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**THIS INFORMATION CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 institution 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, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This Information Circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.



**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  
DISCLOSEABLE TRANSACTION**

**NOTICE AND INFORMATION CIRCULAR  
RELATING TO THE ANNUAL AND SPECIAL MEETING  
OF THE SHAREHOLDERS**

**TO BE HELD IN VANCOUVER, BRITISH COLUMBIA, CANADA  
ON JUNE 16, 2020 VANCOUVER TIME (JUNE 17, 2020 HONG KONG TIME)**

**May 26, 2020**

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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 will be held at the Vancouver offices of the Company located at Suite 660, 505 Burrard Street, Vancouver, British Columbia on June 16, 2020 commencing at 10:00 am (Vancouver time), for the following purposes:

1. to receive the Company’s audited consolidated financial statements for the financial year ended December 31, 2019, together with the report of the Board and the auditors’ report thereon;
2. to appoint auditors of the Company for the ensuing year and to authorize the Board to fix the auditors’ remuneration;
3. to set the number of directors to be elected at the Meeting at nine (9);
4. to elect directors for the ensuing year;
5. to grant to the Board a general mandate to allot, issue and otherwise deal with unissued shares not exceeding 20% of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly;
6. to grant to the Board a general mandate to repurchase shares not exceeding 10% of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly;
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, pass, with or without variation, an ordinary resolution of Independent Shareholders of the Company (consisting of the Shareholders of the Company other than China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) and any of its respective associates):
  - (a) the Third Supplemental Products and Services Framework Agreement dated May 6, 2020, as more particularly described in the Information Circular accompanying this notice;
  - (b) the annual monetary caps for the three years ending December 31, 2021, 2022, and 2023 under the Third Supplemental Products and Services Framework Agreement, as more particularly described in the Information Circular accompanying this notice;
  - (c) the Third Supplemental Contract for Purchase and Sale of Doré dated May 6, 2020, as more particularly described in the Information Circular accompanying this notice;

- (d) the annual monetary caps for the three years ending December 31, 2021, 2022, and 2023 under the Third Supplemental Contract for Purchase and Sale of Doré, as more particularly described in the Information Circular accompanying this notice; and
  - (e) to authorize any one Director 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 deems necessary or desirable to implement and/or carry out to give effect to the terms of the foregoing resolutions; and
9. to transact such other business as may properly come before the Meeting or any adjournments thereof.

The Board has fixed May 12, 2020 Vancouver time (being May 13, 2020 Hong Kong time) as the record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting and at any adjournments thereof.

Instructions to access the Information Circular and a form of proxy solicited by management of the Company for the Meeting (the **“Form of Proxy”**) accompany this notice. The Information Circular contains details of the matters to be considered at the Meeting. Information regarding the appointment of auditors and the election of directors may be found in the Information Circular under the headings “Appointment of Auditors”, “Election of Directors”, respectively.

#### **Notice-and-Access**

The Company has adopted the “notice-and-access” mechanism (**“Notice and Access Provisions”**) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting Materials to registered and beneficial registered Shareholders.

#### **Form of Corporate Communications**




The Company makes available English and Chinese versions of its corporate communications on the Company’s website at [www.chinagoldintl.com](http://www.chinagoldintl.com) and the HKEX news website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk). A holder of the Company’s shares may also elect from time to time to receive corporate communications in printed form, and in English language or in Chinese language or in both English and Chinese language, by reasonable notice in writing to the Company c/o the Hong Kong Share Registrar or by email to [chinagold.ecom@computershare.com.hk](mailto:chinagold.ecom@computershare.com.hk).

#### **Website Where Meeting Materials are Posted**

The Notice-and-Access Provisions are a set of rules that allows reporting issuers to post electronic versions of proxy-related materials and annual financial statements (including the Information Circular) on-line, via the System for Electronic Document Analysis and Retrieval (**“SEDAR”**) and one (1) other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of the Information Circular, the annual audited consolidated financial statements of the Company for the year ended December 31, 2019 and management’s discussion and analysis of the Company’s results of operations and financial condition for the year ended December 31, 2019 may be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com), and on the HKEX News website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.chinagoldintl.com](http://www.chinagoldintl.com). In relation to the Meeting, the notice package for all shareholders will include the Form of Proxy, this notice of the annual general meeting of Shareholders and a supplemental return card (collectively, the **“Meeting Materials”**). We will mail a paper copy of the Meeting Materials to any shareholder who previously requested a paper copy. If you received the notice only and would like a paper copy of the Meeting Materials, please send us a request as set out below.

## How to Obtain Paper Copies of the Meeting Materials

Shareholders with questions about the Notice-and-Access Provisions may call our transfer agent, AST Trust Company (Canada) (formerly CST Trust Company) (the “**Transfer Agent**”) toll-free at 1-888-433-6443 or our co-agent, Computershare Hong Kong Investor Services Limited, at (852) 2862 8688 during their respective business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday, excluding public holidays (in Canada or Hong Kong, as the case may be). The Meeting Materials can be viewed online on the Company’s website at [www.chinagoldintl.com](http://www.chinagoldintl.com). Please note that if you request a paper copy of the Meeting Materials, you will not receive a new Form of Proxy or voting instruction form, so you should retain these forms sent to you in order to vote. Shareholders may also obtain paper copies, free of charge on request. Please submit your request by:

	604-609-0598 (not a toll-free number)
	<a href="mailto:info@chinagoldintl.com">info@chinagoldintl.com</a>
	China Gold International Resources Corp. Ltd. Suite 660, One Bentall Centre 505 Burrard Street Vancouver, BC Canada, V7X 1M4

You can also obtain copies of any document required to be filed by us in Canada and Hong Kong, as well as additional information about us, by:

- > accessing our public filings on SEDAR at [www.sedar.com](http://www.sedar.com) and on the HKEX News website at [www.hkexnews.hk](http://www.hkexnews.hk); or
- > going to our Investors page at [www.chinagoldintl.com](http://www.chinagoldintl.com).

