 2, 2014 until June 1, 2015 with 20% vesting immediately and an additional 20% vesting on June 2, 2011, June 2, 2012, June 2, 2013 and June 2, 2014 respectively.
- (8) As of the Latest Practicable Date, Gregory Hall held 100,000 stock options granted on June 1, 2010 pursuant to the 2007 Stock Option Plan and expiring on June 1, 2015 at an exercise price of CAD\$4.35 from June 1, 2010 until June 1, 2011; CAD\$4.78 from June 2, 2011 until June 1, 2012; CAD\$5.21 from June 2, 2012 until June 1, 2013; CAD\$5.64 from June 2, 2013 until June 1, 2014 and CAD\$6.09 from June 2, 2014 until June 1, 2015 with 20% vesting immediately and an additional 20% vesting on June 2, 2011, June 2, 2012, June 2, 2013 and June 2, 2014 respectively.
- (9) As of the Latest Practicable Date, John King Burns held 100,000 stock options granted on June 1, 2010 pursuant to the 2007 Stock Option Plan and expiring on June 1, 2015 at an exercise price of CAD\$4.35 from June 1, 2010 until June 1, 2011; CAD\$4.78 from June 2, 2011 until June 1, 2012; CAD\$5.21 from June 2, 2012 until June 1, 2013; CAD\$5.64 from June 2, 2013 until June 1, 2014 and CAD\$6.09 from June 2, 2014 until June 1, 2015 with 20% vesting immediately and an additional 20% vesting on June 2, 2011, June 2, 2012, June 2, 2013 and June 2, 2014 respectively.
- (10) As of the Latest Practicable Date, Xiangdong Jiang held 80,000 stock options granted on July 20, 2007 and expiring on July 20, 2013 at an exercise price of Cdn\$2.20. Mr. Jiang exercised 40,000 options in 2013, with the balance 40,000 options having expired in July 2013.
- (11) As of the Latest Practicable Date, none of the proposed directors of the Company held any other positions with the Company or its subsidiaries or had any other major appointments or professional qualifications. For information regarding the other public company directorships of the proposed directors including their former directorships in the previous three years, see "Schedule A – Corporate Governance Disclosure – Board of Directors." As of the Latest Practicable Date, none of the proposed directors of the Company had any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company (as defined in the Hong Kong Listing Rules), except as disclosed in "Schedule A – Corporate Governance Disclosure – Board of Directors."

Re-election of Independent Directors

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

Ian He has served on the Board for more than 14 years. Accordingly, particular consideration was applied in assessing his continued independence. Taking into account that Ian He (i) does not hold more than 1% of the total issued share capital of the Company, (ii) save for the Shares and/or options of the Company held by him, has no past or present financial or other interest in the Group's business, (iii) has no connection with any of the Company's connected persons (as defined in the Hong Kong Listing Rules) and (iv) is free from any business or other relationship which could materially interfere with the exercise of his independent judgment, the Board believes that Ian He remains independent and will continue to provide a strong independent element on the Board. Ian He holds a Masters Degree in Applied Science and a Ph.D. in metallurgy and has extensive experience in the mining industry including serving as director of several public companies. The Board believes that Ian He's continued service on the Board will be valuable to the Company and accordingly, the Board recommends that Ian He be re-elected as an independent non-executive director.

Furthermore, taking into account that each of Yunfei Chen, Gregory Hall and John King Burns (i) does not hold more than 1% of the total issued share capital of the Company, (ii) save for the options of the Company

held by him, has no past or present financial or other interest in the Group's business, (iii) has no connection with any of the Company's connected persons (as defined in the Hong Kong Listing Rules) and (iv) is free from any business or other relationship which could materially interfere with the exercise of his independent judgment, the Board believes that Yunfei Chen, Gregory Hall and John King Burns remain independent and will continue to provide strong independent elements on the Board. Yunfei Chen is a legal practitioner with a broad range of experience both in Asia and in the U.S. including mining industry experience and experience as an investment banker. Gregory Hall is a seasoned geologist with extensive experience working with global mining companies. John King Burns has extensive experience in the global resource sector and serves as a director of several public and private mineral and energy companies. The Board believes that the continued service of Yunfei Chen, Gregory Hall and John King Burns on the Board will be valuable to the Company. The Board recommends that each of Yunfei Chen, Gregory Hall and John King Burns be re-elected as an independent non-executive director.

Corporate Cease Trade Orders and Bankruptcies

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

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

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

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

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

Individual Bankruptcies

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

Penalties or Sanctions

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

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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

DIRECTORS AND OFFICERS INSURANCE

The Company has purchased directors and officers liability insurance with aggregate coverage in the amount of US\$50,000,000. The aggregate premium for the insurance coverage was US\$85,000 and the coverage has a deductible of US\$50,000 per claim except for securities claims which have a deductible of US\$100,000.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets out a summary of all compensation paid by the Company and its subsidiaries for the years ended December 31, 2013, December 31, 2012 and December 31, 2011 to its Chief Executive Officer, Chief Financial Officer, and each of the individuals who at December 31, 2013 were the three most highly compensated executive officers of the Company having total compensation individually of more than Cdn\$150,000 (collectively, the "Named Executive Officers") and includes former executive officers of the Company who would otherwise be considered Named Executive Officers but for the fact that such individuals were no longer executive officers of the Company as of December 31, 2013:

Name and Principal Position	Year	Salary (US\$) ⁽¹⁾	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation		Pension Value (US\$)	All Other Compensation (US\$) ⁽⁸⁾	Total Compensation (US\$)
					Annual incentive plans (US\$)	Long-term incentive plans (US\$)			
Xin Song ⁽²⁾ Chief Executive Officer	2012	nil	nil	nil	nil	nil	nil	nil	nil
	2011	nil	nil	nil	nil	nil	nil	nil	nil
	2010	nil	nil	nil	nil	nil	nil	nil	nil
Derrick ⁽³⁾ Zhang Chief Financial Officer	2013	\$159,834.52 ⁽⁴⁾	nil	nil	nil	nil	nil	nil	\$159,834.52
	2012	\$182,179 ⁽⁴⁾	nil	nil	nil	nil	nil	nil	\$182,179
	2011	\$119,634	nil	nil	nil	nil	nil	nil	\$119,634
Xiangdong	2013	\$180,989.05	nil	nil	nil	nil	nil	nil	\$180,989.05

Name and Principal Position	Year	Salary (US\$) ⁽¹⁾	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation		Pension Value (US\$)	All Other Compensation (US\$) ⁽⁸⁾	Total Compensation (US\$)
					Annual incentive plans (US\$)	Long-term incentive plans (US\$)			
	2011	\$180,922	nil	nil	nil	nil	nil	\$53,238	\$234,160
	2010	\$176,994	nil	nil	nil	nil	nil	\$50,010 ⁽⁹⁾	\$227,004
Jerry Xie ⁽⁶⁾ Executive Vice President and Corporate Secretary	2013	\$180,989.05	nil	nil	nil	nil	nil	nil	\$180,989.05
	2012	\$180,922	nil	nil	nil	nil	nil	Nil	\$180,922
	2011	\$176,994	nil	nil	nil	nil	nil	nil	\$176,994

Notes:

- (1) The Company pays each of the Named Executive Officers in Canadian currency. Notwithstanding this fact, the Company reports its financial results in U.S. currency, and is therefore required under applicable securities laws to disclose the above compensation information in U.S. currency. For the purpose of reporting the salary in the Compensation Table, the salary paid to each Named Executive Officer was converted from Canadian currency to U.S. currency at the Bank of Canada noon buying rate for the years ended December 31.
- (2) Xin Song was appointed as Chief Executive Officer on October 9, 2009 until February 24, 2014. Xin Song does not receive any compensation from the Company for his role as Chief Executive Officer.
- (3) Derrick Zhang was appointed as interim Chief Financial Officer on February 28, 2011 and as Chief Financial Officer on August 10, 2011. Prior to this appointment, Derrick Zhang served as the Controller of the Company from January 4, 2010.
- (4) Derrick Zhang's salary was increased to Cdn\$140,000 per annum effective June 1, 2011 and to Cdn\$170,000 per annum effective August 14, 2011.
- (5) Xiangdong Jiang's salary was increased to Cdn\$180,000 per annum effective January 1, 2010 and to Cdn\$200,000 per annum effective May 1, 2013.
- (6) Jerry Xie was appointed as Vice President and Secretary to the Board on March 24, 2009 and was promoted to Executive Vice President on October 9, 2009 and Corporate Secretary on March 11, 2010.
- (7) Jerry Xie's salary was increased to Cdn\$180,000 per annum effective January 1, 2010 and to Cdn\$200,000 per annum effective May 1, 2013.
- (8) The value of perquisites for each Named Executive Officer did not exceed the lesser of C\$50,000 and 10% of the total salary of such Named Executive Officer for the years ended December 31, and are therefore not included in "All Other Compensation" as permitted under Canadian securities laws.
- (9) Consists of Chinese tax payments by the Company on behalf of the Named Executive Officer and converted from foreign currency to U.S. currency at the Bank of Canada noon buying rate for the years ended December 31.

Long-term Incentive Plan ("LTIP") Awards

The Company does not have a LTIP pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid or distributed to any Named Executive Officers during the financial year ended December 31, 2013.

Defined Benefit and Pension Plans

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

Outstanding share-based awards and option-based awards

There are no outstanding share-based awards and option-based awards held by any of the Named Executive Officers of the Company as of December 31, 2013:

Incentive Plan Awards – value vested or earned during 2013

There are no outstanding incentive plan awards held by any of the Named Executive Officers of the Company as of December 31, 2013:

Termination of Employment, Change in Responsibilities and Employment Contracts

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

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

COMPENSATION OF DIRECTORS

Compensation of Directors Table

The Company paid the following compensation to its directors during the financial year ended December 31, 2013:

Name ⁽¹⁾	Fees Earned (US\$) ⁽²⁾⁽⁴⁾	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)	Pension value (US\$)	All other compensation	Total (US\$)
Zhaoxue Sun	nil	nil	nil	nil	nil	nil	nil
Bing Liu	nil	nil	nil	nil	nil	Nil	nil
Zhanming Wu	nil	nil	nil	nil	nil	\$133,541.91 ⁽³⁾	\$133,541.91
Ian He	\$40,000	nil	nil	nil	nil	Nil	\$40,000
Yunfei Chen	\$35,000	nil	nil	nil	nil	Nil	\$35,000
Gregory Hall	\$35,000	nil	nil	nil	nil	\$29,762.05 ⁽⁵⁾	\$64,762.05
John King Burns	\$35,000	nil	nil	nil	nil	Nil	\$35,000

Notes:

- (1) Information for Xin Song and Xiangdong Jiang is included in the Summary Compensation Table for Named Executive Officers and is not reported in the Director Compensation section of this information circular.
- (2) The Company pays each of the directors in Canadian currency. Notwithstanding this fact, the Company reports its financial results in U.S. currency, and is therefore required under applicable securities laws to disclose the above compensation information in U.S. currency. For the purpose of reporting fees earned in the table above, the amount of fees paid or payable to each director was converted from Canadian currency to U.S. currency at the Bank of Canada noon buying rate on December 31, 2013.

- (3) The Company paid cash compensation of US\$133,541.91 to Zhanming Wu for his role as Vice President of Business Development pursuant to an employment agreement dated January 1, 2011.
- (4) The Company paid its independent directors a cash retainer of Cdn\$1,000 per month which was increased to Cdn\$4,000 per month in May 2013 for acting as a director and for their roles on various committees of the Board. The Company paid the Chairman of its committees a cash retainer of Cdn\$1,500 per month which was increased to \$4,500 per month in May 2013. Except as set out in note 5 below, no other fixed compensation is paid to directors of the Company for acting as such, although the independent directors may be granted stock options from time to time. The directors are reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Save as disclosed herein, the Company does not have service contracts with its directors.
- (5) The Company paid fees of US\$29,762.05 to Gregory Hall for services provided in his capacity as an independent director for geological advice on planning exploration programs and project generation activity.

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

The following table presents all outstanding share-based awards and option-based awards held by each of the directors of the Company as of December 31, 2013:

Name ⁽¹⁾	Option-based Awards					Share-based Awards		
	Date of Grant	Number of Securities Underlying Unexercised Options	Option Exercise Price (Cdn\$/Option) ⁽²⁾	Option Expiration Date	Market Value of Unexercised in-the-Money Options (US\$)	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested (US\$)	Market or Payout Value of Vested Share-based Awards not paid out or distributed (US\$)
Bing Liu	n/a	nil	nil	n/a	nil	nil	nil	nil
Lianzhong Sun	n/a	nil	nil	n/a	nil	nil	nil	nil
Zhanming Wu	n/a	nil	nil	n/a	nil	nil	nil	nil
Ian He	June 1, 2010	100,000	\$4.35 ⁽³⁾ to \$6.09	June 1, 2015	--	nil	nil	nil
Yunfei Chen	June 1, 2010	100,000	\$4.35 ⁽³⁾ to \$6.09	June 1, 2015	--	nil	nil	nil
Gregory Hall	June 1, 2010	100,000	\$4.35 ⁽³⁾ to \$6.09	June 1, 2015	--	nil	nil	nil
John King Burns	June 1, 2010	100,000	\$4.35 ⁽³⁾ to \$6.09	June 1, 2015	--	nil	nil	nil

Notes:

- (1) Information for Xin Song and Xiangdong Jiang is included in the outstanding share-based awards and option-based awards table for Named Executive Officers and is not reported in the Director Compensation section of this information circular.
- (1) All stock options were granted in and are exercisable in Canadian dollars.
- (2) Consists of 100,000 stock options granted on June 1, 2010 and expiring on June 1, 2015 at an exercise price of Cdn\$4.35 from June 1, 2010 until June 1, 2011; Cdn\$4.78 from June 2, 2011 until June 1, 2012; Cdn\$5.21 from June 2, 2012 until June 1, 2013; Cdn\$5.64 from June 2, 2013 until June 1, 2014 and Cdn\$6.09 from June 2, 2014 until June 1, 2015 with 20% vesting immediately and an additional 20% vesting on June 2, 2011, June 2, 2012, June 2, 2013 and June 2, 2014, respectively.

