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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)

REVISIONS TO EXISTING CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

NEW CONNECTED TRANSACTIONS AND MAJOR 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 30, 2015 VANCOUVER TIME (JULY 1, 2015 HONG KONG TIME)

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



**TC Capital Asia Limited
May 29, 2015**

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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 660, 505 Burrard Street, Box 27

Vancouver, British Columbia V7X 1M4

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 at Dentons Canada LLP located at 20th Floor, 250 Howe Street, Vancouver, British Columbia V5C 3R8, on Tuesday, June 30, 2015 commencing at 9:00 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, 2014, 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 amendment to the Product and Service Framework Agreement originally dated April 26, 2013 and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;
 - (b) the revised annual monetary cap for the transactions contemplated under the Product and Service Framework Agreement for the year ending December 31, 2015;
 - (c) the proposed annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement for the years ending December 31, 2016 and 2017, as more particularly described in the information circular accompanying this notice;

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 information 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.

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

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Registered office/ Headquarters:

One Bentall Centre

Suite 660, 505 Burrard Street, Box 27

Vancouver, British Columbia V7X 1M4

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 Liangyou Jiang 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 9:00 am Vancouver time on Tuesday, June 30, 2015 at Dentons Canada LLP located at 20th Floor, 250 Howe Street, Vancouver, British Columbia V5C 3R8, 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.70(12) 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 Group Corporation ("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 revisions to the Product and Service Framework Agreement originally dated April 26, 2013 and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;
- (b) the revised annual monetary cap for the transactions contemplated under the Product and Service Framework Agreement for the year ending December 31, 2015;
- (c) the annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement for the years ending December 31, 2016 and 2017, as more particularly described in the information circular accompanying this notice;
- (d) the Financial Services Agreement and the transactions contemplated thereunder, as more particularly described in the information circular accompanying this notice;

- (e) the daily monetary caps for the transactions contemplated under the Financial Services Agreement for the years ending December 31, 2015, 2016 and 2017, as more particularly described in the information circular accompanying this notice; and
- (f) 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 (f) collectively, the “**Proposed Matters**”).

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

On October 23, 2014, the Company announced Zhanming Wu’s resignation from the Board. The Company further announced the appointment of Mr. Lingyou Jiang. Xin Song, Bing Liu, until the time of his resignation, Zhanming Wu, Lianzhong Sun and from the time of his appointment, Liangyou Jiang were each considered to have a conflict of interest in the transactions contemplated under the Connected Transactions due to their senior management positions in China National Gold. Each of Xin Song, Bing Liu, Lianzhong Sun, Zhanming Wu and Liangyou Jiang had 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 (“CNGGHK”), 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.



Majority Voting Policy


On March 24, 2015, the Board adopted a Majority Voting Policy. The Majority Voting Policy requires that a nominee for director, who is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election, shall immediately tender a resignation. The Majority Voting Policy does not apply where an election of directors occurs at a contested meeting (being a meeting where the number of directors nominated for election is greater than the number of seats available on the Board). The Board will determine whether to accept the resignation within 90 days after the shareholders' meeting. The Board shall accept the resignation unless it determines that there are exceptional circumstances. The resignation becomes effective on acceptance by the Board. The Company shall promptly issue a news release announcing the Board's decision. If a resignation is rejected, reasons for the rejection are to be set forth in the news release. If a resignation is accepted, the Board may leave the vacancy unfilled until the next annual general meeting, or fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the Company's shareholders, or call a special meeting to consider a new nominee to fill the vacant position. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or Committee of the Board at which such resignation is considered.

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 ⁽¹⁰⁾
 <p>Xin Song Beijing, PRC Age: 52 Chief Executive Officer and Director and Chairman</p>	October 9, 2009	Nil	Nil	<p>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 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: 52 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>

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 ⁽¹⁰⁾
 <p>Lianzhong Sun Beijing, PRC Age: 57 Director</p>	February 24, 2014	Nil	Nil	<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 CNGGHK 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>
 <p>Liangyou Jiang Beijing, PRC Age: 49 Senior Executive Vice President and Director</p>	October 10, 2014	Nil	Nil	<p>Mr. Jiang's principal occupations include Senior Executive Vice President of the Company (August 2014 to present); Manager of the Investment Management Department of China National Gold (February 2008 to August 2014); Chairman of Huatailong from February 2012 to August 2014; and General Manager of Huatailong (August 2010 to February 2012)</p> <p>Mr. Jiang is a Senior Professional Engineer, holds a Bachelor's Degree in mineral processing from Northeastern University, and is currently a Ph.D. candidate in mineral processing at Northeastern 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>

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 ⁽¹⁰⁾
 <p>Yunfei Chen ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Hong Kong, PRC Age: 44 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>
 <p>Gregory Hall ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Western Australia, Australia Age: 65 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: 64 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>

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 ⁽¹⁰⁾
 <p>Xiangdong Jiang British Columbia, Canada Age: 56 Vice President of Production and Director</p>	June 17, 2010	38,800	Nil	<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 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, 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 Master’s 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 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 21, 2014, the TSX decided to delist Colossus common shares and all other listed securities on February 21, 2014. The securities of Colossus will remain suspended in the interim.

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 8 November 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 three years ended December 31, 2014, December 31, 2013 and December 31, 2012 to its Chief Executive Officer, Chief Financial Officer, and each of the individuals who at December 31, 2014 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, 2014:

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\$) ⁽⁷⁾	Total Compensation (US\$)
					Annual incentive plans (US\$)	Long-term incentive plans (US\$)			
Bing Liu ⁽²⁾ Chief Executive Officer	2014	Nil	nil	nil	nil	nil	nil	Nil	nil
	2013	Nil	nil	nil	nil	nil	nil	Nil	nil
	2012	Nil	nil	nil	nil	nil	nil	Nil	nil
Derrick ⁽³⁾ Zhang Chief Financial Officer	2014	\$146,539	—	—	—	—	—	—	\$146,539
	2013	\$159,834	nil	nil	nil	nil	nil	Nil	\$159,834
	2012	\$182,179	nil	nil	nil	nil	nil	Nil	\$182,179
Xiangdong Jiang ⁽⁴⁾ Vice President Production	2014	\$172,398	—	—	—	—	—	—	\$172,398
	2013	\$180,989	nil	nil	nil	nil	nil	Nil	\$180,989
	2012	\$180,922	nil	nil	nil	nil	nil	\$53,238	\$234,160
Jerry Xie ⁽⁵⁾ Executive Vice President and Corporate Secretary	2014	\$172,398	—	—	—	—	—	—	\$172,398
	2013	\$180,989	nil	nil	nil	nil	nil	Nil	\$180,989
	2012	\$180,922	nil	nil	nil	nil	nil	Nil	\$180,922
Songlin Zhang ⁽⁶⁾ Senior Mine Manager	2014	\$199,999	nil	nil	nil	nil	nil	Nil	\$199,999
	2013	\$193,333	nil	nil	nil	nil	nil	Nil	\$193,333
	2012	\$157,650	nil	nil	nil	nil	nil	Nil	\$157,650

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) Bing Liu was appointed as Chief Executive Officer on February 24, 2014. Bing Liu 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) 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.
- (5) 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. 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.

- (6) Songlin Zhang was appointed as Chief Engineer on January 15, 2012. With a salary of US\$180,000. Songlin Zhang's salary was increased to US\$200,000 per annum effective May 1, 2013.
- (7) 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.

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, 2014.

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, 2014:

Incentive Plan Awards – value vested or earned during 2014

There are no outstanding incentive plan awards held by any of the Named Executive Officers of the Company as of December 31, 2014:

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 Bing Liu, 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, Jerry Xie and Songlin Zhang, 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, Jerry Xie and Songlin Zhang'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, 2014:

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\$)
Xin Song	nil	nil	nil	Nil	nil	nil	Nil
Lianzhong Sun	nil	nil	nil	Nil	nil	nil	Nil
Liangyou Jiang	nil	nil	nil	Nil	nil	\$133,541.91	\$133,541.91
Ian He ⁽³⁾	\$34,480	nil	nil	Nil	nil	nil	\$34,480
Yunfei Chen ⁽³⁾	\$30,170	nil	nil	Nil	nil	nil	\$30,170
Gregory Hall ⁽³⁾	\$30,170	nil	nil	Nil	nil	\$29,762.05 ⁽⁴⁾	\$59,932.05
John King Burns ⁽³⁾	\$30,170	nil	nil	Nil	nil	nil	\$30,170

Notes:

- (1) Information for Bing Liu 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, 2014.
- (3) The Company paid Cdn\$4,000 per month 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\$4,500. Except as set out in note 4 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.
- (4) The Company paid fee 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, 2014:

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
Liangyou Jiang	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⁾	June 1, 2015	--	nil	nil	nil

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\$)
			to \$6.09					

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.
- (2) All stock options were granted in and are exercisable in Canadian dollars.
- (3) 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 2014

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\$)
Xin Song	nil	nil	Nil
Bing Liu	nil	nil	Nil
Lianzhang Sun	nil	nil	Nil
Liangyou Jiang	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 2014 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, 2014, 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.

Bing Liu 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 2014 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 2014 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, 2014 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 2014 year.

Compensation Risk Management

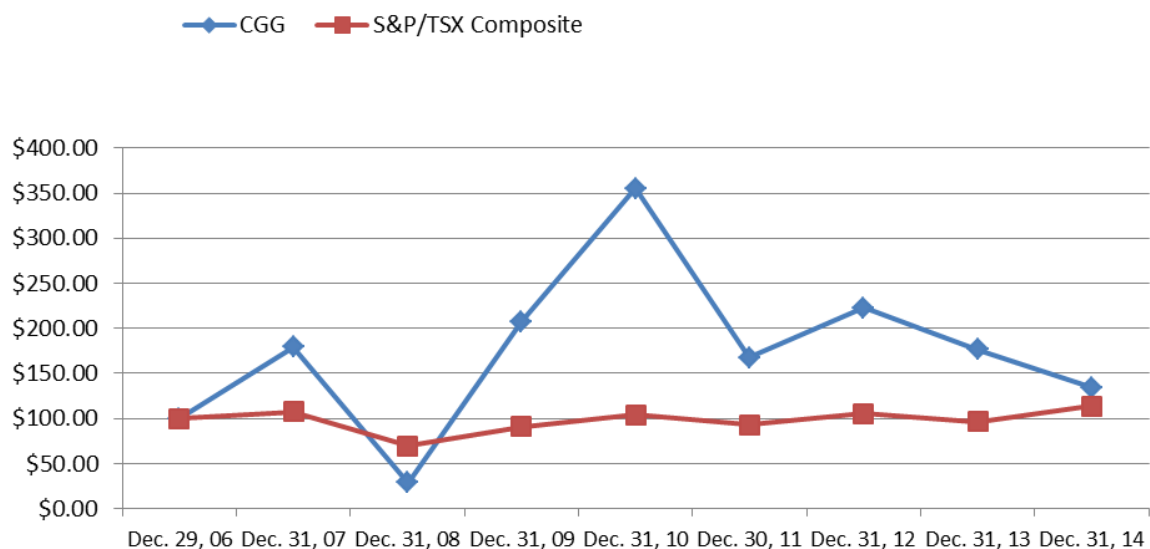
The board has considered the implications of the risks associated with the Company's compensation policies and practices. The board has ultimate oversight of the risks associated with the Company's compensation policies and practices, and carefully reviews the risks associated with the Company's compensation 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, 2000 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. 2010	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014
China Gold International Resources Corp. Ltd. ⁽¹⁾	71.29	-19.24	7.57	-14.83	-35.02
S&P/TSX Composite Index	14.36	1.78	15.62	5.85	24.57

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, 2014:

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, 2014 (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, 2014 (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 directly and wholly owns CNGGHK therefore the interest attributable to China National Gold represents its indirect interest in the Shares through its equity interest in CNGGHK.

OTHER DISCLOSURE

Save as disclosed in pages 7-11 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, 2014 (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, 2014 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, 2014 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

Connected Transactions and Major Transactions

Revisions to Existing Continuing Connected Transactions

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

New Continuing Connected Transactions and Major Transactions

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

Implications under the Hong Kong Listing Rules

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

In addition, as the extension of the expiry date and addition of the sale of copper concentrate as contemplated under the Product and Service Framework Agreement and the Proposed Annual Caps constitute material changes to the terms of the Product and Service Framework Agreement. Pursuant to

Rule 14A.54(2) of the Hong Kong Listing Rules, the Company is required to re-comply with the reporting, announcement and Independent Shareholders' approval requirements under the Hong Kong Listing Rules

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

China National Gold indirectly holds approximately 39.3% of the outstanding voting shares of the Company and Xin Song, Bing Liu, Lianzhong Sun and Liangyou Jiang 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 29, 2015, in relation to, among other things, the Revisions to the Existing Continuing Connected Transactions and the New Connected Transactions and the transactions contemplated thereunder and the respective annual monetary caps for the Product and Service Framework Agreement and the Financial Services 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 Revisions to the Existing Continuing Connected Transactions and the New Connected Transactions (including the respective annual monetary caps for the Product and Service Framework 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 revisions to the Product and Service Framework Agreement and the transactions contemplated thereunder, as more particularly described in this information circular, are hereby approved;
2. the revised annual monetary cap for the transactions contemplated under the Product and Service Framework Agreement for the year ending December 31, 2015, is hereby approved;
3. the annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement for the years ending December 31, 2016 and 2017, as more particularly described in this information circular, are hereby approved;
4. the Financial Services Agreement and the transactions contemplated thereunder, as more particularly described in this information circular, are hereby approved;
5. the daily monetary caps for the transactions contemplated in the Financial Services Agreement for the years ending December 31, 2015, 2016 and 2017, as more particularly described in this information circular, are hereby approved; and

6. 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 30, 2015 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 660, 505 Burrard Street, Box 27, Vancouver, British Columbia, Canada V7X 1M4:

1. Articles of Association of the Company;
2. the Company's annual reports for the three years ended 31 December 2012, 2013 and 2014;
3. each of the material contracts as referred to in the paragraph headed "Material Contracts" set out in Schedule D to this information circular;
4. the letter from the Independent Board Committee, the text of which is set out in Schedule E to this information circular;
5. the letter from TC Capital Asia Limited, the text of which is set out in Schedule F to this information circular;
6. the written consent of TC Capital Asia Limited;
7. the Product and Service Framework Agreement;
8. the Financial Services Agreement;
9. the written resolutions of the Board dated May 29, 2015 approving, among other things, the revisions to the Existing Continuing Connected Transactions and the New Connected Transactions and the transactions contemplated thereunder and the respective annual monetary caps for the Product and Service Framework Agreement and the Financial Services Agreement; and
10. an Announcement of the Company dated May 29, 2015 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, 2014. 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, who is a Professional Engineer with APEGGA, at the following address:

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

One Bentall Centre
Suite 660, 505 Burrard Street, Box 27
Vancouver, British Columbia V7X 1M4

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 Tohmatsu 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 29th day of May, 2015.

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

Jerry Xie
Executive Vice President and Corporate Secretary

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

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, Liangyou Jiang 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 Liangyou Jiang 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 Corporation Limited (Shanghai Stock Exchange)
Bing Liu	Zhongjin Gold Corporation Limited (Shanghai Stock Exchange)

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Lianzhong Sun	Zhongjin Gold Corporation Limited (Shanghai Stock Exchange)
Liangyou Jiang	---
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⁾	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) 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 Laurentian Goldfields Ltd. (TSX Venture Exchange) and 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) and Dolly Varden Silver Corporation (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 2014. 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 2014. 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 de 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, 2014:

Name of Director	Number of Board Meetings Attended	Number of Board Meetings Held
Executive Directors		
Xin Song	3	4
Bing Liu	4	4
Liangyou Jiang ⁽¹⁾	1	4
Xiangdong Jiang	4	4
Non-Executive Directors		
Lianzhong Sun	4	4
Independent Non-Executive Directors		
Ian He	4	4
Yunfei Chen	4	4
Gregory Hall	2	4
John King Burns	4	4

Notes:

- (1) As of the Company's appointment of Liangyou Jiang as a director.

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 660, 505 Burrard Street, Box 27, Vancouver, British Columbia V7X 1M4.

- (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\$4,500 per month 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\$4,000 per month for acting as independent

non-executive directors. 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, 2014 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.

When identifying candidates for election or appointment to the Board, the Nominating and Corporate Governance Committee is guided by the principles of its diversity policy adopted by the Company in 2013, setting out the diversity criteria representing both genders, age, cultural communities and geographic areas. 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 2014, other than the recruitment of the most suitable candidate for a position.

The Nominating and Corporate Governance Committee adopted a majority voting policy for the election of the board of directors pursuant to the TSX requirements of listed companies. The policy states that should a board nominee not receive more than 50% of the votes cast in favour of his or her appointment, the director nominee is compelled to resign.

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.

10. Director Term Limits and Other Mechanisms of Board Renewal

Directors can be re-elected to the Board annually. The Board has not adopted a term limit for directors or established a retirement age for directors. The Company believes that the imposition of director term limits implicitly discounts the value of experience and continuity on the Board and runs the risk of excluding effective Board members who have longstanding knowledge of the Company and its operations as a result of an arbitrary determination. The Board believes that it can achieve the right balance between continuity and encouraging turnover and independence without mandated term limits and relies on its annual director assessment procedures in this regard.

11. Policies Regarding the Representation of Women on the Board

- (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Company has adopted a diversity policy which includes consideration of women in the selection criteria of the new board members

- (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:

- (i) a short summary of its objectives and key provisions:

The objective of the diversity policy is to enhance diversity within the Company, including gender diversity on its board and executive management.

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."

- (ii) the measures taken to ensure that the policy has been effectively implemented:
- (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and
- (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

The diversity policy was implemented in March, 2013 There are no measurable objectives for achieving diversity at this time.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

In accordance with its Diversity Policy, the board considers diversity, including gender diversity, in the selection criteria of new board members.

13. Consideration Given to the Representation of Women in Executive Officer Appointments

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

In accordance with its Diversity Policy, the Company considers diversity, including gender diversity, in the selection criteria of new executive officer appointments.

14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

- (a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.

In accordance with its Diversity Policy, the Company has not adopted a target or quota regarding women on its board or executive management, as it considers gender diversity to be part of a broader diversity goal which includes age, gender, ethnicity, cultural background, disability or other personal factors. Diversity, including gender diversity, is one aspect of merit which includes an

individual's skills, performance, values, leadership and other job related criteria. While the Board is not setting any targets initially, it will monitor progress and could decide to do so in the future if progress is not being made in obtaining appropriate diversity.

- (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

In accordance with its Diversity Policy, the Company has not adopted a target or quota regarding women on its board or executive management, as it considers gender diversity to be part of a broader diversity goal which includes age, gender, ethnicity, cultural background, disability or other personal factors. Diversity, including gender diversity, is one aspect of merit which includes an individual's skills, performance, values, leadership and other job related criteria. While the Board is not setting any targets initially, it will monitor progress and could decide to do so in the future if progress is not being made in obtaining appropriate diversity.

- (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

In accordance with its Diversity Policy, the Company has not adopted a target or quota regarding women on its board or executive management, as it considers gender diversity to be part of a broader diversity goal which includes age, gender, ethnicity, cultural background, disability or other personal factors. Diversity, including gender diversity, is one aspect of merit which includes an individual's skills, performance, values, leadership and other job related criteria. While the Board is not setting any targets initially, it will monitor progress and could decide to do so in the future if progress is not being made in obtaining appropriate diversity.

- (d) If the issuer has adopted a target referred to in either (b) or (c), disclose:

- (i) the target, and
- (ii) the annual and cumulative progress of the issuer in achieving the target.

Not applicable.

15. Number of Women on the Board and in Executive Officer Positions

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

The Company's board of directors currently does not have any members who are women.

- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

None of the Company's executive officers were women, and one executive of the Company's subsidiary executive officers was a woman.

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, 2014 (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\$
2014		
April	20.9	19.3
May	20.0	18.9
June	23.8	19.8
July	24.2	21.5
August	23.4	21.5
September	23.2	20.7
October	22.4	18.3
November	18.8	15.5
December	17.9	12.9
2015		
January	15.7	13.2
February	13.6	12.1
March	12.3	8.3
April	15.18	9.13

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:

“AGM” or “the Meeting”	the annual general meeting and special meeting of the Company to be held on Tuesday, June 30, 2015 at 9:00 a.m. in Vancouver, British Columbia, Canada (Wednesday, July 1, 2015 Hong Kong time), to consider and, if thought fit, approve, among other things, the Proposed Matters;
“Board”	the board of Directors;
“CBRC”	China Banking Regulatory Commission;
“China Gold Finance”	China National Gold Group Finance Company Ltd., is a limited liability company established and existing under the laws of People’s Republic of China, a non-banking financial institution approved by the CBRC and is owned as to 51% by China National Gold and 49% by Zhongjin Gold Corporation;
“China National Gold”	China National Gold Group Corporation, the ultimate controlling shareholder of the Company currently holding approximately 39.3% of the issued share capital of the Company through China National Gold Hong Kong Limited, its wholly-owned subsidiary;
“Company”	China Gold International Resources Corp. Ltd., a limited liability company incorporated under the laws of British Columbia, Canada with its Shares listed on both the Hong Kong Stock Exchange and the Toronto Stock Exchange;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Connected Transactions and Major Transactions”	the transactions contemplated by the Continuing Connected Transaction Contracts;
“Continuing Connected Transaction Contracts”	collectively, (i) the Product and Service Framework Agreement; and (ii) the Financial Services Agreement;
“CSH Mine”	Chang Shan Hao mine, a gold mine located in Wulate Xhong Qi in Inner Mongolia, in which the Company holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries (as defined under the Hong Kong Listing Rules);
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Huatailong”	Tibet Huatailong Mining Development Co., Ltd., a limited liability company incorporated in the PRC which owns and operates the Jiama Mine, in which the Company holds a 100% interest through Skyland Mining Limited and Tibet Jia Ertong Mining Development Co., Ltd., its wholly-owned subsidiaries;
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors;
“Independent Financial Adviser” or “TC Capital”	TC Capital Asia Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulatory activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Continuing Connected Transaction Contracts including the respective annual monetary caps for each of the Continuing Connected Transaction Contracts;
“Independent Shareholders”	the Shareholders (other than China National Gold and any of its associates) which are not required to abstain from voting at the Meeting to approve the Proposed Matters;
“Inner Mongolia”	Inner Mongolia Autonomous Region of the PRC;
“Inner Mongolia Pacific”	Inner Mongolia Pacific Mining Co. Limited, a cooperative joint venture company incorporated in the PRC which owns and operates the CSH Mine and in which the Company holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;
“Jiama Framework Agreement”	The service framework agreement entered into between the Company and China National Gold on November 6, 2012, pursuant to which China National Gold will provide mining development services to the Company at the Jiama Mine in order to implement the Phase II plan as set out in the Pre-feasibility Study;
“Jiama Mine”	Jiama Copper-Gold Polymetallic Mine located in Tibet, China. Jiama hosts a large scale copper-gold polymetallic deposit consisting of copper, gold, molybdenum, silver, lead and zinc. It is owned and operated by the Group through the Company’s indirect wholly-owned subsidiary Huatailong;
“Latest Practicable Date”	May 29, 2015, being the latest practicable date before printing of this information circular for ascertaining information contained herein;
“major domestic commercial banks”	Collectively, Agricultural Bank of China, Bank of China, Industrial and Commercial Bank of China and Construction Bank of China;
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan;