Compensation of Directors - Incentive Plan Awards – value vested or earned during 2013

Name ⁽¹⁾	Option-based Awards – Value Vested During the Year (US\$) ⁽²⁾	Share-based Awards – Value Vested During the Year (US\$)	Non-Equity Incentive Plan Compensation – Value earned During the Year (US\$)
Zhaoxue Sun	nil	nil	nil
Xin Song	nil	nil	nil
Bing Liu	nil	nil	nil
Zhanming Wu	nil	nil	nil
Ian He	nil	nil	nil
Yunfei Chen	nil	nil	nil
Gregory Hall	nil	nil	nil
John King Burns	nil	nil	nil

Notes:

- (1) Information for Xiangdong Jiang is included in the Incentive Plan Awards table for Named Executive Officers and is not reported in the Director Compensation section of this Information Circular.
- (2) The value vested during the year represents the aggregate dollar value that would have been realized if a Director had exercised each of his options that vested in 2013 on the date of such vesting. The value vested during the year is converted from Canadian currency to U.S. currency based on the Bank of Canada noon buying rate at the date of vesting of each option.

Composition of the Compensation and Benefits Committee

During the year ended December 31, 2013, the Compensation and Benefits Committee was comprised of Ian He, Yunfei Chen, Gregory Hall and John King Burns. Ian He serves as Chairman of the Compensation and Benefits Committee. The members of the Compensation and Benefits Committee are all independent non-executive directors and each member has had previous experience working with the compensation practices and policies of other listed issuers in addition to their work on the Company's Compensation and Benefits Committee. For information regarding the responsibilities, powers and operation of the Compensation and Benefits Committee, see "Schedule A – Corporate Governance Disclosure – Compensation."

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

Compensation Discussion and Analysis

Compensation Committee and Compensation Philosophy

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

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

Company must be comparable to those offered by its competitors in order to attract, retain and motivate executive personnel of the highest caliber.

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

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

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

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

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

How the Company makes Compensation Decisions

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

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

Elements of Total Compensation

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

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

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

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

Salary Compensation

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

Upon assuming the role of Chief Executive Officer of the Company, Xin Song has elected not to receive any compensation, salary or otherwise, from the Company for carrying out the duties of such role.

Bonus Compensation

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

For the 2013 financial year, the Company did not award any annual incentive bonuses to any Named Executive Officers.

Other Compensation

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

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

For the 2013 financial year, the Company did not provide any other material compensation for its Named Executive Officers beyond the salaries disclosed above.

Compensation Governance

On April 2, 2012 the Compensation and Benefits Committee engaged Towers Watson of 29/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, China as an independent compensation advisor to provide a report on the prevalence of equity incentive plans among listed issuers which are owned in whole or in part by a Chinese state owned enterprise. The aggregate fees billed by the compensation advisor were US\$11,500. The Compensation and Benefits Committee must approve all services provided by the compensation advisor to the Company. The Compensation and Benefits Committee engaged Towers Watson as independent compensation advisor in 2012 to provide a report on the prevalence of equity incentive plans among listed issuers. The aggregate fees billed in 2012 by the compensation advisor was US\$11,500. For the most recently completed financial year ended December 31, 2013 no fees were billed by any consultant or advisor for services related to determining compensation for any of the Company's directors and executive officers.

Future Compensation Program

The Company does not expect to change its compensation program in any significant way for the 2013 year.

Compensation Risk Management

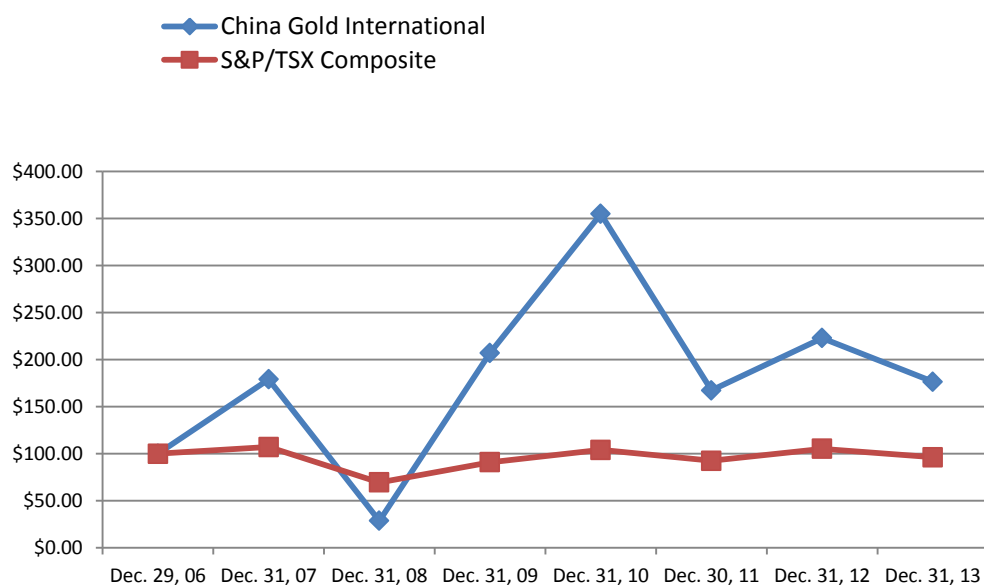
The board has considered the implications of the risks associated with the Company's compensation policies and practices. The board has ultimate oversight of the risks associated with the Company's compensation policies and practices, and carefully reviews the risks associated with the Company's compensation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

Financial Instruments

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

Performance Graph

The following graph and table compares the cumulative total shareholder return on a Cdn\$100 investment in common shares of the Company on December 31, 2008 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial periods of the Company, assuming the reinvestment of all dividends. For a discussion of the relationship between compensation paid to executive officers and shareholder returns, see “Compensation Discussion and Analysis – Elements of Total Compensation”.



	Cdn\$					
	Dec. 2008	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012	Dec. 2013
China Gold International Resources Corp. Ltd. ⁽¹⁾	28.76	207.19	354.90	167.32	222.88	176.47
S&P/TSX Composite Index	73.58	99.38	116.87	106.69	114.46	96.32

Note:

- (1) The common shares of the Company began trading on the TSX Venture Exchange (formerly the Canadian Venture Exchange) on May 30, 2001. In 2006, the Company graduated to the Toronto Stock Exchange and the common shares of the Company began trading on the Toronto Stock Exchange on October 6, 2006.

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets out information on the Company's prior equity compensation plan under which common shares were authorized for issuance as at December 31, 2013:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	400,000 ⁽¹⁾	Cdn\$5.56	nil
Equity compensation plans not approved by securityholders	nil	nil	nil
Total	400,000		nil

Note:

- (1) Consists of stock options granted pursuant to a prior equity incentive plan approved by the Shareholders on May 9, 2007.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

An "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting

rights attached to all outstanding voting securities of the Company, other than voting securities held by an underwriter as such in the course of a distribution; and

- (d) the Company if it has acquired any of its securities, for so long as it holds any of its securities.

COMPETING INTERESTS

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

DIRECTORS’ INTEREST IN THE GROUP’S ASSETS

As of the Latest Practicable Date, none of the Directors and proposed directors had any interests, either directly or indirectly, in any assets which had been, since December 31, 2013 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

OTHER ARRANGEMENTS INVOLVING DIRECTORS

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

MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2013 (being the date to which the latest published audited financial statements of the Group were made).

LITIGATION

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

SERVICE CONTRACTS

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

DISCLOSURE OF INTERESTS

Other than as disclosed below, the Directors and chief executive of the Company are not aware of any other person who, as of the Latest Practicable Date, had an interest or short position in the Shares, convertible securities, warrants, options or derivatives of the Company, the underlying shares of the Company which would fail to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part

XV of the SFO or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

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

Note:

1. China National Gold Group Corporation directly and wholly owns China National Gold Group Hong Kong Limited therefore the interest attributable to China National Gold Group Corporation represents its indirect interest in the Shares through its equity interest in China National Gold Group Hong Kong Limited.

OTHER DISCLOSURE

Save as disclosed in pages 6-10 herein, each of the proposed directors and the chief executive of the Company does not have any other interest or short position in the Shares, convertibles securities, warrants, options or derivatives, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Division 7 and Division 8 of Part XV of the SFO in Hong Kong, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 to the Hong Kong Listing Rules) to be notified to the Company and the Hong Kong Stock Exchange.

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

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

APPOINTMENT OF AUDITORS

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

MANAGEMENT CONTRACTS

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

EXPERT

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

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

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

As of the Latest Practicable Date, TC Capital had no direct or indirect interest in any assets which had been, since December 31, 2013 (the date to which the latest published audited financial statements of the Company were made), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

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

PARTICULARS OF MATTERS TO BE ACTED UPON

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

Share Repurchase Mandate

The existing general mandate to repurchase common shares of the Company granted to the Board at the annual general meeting held on June 18, 2013 will expire upon the conclusion of this Meeting.

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

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

Share Issue Mandate

The existing general mandate to allot, issue or otherwise deal with new Shares granted to the Board at the annual general meeting held on June 18, 2013 will expire upon the conclusion of this Meeting.

An ordinary resolution will be proposed at the Meeting to seek the approval of the Shareholders to grant a general and unconditional mandate to the board of directors of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate issued and outstanding share capital

as at the date of passing of the ordinary resolution set out as resolution A below (the “Share Issue Mandate”), in order to increase the flexibility for the Company to raise new capital as and when the board of directors consider appropriate. If the resolution is passed, in the event that the Share Issue Mandate is exercised in full (on the basis of 396,413,753 Shares outstanding as of the Latest Practicable Date), up to 79,282,750 new Shares may be allotted, issued and dealt with by the Company during the Relevant Period (as defined below).

Additional Share Allotment Mandate

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

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

RESOLVED, as an ordinary resolution:

A. “THAT:

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

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

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

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

B. “THAT:

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

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

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

C. “THAT conditional upon the resolutions set out in paragraphs A and B above, the general mandate granted to the board of directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares in the share capital

of the Company pursuant to the resolution set out in paragraph A above be and is hereby extended by the addition of an amount representing the aggregate issued and outstanding share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution set out in paragraph B above, provided that such extended amount shall not exceed 10% of the aggregate issued and outstanding share capital of the Company as at the date of passing of this resolution.”

The Proposed Matters

New Continuing Connected Transactions

On May 7, 2014, Inner Mongolia Pacific Mining Co. Ltd., (“Inner Mongolia Pacific”) entered into the 2015 Contract for Purchase and Sale of Dore with China National Gold Group Corporation (“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 December 31, 2015, 2016 and 2017.

Tibet Huatailong Mining Development Co., Ltd (“Huatailong”) and China National Gold Group International Trade Co., Ltd (“CNGG”) entered into the 2015 Contract for Purchase and Sale of Copper Concentrate dated May 7, 2014 for the purpose of governing the sale and purchase of copper sulphide concentrates produced at the Jiama Mine from time to time from January 1, 2015 until December 31, 2015.

Huatailong entered into a stripping and mining agreement (the “Jiama Phase II Hornfels Stripping and Mining Agreement”) with China Tenth Metallurgy Group Limited Corporation (“CTMG”) on May 7, 2014 pursuant to which CTMG will provide services for Phase II Hornfels Strip Mining at the Jiama Copper-Polymetallic Mine for the period from July 1, 2014 through December 31, 2016.

Implications under the Hong Kong Listing Rules

China National Gold is the controlling shareholder of the Company. The Company, Inner Mongolia Pacific, Huatailong, CNGG and CTMG are ultimately controlled by China National Gold. As such, China National Gold, CNGG and CTMG are connected persons of the Company 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 transactions contemplated under the 2015 Contract for Purchase and Sale of Dore 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 transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate 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 transactions contemplated under the Jiama Phase II Hornfels Strip Mining 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.

China National Gold indirectly holds approximately 39.3% of the outstanding voting shares of the Company and Xin Song, Bing Liu, Lianzhong Sun and Zhanming Wu are 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 had abstained from voting on the Board resolutions on May 7, 2014, in relation to, among other things, the Continuing Connected Transaction Contracts and the transactions contemplated thereunder and the respective annual monetary caps for the 2015 Contract for Purchase and Sale of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Strip Mining Agreement.

A letter from the Independent Board Committee established to advise the Independent Shareholders on the Proposed Matters is set out in Schedule E to this information circular. The Independent Board Committee, having taken into account the advice of TC Capital Asia Limited, considers that (i) the terms of the Continuing Connected Transaction Contracts (including the respective annual monetary caps for the 2015 Contract for Purchase and Sale of Dore, the Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Strip Mining Agreement) are fair and reasonable; (ii) the transactions contemplated thereunder will be conducted on normal commercial terms in the ordinary and usual course of business of the Group; and (iii) such transactions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Proposed Matters at the Meeting.

Ordinary Resolutions

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

“RESOLVED, as an ordinary resolution that:

1. the 2015 Contract for Purchase and Sale of Dore and the transactions contemplated thereunder, as more particularly described in this information circular, are hereby approved;
2. the annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Dore for the three years ending December 31, 2015, 2016, and 2017, as more particularly described in this information circular, are hereby approved;
3. the 2015 Contract for Purchase and Sale of Copper Concentrate and the transactions contemplated thereunder, as more particularly described in this information circular, are hereby approved;
4. the annual monetary cap for the transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate for the year ending December 31, 2015, as more particularly described in this information circular, is hereby approved;
5. the Jiama Phase II Hornfels Strip Mining Agreement and the transactions contemplated thereunder, as more particularly described in this information circular, are hereby approved;
6. the annual monetary caps for the transactions contemplated under the Jiama Phase II Hornfels Strip Mining Agreement for the period from July 1, 2014 through December 31, 2016, as more particularly described in this information circular, are hereby approved;
7. to authorize any one director of the Company to do such further acts and things and to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, and to take all such steps which in the opinion of such director of the Company deems necessary or desirable to implement and/or carry out to give effect to the terms of the foregoing resolutions.”

OTHER BUSINESS

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

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours up to and including June 14, 2014 Vancouver time and at 8/F., Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong and at the Company's office, One Bentall Centre, Suite 1030, 505 Burrard Street, Box 31, Vancouver, British Columbia, Canada V7X 1M5:

1. the letter from the Independent Board Committee, the text of which is set out in Schedule E to this information circular;
2. the letter from TC Capital Asia Limited, the text of which is set out in Schedule F to this information circular;
3. the written consent of TC Capital Asia Limited;
4. the 2015 Contract for Sale and Purchase of Dore;
5. the 2015 Contract for Purchase and Sale of Copper Concentrate;
6. the Jiama Phase II Hornfels Strip Mining Agreement;
7. the written resolutions of the Board dated May 7, 2014 approving, among other things, the New Continuing Connected Transaction Contracts and the transactions contemplated thereunder and the respective annual monetary caps for the 2015 Contract for Sale and Purchase of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Strip Mining Agreement; and
8. an announcement of the Company dated May 7, 2014 in respect of the Proposed Matters.

ADDITIONAL INFORMATION

Additional information about the Company is located on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative annual financial statements and Management's Discussion and Analysis for the most recently completed financial year ended December 31, 2013. Shareholders may contact the Company to request copies of the annual financial statements and Management's Discussion and Analysis by writing to the Company's Executive Vice President and Corporate Secretary, Jerry Xie at the following address:

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

One Bentall Centre
Suite 1030, 505 Burrard Street, Box 31
Vancouver, British Columbia V7X 1M5

DIRECTORS' APPROVAL

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

The Board considers that the ordinary resolutions to set the number of directors of the Company at nine (9), to elect each of the nominated directors, to appoint Deloitte Touche Tomatsu as auditors of the Company for the ensuing year with their remuneration to be fixed by the Board, to approve the Share Issue Mandate, to approve the Share Repurchase Mandate, to approve the Additional Share Allotment Mandate, and to approve the Proposed Matters are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favor of the relevant resolutions at the Meeting.

RESPONSIBILITY STATEMENT

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

DATED at Vancouver, British Columbia, this 14th day of May, 2014.

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

“Jerry Xie”

Jerry Xie
Executive Vice President and Corporate Secretary

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

SCHEDULE A
FORM 58-101F1
CORPORATE GOVERNANCE DISCLOSURE

1. Board of Directors

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

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

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

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

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

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

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

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Xin Song	Zhongjin Gold Co., Ltd. (Shanghai Stock Exchange)
Bing Liu	Zhongjin Gold Co., Ltd. (Shanghai Stock Exchange)

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Lianzhong Sun	Zhongjin Gold Co., Ltd. (Shanghai Stock Exchange)
Zhanming Wu	---
Ian He	Tri-River Ventures Inc. (TSX Venture Exchange) Jiulian Resources Inc. (TSX Venture Exchange) Zhongrun Resources Investment Corporation (Shenzhen Stock Exchange) Huaxing Machinery Corp. (TSX Venture Exchange)
Yunfei Chen ⁽¹⁾	DongFeng Auto (Hong Kong Stock Exchange)
Gregory Hall ⁽²⁾	Laurentian Goldfields Ltd. (TSX Venture Exchange) Colossus Minerals Inc. (Toronto Stock Exchange) Montero Mining and Exploration Limited (TSX Venture Exchange) Zeus Uranium Ltd. (Australian Securities Exchange)
John King Burns ⁽³⁾	Simba Energy Inc. (TSX Venture Exchange) Dolly Varden Silver Corporation (TSX Venture Exchange) Corazon Gold Corp. (TSX Venture Exchange) Titan Goldworx Resources Inc. (CNSX)
Xiangdong Jiang	---

Notes:

- (1) Yunfei Chen was a former director of Asia Coal Limited (Hong Kong Stock Exchange) in the previous three years.
- (2) Gregory Hall was a former director of Triton Gold Limited (Australian Securities Exchange) in the previous three years.
- (3) John King Burns was former director of NovaDx Ventures Corp. (TSX Venture Exchange) in the previous three years.

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

Although the independent non-executive directors do not hold regularly scheduled meetings, they may meet without management being present at the request of any director. The independent non-executive directors held five (5) meetings in 2013. In addition, each of the Board committees is composed entirely of independent non-executive directors and the independent non-executive directors and Board committee members attended four (4) meetings of the Audit Committee, two (2) meetings of the Nominating and Corporate Governance Committee, two (2) meetings of the Compensation and Benefits Committee and six (6) meetings of the Health, Safety and Environmental Committee in 2013. Since the end of the most recently completed financial year the independent non-executive directors have held an in-camera session at each Board meeting during which session non-independent directors and members of management do not attend.

The Chairman of the Audit Committee acts as the de facto lead independent non-executive director and facilitates and chairs discussions among the Company's independent directors and facilitates

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

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

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

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

The following table discloses the attendance record of each director at meetings of the Board for which that director was eligible to attend during the financial year ended December 31, 2013:

Name of Director	Number of Board Meetings Attended	Number of Board Meetings Held
Executive Directors		
Zhaoxue Sun (<i>Chairman, resigned on February 14, 2014</i>)	3	4
Xin Song	4	4
Zhanming Wu	4	4
Xiangdong Jiang	4	4
Non-Executive Directors		
Bing Liu	4	4
Independent Non-Executive Directors		
Ian He	4	4
Yunfei Chen	4	4
Gregory Hall	4	4
John King Burns	4	4

2. Board Mandate

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

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

BOARD MANDATE

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

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

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

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

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

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

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

The Board also expects management to provide the directors on a timely basis with information concerning the business and affairs of the Company, including financial and operating information and information concerning industry developments as they occur, all with a view to enabling the Board to discharge its stewardship obligations effectively. The Board expects management to efficiently implement its strategic

plans for the Company, to keep the Board fully apprised of its progress in doing so and to be fully accountable to the Board in respect to all matters for which it has been assigned responsibility.

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

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

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

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

The Roles of the Board of Directors

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

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

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

Organization of the Board of Directors

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

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

Meetings

The Board holds regular annual and quarterly meetings. Between the quarterly meetings, the Board meets on an ad hoc basis as required, generally by means of telephone conferencing facilities. As part of the annual and quarterly meetings, the independent non-executive directors also have the opportunity to meet separate from management. Management also communicates informally with members of the Board on a

regular basis, and solicits the advice of Board members falling within their specific knowledge and experience. Each director shall review all Board meeting materials in advance of each meeting and shall make all reasonable efforts for attendance at all Board and Board Committee meetings.

3. Position Descriptions

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

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

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

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

4. Orientation and Continuing Education

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

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

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

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

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

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

5. Ethical Business Conduct

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

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

A copy of the Company's Code of Business Conduct and Ethics is located on SEDAR at www.sedar.com and is available on the Company's website at www.chinagoldintl.com. Shareholders may contact the Company to request a copy of the Code of Business Conduct and Ethics, without charge, by writing to the Company's Executive Vice President and Corporate Secretary, Jerry Xie at China Gold International Resources Corp. Ltd., One Bentall Centre, Suite 1030, 505 Burrard Street, Box 31, Vancouver, British Columbia V7X 1M5.

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

The Nominating and Corporate Governance Committee monitors the disclosure of conflicts of interest to the Board and ensures that no director will vote nor participate in a discussion on a

matter in respect of which such a director has a material interest. Committee Chairs perform the same function with respect to meetings of the committees of the Board.

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

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

6. Nomination of Directors

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

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

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

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

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

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

7. Compensation

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

The Compensation and Benefits Committee presently composed entirely of independent non-executive directors has the responsibility for recommending compensation for the Company's officers and directors to the Board. The Compensation and Benefits Committee reviews and makes recommendations to the Board regarding the adequacy and form of the compensation for non-management directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director, without comprising the director's independence. Currently, the Company pays a cash retainer to its independent non-executive directors for acting in such capacity. Ian He, receives Cdn\$1,500 per month which was increased to \$4,500 per month in May 2013 for acting as independent non-executive director and Chairman of the Board committees and Yunfei Chen, Gregory Hall and John King Burns each receive Cdn\$1,000 per month which was increased to \$4,000 per month in May 2013 for acting as independent non-executive directors. During the financial year ended December 31, 2013, the Company paid a fee of US\$29,762.05 to Gregory Hall for services provided in his capacity as an independent non-executive director for geological advice on planning exploration programs and project generation activity. In addition to their cash compensation, the independent non-executive directors may be granted stock options from time to time. No fees or commissions are paid to those directors that are not independent and no grants of stock options are permitted to such directors. The directors are reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

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

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

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

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

8. Other Board Committees

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

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

Audit Committee

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

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

Information concerning the Audit Committee of the Company, as required by National Instrument 52-110, is provided in the Company's Annual Information Form for the year ended December 31, 2012 located under the Company's profile on SEDAR at www.sedar.com.

Compensation and Benefits Committee

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

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

Nominating and Corporate Governance Committee

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

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

No measurable objectives for achieving diversity were specifically set by the Nominating and Corporate Governance Committee during 2013, other than the recruitment of the most suitable candidate for a position.

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

Health, Safety and Environmental Committee

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

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

9. Assessments

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

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

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

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

SCHEDULE B

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

EXPLANATORY STATEMENT SHARE REPURCHASE MANDATE

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

HONG KONG LISTING RULES RELATING TO THE REPURCHASE OF SHARES

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

SHARE CAPITAL

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

REASONS FOR THE REPURCHASES

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

FUNDING OF REPURCHASES

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

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

IMPACT ON THE WORKING CAPITAL OR GEARING POSITION

If the Share Repurchase Mandate is exercised in full at any time during the Relevant Period, there may be a material adverse effect on the working capital requirements of the Company or its gearing levels, as

compared with the position disclosed in the Company's audited financial statements for the year ended December 31, 2013 (the most recent published audited financial statements). However, the Board does not propose to exercise such mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company at the time of the relevant repurchases unless the Board determines that such repurchases are, taking into account of all relevant factors, in the best interests of the Company.

SHARE PRICES

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

	Per Share	
	Highest HK\$	Lowest HK\$
2013		
April	28.35	21.00
May	26.2	20.1
June	23.9	18.8
July	21.2	18.6
August	29.1	19.16
September	29.95	21.0
October	22.4	20.7
November	22.3	20.5
December	21.1	19.36
2014		
January	23.5	19.4
February	26.9	22.2
March	25.65	19.6
April	20.9	19.3

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

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

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

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

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

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

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

UNDERTAKING OF DIRECTORS

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

SHARE PURCHASE MADE BY THE COMPANY

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

SCHEDULE C

DEFINITIONS

In this information circular, unless the context otherwise requires, the following expressions have the following meanings:

“2012 Contract for Purchase and Sale of Dore”	the contract for purchase and sale of dore dated January 27, 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 for three years ending December 31, 2012, 2013 and 2014;
“2015 Contract for Purchase and Sale of Copper Concentrate”	the purchases and sales contract of the copper sulphide concentrates dated May 7, 2014 between Huatailong and CNGG for the sale by Huatailong and the purchase by CNGG copper sulphide concentrate produced at the Jiama Mine from time to time from January 1, 2015 until December 31, 2015;
“2015 Contract for Purchase and Sale of Dore”	the contract for purchase and sale of dore dated May 7, 2014 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 for three years ending December 31, 2015, 2016 and 2017;
“AGM” or “the Meeting”	the annual general meeting and special meeting of the Company to be held on Wednesday, June 18, 2014 at 8:00 a.m. in Vancouver, British Columbia, Canada (Thursday, June 19, 2014 Hong Kong time), to consider and, if thought fit, approve, among other things, the Proposed Matters;
“Board”	the board of Directors;
“China Gold Construction”	China National Gold Group Corporation Construction Co. Ltd., a limited liability company established in the PRC in March 2011 which is wholly-owned by China National Gold;
“China Jinyu”	China National Jinyu Gold Materials & Equipment Corporation, a company established in the PRC in May 1992 which is wholly-owned by China National Gold;
“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;
“CNGG”	China National Gold Group International Trade Co., Ltd., a limited liability company established in the PRC in May 2012 which is owned as to 40% by China National Gold, 30% by China Gold Construction and 30% by China Jinyu;
“CTMG”	China Tenth Metallurgy Group Limited Corporation* (中十冶集團有限公司), a limited liability company established in 1948 in Xi’an, Shanxi Province of the PRC. It is owned as to 63% by China

	Gold Construction;
“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 2015 Contract for Purchase and Sale of Dore; (ii) the 2015 Contract for Purchase and Sale of Copper Concentrate and (iii) the Jiama Phase II Hornfels Strip Mining Agreement;
“CSH Gold Mine” or “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 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;
“Jiama Phase II Hornfels Stripping and Mining Agreement”	the agreement between Huatailong and CTMG pursuant to which CTMG will provide services for Phase II Hornfels Stripping and Mining at the Jiama Mine for the period from July 1, 2014 through December 31, 2016;
“Latest Practicable Date”	May 8, 2014, 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;
“Proposed Matters”	has the same meaning as defined on page 5 of this information circular;
“Record Date”	May 2, 2014 Vancouver time (being May 3, 2014 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;
“Supplemental Contract for Purchase and Sale of Dore”	a supplemental contract dated April 26, 2013 between Inner Mongolia Pacific and China National Gold to revise certain terms under the Contract for Purchase and Sale of Dore;
“Toronto Stock Exchange” or “TSX”	The Toronto Stock Exchange of Toronto, Canada; and
“%”	percent.
* For identification purposes only	

SCHEDULE D

LETTER FROM THE BOARD OF DIRECTORS

Dear Shareholders,

INTRODUCTION

Reference is made to the Company's announcement dated May 7, 2014 in relation to the Continuing Connected Transaction Contracts and the transactions contemplated thereunder, and the respective annual monetary caps for the 2014 Contract for Purchase and Sale of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Strip Mining Agreement.

The main purpose of this information circular is to provide you with more information and request your approval of the resolutions in respect of the Proposed Matters as set out in the accompanying notice of the Meeting.

Unless the context requires otherwise, terms and expressions defined in the accompanying information circular to the Shareholders dated May 7, 2014 shall have the same meanings in this letter.

NEW CONTINUING CONNECTED TRANSACTIONS

On May 7, 2014, the Company entered into three new continuing connected transactions: (i) the 2015 Contract for the Purchase and Sale of Dore; (ii) the 2015 Contract for the Purchase and Sale of Copper Concentrate; and (iii) the Jiama Phase II Hornfels Strip Mining Contract.

2015 CONTRACT FOR THE PURCHASE AND SALE OF DORE

A. Key terms

Date: May 7, 2014

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 Meeting and compliance with other requirements under the Hong Kong Listing Rules, effective until December 31, 2017.

Payment terms Pricing for gold dore bar products is referenced to the daily average price of Au9995 gold ingot as quoted on the Shanghai Gold Exchange on the notification date to be notified by the seller to the purchaser at least three working days prior to delivery of shipment of gold dore bars less RMB0.95 per gram, multiplied by the settlement weight. The amount of RMB0.95 per gram to be deducted from the quoted price is the cost of refining gold dore bars by the purchaser which was determined based on and is consistent with that for the historical transactions between the Group and independent third parties.

Pricing for silver by-products is referenced to the daily average price of No. 2 silver

at the Shanghai Huatong Platinum & Silver Exchange on the notification date to be notified by the seller to the purchaser at least three working days prior to delivery of shipment of silver by-products less RMB0.5 per gram, multiplied by the settlement weight. The amount of RMB0.5 per gram to be deducted from the quoted price is the cost of refining silver by-products which was determined based on and is consistent with that for the historical transactions between the Group and independent third parties.

Settlement shall take place three working days after China National Gold has received the material at the refinery unless samples are sent to an umpire analysis. Inner Mongolia Pacific shall deliver an invoice to China National Gold for the resulting settlement weight, and China National Gold will have 30 calendar days to effect payment to Inner Mongolia Pacific.