“Pre-feasibility Study”	the pre-feasibility study report produced by Minarco-MineConsult, details of which have been disclosed in the announcement of the Company dated October 25, 2012;
“Product and Service Framework Agreement”	The product and service framework agreement dated April 26, 2013 between the Company and China National Gold, pursuant to which China National Gold will provide products and services to the Company for three years until June 18, 2016 in order to facilitate the Group’s operations in the PRC;
“Proposed Matters”	the Continuing Connected Transaction Contracts and the monetary caps relating thereto;
“Record Date”	May 1, 2015 Vancouver time (being May 2, 2015 Hong Kong time), being the record date fixed for the determination of the Shareholders who are entitled to receive the notice of, and to attend and vote at, the Meeting or adjournment thereof;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);
“Shareholder(s)”	holder(s) of Share(s);
“Share(s)”	share(s) of the Company;
“Toronto Stock Exchange” or “TSX”	The Toronto Stock Exchange of Toronto, Canada;
“Zhongjin Gold Corporation”	Zhongjin Gold Corporation Limited is a limited liability company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange; and China National Gold holds approximately 50% of its issued shares; and
“%”	percent.

SCHEDULE D

LETTER FROM THE BOARD OF DIRECTORS

Dear Shareholders,

INTRODUCTION

Reference is made to the Company's announcement dated May 29, 2015 in relation to the Continuing Connected Transaction Contracts and the transactions contemplated thereunder, and the respective annual monetary caps for the Product and Service Framework Agreement, and the Financial Services 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 29, 2015 shall have the same meanings in this letter.

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

REVISIONS TO EXISTING CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

PRODUCT AND SERVICE FRAMEWORK AGREEMENT

A. Background

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

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

B. Key terms

1. Amendment Agreement

Date: May 29, 2015
Parties: (a) the Company; and
(b) China National Gold

- Amendments:** adding copper concentrates produced at the Jiama Mine as one of the products to be purchased by China National Gold from the Company
- the quantity of copper concentrates, pricing terms and payment terms be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the existing Product and Service Framework Agreement
- extending the term of the existing Product and Service Framework Agreement to December 31, 2017
- Effect:**
- (a) the other terms of the existing Product and Service Framework Agreement to remain unchanged
 - (b) The amendments under the Amendment Agreement to become effective subject to the approval of the Independent Shareholders at the meeting.

2. Product and Service Framework Agreement (as amended by the Amendment Agreement)

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

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

Products and services to be provided: The mining development services encompass the following:

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

Selection of providers or suppliers: The provider for each category of services and products will be determined by the Company through an arm's length negotiation process or an open market tendering process, depending on the number of potential providers or suppliers in the market for a particular product or service. Where prices are to be determined through arms' length negotiation, in order to ensure that the pricing is fair and reasonable and in line with market practices, the Company has adopted the following measures (the "**Internal Measures**"): (i) the applicable purchase department will have regular contact with market providers or suppliers (including China National Gold) to keep abreast of market developments and pricing trends;(ii) before entering into an individual purchase agreement, the Company will invite at least three providers or suppliers (including China National Gold) to submit quotations or proposals; and (iii) the Company will have the providers or suppliers and pricing of the products determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval. They will compare the quotations or proposals received and assess the same based on various factors such as pricing and other terms. The Company utilizes open market tendering processes to the maximum extent possible, and generally only utilizes arm's length negotiations for products and services which are not subject to the

pricing requirements under the relevant PRC laws and regulations and where there are no comparable historical prices or no active market such that an open market tendering process would be unlikely to result in the required product or service at the best possible price and terms. The tendering process would be conducted strictly in compliance with Law of the People's Republic of China on Tenders and Bids. The Company treats all bidders equally in the tendering process and will accept the proposal of the winning bidder, be it China National Gold or any other bidder.

**Pricing
Payment:**

and Payment terms are determined as follows:

Services

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

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

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

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

All pricing and payment terms will be set out in a specific contract for such products and services. A key principle stipulated in the Product and Service Framework

Agreement is that payment terms shall not be less favourable than those offered or received by independent third parties.

Copper Concentrate Sales

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

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

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

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

- (a) Pricing terms

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

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

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

Auxiliary Equipment and Materials

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

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

The pricing basis for the auxiliary equipment and materials shall fall into category (b) above given the fact that there is active trading markets in China. If category (b)

for each of the above services cannot be followed, the Company will consider category (c) and if category (c) cannot be followed, then category (d).

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

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

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

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

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

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

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

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

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

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

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

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

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

- the expected contractual fees payable for the mining related services and products;
- the work schedule for mining development services under the Product and Service Framework Agreement and the procurement schedule for equipment;
- the historical caps under the Product and Service Framework Agreement;

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

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

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

- (a) China National Gold is the largest gold production enterprise in the PRC and is engaged in survey design, resources development, production, sale and construction in relation to minerals such as gold, silver, copper and molybdenum. The Group can leverage on China National Gold's expertise in mining design, its centralized procurement system and its technological capabilities to maximize productivity at the CSH Mine and the Jiama Mine.
- (b) The Directors are of the view that the Product and Service Framework Agreement will effectively facilitate the Group's operations in the PRC.
- (c) As required under the Price Law of the PRC, the relevant rules, regulations and measures formulated and promulgated thereunder and other applicable PRC laws and regulations, merchandise and services prescribed thereunder will be subject to the pricing requirements thereunder or the prices stipulated in the price catalogs issued by the central government or local governments at the provincial, autonomous regional and municipal levels of the PRC from time to time. Should the services or products provided for the transactions under the Product and Service Framework Agreement fall within the scope of such pricing requirements or the applicable price catalogs issued by the PRC government at the relevant time, the prices of such services or products will be determined in accordance with the prices stipulated under such requirements or such catalogs. Should there be no such prices stipulated by the PRC government but there exists an active trading market, prices may be determined by an offering of tender. Should there be no such prices stipulated by the PRC government and there is no active trading market, prices will be determined by comparison to identical or similar historical prices. For transactions which are not subject to the pricing requirements under the relevant PRC laws and regulations and where there are no comparable historical prices or no active market, the prices will be determined through arm's length negotiations between the parties after taking into account the actual costs and reasonable profit margin, which will be determined after arm's length negotiations and with reference to profit margin of prevailing market for the services and products as contemplated under the Product and Service Framework Agreement and/or the average profits margin in the related industry. Such profit margin of the prevailing market will be determined with reference to the quotations obtained from independent third parties, which provide the same or similar services or products.
- (d) Where prices are to be determined through arms' length negotiation, in order to ensure that the pricing is fair and reasonable and in line with market practices, the Company has adopted the following measures: (i) the applicable purchase department will have regular contact with market providers or suppliers (including China National Gold) to keep abreast of market developments and pricing trends;(ii) before entering into an individual purchase agreement, the Company will invite certain providers or suppliers (including China National Gold) to submit quotations or proposals; and (iii) the Company will have the providers or suppliers and pricing of the products determined and confirmed by the collective decision of the management, comprising, as appropriate, representatives from the production department, sales department, audit department, finance department and then submitted to the deputy general manager or the general manager for final approval. They will compare the quotations or proposals received and assess the same based on various factors such as pricing and other terms.

- (e) Where prices are to be determined through the application of a cost plus profit margin, the profit margin must fall into the range of the pre-agreed arm's length range, which is equal to or no favourable than those provided by China National Gold to any independent third-party. The Company anticipates that based on previous experience, there are only a very minor number of services may fall into this category. Historically, the pre-agreed arm's length range of profit margin is 10% to 30% and the Company expects that range would continue to be applied.

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

NEW CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

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

Financial Services Agreement

A. Key terms

- Date:** May 29, 2015
- Parties:** (a) Inner Mongolia Pacific and Huatailong (as the Recipients); and
(b) China Gold Finance (to be established and as the Provider)
- Subject matter:** Financial Services provided by China Gold Finance to the Recipients and/or its controlling subsidiaries include deposits, loans, settlement services, financial advisory and other financial services.
- Term:** Three years effective from the date of satisfaction of (i) successfully obtaining all necessary licenses and permits by China Gold Finance in carrying out the financial services contemplated under the Financial Services Agreement; and (ii) the approval of the Financial Services Agreement by the Shareholders at the Meeting.
- Description:** China Gold Finance will provide the financial services set out below. China Gold Finance undertakes to provide the Recipient with high quality and efficient financial services.
- Deposit Service
- China Gold Finance will accept deposits from the Recipients, up to a maximum amount of daily deposit balance (including accumulative settlement interest) not to exceed RMB3,000 million during the term of the Financial Services Agreement.
- Each of the deposit service, the loan service, the settlement service and other financial services mentioned above will be conducted separately and independently from one another, although the terms of these services are set out in the Financial Services Agreement as opposed to in separate agreements.

Further, no security over the Group's assets will be given in favour of China Gold Finance for each type of service to be provided under the Financial Services Agreement.

Loan Service

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

Settlement Service

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

Other Financial Services

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

Payment terms: Payment terms are determined as follows:

Deposit Service

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

Loan Service

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

Settlement Service

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

Other Financial Services

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

B. Proposed caps

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

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

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

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

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

The proposed daily cap is based only on deposit services.

C. Basis for the Financial Services Agreement

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

- (a) the interest rate payable for the Recipient's deposits with China Gold Finance shall not be lower than the interest rate payable by major domestic commercial banks in the PRC for comparable deposits and such interest shall be payable by China Gold Finance on a basis that is not less favourable to the Recipients than those of the major domestic commercial banks;
- (b) no service fees shall be charged for settlement services, financial and financing advisory services to be provided by China Gold Finance;
- (c) the interest rate to be charged for the loans to be provided by China Gold Finance to either Recipient shall not be higher than the rate charged by major domestic commercial banks in the PRC for comparable loans and such interest shall be payable on a basis that is not less favourable to the Recipients than those of the major domestic commercial banks;
- (d) China Gold Finance shall ensure the prudent management of its business and the strict compliance with the risk control indicators for financial institutions issued by the China Banking Regulatory Commission ("CBRC");
- (e) China Gold Finance is required under the terms of the Financial Services Agreement to provide financial services at terms that are not inferior to the terms for the same type of services provided by the major domestic commercial banks and by China Gold Finance to China National Gold and its subsidiaries;
- (f) China National Gold is the largest gold producer and has the largest gold refinery facility in the PRC;

- (g) China National Gold has excellent credibility in the gold industry and also has a very good financial history;
- (h) the Group has a long term cooperative relationship with China National Gold;
- (i) China Gold Finance is regulated by the CBRC and must adhere to the relevant rules, regulations and measures formulated and promulgated thereunder and other applicable PRC laws and regulations issued by the central government or local governments at the provincial, autonomous regional and municipal levels of the PRC from time to time;
- (j) China Gold Finance has obtained approval for establishment from the CBRC and China Gold Finance has provided the Company with a legal opinion of PRC counsel that all remaining licenses and approvals should be obtained in the ordinary course without delay, which provides the Company with additional comfort on the timing of the effective date of the Financial Services Agreement; and
- (k) the Financial Services Agreement will not cause significant financial impact to the Company (including Inner Mongolia Pacific and Huatailong).