The Board is of the view that making references to unit price of gold and silver in the two exchanges located in Shanghai is fair and reasonable having considered that (i) the Company's principal market of gold dore bar products and silver by-products is in PRC, (ii) the Shanghai Gold Exchange and the Shanghai Huatong Platinum & Silver Exchange are the two most influential non-ferrous metal exchanges in PRC and (iii) it is the prevailing market and industry practice to determine price of gold and silver with reference to these two exchange platforms in PRC.

The Board considers that granting 30 days credit period to China National Gold is fair and reasonable having considered (i) contract terms negotiated at arm's length with independent third parties and (ii) prevailing market and industry practice. It is also the industry practice to take into account the refinery cost in determining the settlement price of gold dore bars and silver by-products.

B. Proposed annual caps and basis of determination for annual caps under the 2015 Contract for the Purchase and Sale of Dore

The annual cap amounts for the transactions contemplated under the 2015 Contract for the Purchase and Sale of Dore and the basis of determination for such annual cap amounts are set out as follows:

	Annual cap for the year ending December 31,		
	2015	2016	2017
	<i>(RMB in thousands)</i>	<i>(RMB in thousands)</i>	<i>(RMB in thousands)</i>
Aggregate sales amount	2,275,000	2,437,500	2,470,000

The Directors have estimated such annual monetary caps for the transactions contemplated under the 2015 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 December 31, 2012 and December 31, 2013. For the year ended December 31, 2012 and the year ended December, 2013, the total gold production at the CSH Gold Mine was approximately 139,443 ounces and 131,418 ounces, respectively, and the aggregate sales amount to China National Gold was RMB 1,457 million for the year ended December 31, 2012 and RMB 1,127.36 million for the year ended December 31, 2013.
- (b) The production of gold at the CSH Gold Mine is expected to continue to grow from the current production of 131,418 ounces per annum to about 260,000 ounces per annum by

2016 pursuant to the potential operation expansion plan of CSH Gold Mine and the demand for gold by China National Gold will continue to increase. However, actual quantity of gold dore bar products and silver by-products to be sold would be affected by (i) limits of gold production capacity and (ii) fluctuation in gold price.

- (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.

C. Reasons for and benefits of the 2015 Contract for Purchase and Sale of Dore

The reasons for and benefits of the 2015 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 for 6 years since 2008 in similar transactions and given Inner Mongolia Pacific has the flexibility to determine the timing of sale (as it is entitled but not obligated to designate one delivery date per week, and may cancel any shipment without penalty up to two working days prior to the relevant delivery date), therefore, the 2015 Contract for Purchase and Sale of Dore will provide the Group with a ready buyer of the gold dore bars and silver by-products produced at the CSH Gold Mine and 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 2015 Contract for Purchase and Sale of Dore are based on substantially the same terms of the 2012 Contract for Purchase and Sale of Dore (as amended by the Supplemental Contract for Purchase and Sale of Dore). The 2012 Contract for Purchase and Sale of Dore (as amended by the Supplemental 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 2015 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 2015 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 2015 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 2015 Contract for Purchase and Sale of Dore for the three 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.

2015 CONTRACT FOR PURCHASE AND SALE OF COPPER CONCENTRATE

A. Key terms

Date: May 7, 2014

Parties: (a) Huatailong (as the seller); and
(b) CNGG (as the purchaser)

- Subject matter:** The sale and purchase of copper sulphide concentrates, which mainly contain copper with a small amount of gold and silver, produced at the Jiama Mine owned and operated by Huatailong in Tibet Autonomous Region of the PRC
- Term:** Subject to the approval of the Independent Shareholders at the Meeting and compliance with other requirements under the Hong Kong Listing Rules, effective until December 31, 2015
- Payment terms:** Settlement price for copper sulphide concentrates is to be determined through prescribed figures disclosed in the agreement, based on the monthly average benchmark price of copper, gold and silver.

The average bench mark price for copper is determined by 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. If the bench mark price is equal to or below RMB20,000 a ton or more than RMB75,000 a ton, both parties will use friendly negotiation to determine the settlement price. Under this scenario, the staffs responsible for such copper purchase and sales contract are required to submit no less than 3 price quotations from independent third parties in the PRC for the review, comparison and approval by Independent Board Committee on the basis that such price is no less favourable to the Group than prices available from independent third parties. Otherwise, the settlement price shall be the benchmark price, multiplied by the corresponding coefficient for pricing (with a range of 0.664 to 0.863 which is identical to that agreed with independent third parties and is consistent with industry practice), which increases with the benchmark price and is disclosed in the agreement. If the market situation significantly changes, both parties shall, through friendly negotiation as discussed above, determine the copper bearing settlement price in writing.

The reason to set an increment on the corresponding coefficient for the increase of copper benchmark prices is that it is the usual industry practice and this is to maintain a relatively stable nominal value for the copper refinery cost (which is the difference between settlement price and the benchmark price) irrespective of the level of copper benchmark prices. The Company considers that due to the differences in copper contents and the presence of other minerals in copper concentrates, it is difficult for the parties to agree on a fixed refinery cost or determine a refinery cost batch by batch on site. Therefore, the Directors consider that it is reasonable to include a mechanism to align the increase of corresponding coefficient with the increase of copper benchmark price to maintain a stable nominal value as copper refinery cost because this cost should not be highly correlated to copper prices.

The average bench mark price for gold (with gold content less than one gram per dry metric ton) is based on the trading days from 1st to 31st of the month in which the goods are delivered, to be calculated by the monthly arithmetic average of the weighted (settlement) price of Au9995 gold ingot of each trading day in the Shanghai Gold Exchange. If the gold content is equal to or more than one gram per dry metric ton, the settlement price shall be the benchmark price, multiplied by the corresponding coefficient for pricing, which increases with the gold content and is disclosed in the agreement. Such coefficient is negotiated at arm's length and is identical to that agreed with independent third parties. If the gold benchmark price increases and such coefficient would increase with the gold content as the extraction cost should be adjusted to remain constant when gold content increases.

Such arrangement is an industry practice as it reflects the cost of extracting the gold content of the ore.

The average bench mark price for silver (with silver content less than 20 grams per dry metric ton) is based on the trading days from the 1st to 31st of the month in which the goods are delivered, and calculated using the monthly arithmetic average of No.3 GB silver in the Shanghai White Platinum & Silver Exchange. If the silver content is equal to or more than 20 grams per dry metric ton, the settlement price shall be the benchmark price multiplied by the corresponding coefficient for pricing, which increases with the silver content and is disclosed in the agreement. Such coefficient is negotiated at arm's length and is identical to that agreed with independent third parties. The treatment for silver settlement price with respect to the silver benchmark price is similar to that of gold as discussed above except the average is calculated based on No.3 GB silver in the Shanghai White Platinum & Silver Exchange and a different coefficient.

Delivery of goods shall be made by Huatailong within 30 days after receiving advance payment by CNGG according to the quantity to be delivered. Settlement shall be conducted within five working days of the next month. Huatailong shall timely provide the invoice for settlement according to the settlement amount (issue 17% value added tax special invoice for copper and silver; and issue plain invoice for gold). If there is a difference between the amount of the advance payment and the settlement amount, the amount overpaid shall be refunded by Huatailong while the amount deficient shall be supplemented by CNGG.

The Board is of the view that making references to unit price of copper sulphide concentrate in the three exchanges located in Shanghai is fair and reasonable having considered that (i) the Company's principal market of copper sulphide concentrate products is in PRC, (ii) the Shanghai Futures Exchange, the Shanghai Gold Exchange and the Shanghai Huatong Platinum & Silver Exchange are influential non-ferrous metal exchanges in PRC and (iii) it is the prevailing market and industry practice to determine price of copper, gold and silver with reference to these three exchange platforms in PRC.

B. Proposed annual caps and basis of determination for annual caps under the 2015 Contract for Purchase and Sale of Copper Concentrate

The Directors estimate that the annual aggregate sales amount in respect of the transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate will not exceed RMB3553,000,000 for the year ending December 31, 2015.

In arriving at such annual caps, the Directors have considered the following factors:

- (a) Such caps are determined with reference to the amount of previous transactions during the three years ended December 31, 2011, 2012 and 2013. For the three years ended December 31, 2011, 2012 and 2013, the total production of copper sulphide concentrates at the Jiama Mine was approximately 46,521 tons, 52,795 tons and 55,007 tons, respectively, and the aggregate sales to an independent third party of the Group and/or CNGG was approximately RMB664,752,271, approximately RMB702,773,750 and approximately RMB772,220,392, respectively, for the three years ended December 31, 2011, 2012 and 2013.
- (b) The price of copper sulphide concentrates to be purchased by CNGG will be referenced to (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.

- (c) The Directors expect that the sales volume to CNGG for the year ending December 31, 2015 is expected to increase in line with the continued growth in the production of copper sulphide concentrates at the Jiama Mine pursuant to the expansion plan of the Jiama Mine, details of which are set out in the Pre-feasibility Study. The increase in the annual caps under the 2015 Contract for Purchase and Sale of Copper Concentrate is also in line with the significant increase of the ore mining capacity of the Jiama Mine, which would be increased by approximately 566.67% from 2,000 tonnes per day (“tpd”) in 2013 to 50,000 tpd in the end of 2015. Copper produced in 2014 is also expected to reach 22,700 tons, which is significantly more than the amount of copper produced in 2013. However, actual quantity of copper sulphide concentrates to be sold would be affected by (i) limits of copper production capacity and (ii) fluctuation in copper price.

C. Reasons for and benefits of transactions

The reasons for and benefits of the 2015 Contract for Purchase and Sale of Copper Concentrate mainly include:

- (a) the Group (including Huatailong) has established a long-term cooperative relationship with China National Gold and the Directors, having considered other contracts for purchase and sale of copper concentrate entered into between the Company and independent third parties, are of the view that the 2015 Contract for Purchase and Sale of Copper Concentrate is on no less favourable terms compared to those offered by independent third parties, therefore, the 2015 Contract for Purchase and Sale of Copper Concentrate will provide the Group with a ready buyer of the copper sulphide concentrate produced at the Jiama Mine and the Group (including Huatailong) is able to execute the transactions with CNGG, which is ultimately controlled by China National Gold, with more flexibility (such as the flexibility to determine the timing of sale as it is entitled but not obligated to designate one delivery date per week, and may cancel any shipment without penalty up to two working days prior to the relevant delivery date) 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 Huatailong) that risks it may face conducting business with CNGG, which is ultimately controlled by China National Gold, would be low;
- (c) the pricing term under the Contract for Purchase and Sale of Copper Concentrate is fair, reasonable and beneficial to Huatailong; and
- (d) the sales volume to CNGG for the year ending December 31, 2015 is expected to increase in line with the continued growth in the production of copper sulphide concentrates at the Jiama Mine pursuant to the expansion plan of the Jiama Mine.

The Directors (including all independent non-executive Directors) are of the view that (i) the transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate will be entered into in the ordinary and usual course of business of the Group; (ii) the terms of the 2015 Contract for Purchase and Sale of Copper Concentrate are conducted on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iii) the annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate for the year ending December 31, 2015 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Jiama Phase II Hornfels Stripping and Mining Agreement

A. Key terms

Date: May 7, 2014

Parties: (a) Haitailong; and
(b) CTMG

Subject matter: CTMG shall provide Stripping and Mining services for phase II production-period hornfels at the Jiama Copper-Polymetallic Mine

Term: Subject to the approval of Independent Shareholders at the Meeting and compliance with other requirements under the Hong Kong Listing Rules, the project is planned to commence on July 1, 2014 and is planned to complete on December 31, 2016.

The mining volume is 6,000,000m³ and the stripping volume is 10,870,000m³ for the project, with a fixed mining price of RMB 38.30/m³ and stripping price of RMB 38.92/m³.

The selection of CTMG as the contractor for the stripping and mining services at the Jiama Mine was made pursuant to the open market tendering process in accordance with the internal tendering guidelines of the Company, which are prepared in accordance with the Tendering and Bidding Law of the PRC, which serves to protect national and public interests as well as the legitimate rights and interests of the parties involved in tendering and bidding activities in the PRC.. In determining the above mining price and stripping price, the Group considered that the terms provided by CTMG are more favourable than other parties and CTMG is more experienced in the services to be provided compared to the other bidders.

Service Fee: In consideration of the Stripping and Mining services, Huatailong shall pay CTMG service fee up to an aggregate amount of RMB 652,840,000 calculated based on the unit price of workload for the finished quantity of work as the project progresses.

Payment terms: CTMG shall compile monthly report which shall be submitted to the supervising engineer and Huatailong together with monthly payment request and supporting documents.

Within 10 days after the supervising engineer and Huatailong have verified and confirmed the actual completed quantity of work in the report for the relevant month, Huatailong shall pay CTMG progress payment being 90% of the accrued service fee based on the unit price and the finished quantity of work.

By the end of each year and upon settlement of all related expenses, up to 95% of the accrued service fee shall become payable by Huatailong to CTMG.

The remaining service fee shall become payable by Huatailong to CTMG upon completion or expiration of the term of the Jiama Phase II Hornfels Stripping and Mining Agreement provided that CTMG has strictly complied with all the requirements for the stripping and mining carried out under the Jiama Phase II Hornfels Stripping and Mining Agreement.

B. Proposed annual caps and basis of determination for annual caps under the Jiama Phase II Hornfels Stripping and Mining Agreement

	Annual cap (RMB in thousands)		
	For the period commencing July 1, 2014 and ending December 31, 2014	For the year ending December 31, 2015	For the year ending December 31, 2016
Aggregate service fee	183,000	366,000	366,000

In arriving at such annual caps, the Directors have considered the following factors:

- (a) the expected total service fee payable under the Jiama Phase II Hornfels Stripping and Mining Agreement; and
- (b) the work schedule of the project based on the fixed unit price.

C. Reasons for and benefits of transactions

The reasons for and benefits of the Jiama Phase II Hornfels Stripping and Mining Agreement mainly include:

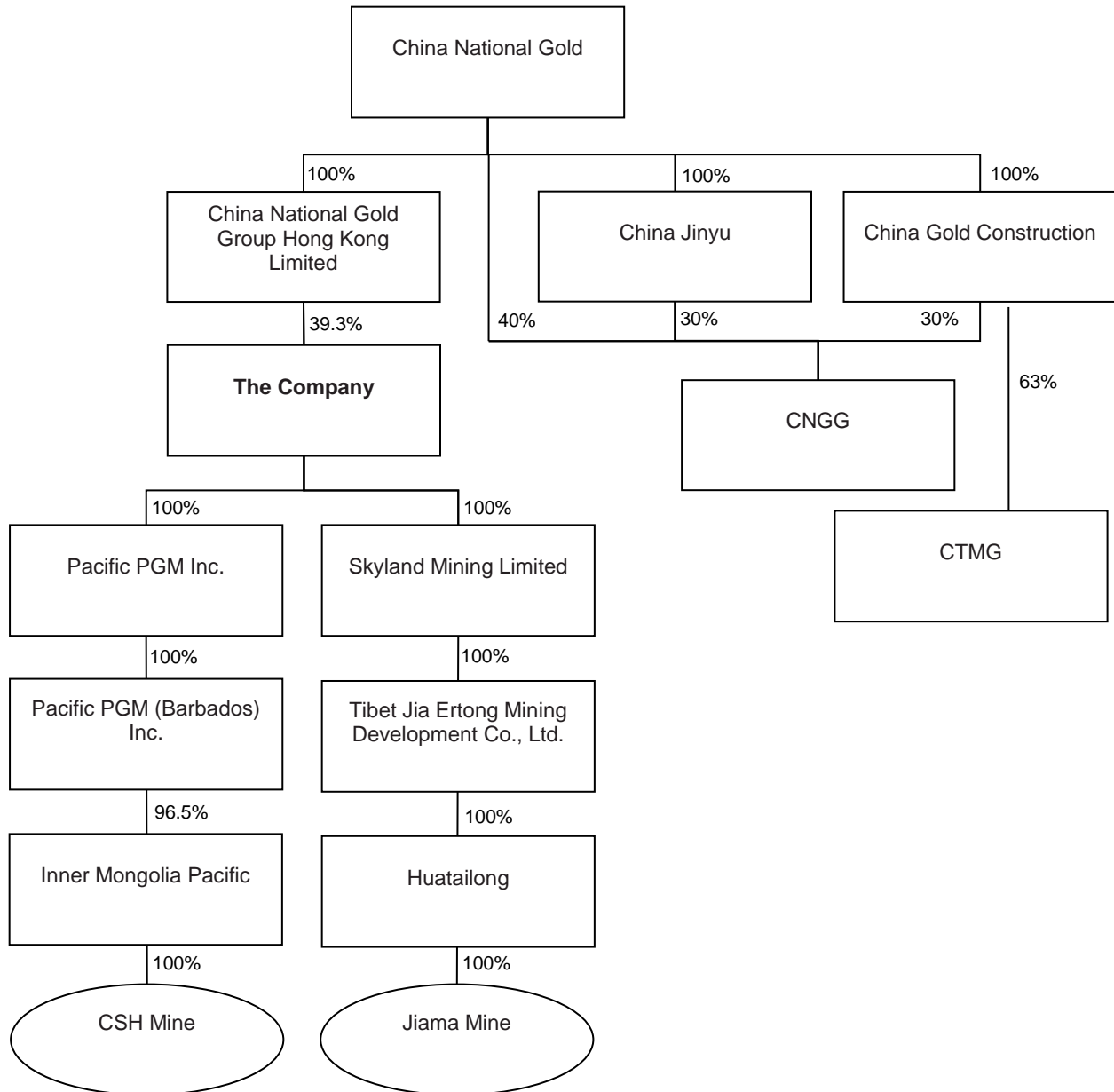
- (a) The Jiama Mine is located in the Tibet Autonomous Region where the mining conditions are harsh. The workforce of CTMG possesses extensive experience and the technological capabilities necessary to complete projects in harsh environments and at high altitude.
- (b) The experience and expertise of CTMG: China Tenth Metallurgy Group Limited Corporation is established in 1948, over 60 years with total asset more than RMB 1 billion. The registered capital of CTMG is RMB 300 million. There are 4,700 staffs present in CTMG, and among them, there are 1,558 professional technicians with different courses, 189 with senior professional title. CTMG with construction industry as core business has complete qualifications, including 8 first-grade qualifications in construction general contracting, such as house building engineering, mine engineering and etc. Over 60 years, CTMG has spread over 28 provinces, cities, and municipalities and have accumulated abundant construction experiences in State large projects, especially in “High-end, Large, Fine, Top, and Special” projects construction. Many times, CTMG has continuously been awarded as National Excellent Construction Company, China Engineering Construction Credit AAA Company.
- (c) The Jiama Phase II Hornfels Stripping and Mining Agreement will effectively implement the Phase II development plan for the Jiama Mine as set out in the Prefeasibility Study.

The Directors (including all independent non-executive Directors) are of the view that (i) the transactions contemplated under the Jiama Phase II Hornfels Stripping and Mining Agreement will be entered into in the ordinary and usual course of business of the Group; (ii) the terms of the Jiama Phase II Hornfels Stripping

and Mining Agreement are conducted on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iii) the annual monetary caps for the transactions contemplated under the Jiama Phase II Hornfels Stripping and Mining Agreement for the period commencing July 1, 2014 and ending December 31, 2014 and for the two years ending December 31, 2015 and 2016 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATION UNDER THE HONG KONG LISTING RULES

The following diagram sets out the current shareholding relationship among China National Gold, the Company and CNGG and CTMG.



As shown above, the Company, Inner Mongolia Pacific, Huatailong and CNGG and CTMG are ultimately controlled by China National Gold. As such, China National Gold and CNGG and CTMG 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 2015 Contract for Purchase and Sale of Dore 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 transactions contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate 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 transactions contemplated under the Jiama Phase II Hornfels Stripping and Mining 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.

Each of Mr. Xin Song, Mr. Bing Liu, Mr. Lianzhong Sun and Mr. Zhanming Wu 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 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 non-ferrous 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 owns and operates the Jiama Mine. Since its establishment on January 11, 2007, it has been primarily engaged in exploration and mining activities. It is ultimately controlled by the Company.

CNGG is ultimately controlled by China National Gold directly through itself and indirectly through its wholly-owned subsidiaries, China Gold Construction and China Jinyu. CNGG primarily focuses on import and export of non-ferrous metals, such as copper, aluminum, lead and zinc, and related technology, sales of mineral products and steel, warehousing and investment advisory service.

CTMG is a large-scale construction services corporation established by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC in 1948. In October 2011, China Gold Construction acquired 63% of the equity interest in CTMG. The primary businesses of CTMG are construction, real estate development and mine resources development. Its total asset value is more than RMB1 billion. The registered capital of CTMG is RMB300 million.

RECOMMENDATION

Based on its views set out above, the Board recommends that the Independent Shareholders vote in favour of the resolutions concerning the Proposed Matters.

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

Having taken into account the advice of TC Capital Asia Limited, the Independent Board Committee considers that (i) the terms of the Continuing Connected Transaction Contracts (including the respective annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Stripping and Mining Agreement) are fair and reasonable; (ii) the transactions contemplated thereunder will be conducted on normal commercial terms in the ordinary and usual course of business of the Group; and (iii) such transactions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Proposed Matters at the Meeting.

THE MEETING

The Meeting will be held at 8:00 am on Wednesday, June 18, 2014 Vancouver time (i.e. Thursday, June 19, 2014 Hong Kong time) in the Walker Room of the Terminal City Club located at 837 West Hastings Street, Vancouver, British Columbia, Canada V6C 1B6.

At the Meeting, ordinary resolutions will be proposed to, among other things, approve the Proposed Matters. Voting on such ordinary resolutions at the Meeting will be conducted by way of poll in accordance with the requirements of the Hong Kong Listing Rules.

As of the Latest Practicable Date, China National Gold was interested in and entitled to exercise control over approximately 39.3% of the total number of the issued shares of the Company. As such, China National Gold and its associates will abstain from voting with regards to the ordinary resolutions to be proposed at the Meeting in connection with the Proposed Matters.

Yours faithfully,

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

"Xin Song"

Xin Song
Chairman

SCHEDULE E

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

May 14, 2014

Dear Independent Shareholders,

We refer to the information circular dated May 14, 2014, of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the accompanying information circular shall have the same meanings in this letter.

We have been appointed to as members of the Independent Board Committee, which has been established to advise the Independent Shareholders on whether (i) the terms of the Continuing Connected Transaction Contracts (including the respective annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Stripping and Mining Agreement) are fair and reasonable; (ii) the transactions contemplated thereunder will be conducted on normal commercial terms in the ordinary and usual course of business of the Group; and (iii) such transactions are in the best interests of the Company and its Shareholders as a whole.

TC Capital Asia Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders in respect of the transactions contemplated under the Continuing Connected Transaction Contracts (including the respective annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Stripping and Mining Agreement). We wish to draw your attention to the letter from TC Capital Asia Limited set out in Schedule F to the accompanying information circular.

As members of the Independent Board Committee, we have discussed with the management of the Company in relation to (i) the Continuing Connected Transaction Contracts, (ii) the basis upon which the terms of the Continuing Connected Transaction Contracts have been determined, and (iii) the basis upon which the respective annual caps for transactions contemplated under the 2015 Contract for Purchase and Sale of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Stripping and Mining Agreement have been calculated. We have also taken into account the principal factors and reasons considered by TC Capital Asia Limited in forming its opinion in relation to the Proposed Matters, and have discussed with TC Capital Asia Limited its letter of advice.

On the basis of the above, we consider, and agree with the view of TC Capital Asia Limited, that (i) the terms of the Continuing Connected Transaction Contracts (including the respective annual monetary caps for the transactions contemplated under the 2015 Contract for Purchase and Sale of Dore, the 2015 Contract for Purchase and Sale of Copper Concentrate and the Jiama Phase II Hornfels Stripping and Mining Agreement) are fair and reasonable; (ii) the transactions contemplated thereunder will be conducted on normal commercial terms in the ordinary and usual course of business of the Group; and (iii) the such transactions are in the best interests of the Company and its Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolutions in respect of the Proposed Matters at the Meeting.

Yours faithfully,

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

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

Independent Non-executive Directors

SCHEDULE F

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



TC Capital Asia Limited
天財資本亞洲有限公司

May 14, 2014

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction Contracts and the proposed annual caps contemplated thereunder, and the details of which are set out in Schedule D - Letter from the Board of Directors (the “**Board Letter**”) contained in the information circular dated 14 May, 2014 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

On May 7, 2014, (i) Inner Mongolia Pacific and China National Gold entered into the 2015 Contract for the Purchase and Sale of Dore pursuant to which China National Gold agreed to purchase and Inner Mongolia Pacific agreed to sell gold dore bars and silver by-products produced at the CSH Gold Mine for the three financial years ending December 31, 2017; (ii) Huatailong and CNGG entered into the 2015 Contract for the Purchase and Sale of Copper Concentrate pursuant to which CNGG agreed to purchase and Huatailong agreed to sell copper sulphide concentrates, which mainly contain copper with small amount of gold and silver, produced at the Jiama Mine for the financial year ending December 31, 2015; and (iii) Huatailong and CTMG entered into the Jiama Phase II Hornfels Stripping and Mining Agreement pursuant to which Huatailong agreed to procure and CTMG agreed to provide stripping and mining services for the period commencing July 1, 2014 and ending December 31, 2014 and for the two financial years ending December 31, 2016.

Given that China National Gold is the ultimate controlling shareholder of the Company, China National Gold and its associates, namely CNGG and CTMG, are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. As one or more of the relevant percentage ratio(s) (as defined under Rule 14.07 of the Hong Kong Listing Rules) for the transactions contemplated under the Continuing Connected Transaction Contracts exceed 5%, the transactions of which thus constitute non-exempt continuing connected transactions that are subject to reporting, annual review, announcement and the Independent Shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Our role as independent financial adviser is to give our opinion as to whether the Continuing Connected Transaction Contracts and the proposed annual caps contemplated thereunder, are on normal commercial

terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Basis of our opinion

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered and reviewed, among other things, (i) the 2015 Contract for Purchase and Sale of Dore; (ii) the 2015 Contract for Purchase and Sale of Copper Concentrate; (iii) the Jiama Phase II Hornfels Stripping and Mining Agreement; (iv) the Company's 2013 & 2012 annual reports; (v) the Pre-feasibility Study; and (vi) other information as set out in the Circular. We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the senior management of the Company. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to doubt that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs of the Company, CNGG and CTMG and China National Gold or their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect to the Continuing Connected Transaction Contracts and the proposed annual caps contemplated thereunder, we have taken into consideration the following principal factors and reasons:

A. Background of and reasons for the Continuing Connected Transaction Contracts

(a) The 2015 Contract for Purchase and Sale of Dore

On May 7, 2014, Inner Mongolia Pacific and China National Gold entered into the 2015 Contract for Purchase and Sale of Dore pursuant to which Inner Mongolia Pacific agreed to sell and China National Gold agreed to purchase gold dore bars and silver by-products produced at the CSH Gold Mine for the three financial years ending 31 December, 2017. Further details of the terms of the 2015 Contract for Purchase and Sale of Dore are set out in the section below headed "B. Principal Terms of the Continuing Connected Transaction Contracts".

The CSH Mine is located in Inner Mongolia Autonomous Region of China containing low-grade, near surface gold deposits, along with other mineralized prospects and operated by Inner Mongolia Pacific. Gold is the most abundant metal among all end products in the CSH Mine. As mentioned in 2013 annual report of the Company (the "**2013 Annual Report**"), the CSH Mine is currently operating with processing capacity of 30,000 tons per day ("**tpd**") and the Company planned to expand its processing capacity from 30,000 tpd to 60,000 tpd and the gold production will be increased from the current 133,000 ounces per annum to about 260,000 ounces per annum by 2016.

According to the Company, Inner Mongolia Pacific has sold all of its gold dore bars from the CSH Mine to China National Gold since October 2008, with a view to achieve a better payment settlement and mitigating counterparty credit risk as Inner Mongolia Pacific believes the business reputation and creditworthiness of China National Gold would mitigate counterparty credit risk.

Having considered (i) the need to accommodate the Group's expansion plan in the CSH Mine; (ii) the long-term cooperative relationship between China National Gold and the Company (including Inner Mongolia Pacific), thereby minimizing counterparty credit risk and providing more flexibility to transaction; and (iii) the pricing terms under the 2015 Contract for Purchase and Sale of Dore are no less favorable than those offered by independent third parties (as mentioned in the section below headed "B. Principal terms of the continuing connected transactions- (a) 2015 Contract for Purchase and Sale of Dore"), we are of the view that the entering into of the 2015 Contract for Purchase and Sale of Dore falls within the ordinary and usual course of business of the Group, fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

(b) The 2015 Contract for Purchase and Sale of Copper Concentrate

On May 7, 2014, Huatailong and CNGG entered into the 2015 Contract for Purchase and Sale of Copper Concentrate pursuant to which Huatailong agreed to sell and CNGG agreed to purchase the copper sulphide concentrates produced at the Jiama Mine operated by Huatailong from time to time for the financial year ending December 31, 2015. Further details of the terms of the 2015 Contract for Purchase and Sale of Copper Concentrate are set out in the section below headed "B. Principal Terms of the Continuing Connected Transaction Contracts".