D. Reasons for and benefits of the Financial Services Agreement

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

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

and the Company and in the interests of the Recipients, the Company and the Shareholders as a whole.

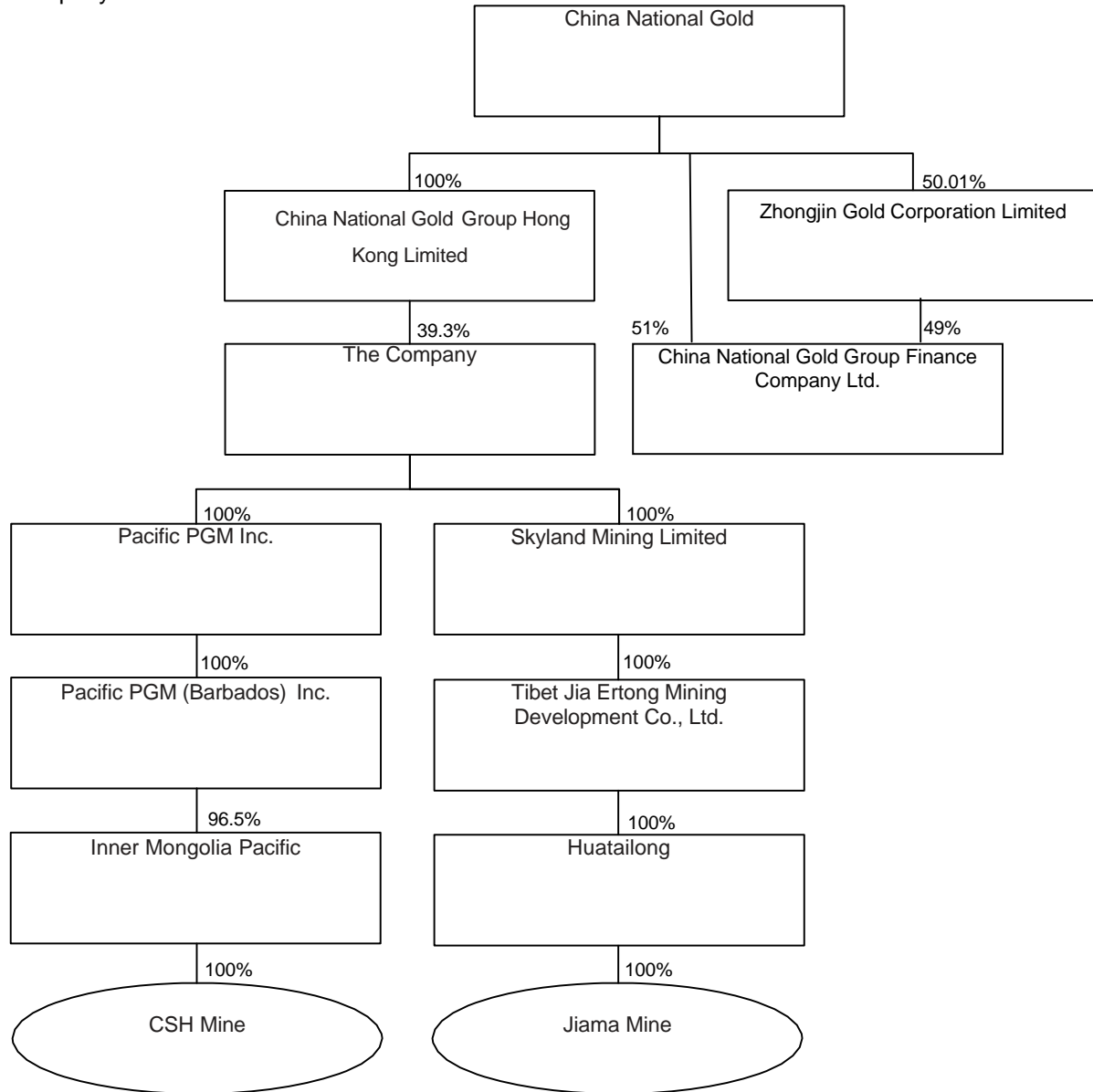
Information on China Gold Finance

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

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

IMPLICATION UNDER THE HONG KONG LISTING RULES

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



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

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

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

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

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

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.

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., incorporated since April 2005.

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

FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this Circular information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table, and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year of the Company.

The audited consolidated financial statements of the Company for the years ended December 31, 2012, 2013 and 2014 together with the relevant notes to the financial statements of the Company can be found on pages 63 to 129 of the annual report of the Company for the year ended December 31, 2012, pages 65 to 124 of the annual report of the Company for the year ended December 31, 2013 and pages 61 to 124 of the annual report of the Company for the year ended December 31, 2014. These annual reports are available at the Company's website and at the Company's profile on the SEDAR website at www.sedar.com.

STATEMENT OF INDEBTEDNESS

As of the close of business on March 31, 2015, being the last practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had total interest bearing borrowings of approximately US\$1,165 million, comprised of US\$500 million of 3.5% unsecured bonds and US\$665 million of short term debt facilities with interest rates ranging from 3.62% to 6.00% per annum.

The Group did not have any contingent liabilities as at March 31, 2015.

Other than as set out above, the Group did not have any other outstanding indebtedness in respect of any debentures, loan capital, bank loans and overdrafts, term loans and other borrowings, debt securities, mortgages, charges or other similar indebtedness, purchase commitments, lease commitments, guarantees or contingent liabilities, whether guaranteed or secured, as of March 31, 2015.

The Directors have confirmed that there has not been any material change in the indebtedness of or the contingent liabilities of the Group since March 31, 2015.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account (1) the financial resources currently available to the Group including its internally generated funds and unutilized bank facilities, ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments (2) the effect of the proposed revisions to the existing continuing connected transactions and the major transactions of the Company mentioned above in this Schedule D, in the absence of unforeseeable circumstance, the Group will have sufficient working capital for its present requirements that is for at least the next twelve months following the date of this information circular.

MATERIAL CONTRACTS

Below are the particulars of each contract, other than those entered into in the ordinary course of business, that is material to the Company and was entered into within the last two years immediately preceding the Latest Practicable Date. Each material contract relates to the offering by Skyland Mining Limited, a wholly-owned subsidiary of the Company, of US\$500 million unsecured bonds bearing interest at a rate of 3.5% and maturing on July 17, 2017.

1. On July 17, 2014, the Company, its wholly-owned subsidiary, Skyland Mining Limited and China National Gold entered into a Trust Deed with The Bank of New York Mellon in connection with the

US\$500 million bond issuance by Skyland Mining Limited.

2. On July 17, 2014, the Company, its wholly-owned subsidiary, Skyland Mining Limited and China National Gold entered into a Keepwell and Liquidity Support Deed with The Bank of New York Mellon in connection with the US\$500 million bond issuance by Skyland Mining Limited.
3. On July 17, 2014, China National Gold entered into an Equity Interest Purchase Undertaking with The Bank of New York Mellon as trustee in connection with the US\$500 million bond issuance by Skyland Mining Limited.

FINANCIAL AND TRADING PROSPECTS

The continuous decline in precious metal prices in the last 2 years and metals price volatility throughout the year of 2014 has had an adverse effect in the industry but it has also provided an opportunity to tighten costs, diversify assets and focus on profitability in addition to growth. The Company accepted those industry challenges and responded by focusing on growth which incorporates a very stringent company-wide cost reduction and management policy.

Looking forward, Jiama's Phase II expansion is on schedule. Stage one of the processing plant has undergone a load-free test run at the end of 2014. After some troubleshooting efforts, the plant is basically ready for loaded test run and plans to carry on a loaded test run in the second quarter of 2015. Now the two open pits are well prepared for mining. The Stage two of the processing plant will be completed in 2016, along with the completion of underground development system. The Company will continue to leverage the technical and operating experience of the Company's controlling shareholder, CNG, to improve operations at its mines. In addition, the Company continues to focus its efforts on increasing production while minimizing costs at both mines. To fulfill its growth strategy, the Company is continually working with CNG and other interested parties to identify potential international mining acquisition opportunities, namely projects outside of China, which can be readily and quickly brought into production with the possibility of further expansion through continued exploration.

EFFECT ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Given the Company does not expect the transactions contemplated under the Amendment Agreement to represent a significant contribution to the Group's earnings and assets, it anticipates that there will not have any material impact on its earnings, assets and liabilities.

The Company does not expect the interest income to be earned from the Recipients' deposits with China Gold Finance to represent a significant contribution to the Group's earnings and assets. The Company anticipates that the transactions contemplated by the Financial Services Agreement will not have any material impact on its earnings, assets and liabilities.

In addition, the Directors are of the view that the Connected Transactions and Major Transactions are not expected to have any material impact on earnings, assets and liabilities of the Company.

INDEPENDENCE FROM CHINA NATIONAL GOLD

According to the paragraphs headed "Independence from China National Gold" under section headed "Relationship with Controlling Shareholder" of the prospectus of the Company dated November 17, 2010 (the "**Prospectus**"), the Directors, having considered the matters and factors described in such section, confirmed that the Group was able to operate independently of the controlling shareholders of the Company and its associates. The Directors are not aware of anything that has happened since the issue of the Prospectus which has made the Directors change their view about such independence of the Group. The Directors therefore are of the view that, having considered the Connected Transactions and Major Transactions, the Group remains able to operate independently of the controlling shareholders and its associates.

According to the paragraph headed "Customer and Supplier Independence" under section headed "Relationship with Controlling Shareholder" of the Prospectus, there is a significant number of alternative of third party customers for its products. The Company believed that it is able to sell its products to third party customers and was not dependent on China National Gold as its customer source. The Directors are not aware of anything that has happened since the issue of the Prospectus which has made the Directors change their above view and the Directors therefore are of the view that, having considered the Connected Transactions and Major Transactions, the Group remains able to sell its products to third party customers and not dependent on China National Gold. The Company will select its customers based on the terms of the relevant transactions.

In addition, according to the paragraph headed "Customer and Supplier Independence" under section headed "Relationship with Controlling Shareholder" of the Prospectus, the Group has extensive network of suppliers of the raw materials, who are independent suppliers not related to China National Gold, and thus is not dependent on China National Gold for sourcing suppliers. The Directors are not aware of anything that has happened since the issue of the Prospectus which has made the Directors change their above view and the Directors therefore are of the view that, having considered the Connected Transactions and Major Transactions, the Group remains to have extensive network of suppliers of the raw materials, who are independent suppliers not related to China National Gold, and thus is not dependent on China National Gold for sourcing suppliers. The Company will select its suppliers based on the terms of the relevant transactions.

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 Connected Transactions (including the respective annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement and the Financial Services 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 9:00 am on Tuesday, June 30, 2015 Vancouver time (Wednesday, July 1, 2015 Hong Kong time) at will be held at Dentons Canada LLP located at 20th Floor, 250 Howe Street, Vancouver, British Columbia V5C 3R8.