CNGG, an indirect wholly-owned subsidiary of China National Gold, primarily focuses on import and export of non-ferrous metals, such as copper, aluminum, lead and zinc, and related technology, sales of mineral products and steel, warehousing and investment advisory service.

Pursuant to the Board Letter, CNGG has been purchasing copper concentrate from Huatailong for over 3 years. The Directors consider that the entering into of the 2015 Contract for Purchase and Sale of Copper Concentrate is an extension of the existing contract for purchase and sale of copper concentrate between CNGG and Huatailong with similar terms. Given the long-term cooperative relationship between China National Gold (including CNNG) and the Group (including Huatailong), we concur with the Directors that the Group, as well as Huatailong, is able to execute transactions with CNGG with more flexibility and on more favourable terms such as the flexibility to determine the timing of sale as it is entitled but not obligated to designate one delivery date per week, and may cancel any shipment without penalty up to two working days prior to the relevant delivery date.

Moreover, according to the Board Letter, 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. 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. We noted that China National Gold recorded revenues of over RMB110 billion in 2013, as well as total assets of approximately RMB65 billion in 2012. Given the strong financial position and the background of China National Gold, a corporation established by the central government of the PRC with a long history of in precious metals trading, it lends assurance to the Group (including Huatailong) in conducting business with CNGG.

Having considered that (i) China National Gold, which ultimately controls CNGG, has established long term relationship with the Group, thereby minimizing counterparty credit risk and providing more flexibility to transaction as discussed above; (ii) China National Gold, as a major gold and copper conglomerate, is capable to undertake copper concentrates from Huatailong; and (iii) the pricing terms under the 2015 Contract for Purchase and Sale of Copper Concentrates are no less favorable than those offered by independent third parties (further explanation and analysis are

under the section below headed “B. Principal terms of the continuing connected transactions- (b) 2015 Contract for Purchase and Sale of Copper Concentrate”), we are of the view that the entering into of the 2015 Contract for Purchase and Sale of Copper Concentrate falls within the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

(c) *The Jiama Phase II Hornfels Stripping and Mining Agreement*

On May 7, 2014, Huatailong entered into the Jiama Phase II Hornfels Stripping and Mining Agreement with CTMG, pursuant to which CTMG agreed to provide stripping and mining services to Huatailong at the Jiama Mine for the period commencing July 1, 2014 and ending December 31, 2014 and for the two financial years ending December 31, 2017. Further details of the terms of the Jiama Phase II Hornfels Stripping and Mining Agreement are set out in the section below headed “B. Principal Terms of the Continuing Connected Transaction Contracts”.

Pursuant to the Board Letter, CTMG shall provide stripping and mining services for phase II production-period hornfels at the Jiama Mine under the Jiama Phase II Hornfels Stripping and Mining Agreement. Established in 1948, CTMG, an indirect subsidiary of China National Gold, is a comprehensive conglomerate with primary businesses covering construction industry, real estate development, mine resources development with registered capital of RMB300 million and total asset more than RMB1 billion. CTMG is well-recognized as the expert in the construction and operation of mine resources development related facilities, has operated in over 28 provinces, cities, and municipalities, and has accumulated abundant construction experiences in large projects belonging to the state, especially in “High-end, Large, Fine, Top, and Special” projects construction. It has obtained a First-Grade Qualifications in Construction Contracting (Mine Engineering) issued by Ministry of Housing and Urban-Rural Development of the PRC, a ministry of the PRC government which provides housing and regulates the state construction activities in the country. In addition, as set out in the Board Letter, CTMG has continuously been awarded as a National Excellent Construction Company and China Engineering Construction Credit AAA Company.

Operated by Huatailong, the Jiama Mine is a large scale copper-gold polymetallic deposit containing copper, gold, silver, molybdenum, and other metals in the Tibet Autonomous Region of China, where the mining environment is harsh. The end products from the Jiama Mine include copper, molybdenum, lead and zinc concentrates, with other metals as by-products. Copper is the most abundant metal among all end products. Given the high altitude and extreme weather in the Tibet Autonomous Region, it increases the difficulties in mining and stripping related work tasks. The Directors believe the workforce of CTMG possesses extensive experience in engineering projects at high altitude and in extreme weather conditions, which allows CTMG to be able to arrange for an experienced workforce and suitable equipment to complete the projects at the Jiama Mine, which is situated in central Tibet at a high altitude of approximately 12,000 feet with thin air.

The development of the Jiama Mine is implemented in two phases. Phase I of the Jiama Mine commenced mining operation in the latter half of 2010 and reached its design capacity of 6,000 tpd in early 2011. As set out in the 2013 Annual Report and the Company’s presentation named “Corporate Overview and Expansion Updated” to the Shareholders, investors and analysts dated 28 March 2014 (the “**2014 Corporate Overview**”), Phase II development of the Jiama Mine plans to expand the Jiama Mine from its current mining and processing capacity of 6,000 tpd to 50,000 tpd of ore and will be implemented in two stages. The first stage of construction would expand the mining and processing capacity from 6,000 tpd to 28,000 tpd and is expected to be completed by the second half of 2014. As part of the first stage of construction, CTMG were engaged to conduct the construction and engineering service on the mining infrastructure (such as roads, electricity and other utilities) for the upcoming hornfels production in the Jiama Mine. The second stage is

targeted to increase an additional 22,000 tpd mining and processing capacity to the Company and is expected to be completed by the second half of 2015.

Having considered (i) the long-term cooperative relationship between China National Gold (including CTMG) and the Company (including Huatailong); (ii) the expertise and resources of CTMG to complete the tasks under extreme environment; and (iii) the Phase II development plan in Jiama Mine that will increase the production of the Jiama Mine, we consider that the Jiama Phase II Hornfels Stripping and Mining Agreement between CTMG and Huatailong is entered into in the ordinary and usual course of business of the Group, fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

B. Principal terms of the continuing connected transactions

(a) The 2015 Contract for Purchase and Sale of Dore

- Principal terms of the 2015 Contract for Purchase and Sale of Dore are set out below:

Date	:	May 7, 2014
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 Meeting and compliance with other requirement under the Hong Kong Listing Rules, effective until December 31, 2017
Payment terms	:	Pricing for gold dore bar products is referenced to the daily average price of Au9995 gold ingot as quoted on the Shanghai Gold Exchange on the notification date to be notified by the seller to the purchaser at least three working days prior to delivery of shipment of gold dore bars less RMB0.95 per gram, multiplied by the settlement weight. The amounts of RMB0.95 per gram to be deducted from the quoted price is the cost of refining gold dore bars by the purchaser which was determined based on and is consistent with that for the historical transactions between the Group and independent third parties.

Pricing for silver by-products is referenced to the daily average price of No. 2 silver at the Shanghai Huatong Platinum & Silver Exchange on the notification date to be notified by the seller to the purchaser at least three working days prior to delivery of shipment of silver by-products less RMB0.5 per gram, multiplied by the settlement weight. The amount of RMB0.5 per gram to be deducted from the quoted price is the cost of refining silver by-products which

was determined based on and is consistent with that for the historical transactions between the Group and the independent third parties.

Settlement shall take place three working days after China National Gold has received the material at the refinery unless samples are sent to an umpire analysis. Inner Mongolia Pacific shall deliver an invoice to China National Gold for the resulting settlement weight, and China National Gold will have 30 calendar days to effect payment to Inner Mongolia Pacific.

With regards to determination of the selling prices of gold dore bars and silver by-product based the price quotation on the Shanghai Gold Exchange and Shanghai Huatong Platinum & Silver Exchange, we have discussed with the Company and noted that these two exchange platforms are the most influential precious metal exchanges in the PRC, and it is the industry practice to determine the price of gold and silver with reference to these two exchange platforms. Furthermore, based on our research, we note that (i) the Shanghai Gold Exchange is approved by the State Council to organizes the gold transactions with the principle of openness, fairness, justness and honesty and the gold prices published there are always referred by the domestic gold player to price their products; and (ii) the Shanghai Huatong Platinum & Silver Exchange is designated by the State Council and the most influential service platform for spot silver transactions in China with more than 200 members including some of the largest silver producers in China. Also, we were advised by the Company that the sale of gold dore bars and silver by-products are for domestic only, we thus concur with the Directors that it is reasonable that the selling price of gold dore bars and silver by-products are referenced to these two local exchanges in the PRC.

We have been provided with all contracts for purchase and sale of dore entered into between the Company and independent third parties, and we noted that the settlement price determination method is the same as that under the 2015 Contract for Purchase and Sale of Dore and the 2012 Contract for Purchase and Sale of Dore (as amended and supplemented by the Supplemental Contract for Purchase and Sale of Dore). We further discussed with the Company that the amount deducted, RMB0.95 per gram for gold dore bars and RMB0.5 per gram for silver by-products as mentioned in the above table (the “**Flat Rate Expense**”), which are to be deducted from the respective settlement price, in determining the settlement price with China National Gold, the Company advised us that the Flat Rate Expense is the cost of refining the gold dore bars and silver by-products by China National Gold, and it is the industry practice of taking into account the refinery cost in determining the settlement price of gold dore bars and silver by-products. Given that the Flat Rate Expenses are determined based on and is consistent with that for the historical transactions between the Group and independent third parties, we are of the view that the basis for determining the Flat Rate Expenses is fair and reasonable.

Having consider (i) the selling prices of gold dore bars and silver by-products are reference to the local influential exchanges in the PRC; (ii) Inner Mongolia Pacific has the flexibility to determine the timing of sale as it is entitled but not obligated to designate one delivery date per week, and may cancel any shipment without penalty up to two working days prior to the relevant delivery date; (iii) the 2015 Contract for Purchase and Sale of Dore will provide the Group with a ready buyer of the gold dore bars and silver by-products produced at the CSH Gold Mine; (iv) the Flat Rate Expense is the refinery cost borne by China National Gold, which is no less favourable to China National Gold compared to that of independent third parties; and (v) the contracts reviewed are fair and representative samples, we concur with the view of the Directors that the terms of the 2015 Contract for Purchase and Sale of Dore are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

(b) *The 2015 Contract for Purchase and Sale of Copper Concentrate*

- Principal terms of the 2015 Contract for Purchase and Sale of Copper Concentrate are set out below:

Date	:	May 7, 2014
Parties	:	(a) Huatailong (as the seller); and (b) CNGG (as the purchaser)
Subject matter	:	The sale and purchase of copper sulphide concentrates, which mainly contain copper with a small amount of gold and silver, produced at the Jiama Mine owned and operated by Huatailong in Tibet Autonomous Region of the PRC
Term	:	Subject to the approval of the Independent Shareholders at the Meeting and compliance with other requirements under the Hong Kong Listing Rules, effective until December 31, 2015
Payment terms	:	Settlement price for copper sulphide concentrates is to be determined through prescribed figures disclosed in the agreement, based on the monthly average bench mark price of copper, gold and silver.

The average bench mark price for copper is determined by 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. If the bench mark price is equal to or below RMB20,000 a ton or more than RMB75,000 a ton, both parties will use friendly negotiation to determine the settlement price. Under this scenario, the staffs responsible for such copper purchase and sale contract are required to submit no less than 3 price quotations from independent third parties in the PRC for the review, comparison and approval by Independent Board Committee on the basis that such price is no less favourable to the Group than prices available from independent third parties. Otherwise, the settlement price shall be the bench mark price, multiplied by the corresponding coefficient for pricing (with a range of 0.664 to 0.863 which is identical to that agreed with independent third parties), which increases with the bench mark price and is disclosed in the agreement. If the market situation significantly changes, both parties shall, through friendly negotiation, determine the copper bearing settlement price in writing.

The average bench mark price for gold (with gold content less than one gram per dry metric ton) is based on the trading days from 1st to 31st of the month in which the goods are delivered, to be calculated by the monthly arithmetic average of the weighted (settlement) price of Au9995 gold ingot of each trading day in the Shanghai Gold Exchange. If the gold content is equal to or more than one gram per dry metric ton, the settlement price shall be the bench mark price, multiplied by the corresponding coefficient for pricing, which increases with the gold content and is disclosed in the agreement. Such coefficient is negotiated at arm's length and is identical to that

agreed with independent third parties. If the gold bench mark price increases and such coefficient would increase with the gold content as the extraction cost should be adjusted to remain constant when gold content increases. Such arrangement is an industry practice as it reflects the cost of extracting the gold content of the ore.

The average bench mark price for silver (with silver content less than 20 grams per dry metric ton) is based on the trading days from the 1st to 31st of the month in which the goods are delivered, and calculated using the monthly arithmetic average of No.3 GB silver in the Shanghai White Platinum & Silver Exchange. If the silver content is equal to or more than 20 grams per dry metric ton, the settlement price shall be the bench mark price multiplied by the corresponding coefficient for pricing, which increases with the silver content and is disclosed in the agreement. Such coefficient is negotiated at arm's length and is identical to that agreed with independent third parties. The treatment for silver settlement price with respect to the silver bench mark price is similar to that of gold as discussed above except the average is calculated based on No.3 GB silver in the Shanghai White Platinum & Silver Exchange and a different coefficient.

Delivery of goods shall be made by Huatailong within 30 days after receiving advance payment by CNGG according to the quantity to be delivered. Settlement shall be conducted within five working days of the next month. Huatailong shall timely provide the invoice for settlement according to the settlement amount (issue 17% value added tax special invoice for copper and silver; and issue plain invoice for gold). If there is a difference between the amount of the advance payment and the settlement amount, the amount overpaid shall be refunded by Huatailong while the amount deficient shall be supplemented by CNGG.

We have reviewed the 2015 Contract for Purchase and Sale of Copper Concentrate and discussed the settlement price with the management of the Company. We have been also provided with all contracts for purchase and sale of copper concentrates entered into between the Company and independent third parties and we noted that all material terms therein are identical to the 2015 Contract for Purchase and Sale of Copper Concentrate and therefore we consider the settlement price under the 2015 Contract for Purchase and Sale of Copper Concentrate shall be identical to the settlement price under the contracts for purchase and sale of copper concentrates entered into between the Company and independent third parties given the copper under delivery are in similar grade

In particular, we understand that the copper settlement price is the copper bench mark price multiplied by a corresponding coefficient (with a range of 0.664 to 0.863 which is identical to that agreed with independent third parties) and such corresponding coefficient would increase with the copper bench mark price. As advised by the Company, the reason to set an increment on the corresponding coefficient for the increase of copper bench mark prices is the usual industry practice and to maintain a relatively stable nominal value for the copper refinery cost (which is the difference between settlement price and the bench mark price) irrespective of the level of copper bench mark prices. We have performed a scenario analysis on such arrangement and found that the growth rate of the implied refinery cost represents an increase of approximately 39.7% RMB7,110 per ton to RMB9,933 per ton, compared to the increase in copper bench mark price by approximately 222.2% from RMB 22,500 per ton to RMB 72,500 per ton. The said scenario analysis are presented in below table for better illustration purposes.

Copper Bench mark Price (RMB / ton)	Coefficient	Settlement Price (RMB / ton)	Implied Refinery Cost (RMB / ton)
22,500	0.684	15,390	7,110
30,000	0.726	21,780	8,220
37,500	0.765	28,688	8,813
42,500	0.787	33,448	9,053
47,500	0.811	38,523	8,978
52,500	0.829	43,523	8,978
57,500	0.838	48,185	9,315
62,500	0.847	52,938	9,563
67,500	0.856	57,780	9,720
72,500	0.863	62,568	9,933

Based on the above analysis, we concur with the Directors that it is reasonable to include a mechanism to align the increase of corresponding coefficient to the increase of copper bench mark price so as to maintain a relatively stable nominal value of copper refinery cost because this cost should not be highly correlated to copper prices. As advised by the Company, due to the differences in copper contents and the presence of other minerals in copper concentrates, it is difficult for the parties to agree on a fixed refinery cost or determine a refinery cost batch by batch on site. We have reviewed all contracts for purchase and sale of copper concentrates entered into between the Company and independent third parties and we found that the formula used in determining the copper settlement prices for 2015 Contract for Purchase and Sale of Copper Concentrate is identical to the other contracts for purchase and sale of copper concentrates entered into between the Company and independent third parties, so we concur with the Company that it is the industry practice to determine the settlement price using the above discussed method.

On the other hand, if the bench mark price is equal to or below RMB20,000 a ton or more than RMB75,000 a ton, both parties will negotiate on an arm's length basis to determine the copper bearing settlement price. We consider this arrangement appropriate as it is impractical to list out all possible bench mark prices which only have remote chances to appear in the agreement. We have reviewed the copper bench mark prices from 2011 to March 31, 2014 and noted that none of them fell outside RMB20,000 a ton or more than RMB75,000 a ton and the Company confirmed to us that there has been no occasion which required friendly negotiation to determine the settlement price since the Jiama Mine commenced production. The Company has further confirmed to us if friendly negotiation is required to determine settlement price, such transaction will be subject to the approval of the Independent Board Committee. Under this scenario, the staff responsible for such copper purchase and sales contract are required to submit no less than 3 price quotations from independent third parties in the PRC for the review (the "Quotation Mechanism"), comparison and approval by Independent Board Committee on the basis that such price is no less favourable to the Group than prices available from independent third parties. We are unable to ascertain whether the above friendly negotiation to determine settlement price is fair and reasonable, but we are of the view that the Quotation Mechanism, together with the internal control policy adopted by the Company (further details as set out in the section below headed "D. Internal Control") are fair and reasonable and can safeguard the interest of the Company and the Shareholders as a whole.

Accordingly, we consider that the method for determining the copper settlement prices, including the range of coefficients, is fair and reasonable so far as the Independent Shareholders are concerned.

Moreover, as copper concentrates contain minute amounts of valuable minerals such as gold and silver, they are adjusted to reflect these contents. In respect of the gold content, the Company has indicated it is costly to smelt gold if the gold content is less than one gram per dry metric ton and the parties agree that the gold bearing price for these copper concentrates is made reference to the weighted (settlement) price of Au9995 gold ingot of each trading day in the Shanghai Gold Exchange to reflect the additional smelting cost. For gold content being more than one gram per dry metric ton, the mark up price will be a coefficient, which is negotiated at arm's length and is identical to that agreed with independent third parties. If the gold bench mark price increases and such coefficient would increase with the gold content as the extraction cost should be adjusted to remain constant when gold content increases. As advised by the Company, such arrangement is an industry practice as it reflects the cost of extracting the gold content of the ore. The treatment for silver settlement price with respect to the silver bench mark price is similar to that of gold as discussed above except the average is calculated based on No.3 GB silver in the Shanghai White Platinum & Silver Exchange and a different coefficient.

After reviewing all contracts for purchase and sale of copper concentrates entered into between the Company and independent third parties which also include the method for determining the gold and silver settlement prices and the respective pricing coefficient, we consider that the method determining the settlement prices of gold and silver for the contracts for purchase and sale of copper concentrates entered into between the Company and independent third parties are identical to the terms under the 2015 Contract for Purchase and Sale of Copper Concentrate and is fair and reasonable so far as the Independent Shareholders are concerned.

Taking into account that (i) the selling price of the copper sulphide concentrates is determined based on the bench mark prices of copper, gold and silver, which are determined with reference to average daily prices quoted on the Shanghai Futures Exchange, Shanghai Gold Exchange and Shanghai White Platinum & Silver Exchange, respectively; (ii) the 2015 Contract for Purchase and Sale of Copper Concentrate will provide the Group with a ready buyer of the copper sulphide concentrates produced at the Jiama Mine; (iii) CNGG is required to make all payment in advance for goods according to the quantity to be delivered, the payment term of which is the same as that under the current contract for purchase and sale of copper concentrate between Huatailong and CNGG dated 26 April 2013 and (iv) the contracts reviewed are fair and representative samples, we concur with the view of the Directors that the terms of the 2015 Contract for Purchase and Sale of Copper Concentrate are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

(c) The Jiama Phase II Hornfels Stripping and Mining Agreement

- Principal terms of the Jiama Phase II Hornfels Stripping and Mining Agreement are set out below:

Date	:	May 7, 2014
Parties	:	(a) Huatailong (as the employer); and (b) CTMG (as the contractor)
Subject matter	:	CTMG shall provide stripping and mining services to Huatailong to facilitate the Group's Phase II development plan for the Jiama Mine.
Term	:	Subject to the approval of the Independent Shareholders at the

Meeting and compliance with other requirements under the Hong Kong Listing Rules, the project is planned to commence from July 1, 2014 until December 31, 2016

- Services to be provided : Stripping and mining services
- Service scale : (i) Stripping volume: 10,870,000 cubic meter
(ii) Mining volume: 6,000,000 cubic meter
- Service fee : The maximum aggregate service fee payable is RMB652,840,000 calculated based on the unit price of workload for the finished quantity of work as the project progresses. The total service fee is charged in accordance with the following unit price:
- (i) Stripping: RMB 38.92 per cubic meter; and
(ii) Mining: RMB 38.3 per cubic meter.
- Payment terms CTMG shall compile monthly report which shall be submitted to the supervising engineer and Huatailong together with monthly payment request and supporting documents.

Within 10 days after the supervising engineer and Huatailong have verified and confirmed the actual completed quantity of work in the report for the relevant monthly, Huatailong shall pay CTMG progress payment being 90% of the accrued service fee based on the unit price and the finished quantity of work.

By the end of each year and upon settlement of all related expenses, up to 95% of the accrued service fee shall become payable by Huatailong to CTMG.

The remaining service fee shall become payable by Huatailong to CTMG upon completion or expiration of the Jiama Phase II Hornfels Stripping and Mining Agreement provided that CTMG has strictly complied with all the requirements for the stripping and mining carried out under the Jiama Phase II Hornfels Stripping and Mining Agreement..

As advised by the Company, the selection of CTMG as the contractor for the stripping and mining services at the Jiama Mine were made pursuant to the open market tendering process in accordance with the internal tendering guidelines of the Company (the “**Guidelines**”) (as set out in the below section headed “D. Internal Control- (a) Bidding and Tending Process”), which are prepared in accordance with and in compliance with the Tendering and Bidding Law of the PRC, which serves to protect national and public interests as well as the legitimate rights and interests of the parties involved in tendering and bidding activities in the PRC. We have reviewed all bidding documents submitted to Huatailong in relation to the provision of stripping and mining services in Jiama Mine, we note that the terms provided by CTMG, such as price quotation and construction period, are more favourable than other independent third parties. Given the stringent implementation of the Guidelines by the Company and the bidding documents reviewed are fair and representative samples, we concur with the Directors that the service fee under the Jiama Phase II Hornfels Stripping and Mining Agreement would be no less favorable than those offered by other parties.

Having considered (i) the Guidelines; the (ii) Tendering and Bidding Law of the PRC; and (iii) the Company has strictly adhered to the Guidelines, we thus are of the opinion that the terms of the Jiama Phase II Hornfels Stripping and Mining Agreement is on normal commercial terms, are fair and reasonable, and in the interests of the Company and Shareholders as a whole.

C. Proposed annual caps

(a) 2015 Contract for Purchase and Sale of Dore

The table below sets out the proposed annual cap under the 2015 Contract for Purchase and Sales of Dore for the three financial years ending December, 31, 2017:

<i>(in RMB million)</i>	For the year ending December 31		
	2015	2016	2017
Proposed annual caps	2,275.0	2,437.5	2,470.0

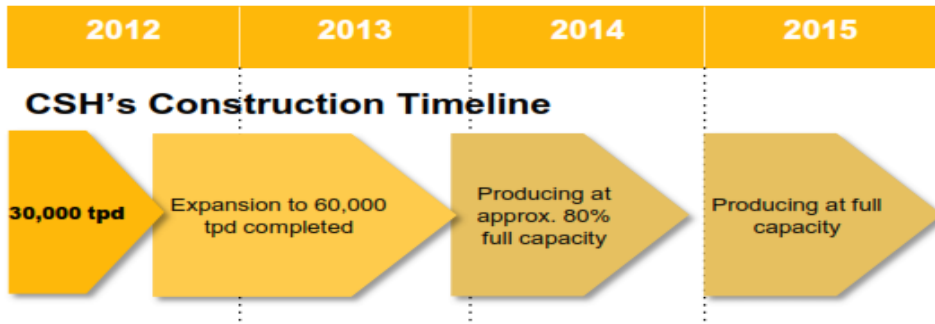
As stated in the Board Letter, the proposed annual caps for the three financial years ending December 31, 2017 have been determined with reference to:

- (i) Such caps are determined with reference to the amount of previous transactions during the two financial year ended December 31, 2013. For the year ended December 31, 2012 and the year ended December 31, 2013, the total gold production at the CSH Gold Mine was approximately 139,443 ounces and 131,418 ounces, respectively, and the aggregate sales amount to China National Gold was RMB1,457 million for the year ended December 31, 2012 and RMB1,127.36 million for the year ended 31 December 31, 2013;
- (ii) The production of gold at the CSH Gold Mine is expected to continue to grow from the current production of 131,418 ounces per annum to about 260,000 ounces per annum by 2016 pursuant to the potential operation expansion plan of CSH Gold Mine and the demand for gold by China National Gold will continue to increase. However, actual quantity of gold dore bar products and silver by-products to be sold would be affected by (i) limits of gold production capacity and (ii) fluctuation in gold price;
- (iii) 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;

In assessing the fairness and reasonableness of the proposed annual caps, we have considered the following factors:

➤ *Expected increase in gold production capacity*

Pursuant to the 2013 Annual Report, the Company completed the expansion plan of CSH Gold Mine on 1 Aug 2013, of with an additional 30,000 tpd crushing and ADR system and finished the rest of the expansion construction in 2013. We note from the 2014 Corporate Overview that the possessing capacity of the CSH Mine is expected to reach (i) 80% capacity in 2014 and (ii) full capacity in 2015 (as illustrated in the diagram below).



The CSH Gold Mine is expected to commence production at full capacity of 60,000 tpd in 2015, representing an increase of 100% to that of 30,000 tpd in 2012 and 2013, the gold dore and silver by-product salable to China National Gold will increase significantly for the three financial years ending 31 December 2017, respectively, as compared to the historical transaction amount in FY2013. Given the increased in the proposed annual caps under the 2015 Contract for Purchase and Sale of Dore are expected to grow largely in line with the increase in capacity from 30,000 tpd in 2012 to 60,000 tpd in 2015.

Besides, the 2015 Contract for Purchase and Sale of Dore does not provide that gold dore bars and silver by products produced at the CSH Gold Mine have to be sold exclusively to China National Gold, we consider it is favorable for Inner Mongolia Pacific to be enabled to choose the best purchaser among gold dore bars and silver trading companies or smelters and it is reasonable in the course of determining the annual caps to assume all gold dore bars and silver to be sold to China National Gold, given that China National Gold is the largest gold producer in the PRC and has the creditability in the industry.

➤ *Fluctuation in gold price*

Below is the daily price chart for Au9995 gold ingot as quoted on the Shanghai Gold Exchange from January 1, 2013 to March 31, 2014 (“**Gold Reference Period**”):



Source: Bloomberg

As advised by the Company, the Company has prudently taken into account the fluctuation in gold dore bars in determining the annual caps. According to the Company, the expected sales amount is 100% contributed by gold dore bar.

As shown in the chart above, the highest settlement price in the Gold Reference Period, RMB 339.8/g, is about 43.9% higher than the lowest settlement price of RMB 236.2/g. Given the volatility of gold ingot settlement price, we were advised by the Company that the annual caps have incorporated a buffer to allow for price fluctuation. We also understand that copper and other metal prices will be determined by a number of unpredictable factors, including but not limited to supply, demand and current stockpiles in place. Therefore we consider the inclusion of a buffer of approximately 25% for the proposed annual caps for the year ending December 31, 2015 being fair and reasonable.

Having considered the factors discussed above, in particular (i) the completion of expansion plan for the CSH Gold Mine in 2013; (iii) the volatility of settlement price of gold futures contract, we are of the view that the proposed annual caps contemplated under the 2015 Contract for Purchase and Sale of Dore are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and Shareholders as a whole.

(b) 2015 Contract for Purchase and Sale of Copper Concentrate

The proposed annual caps under the 2015 Contract for Purchase and Sale of Copper Concentrate for the financial year ending December 31, 2015 will be RMB3,553,000,000.