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 29, 2015

Dear Independent Shareholders,

We refer to the information circular dated May 29, 2015, 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 Connected Transactions and Major Transactions (including the respective annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement and the Financial Services 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 Connected Transactions and Major Transactions (including the respective annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement and the Financial Services 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 Connected Transactions and Major Transactions, (ii) the basis upon which the terms of the Connected Transactions and Major Transactions have been determined, and (iii) the basis upon which the respective annual caps for transactions contemplated under the Product and Service Framework Agreement and the Financial Services 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 Connected Transactions and Major Transactions (including the respective annual monetary caps for the transactions contemplated under the Product and Service Framework Agreement and the Financial Services 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



May 29, 2015

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

Dear Sirs,

REVISIONS TO EXISTING CONTINUING CONNECTED TRANSACTIONS AND NEW 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 (i) the extension of the expiry date of the Product and Service Framework Agreement, the inclusion of sales and purchase transaction of copper concentrates into the scope of the Product and Service Framework Agreement, the revision of the existing annual cap for the year ending December 31, 2015 and the proposed annual caps for the two years ending December 31, 2017 (the "**Proposed Annual Caps**") under the Amendment Agreement entered into between the Company and China National Gold (ii) the terms of the deposit services provided by China Gold Finance to Huatailong and Inner Mongolia Pacific (the "**Deposit Services**") contemplated under the Financial Services Agreement entered into between Huatailong, Inner Mongolia Pacific and China Gold Finance. Details of the Amendment Agreement and the Financial Services Agreement are set out in Schedule D - Letter from the Board of Directors (the "**Board Letter**") contained in the information circular dated 29 May, 2015 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 29, 2015, the Company and China National Gold entered into the Amendment Agreement pursuant to which both parties agreed (i) to revise the expiry date of the Product and Service Framework Agreement to June 18, 2017 and (ii) to include the sales and purchase transaction of copper concentrates into the product and service scope of the Product and Service Framework Agreement.

On May 29, 2015, Huatailong, Inner Mongolia Pacific and China Gold Finance entered into the Financial Services Agreement, pursuant to which China Gold Finance agreed to provide Huatailong and Inner Mongolia Pacific with a range of financial services, on a non-exclusive basis, including (a) the Deposit Services; (b) loans (including bill acceptance, bill discount, entrustment loans, guarantee, financing lease etc.) ("**Loan Services**"); (c) settlement services and (d) other financial services as approved by the CBRC (item (c) and (d) together called "**Other Financial Services**"), effective for three years from the date of satisfaction of (i) the successful in obtaining all necessary licenses and permits by China Gold Finance in carrying out the financial services contemplated under the Financial Services Agreement and (ii) the approval of the Financial Services Agreement in the AGM.

China National Gold is the ultimate controlling shareholder of the Company. China Gold Finance is respectively 51% and 49% directly owned by China National Gold and Zhongjin Gold Corporation Limited, which is a non wholly-owned subsidiary of China National Gold. China National Gold and China Gold Finance are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions and the Deposit Services contemplated respectively under the Amendment Agreement and the Financial Services Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Hong Kong Listing Rules, the extension of expiry date, the inclusion of sales and purchase transaction of copper concentrates, the revision of the existing annual caps for the year ending December 31, 2015 and the proposed annual caps for the two years ending December 31, 2017 under the Amendment Agreement constitute material changes to the Product and Service Framework Agreement, the Company is therefore required to re-comply with the reporting, announcement and Independent Shareholders' approval requirements under the Hong Kong Listing Rules.

As certain of the relevant percentage ratio(s) (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of both the transactions under the Amendment Agreement and the provision of the Deposit Services under the Financial Services Agreement exceed 5%, both the transactions under the Amendment Agreement and the provision of the Deposit Services are subject to reporting, annual review, announcement and the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Further, as the relevant percentage ratios in respect of both the transactions under the Amendment Agreement and the provision of the Deposit Services exceed 25%, the transactions under the Amendment Agreement and the provision of the Deposit Services also constitute major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Loan Services to be provided by China Gold Finance to Huatailong and Inner Mongolia Pacific under the Financial Services Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As disclosed in the Board Letter, the Loan Services will be provided on normal commercial terms (in particular, (i) the interest rate for such loan services shall not be higher than the interest rate payable by the Huatailong and Inner Mongolia Pacific for similar loans of equivalent term to other financial institutions, (ii) no security over any assets of the Group will be granted in respect of the loan services and (iii) in the event Huatailong and Inner Mongolia Pacific are unable to repay the loan from China Gold Finance, China Gold Finance will not be permitted to offset such outstanding loans with any deposits under the Financial Services Agreements), the Loan Services are therefore exempt from the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As the Other Financial Services under the Financial Services Agreement will be provided to the Group free of charge, none of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) for such transactions exceeds 0.1%, therefore the Other Financial Services are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.76(1)(a) of the Hong Kong Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ian He, Yunfei Chen, Gregory Hall and John King Burns, has been established to advise the independent Shareholders as to whether (i) the terms of the Amendment Agreement; (ii) the basis upon which the revision of annual caps for the year ending December 31, 2015 and the proposed annual caps for the two years ending December 31, 2017 under the Amendment Agreement have been calculated; and (iii) the terms of the Deposit Services contemplated under the Financial Services Agreement, are on normal commercial terms, fair and reasonable insofar as the independent Shareholders are concerned, whether they are in the interest of the Company and the independent Shareholders as a whole and how to vote on the relevant resolution in the AGM. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, our role is to provide the Independent Board

Committee and the independent Shareholders with an independent opinion and recommendation in this regard.

Basis of our opinion

As at the Latest Practicable Date, we were independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules. In addition to the appointment as the Independent Financial Adviser, TC Capital Asia Limited in the last two years was appointed by the Company as the independent financial adviser in respect of (i) the continuing connected transactions as set out in the circular of the Company to the Shareholders dated on May 14, 2014 and (ii) the continuing connected transaction as set out in the circular of the Company to the Shareholders dated on May 21, 2013. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

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 Amendment Agreement; (ii) the Financial Services Agreement; (iii) the Company's 2014 annual reports; and (v) 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, Huatailong, Inner Mongolia Pacific, China National Gold and China Gold Finance or their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect to (i) the Amendment Agreement and transactions contemplated thereunder; and (ii) the Deposit Services contemplated under the Financial Services Agreement, we have taken into consideration the following principal factors and reasons:

I. Background of and reasons for the Amendment Agreement and the Financial Services Agreement

a. The Amendment Agreement

On April 26, 2013, the Company entered into the Product and Service Framework Agreement with China National Gold to encompass (i) stripping and related services; (ii) mining research, development and design; (iii) environmental, safety and occupational health management; (iv) tendering agency service; (v) office lease; and (vi) auxiliary equipment. The Product and Service Framework Agreement has an effective date of April 26, 2013 until June 18, 2016.

As discussed with the management of the Company, by considering that (i) the ongoing Phase II expansion of the Jiama Mine is expected to be completed by year 2016 (ii) the inclusion of sales and purchase transaction of copper concentrates into the product and service scope of the existing Product and Service Framework Agreement will provide the Group with a ready buyer who has strong smelting and financial ability to purchase the copper concentrates produced at the Jiama Mine in bulk for the upcoming completion of Phase II expansion plan under the current unfavorable copper market and (iii) the ongoing demand of mining related services such as mining, stripping and exploration by the Group after the completion of Jiama Mine Phase II expansion plan, the Directors anticipate that (i) the transactions between the Company and

China National Gold will be extended beyond June 18, 2016 i.e. the expiry date of Product and Service Framework Agreement and (ii) the existing annual cap for the year ending December 31, 2015 for the transactions under the Product and Service Framework Agreement will not be sufficient and therefore it is necessary for the Company to enter into the Amendment Agreement. Other terms and conditions under the Product and Service Framework Agreement shall remain unchanged.

In assessing the reasonableness of the extension of the existing Product and Service Framework Agreement, we have reviewed the 2014 annual report of the Company and we noted that the Jiama Mine Phase I expansion plan had been completed and commenced in operation in the latter half of 2010 and reached its design capacity of 6,000 tpd in early 2011. Jiama Mine Phase II expansion plan is currently on schedule and is implemented in two stages, adding 22,000 tpd mineral processing capacity in each stage. Stage one of the processing plant has undergone a load-free test run at the end of 2014 and plans to carry on a loaded test run in the second quarter of 2015 and stage two of the processing plant is expected to be completed by end of year 2016. We have also considered the fact that the completion of the expansion plan might be subject to uncertainties arose from the harsh environmental and geological conditions in the Jiama Mine and it might delay the completion of the Jiama Mine Phase II expansion plan.

Moreover, upon the completion of the Jiama Mine Phase II expansion plan, we consider that it would be in the best interest of the Group to continue to rely on the professional mining related services like mining and stripping, exploration, research and development provided by China National Gold. In accordance to our online research on the China National Gold's website, China National Gold ranks first and fourth in gold and copper production respectively in the PRC. China National Gold also owns the only national-level gold research institute, national technology industry demonstration base, national-level enterprise technology center and post-doctoral work station in the PRC.

By considering the foregoing, we concur with the Director's view that it's necessary to extend the expiry date of the existing Product and Service Framework Agreement in order to allow the Group to continue to rely on the China National Gold's expertise in mining design, its centralized procurement office and its technological capabilities to maximize productivity at the Jiama Mine before and after the completion of the Jiama Mine Phase II expansion plan.

In assessing the reasonableness of the inclusion of sales and purchase transaction of copper concentrates into the product and service scope of the existing Product and Service Framework Agreement, we have conducted online research on the China National Gold's website and we noted that China National Gold and its subsidiaries have developed strong domestic and overseas markets and specializes in import and export of non-ferrous metals, such as copper, aluminum, lead and zinc, and sales of mineral products and steel. We also noted that China National Gold has formed strategic alliances with more than 20 large-scale domestic machinery manufacturers and maintains a good business relationship with more than 40 large-scale enterprises and banks. Moreover, referring to the 2013 and 2014 Annual Report of the Company, we have noted that China National Gold has been purchasing copper concentrate from the Group since year 2013 and such transactions constituted non-exempt continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules. Therefore we consider that the inclusion of sales and purchase transaction of copper concentrates into the product and service scope of the existing Product and Service Framework Agreement is just an extension of the existing purchase and sales of copper concentrate between the Group and China National Gold. Moreover, we have also obtained the business license of China National Gold and we noted that the registered capital of China National Gold is amounted to RMB4,340 million. We have also obtained the unaudited financial statement of China National Gold for the year ended December 31, 2014 and we noted that China National Gold recorded net assets of approximately RMB26,013 million in 2014 with cash and cash equivalent amounted to RMB9,805 million. 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 and with good creditability, it lends assurance to the Group in conducting business transactions with China National Gold.