As disclosed in the Board Letter, the proposed annual caps under the 2015 Contract for Purchase and Sale of Copper Concentrate have been determined with reference to:

- (i) Such caps are determined with reference to the amount of previous transactions during the three financial years ended December 31, 2013. For the three financial years ended 31 December 2013, the total production of copper sulphide concentrates at the Jiama Mine was approximately 46,521 tons, 52,795 tons and 55,007 tons, respectively, and the aggregate sales to an independent third party of the Group and/or CNGG was approximately RMB 664,752,271, approximately RMB702,773,750 and approximately RMB772,220,392, respectively, for the three financial years ended December 31, 2013;
- (ii) The price of copper sulphide concentrates to be purchased by CNGG will be referenced to (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;
- (iii) The Directors expect that the sales volume to CNGG for the year ending December 31, 2015 is expected to increase in line with the continued growth in the production of copper sulphide concentrates at the Jiama Mine pursuant to the expansion plan of the Jiama Mine, details of which are set out in the Pre-feasibility Study. The increase in the actual caps under the 2015 Contract for Purchase and Sale of Copper Concentrate is also in line with the significant increase of the ore mining capacity of the Jiama Mine, which would be increased by approximately 566.67% from 2,000 tpd in 2013 to 50,000 tpd in the end of 2015. Copper produced in 2014 also expected to reach 22,700 tons, which is significantly more than the

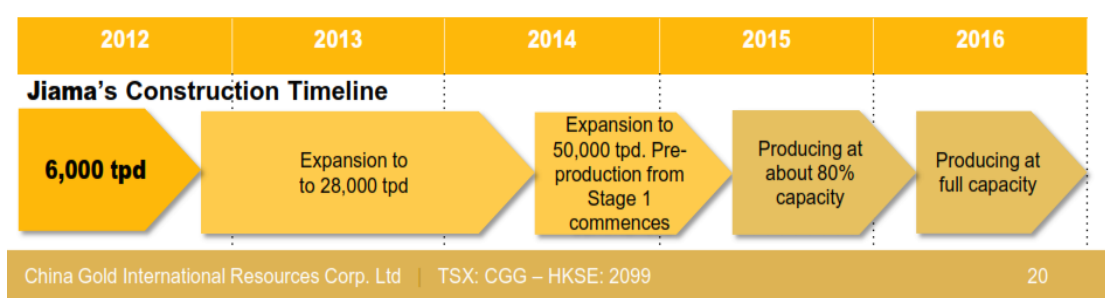
amount produced in 2013. However, actual quantity of copper sulphide concentrates to be sold would be affected by (i) limits of copper production capacity and (ii) fluctuation in copper price.

In assessing the fairness and reasonableness of the proposed annual cap under the 2015 Contract for the Purchase and Sale of Copper Concentrate, we have considered the following factors:

➤ *Copper production capacity*

Pursuant to the 2013 Annual Report, the development of Jiama Mine is implemented in two phases. Phase I development of the Jiama Mine was completed in late 2010 and reached its design capacity of 6,000 tpd in early 2011. As set out in the 2013 Annual Report, Phase II development of the Jiama Mine plans to expand the Jiama Mine from its current mining capacity of 6,000 tpd to 50,000 tpd of ore and will be implemented in two stages. We were advised by the Directors that the first stage of construction would expand the mining operations from 6,000 tpd to 28,000 tpd and is expected to be complete by the second half of 2014. The second stage would put additional 22,000 tpd capacity to the Company and is expected to be completed in the second half of 2015.

We note from the 2014 Corporate Overview, we note that the possessing capacity of Jiama Mine would reach (i) 80% capacity in 2015 and (ii) full capacity in 2016 (as illustrated in the diagram below).



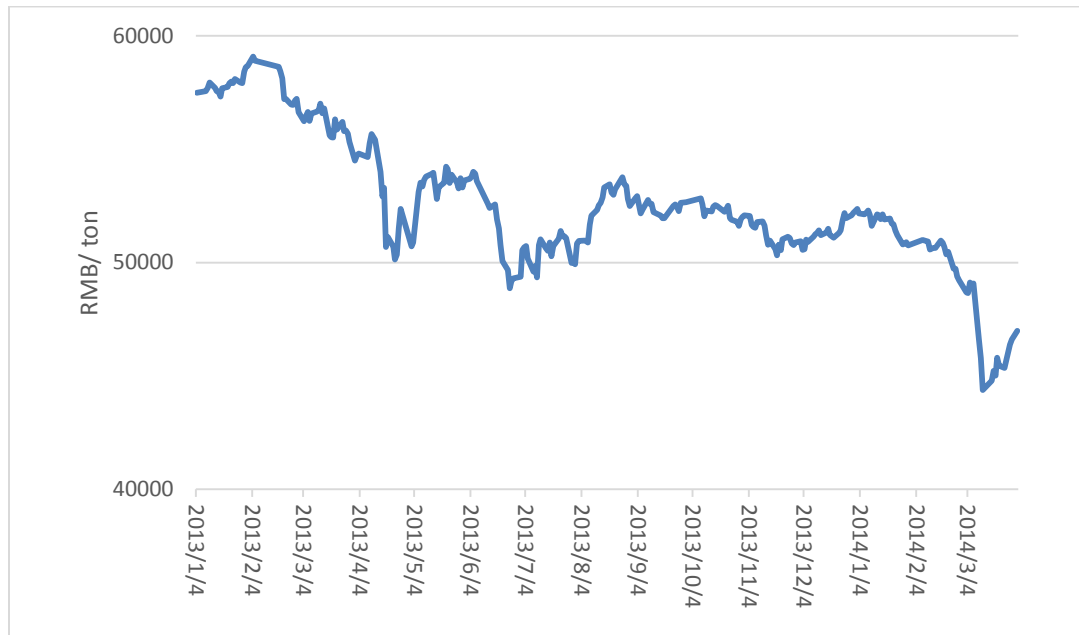
As illustrated above, the ore mining capacity of Jiama Mine would be increased by approximately 566.67% from 6,000 tpd in 2013 to 50,000 tpd in the end of 2015. Accordingly, the total copper metal saleable to CNGG will increase significantly in 2015 as compared with 2013 on a prudence basis.

We were advised by the Directors that the Group does not have copper smelting facility and therefore all copper concentrate will have to sell for refinery. Although the 2015 Contract for Purchase and Sale of Copper Concentrate does not provide that copper sulphide concentrate produced at the Jiama Mine have to be sold exclusively to CNGG, we consider it is favorable for Huatailong to be enabled to choose the best purchaser among copper trading companies or smelters and it is reasonable in the course of determining the annual caps to assume all copper concentrate to be sold to CNGG, given that China National Gold is the largest gold producer in the PRC and has the creditability in the industry.

➤ *Fluctuation in copper price*

As advised by the Company, the Company has prudently taken into account the fluctuation in copper and other metal prices in determining the annual caps. According to the Company, the expected sales amount is assumed to be contributed by copper product as to 70% and gold and silver products as to 30%. We have obtained the historical Shanghai Changjiang Copper Spot

price from Bloomberg and the following chart illustrates the historical trend of copper price for from January 1, 2013 to March 31, 2014 (“Copper Reference Period”).



Source: Bloomberg

As shown in the chart above, the highest copper price in the Copper Reference Period was RMB59,090/ton, about 33.2% higher than the lowest settlement price of RMB44,370/ton. Given the volatility of the historical copper price, we were advised by the Company that the annual caps have incorporated a buffer to allow for price fluctuation. We also understand that copper and other metal prices will be determined by a number of unpredictable factors, including but not limited to supply, demand and current stockpiles in place. Therefore we consider the inclusion of a buffer of approximately 25% for the proposed annual caps for the financial year ending December, 31, 2015 is fair and reasonable.

Having considered the factors discussed above, in particular (i) the expected completion of second stage of Phase II development plan for the Jiama Mine in the second half of 2015; (ii) the volatility of settlement price of copper futures contract, we are of the view that the proposed annual caps contemplated under the 2015 Contract for Purchase and Sale of Copper Concentrate are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and Shareholders as a whole.

(c) *Jiama Phase II Hornfels Stripping and Mining Agreement*

The table below sets out the proposed annual caps under the Jiama Phase II Hornfels Stripping and Mining Agreement for the three financial years ending December 31, 2016:

(in RMB' million)	For the financial year ending December 31,		
	2014	2015	2016
The proposed annual caps	183.0(Note)	366.0	366.0

Note: The proposed annual cap is for the six months ending 31 December 2014.

As set out in the Board Letter, the proposed annual caps under the Jiama Phase II Hornfels Stripping and Mining Agreement for the three financial years ending December 31, 2016 have been determined with reference to the (i) expected total service fees payable under by Jiama Phase II Hornfels Stripping and Mining Agreement; (ii) the work schedule of the project based on the fixed unit price.

In assessing the fairness and reasonableness of the proposed annual caps under the Jiama Phase II Hornfels Stripping and Mining Agreement, we have discussed with the management of the Company and have also obtained and reviewed the latest development plan in respect of mining and stripping provided by the Company. We note from the latest development plan that the calculation of annual fee payable to CTMG were reference to the planned working progress for each years, the estimated mining and stripping cost and a buffer of approximately 40%. Based on the aggregate amount of the mining and stripping costs for all scope of works for each year, the Company has added a buffer of approximately 40% in accordance with their experience. The buffer, according to the Company, is to ensure there is sufficient amount to cater for possible cost overrun, variation orders and labor costs. We were also advised that the estimated annual transaction amounts before the application of such buffer would be based on the cost and volume of stripping and mining of the Jiama Mine under the Jiama Phase II Hornfels Stripping and Mining Agreement. Given the utilization of the annual caps will depend on the stripping and mining progress will possibly result in large extent of variation in the annual transaction amount, we are of the opinion that the buffer is fair and reasonable.

Based on the above analysis, we are of the opinion that the proposed annual caps under the Jiama Phase II Hornfels Stripping and Mining Agreement for the three financial years ending December 31, 2016, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Having considered the rationale behind the proposed annual caps for each of the above contracts/agreement, we concur with the Company that the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

D. Internal Control

(a) Bidding and Tending Process

Pursuant to the prospectus of the Company issued on 17 November 2010 and the discussion with the Directors, we note that it is the market practices for the Company to outsource all the mining and exploration work (such as drilling) and most of the mining construction work to reputable third-party contractors, including, without limitation, China Railway 19 Bureau Group Co., Ltd. and China Metallurgical Chengong Construction Co., Ltd. The Directors believe that these arrangements, if properly managed, can lower the Company's operational cost and reduce capital expenditure for equipment and machinery.

Given that the Company relies on third-party contractors to conduct a substantial portion of the exploration, mine construction and mining activities, the Company has implemented stringent internal control policy on bidding and tending process of the mining and exploration work (the "**Bidding Guidelines**"), which is prepared in accordance with The Tending and Bidding Law of the PRC ("中華人民共和國招標投標法") (the "**Bidding Law**"), to safeguard the interest of the Company and the Shareholders as a whole. We managed to obtain and review the latest Bidding Guidelines from the Company, and the details of which are as follows:

- (a) The party offering the tender, after meeting the requisite requirements for construction tenders, will study and finalize the bidding method;
- (b) The party offering the tender will submit an application to the investment department of the Group, together with the bidding documents;
- (c) Upon receiving the application, the investment department of the Group will scrutinize each submitted application together with the bidding documents and file the application;

- (d) The party offering the tender will after publishing the notice of tender or sending out the invitation to tender, revise the bidding documents according to the response from the bidders;
- (e) After reviewing the pre-qualifications or post-qualifications, and inspection of the potential bidder, the party offering the tender will draft an inspection report;
- (f) If a floor bid price is necessary, the party offering the tender will organize or commission a party to prepare such floor price;
- (g) The party offering the tenders will form the bid evaluation committee by selecting experts from a pool of qualified experts from the database of either the professional bidding company or the Company. These experts, who are nationally sanctioned senior engineers or of higher qualification, should be able to meet the qualification, should be able to meet the requirements of the Bidding Law and possess at least at least 8 years professional experience. As the databases may contain experts including employees from China National Gold or its subsidiaries, the usage of these employees who are experts would be limit to 1 for a 5-member bid evaluation committee and 2 for a 7-member bid evaluation committee;
- (h) A bid evaluation committee will be conducted by the bid evaluation committee which is established in accordance to the law. For projects with a total value exceeding of RMB5 million, the bids should be opened by the Group holding company or a party entrusted to do so. For other bids, the party offering the tender is authorized by the Group holding company to establish the committee. (If a project receives less than 3 tenders or when the bid evaluation committee rejects all the bids, the project will be required to be re-tender;
- (i) A bid evaluation committee will evaluate the bids in accordance with the Bidding Law and The Bidding Implementation Rules, and will prepare a bid evaluation report to determine the winning candidate. Under the bid evaluation report, bids are evaluated based on the pricing, construction design or plans, and quality and past performance of the bidder, with an evaluation weighting of 60%, 30% and 10% respectively;
- (j) The bid evaluation committee will report to the party offering the tender the progress of the bid evaluation and will report to the party offering the tender. Upon studying the winning candidate, the party offering the tender will confirm the winning bidder (or if authorized by the party offering the tender, the bid evaluation committee will appoint the winning bidder directly);
- (k) The party offering the tender will notify the winning bidder in writing and will notify the unsuccessful bidders in writing; and
- (l) The construction contract will be signed between the relevant construction departments of the Company with the winning bidder. If the winning bidder does not enter into the construction contract at the agreed time and location without having a valid reason, the winner bidder will automatically disqualified.

We have reviewed some of the bidding documents provided by the Company, and note from the Directors that bidding, evaluation and approval procedures under the Jiama Phase II Hornfels Stripping and Mining Agreement are conducted in a manner in accordance with the Bidding Guidelines.

(b) Continuing connected transactions requirements under the Listing Rules

The Company confirms that it will comply with Rule 14A.37 to Rule 14A.40 of the Hong Kong Listing Rules during the period of the Continuing Connected Transaction Contracts, in particular:

- (a) the independent non-executive Directors will be engaged to review the transactions contemplated under the Continuing Connected Transaction Contracts annually, and to confirm that the transactions thereunder have been entered into:
 - in the ordinary and usual course of business of the Group;
 - either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
 - in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole

- (b) the auditors of the Company must provide a letter to the board of Directors annually, confirming that whether the transactions contemplated under the Continuing Connected Transaction Contracts:
 - have received the approval of the board of Directors;
 - are in accordance with the pricing policies of the Company;
 - have been entered into in accordance with the Continuing Connected Transaction Contracts governing the transactions thereunder; and
 - have not exceeded the annual caps disclosed in previous announcement(s).

Having consider (i) the stringent bidding and tendering procedure; (ii) the bidding documents reviewed; and (iii) the proposed procedures and arrangements to be adopted by the Company pursuant to the Hong Kong Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions and the proposed annual caps contemplated under the Continuing Connected Transaction Contracts be conducted on terms in compliance with the provision of the Hong Kong Listing Rules, and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the opinion that the Continue Connected Transaction Contracts are entered into in the ordinary course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote, and that the Independent Board Committee advise the Independent Shareholders to vote, in favour the ordinary resolutions to approve (i) the 2015 Contract for Purchase and Sale of Dore; (ii) the 2015 Contract for Purchase and Sale of Copper Concentrate; and (iii) the Jiama Phase II Hornfels Stripping and Mining Agreement and the proposed annual caps contemplated thereunder in the AGM.

Yours faithfully,
For and on behalf of
TC Capital Asia Limited
Edward Wu
Managing Director