Having considered that (i) the Company will continuously require the products and services provided by China National Gold before and after the completion of the Jiama Mine Phase II expansion plan, of which the period is expected to be beyond June 18, 2016 and therefore is not covered by the existing Product and Service Framework Agreement and (ii) China National Gold, as a major gold and copper conglomerate, is capable to undertake the growing volume of copper concentrates produced by the Group in Jiama Mine upon the completion of the Jiama Mine Phase II expansion plan, (iii) the long-term cooperative relationship between China National Gold and the Group, (iv) the strong financial position and the background of China National Gold ensures lower counterparty risk faced by the Group for the copper concentrate transaction with China National Gold and (v) the Amendment Agreement will provide the Group with a ready buyer of the copper concentrates produced at the Jiama Mine, we agree that the Amendment Agreement is entered into 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.

b. The Financial Services Agreement

China Gold Finance is a company to be set up by China National Gold. We have obtained and review the articles of association of China Gold Finance and we noted that China Gold Finance, once incorporated, will principally engage in the provision of financial services including (i) the provision of consultation services relating to financial affairs and financing to Member Companies, credit evaluation and related consultation and agency business; (ii) the provision of assistance to Member Companies in the receipt and payment of transaction money; (iii) the provision of guarantee to Member Companies; (iv) the provision of entrusted loans and entrusted investments among Member Companies; (v) handling the bill acceptance and discount for Member Companies; (vi) handling the internal transfer and settlement of funds among Member Companies and formulation of liquidation plan; (vii) the provision of deposit services to Member Companies; (viii) the provision of loan and financing lease to Member Companies; and (ix) the engagement in short term financing among financial institutions. We have also obtained and reviewed the approval letter issued by the CBRC on August 18, 2014 to China Gold Finance and we noted that the establishment of China Gold Finance was approved by the CBRC on the same date. According to the management of the Company, China Gold Finance has completed all necessary preparation work for its incorporation and application of business operation and the application is currently under reviewed by CBRC. We have obtained and reviewed the legal opinion issued by Dacheng Law Office in relation to China Gold Finance's application of business operation and noted that China Gold Finance shall not experience difficulty in its application. China Gold Finance has obtained Financial Services Permit 金融許可證 on 12 May 2015. According to the capital verification report issued by Ruihua Certified Public Accountants, the registered capital of China Gold Finance amounted to RMB1 billion, as to 51% is contributed by China National Gold and 49% is contributed by Zhongjin Gold Corporation Limited, which is a non wholly-owned subsidiary of China National Gold and currently listed on Shanghai Stock Exchange.

As discussed with the management of the Company, we understand that the reasons for the Group to enter into the Financial Services Agreement with China Gold Finance can be summarized below:

- given the long term cooperative relationship between the Group and China National Gold, the major shareholder of China Gold Finance, the Group expects China Gold Finance shall be familiar with the Group's operation and better understand the financial need of the Group than the other commercial banks; and
- given (i) the strong financial background of China National Gold and (ii) China Gold Finance, once established, will be regulated by the CBRC and must adhere to the relevant rules,

regulations and measures formulated and promulgated thereunder, the Group assumes the risk in conducting business with China Gold Finance will be lower than the other commercial banks;

Though China Gold Finance is yet to commence operation, based on our discussion with the management of the Company, we understand that China Gold Finance was set up to replace the roles and functions of the existing settlement center under China National Gold, of which has approximately seven years of business relationship with the Group in the past. According to the management of Company, the services provided by the settlement center to the Group include (i) the assistance to the PRC subsidiaries of the Group in obtaining low cost financing from local banks; (ii) the provision of temporary financing services to the PRC subsidiaries of the Group and (iii) the assistance to the PRC subsidiaries of the Group in applying subsidies from the national government.

In addition, we have reviewed the profile of the first board of directors, supervisory board and senior management of China Gold Finance. We noted that the board of directors has a strong financial background and experience and currently serves as an important role in the accounting and finance department of the group members of the China National Gold. In particular, Mr. Bing Liu, the chairman of China Gold Finance, is the chief executive officer and Directors of the Group. According to the 2014 annual report of the Company, Mr. Liu has extensive experience in mine financing and is a Senior Accountant and Senior Gold Investment Analyst in China. Mr. 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.

Taking into account of the foregoing, we concur with the view of the Directors that China Gold Finance is experienced and familiar with the Group's operation and will have better and more efficient communication with the Group compared with other commercial banks and financial institutions in the PRC for the financial services provided (including the Deposit Services) under the Financial Services Agreement.

In addition, as stated in the Board Letter, given that China Gold Finance, once established, will be subject to the supervision of the CBRC and provide its services in accordance with the rules and operational requirements of the CBRC such as the Measures for the Administration of Finance Companies of Enterprise Groups (企業集團財務公司管理辦法) (the "Measures"), the Company believes that the risk profile of China Gold Finance, as a financial services provider to the Company, is not greater than that of independent commercial banks in the PRC.

We have reviewed the Measures issued by the CBRC on 27 July 2004 (as amended on 28 December 2006). According to the Measures, China Gold Finance will be required to file audited financial statements to CBRC and other operational and financial materials as required by CBRC. China Gold Finance will also be required to comply with various ratios in respect of its assets and liabilities, including, among others, the capital adequacy ratio, the ratio of borrowings to total capital and the ratio of guarantees provided to total capital. We noted from the Measures that the capital adequacy ratio for finance companies of enterprise groups shall not be lower than 10% whereas such threshold for commercial banks is 8% as stipulated in the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) (商業銀行資本管理辦法(試行)) issued by the CBRC on 7 June 2012, which means there will be a more stringent control over China Gold Finance than other commercial banks.

Moreover, pursuant to the Financial Services Agreement, China National Gold has undertaken to the CBRC that it will increase the capital of China Gold Finance in case China Gold Finance has difficulty in payment. As discussed in the section headed "I. Background of and reasons for the Amendment Agreement and the Financial Services Agreement – a. The Amendment

Agreement”, China National Gold is a state-owned enterprise established in the PRC with registered capital amounted to RMB4,340 million. According to its unaudited financial statement for the year ended December 31, 2014, China National Gold recorded net assets of approximately RMB26,013 million in 2014 with cash and cash equivalent amounted to RMB9,805 million, which is approximately 880.5% more than the registered capital of China Gold Finance. We therefore believe that China National Gold will be able to honor its undertaking to increase the capital of China Gold Finance in the event that China Gold Finance has difficulty in payment. Given the strong financial position of China National Gold, we concur with the view of Directors that the risk faced by the Group in conducting business with China Gold Finance will be low.

Last but not least, we have also obtained and reviewed the information management system and risk control system of China Gold Finance submitted to the CBRC for the application of establishment of China Gold Finance and noted that China Gold Finance has in place risk management and internal control measures covering areas important to the operation of financial institutions. For instances, we noted from the organizational chart of China Gold Finance provided by the Company that China Gold Finance has set up separate internal bodies to assume the role of decision making, implementation and supervision respectively. The decision making body of China Gold Finance includes the shareholders’ meeting, the board of directors (which comprises five directors including one independent director and one director elected by the employees) and the risk control management committee (which reports directly to the board of directors), while the implementation role is undertaken by the senior management of China Gold Finance, the credit approval committee and six operational departments. The supervisor, the risk management department which is subordinated under the risk control management committee and the audit department assume the supervisory duties in the internal control system.

Having considered (i) the familiarity of China National Gold with the Group’s operation, (ii) the sound background and well experience of the board of directors of China Gold Finance; (iii) the fact that China National Gold has undertaken to the CBRC that it will increase the capital of China Gold Finance in case China Gold Finance has difficulty in payment, (iv) the strong financial position of China National Gold and China Gold Finance, and (v) the stringent internal control system of imposed by China Gold Finance, we concur with the Directors’ view that the risk profile of China Gold Finance is not greater than that of independent commercial banks in the PRC.

Taking into account of the foregoing as well as that the terms of the Financial Services Agreement (including the interest rates offered by China Gold Finance under the Deposit Services) will not be less favourable than those that would be offered to the Group by other major commercial banks in the PRC or those offered by China Gold Finance to any third parties of which will be further discussed in below section headed “II. Principal terms of the Amendment Agreement and the Financial Services Agreement”, we are of the view that the entering into of the Deposit Services contemplated under the Financial Services Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole.

II. Principal terms of the Amendment Agreement and the Financial Services Agreement

a. The Amendment Agreement

According to the Board Letter, except for the extension of the expiry date and the inclusion of sales and purchase transaction of copper concentrate into the product and service scope of the existing Product and Service Framework Agreement, no material changes have been made to the terms and conditions under the Product and Service Framework Agreement. Please refer to the Board Letter for details of the terms of the Amendment Agreement.

We have reviewed the principal terms of the Amendment Agreement and noted that the pricing basis for the sales and purchase of copper concentrates between the Group and China National Gold shall be reference to the pricing principles for connected transactions set out under the existing Product and Service Framework Agreement as follows:

- (i) prices as may be stipulated by the PRC Government (if any); if there are no such stipulated prices,
- (ii) prices as may be determined by offering of tender, if an active market exists; if there is no active market;
- (iii) prices as with reference to identical or similar transacted prices as observed from the market; otherwise
- (iv) an agreed price consisting of the actual costs plus a reasonable profit margin.

We have discussed the above pricing principles with the management of the Company and we noted that basically the pricing basis of the products and services under the Product and Service Framework Agreement is in line with either price stipulated by the PRC Government or market rate. Further, we understand that in case where the pricing is determined based on item (iv) above, i.e. agreed price consisting of actual costs plus a reasonable profit margin, the margin will be determined after arm's length negotiations and with reference to profits margin of prevailing market for the services and products as contemplated thereunder and/or the average profit margin in the related industry. We have further consult the Company that in case the Company requires services or products under the Product and Service Framework Agreement whose pricing is determined in accordance with item (iv) above, the Company shall obtain quotations from different service providers or suppliers and whenever the service fees or product prices offered by China National Gold are equal to or better than those offered by other independent service providers or suppliers who provided quotations, China National Gold is eligible to be selected. In determining whether the profit margin is reasonable or not, the Company shall compare the service fee or product price offered by China National Gold with those quoted by independent third parties and when such service fee or product price offered by China National Gold is equal to or less than those provided in the quotations obtained from those independent third parties, the Company would consider the profit margin reasonable.

In relation to the pricing basis for the sales and purchase of copper concentrates between the Group and China National Gold in particular, we have discussed with the management of the Company and we understand that the pricing basis for the sales and purchase of copper concentrates between the Group and China National Gold shall fall into category (ii) above given the fact that there is active markets for copper, gold and silver in China. According to the Directors, the settlement price of the Group's copper concentrates shall be referenced to the publicly available quotation from international recognized commodity exchanges in China such as (i) the spot contract of the standard cathode copper in Shanghai Futures Exchange, (ii) the price of Au9995 gold ingot in the Shanghai Gold Exchange, and (iii) the No.3 GB silver in the Shanghai White Platinum & Silver Exchange prevailing at the time of each purchase order.

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

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

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

Having considered that (i) the pricing basis of the services under the existing Product and Service Framework Agreement is in line with either price stipulated by the PRC Government or market rate; (ii) the pricing basis for the sales and purchase of copper concentrates between the Group and China National Gold under the Amendment Agreement is referenced to the publicly available quotation from international recognized commodity exchanges in China; (iii) China National Gold represented and warranted in the existing Product and Service Framework Agreement that the terms offered to the Company are not less favourable than those offered to independent third parties; and (iv) the sound internal mechanism in the selection of buyers of the Group's products, we are of the opinion that the terms of the Amendment Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

b. The Financial Services Agreement

Set out below are the major terms of the Deposit Services contemplated under the Financial Services Agreement:

- | | | |
|---------------------------|---|--|
| Date | : | May 29, 2015 |
| Parties | : | Huatailong, Inner Mongolia Pacific

and

China Gold Finance |
| Duration | : | Three years effective from the date of satisfaction of (i) the successful in obtaining all necessary licenses and permits by China Gold Finance in carrying out the financial services contemplated under the Financial Services Agreement and (ii) the approval of the Financial Services Agreement in the AGM |
| Scope of Deposit Services | : | (i) The daily balance of the deposits (including any interest accrued therefrom) with China Gold Finance shall not exceed RMB3,000 million (the " Deposit Cap ")

(ii) The interest rates payable by China Gold Finance to Huatailong and Inner Mongolia Pacific for any deposits shall not be lower than (i) the benchmark interest rates prescribed by the PBC; (ii) the interest rates payable by other major commercial banks in the PRC; and (iii) the interest rates offered by China |

Gold Finance to any third party in the same period for the same type of deposits.

In assessing the effectiveness of internal control imposed by the Group in ensuring the interest rates payable by China Gold Finance to Huatailong and Inner Mongolia Pacific for any deposits shall not be lower than (i) the benchmark interest rates prescribed by the PBC; (ii) the interest rates payable by other major commercial banks in the PRC; and (iii) the interest rates offered by China Gold Finance to any third party in the same period for the same type of deposits, we have reviewed the internal control measures provided by the Group and we understand that Huatailong and Inner Mongolia Pacific will obtain not less than two quotations from other independent financial institutions (which shall be leading licensed banks in the PRC) in relation to deposit services of the same type and with the same duration before the Huatailong and Inner Mongolia Pacific enter into any individual agreement for the Deposit Services with China Gold Finance. These quotations together with the quotation of China Gold Finance will be submitted to the financial controller of Huatailong and Inner Mongolia Pacific for review and decide whether or not to accept the quotation of China Gold Finance.

Having considered the foregoing, we are of the view that there are sufficient internal procedures for the Group to ensure that the interest rate offered to the Group under the Deposit Services by China Gold Finance will not be lower than that provided to the Group by other independent major commercial banks in the PRC and the Deposit Services contemplated under the Financial Services Agreement are on normal commercial terms, and are fair and reasonable so far as the Company and the independent Shareholders are concerned.

III. Proposed annual caps

a. The Amendment Agreement

Set out below are (1) the existing annual caps for the three years ending December 31, 2015 under the Product and Service Framework Agreement; (2) the actual transaction amount for the two years ended December 31, 2014; (3) the proposed annual cap for the year ending December 31, 2015; and (4) the additional proposed annual caps for the two years ending December 31, 2017 under the Amendment Agreement:

	For the financial year ended December 31				
	2013	2014	2015	2016	2017
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
The existing annual caps	870	780	650		
The actual transaction amounts	401	463			
The Proposed Revised Annual Caps			5,123	5,800	7,067

According to the our discussion with the Company and our review on the detailed breakdown provided by the Company in arriving the Proposed Annual Caps (the "Breakdown"), the revision of the proposed annual caps for the year ended December 31, 2015 from RMB459.7 million to RMB3,657.7 million (before taking the 40% buffer into consideration) is principally caused by the estimated additional transaction amount between the Group and China Nation Gold in relation to (i) the sales and purchase of copper concentrates of approximately RMB1,639.0 million; (ii) the

over-budget on the existing construction work of the Jiama Mine tailing dam of approximately RMB818.0 million due to the revision on the Environmental Protection Law of the People's Republic of China imposed by the Chinese Government on April 24, 2014 of which will come into effect on January 1, 2015 (the "**Revision**") and the complex geological conditions of the Jiama Mine expected to be faced by the Company in carrying out such construction; (iii) the additional purchase of auxiliary equipment from China National Gold of approximately RMB176.1 million by utilizing its centralized procurement office; (iv) the additional mining, stripping and transportation services of approximately RMB480.7 million and (v) the other additional and new services provided by China National Gold that were not covered in the existing annual caps for the year ended December 31, 2015 of approximately RMB84.2 million. We also noted from the Breakdown that the 13.2% and 22.0% increase in the proposed annual caps from the year 2015 to the year 2016 and from the year 2016 to the year 2017 respectively were mainly caused by the increase in the expected copper concentrate sales from the Group to China National Gold during the same period. In assessing the fairness and reasonableness of the the revision of the proposed annual caps for the year ended December 31, 2015, we have assessed the proposed annual cap of the above item (i) to (iv) individually and before taking the 40% buffer into consideration.

We have discussed with the management of the Company and we understand that the proposed annual cap of the copper concentrates transaction is determined principally by reference to (i) the copper concentrates sales estimated in the "NI 43-101 compliant, Independent Feasibility Study for the Phase II Expansion of its Jiama Copper Polymetallic Mine, in Tibet Autonomous Region, China" dated December 20, 2013 (the "**2014 Technical Report**") prepared by Mining One Pty Ltd in relation to the Jiama Mine Phase II expansion plan and (ii) the relevant adjustment made by the management of the Company on the copper concentrates sales estimated in the 2014 Technical Report due to the project delay in the Jiama Mine Phase II expansion plan. The comparison between (i) the copper concentrates sales estimated in the 2014 Technical Report and (ii) the proposed annual caps of copper concentrates transactions between the Group and China National Gold, before taking into account the 40% buffer, is illustrated in below table:

Copper concentrates sales	2015	2016	2017
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
2014 Technical Report's estimates	2,140.2	3,319.0	3,955.8
Proposed annual caps of copper concentrates transactions (Before 40% buffer)	1,639.0	2,947.6	3,913.3

We noted from the above table that the proposed annual caps of copper concentrates transactions are set as a more conservative level than the copper concentrates sales estimated in the 2014 Technical Report in general. We have discussed with the management of the Company and we understand that the lower proposed annual caps of copper concentrates transactions estimation set by the Company is to account for the project delay in the Jiama Mine Phase II expansion plan. As disclosed in the 2014 annual report of the Company, Jiama Mine Phase II expansion plan was estimated to be completed by year 2016 instead of year 2015 as assumed in the 2014 Technical Report. Moreover, as the copper concentrates sales estimated in the 2014 Technical Report has only taken the expected sales generated from the Jiama Mine Phase II expansion plan into consideration and did not account for the expected sales generated from the Group's existing production capacity. Given the conservative approach adopted by the Company, we therefore consider that the proposed annual caps of copper concentrates transactions is fair and reasonable to the Shareholders.

In assessing the fairness and reasonableness for the Group to set an approximately RMB818.0 million construction of the Jiama Mine tailing dam, we have discussed with the management of the Company and we have obtained and reviewed (i) the initial budget for the tailing dam

construction estimated by the Company in year 2012 (the “**Initial Budget**”), (ii) the updated budget for the tailing dam construction estimated by 中瑞工程项目管理（北京）有限公司, an independent third party professional appointed by the Company and principally engaged in project management, consultancy services on engineering projects, feasibility study etc. (the “**I3P Budget**”) and (iii) the latest budget for the tailing dam construction estimated by the Company in accordance to the actual construction progress on site (the “**Latest Budget**”).

We noted that the estimated budget for the construction of tailing dam has been increased by 117.8%.from approximately RMB290.9 million in the Initial Budget to RMB633.6 million in the I3P Budget. Further, based on the actual progress on the tailing dam construction and the difficulties encountered by the Company during the course of construction, the Latest Budget has been further increase to RMB1,019.5 million, representing a 250.5% increase from the Initial Budget. We have reviewed the basis in determining each respective budgets that and we noted that the increase in the estimated total cost of construction is principally due to the additional leak prevention and improvement in drainage system to ensure the safety of the tailing dam and its compliance with the newly imposed environmental laws and regulations. We understand that tailing dam safety is crucial to the protection of the surrounding mine site environment as it's used to prevent the uncontrolled release of tailings material into the ecosystem. We have reviewed the Revision and we noted that the Revision imposes stricter obligations on enterprises regarding pollution prevention and control, and provides for more severe penalties on the environmental non-compliance. In order to avoid future non-compliance to the Revision, the Group has appointed 中瑞工程项目管理（北京）有限公司 to redesign the construction of tailing dam and therefore further increased its construction budget on the tailing dam. Moreover, we also understand that the Jiama Mine is located in the Tibet Autonomous Region of the PRC where mining conditions are harsh given the high altitude and extreme weather there. According to our discussion with the Company, the complex and unpredictable environmental and geological structure there also increases the difficulties in mine site facilities construction and development including the tailing dam. Based on the foregoing and considering the increase in proposed annual caps of 204.8% for the tailing dam construction from RMB400.0 million in the existing annual cap of year 2015 to the proposed annual cap RMB1,219.0 million (RMB400.0 million + RMB810.0 million) (before taking the 40% buffer into consideration) is in line with the percentage increase of 250.5% from the construction amount estimated in the Initial Budget to the construction amount estimated in the Latest Budget, we therefore consider that it's fair and reasonable for the Group to revise the proposed annual cap for the construction of the Jiama Mine tailing dam to RMB818.0 million.

As disclosed in the Board Letter, the Company expects that it will attain significant cost savings for the purchase of auxiliary equipment and materials directly from China National Gold by utilizing its centralized procurement office. As discussed with the Company, we understand that the Company used to purchase auxiliary equipment and materials with the respective providers who won the tender from China National Gold's centralized procurement office. The use of China National Gold's centralized procurement office will allow the Company to purchase the auxiliary equipment and materials directly from China National Gold, who purchase the relevant auxiliary equipment and materials in bulk from the respective providers and then sell back to the Group in case such quotation obtained from China National Gold is better than the quotations obtained from the independent third party equipment providers. The bulk purchase by China National Gold allows it to enjoy a stronger bargaining power and higher discount from the sellers. Such benefits will then pass to the Group if it in turn purchase from China National Gold.

We have discussed with the Company and we understand that the expected total purchase amount of approximately RMB190.0 million for the year 2015 (or the increase of approximately RMB176.1 million from the existing proposed annual caps for the auxiliary equipment and materials) is determined by considering the additional auxiliary equipment and materials required by the Company in anticipation of the increased copper concentrates production from the completion of the stage one of the Jiama Mine Phase II expansion plan. According to the

2014 annual report of the Company, the total addition of crusher, machinery and equipment for the year ended December 31, 2014 of the Group was amounted to approximately USD9.0 million or approximately RMB 55.8 million. The expected total purchase amount of approximately RMB190.0 million for the year 2015 represented a 240.5% increase from the total actual purchase in year 2014. In accessing the fairness and reasonableness for such increase in the expected purchase by the Group, we have reviewed the 2014 annual report of the Company and we noted that by the time of completion of stage one of the Jiama Mine Phase II expansion plan, additional 22,000 tpd mineral processing capacity will be added to the Group and the total mineral processing capacity of the Jiama Mine will be increased from the existing 6,000 tpd to 28,000 tpd or by 366.7%. By that time, the Company expected that the related demand on the auxiliary equipment and materials will be increased in the same pace correspondingly. As the increase in proposed annual caps from the existing annual caps for the additional purchase of auxiliary equipment and materials is more conservative than the pace of expansion in mineral processing capacity of Jiama Mine, we consider that the increase in the proposed annual caps for the purchase of auxiliary equipment and materials from China National Gold is in line with the Group's current expansion plan and is fair and reasonable to the Shareholders.

Similarly, we understand that the increased budget on the additional mining, stripping and transportation services of approximately RMB480.7 million or 119.2% from RMB403.3 million to RMB884.0 million of the proposed annual caps for the year ended December 31, 2015 is also due to the expected increased mining, stripping and transportation services requested by the Group from China National Gold in relation to the additional copper concentrates production from the completion of stage one of Jiama Mine Phase II expansion plan as discussed above. In addition, we also understand from the Company that such additional copper concentrates production have not been taken into account in determining the existing annual caps for the year ended December 31, 2015. In assessing the increasing budget, we noted that the increase in transaction amount for the mining, stripping and transportation services of 119.2% is indeed lower than the expected increase in the total mineral processing capacity of the Jiama Mine of 366.7% after the completion of stage one of the Jiama Mine Phase II expansion plan, which is due to the fact that stage one of the Jiama Mine Phase II expansion plan shall come into operation only in second half of the year 2015. Based on the foregoing, we consider the increased budget on the additional mining, stripping and transportation services provided from China National Gold to the Company is fair and reasonable to the Shareholders and also in line with the updated Jiama Mine Phase II expansion plan of the Group.

In assessing the fairness and reasonableness for the Group to incorporate a 40% buffer in arriving the Proposed Annual Caps, we have obtained the historical Shanghai Changjiang Copper Spot price from Bloomberg and the following chart illustrates the historical 3 years trend of copper price from April 26, 2012 to April 30, 2015 (the "**Copper Reference Period**"):



Source: Bloomberg

As shown in the chart above, the highest copper price in the Copper Reference Period was RMB60,270/ton, about 50.9% higher than the lowest copper price of RMB39,950/ton. Given (i) the prevailing slump of copper price, (ii) the volatility of the historical copper price and (iii) the unforeseeable nature of copper price in future, we therefore considered it is fair and reasonable to incorporate a 40% buffer to cater for possibility on the faster than expected recovery of the copper price in the upcoming years in determining the proposed annual caps of the copper concentrates transactions between the Group and China National Gold.

As discussed above, we understand that the harsh mining and development conditions in the Jiama Mine might result unforeseeable costs of mining related services required by the Group from China National Gold. The buffer of 40%, which has been adopted in determining the proposed annual caps for the 3 years ended 31 December 2015 under the existing Products and Services Framework Agreement dated April 26, 2013, is to ensure that there is sufficient amount to cater for accelerated developments, delays, cost overruns, variation orders, inflationary pressure on raw materials and labour costs. We have discussed with the management of the Company and we understand that the harsh mining and development condition of the Jiama Mine remains without significantly improvement, we therefore concur with the Company's view that the continuing application of 40% buffer for the estimated transactions of other products and services (other than copper concentrates) under the Amendment Agreement are fair and reasonable.

Having considered that the factors discussed above, in particular (i) the inclusion of copper concentrates transaction in determining the Proposed Annual Caps, (ii) the expected growth in copper concentrates sales by the Group upon the completion of stage one of Jiama Mine Phase II development plan in second half of 2015; (iii) the unpredictable environmental and geological structure of Jiama Mine and the Revision, and (iv) the fluctuation in historical copper price, we are of the view that the revision of the annual cap for the year ending December 31, 2015 and the proposed annual caps for the two years ending December 31, 2017 under the Amendment Agreement 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. The Financial Services Agreement

It is proposed that the daily balance of Huatailong's and Inner Mongolia Pacific's deposits (including any interest accrued therefrom) with China Gold Finance shall not exceed RMB3,000 million during the three years terms effective from the date of satisfaction of (i) the successful in obtaining all necessary licenses and permits by China Gold Finance in carrying out the financial services contemplated under the Financial Services Agreement and (ii) the approval of the Financial Services Agreement in the AGM. The Company confirms that there is no historical cap and no outstanding balance for the Deposit Services with China Gold Finance.

In assessing the fairness and reasonableness of the Deposit Cap, we have discussed with the management of the Group in respect of the possible deposits to be placed by the Group during the term of the Financial Services Agreement. We have also reviewed the annual report of the Company for the year ended 31 December 2014 and noted that the Group had bank balances and cash of approximately USD565.6 million (equivalent to approximately RMB3,506.7 million) as at 31 December 2014, which was significantly more than the bank balances and cash of approximately USD105.9 million (equivalent to approximately RMB656.6 million) as at 31 December 2013 due to the bond issuance of USD500 million (equivalent to approximately RMB3,100.0 million) in July 2014. As discussed with the management of the Group, since July 2014, the proceeds from the bond issuance have been deposited to local branches of the Bank of China and the Industrial and Commercial Bank of China. The Deposit Cap represented approximately 85.6% of the Group's bank balances and cash as at 31 December 2014. We have considered that by depositing majority of the cash that temporarily not in use by the Group and earn a higher interest income on it shall maximize the interest income received by the Group and maximize the Shareholder value at the same time. We have also considered that the expected gradual increase in business scale of the Group, in particular due to the completion of Jiama Mine Phase II expansion plan, will also result in the increase in future cash inflow and outflow of the Group and therefore it would mean a need for a higher Deposit Cap by the Group with China Gold Finance.

In order to further assess the reasonableness of the Deposit Cap, we have identified listed companies in Hong Kong (the "**Comparable Companies**") receiving deposit services provided by finance companies held by parent companies, with their respective circulars published from 1 November 2014 (approximately six months prior to the entering into of the Financial Services Agreement). We consider the list of Comparable Companies presented below to be an exhaustive list according to our research on the website of the Stock Exchange based on the above criteria and is able to depict a more recent market practice in determining the terms of deposit services provided by the related parties of the Comparable Companies and allow us to judge whether the Deposit Cap is fair and reasonable in a timely fashion manner. We have in particular reviewed the proposed maximum daily deposit balances to be placed by the Comparable Companies with their respective finance companies, and the Comparable Companies' cash balance, including cash and cash equivalent, bank balances and time deposit (the "**Cash Balance**") according to their latest published financial reports prior to the publish date of their respective circulars. The Comparable Companies have obtained their respective independent shareholders' approval on such maximum daily deposit balances. Based on our review, the results are highlighted in the following table:

Name of Comparable Companies	Date of circular	Maximum daily deposit balance (RMB million) (A) (Note 1)	Cash Balance (RMB million) (B)	Maximum daily deposit balance as a percentage of Cash Balance (%) (A / B)
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Zhejiang Expressway Co., Ltd. (stock code: 576)	4 May 2015	RMB 2,500.0	RMB 4,063.0	61.5%
Changhong Jiahua Holdings Limited (stock code: 8016)	28 April 2015	RMB 633.3	RMB 169.8 (Note 2)	373.1%
CGN Meiya Power Holdings Co., Ltd. (stock code: 1811)	20 April 2015	RMB 6,400.3 (Note 2)	RMB 12,331.6 (Note 2)	51.9%
CGN Power Co., Ltd. (stock code: 1816)	10 April 2015	RMB 24,558.5	RMB 28,793.1	85.3%
Tonly Electronics Holdings Limited (stock code: 1249)	30 March 2015	RMB 520.0 (Note 2)	RMB 750.6 (Note 2)	69.3%
Changan Minsheng APLL Logistics Co., Ltd. (stock code: 1292)	14 December 2014	RMB 700.0	RMB 647.9	108.0%
Guodian Technology & Environment Group Corporation Limited (stock code: 1296)	3 December 2014	RMB 2,000.0	RMB 3,638.3	55.0%
TCL Communication Technology Holdings Limited (stock code: 2618)	1 December 2014	RMB 4,365.1	RMB 415.5 (Note 2)	1050.5%
TCL Multimedia Technology Holdings Limited (stock code: 1070)	1 December 2014	RMB 17,850.2 (Note 2)	RMB 2,594.0 (Note 2)	688.1%
Poly Culture Group Corporation Limited (stock code: 3636)	28 November 2014	RMB 1,000.0	RMB 2,727.6	36.7%
Yanzhou Coal Mining Company Limited (stock code: 1171)	27 November 2014	RMB 3,000.0	RMB 22,003.2	13.6%
Huadian Power International Corporation Limited (stock code: 1071)	27 November 2014	RMB 6,000.0	RMB 5,530.1	108.5%

Qinhuangdao Port Co., Ltd. (stock code: 3369)	27 November 2014	RMB 7,600.0	RMB 5,824.5	130.5%
Franshion Properties (China) Limited (stock code: 817)	20 November 2014	RMB 2,800.0	RMB 10,147.6 (Note 2)	27.6%
China Machinery Engineering Corporation (stock code: 1829)	17 November 2014	RMB 3,300.0	RMB 18,109.0	18.2%
Kunlun Energy Company Limited (stock code: 135)	11 November 2014	RMB 3,305.1 (Note 2)	RMB 9,666.4 (Note 2)	34.2%
Dongfang Electric Corporation Limited (stock code: 1072)	7 November 2014	RMB 12,500.0	RMB 10,917.6	114.5%
			Mean	178.0%
			Maximum	1050.5%
			Minimum	13.6%
Deposit Cap		RMB 3,000.0	RMB 3,506.7 (Note 2)	85.6%

Source: Latest published financial reports and circulars of the Comparable Companies

Notes:

1. For ease of our comparison, we have taken the average of the maximum daily deposit balances in case such balances varies with the terms of the respective agreement entered by the Comparable Companies
2. We have adopted an approximate exchange rate of 1HKD to RMB0.8 and 1USD to RMB6.2

As shown above, the proposed maximum daily deposit balances of the Comparable Companies represent approximately 13.6% to 1,050.5% of their respective Cash Balance, with the mean of 178.0%. The Deposit Cap of RMB3,000 million represents approximately 85.6% the Group's total cash balances as at 31 December 2014, which is lower than the mean and within the range of that of the Comparable Companies. Based on the above, the comparatively lower percentage of the Deposit Cap to the Group's total cash balance is considered more prudent in terms of limiting the maximum risk exposure arising from the Deposit Services. In addition, we also noted that the deposit caps set by all the Comparable Companies are on daily basis, therefore we considered that it's reasonable and in line with industry practice for the Group to set the Deposit Cap with daily basis.

Based on the foregoing review and analyses and that China Gold Finance provides an alternative for the Group to deposit its cash temporarily not in use to earn interest income at interest rate not lower than the interest rates provided by other major commercial banks in the PRC and at a cap that is considered to be reasonable compared with the bank balances and cash of the Group and with the Comparable Companies, we consider that the Deposit Cap in

relation to the Deposit Services contemplated under the Financial Services Agreement was made by the Directors after due and careful consideration. Moreover, we are of the view that the basis for determining the Deposit Cap is fair and reasonable so far as the independent Shareholders are concerned.

IV. Continuing connected transactions requirements under the Listing Rules

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the Amendment Agreement and the Deposit Services contemplated under the Financial Services Agreement (the "Continuing Connected Transactions") are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report whether the Continuing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:
 - (i) has not been approved by the Board;
 - (ii) was not, in all material respects, in accordance with the pricing policies of the Group (if applicable);
 - (iii) was not entered into, in all material respects, in accordance with the relevant agreement governing the Continuing Connected Transactions; and
 - (iv) has exceeded the Proposed Annual Caps and Deposit Cap;
- (c) the Company must allow, and ensure that the relevant counterparties to the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b); and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Proposed Annual Caps and Deposit Cap; and (ii) the on-going review by the independent non-executive Directors and auditors of the Company of the Continuing Connected Transactions, we are of the view that appropriate measures will be in place to monitor the conduct of the Continuing Connected Transactions and assist to safeguard the interests of the independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the entering into of (i) the Amendment Agreement and (ii) the Deposit Services contemplated under the Financial Services Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the independent Shareholders as a whole, the terms of (i) the Amendment Agreement and (ii) the Deposit Services contemplated under the Financial Services Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the independent Shareholders are concerned, and the basis for determining the Proposed Annual Caps and Deposit Cap is fair and reasonable so far as the Company and the independent Shareholders are concerned.

Accordingly, we would recommend the independent Shareholders, and advise the Independent Board Committee to recommend the independent Shareholders to vote in favour of the relevant resolution to be proposed at the AGM in respect of (i) the Amendment Agreement and (ii) the Deposit Services contemplated under the Financial Services Agreement.

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