A request for paper copies which are required in advance of the Meeting should be sent so that the request is received by the Company or the Transfer Agent, as applicable, by 3:00 p.m. (Vancouver time) on or before June 12, 2020 in order to allow sufficient time for Shareholders to receive the paper copies and to return their Form of Proxy or voting instruction form to intermediaries not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in Vancouver, British Columbia, Canada prior to the time set for the Meeting or any adjournments or postponements thereof.

## Voting

A Form of Proxy is enclosed herewith. Registered Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed Form of Proxy to AST Trust Company (for Canada) or Computershare Hong Kong Investor Services Limited (for Hong Kong) in accordance with the instructions set out on the Form of Proxy and in the Information Circular. If you are voting your shares by proxy, AST Trust Company (Canada) or Computershare Hong Kong Investor Services Limited must receive your completed Form of Proxy not less than 48 hours (excluding Saturday, Sunday and statutory holidays before the Meeting or any adjournment thereof at which the proxy is to be used.

Non-registered Shareholders receiving these materials through their broker or other intermediary should complete and return the voting instruction form provided to them by their broker or other intermediary in accordance with the instructions provided therein.

**SHAREHOLDERS ARE REMINDED TO REVIEW THE MEETING MATERIALS CAREFULLY BEFORE EXERCISING THEIR RIGHT TO VOTE.**

**DATED** at Vancouver, British Columbia, this 26<sup>th</sup> day of May, 2020.

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

(signed) "Jerry Xie"  
Jerry Xie  
Executive Vice President and Corporate Secretary

*As of the date of this notice, the executive Directors of the Company are Mr. Jiang, Liangyou, Mr. Guan, Shiliang, the non-executive Directors of the Company are Mr. Teng, Yongqing and Ms. Kang, Fuzhen and the independent non-executive Directors of the Company are Mr. He, Yingbin lan, Mr. Shao, Wei, Dr. Shi, Bielin and Ms. Han, Ruixia.*

This information circular (the “**Information Circular**”) is furnished to the holders (“**Shareholders**”) of common shares (“**Shares**”) of China Gold International Resources Corp. Ltd. (the “**Company**”) (TSX:CGG) (HKEX:2099) by the Company’s management in connection with the solicitation of proxies to be voted at the annual and special meeting of shareholders (the “**Meeting**”) to be held at 10:00 a.m. (Vancouver time) on June 16, 2020, at the Vancouver offices of the Company located at Suite 660, 505 Burrard Street, Vancouver, British Columbia, for the purposes set forth in the notice of Meeting 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 – Definitions”. All dollar figures are in Canadian dollars and references to “US\$” are to United States dollars, except as otherwise noted.

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## **CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

*(a company incorporated under the laws of British Columbia, Canada with limited liability)*  
(TSX Symbol: CGG) (HKEX Stock Code: 2099)

### **Registered office/ Headquarters:**

**One Bentall Centre  
Suite 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:**

**40/F, Sunlight Tower, 248 Queen’s Road East, Wanchai, Hong Kong**

## **INFORMATION CIRCULAR**

### **GENERAL INFORMATION**

#### **China Gold International Resources Corp. Ltd.**

We use “we”, “us”, “our” and the “Company” to refer to China Gold International Resources Corp. Ltd. in this document.

#### **Date of Information**

Information is as of May 21, 2020, unless we note otherwise.

#### **Shares Outstanding**

Our Shares are traded on the Toronto Stock Exchange (“**TSX**”) under the symbol CGG and on the Hong Kong Stock Exchange under the stock code 2099. There were 396,413,753 Shares outstanding at the close of business on May 21, 2020.

## Owners of 10% or More of Our Shares

To the knowledge of the Directors and senior officers of the Company, China National Gold, through its wholly owned subsidiary, CNGGHK, owns 155,794,830 Shares, representing approximately 39.3% of the outstanding voting shares of the Company. To the knowledge of the Directors and senior officers of the Company, 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.

## Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise disclosed below, no informed person of the Company, or anyone associated or affiliated with any of them, has or had a direct or indirect material interest in any of the Continuing Connected Transactions and the discloseable transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, or any of its subsidiaries or affiliates.

An "informed person" means:

- a Director or executive officer of the Company;
- a Director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- 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% 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
- the Company if it has acquired any of its securities, for so long as it holds any of its securities.

## Substantial Shareholders Interest

Other than as disclosed below, the Directors and chief executive officer 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 fall 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 <sup>(1)</sup>	Indirect	155,794,830 <sup>(1)</sup>	39.3%
CNGGHK	Registered Owner	155,794,830	39.3%

Note:

<sup>(1)</sup> 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.



## Director's Interest

As at the Latest Practicable Date, the interest and short position of the Directors, and the executive officers of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (with the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short position where they are taken or deemed to have under such provisions of the SFO); or (ii) were required pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Name	Position	Company	Number of Shares held	Nature of interest	Approximate percentage of interest in the company
Mr. Yingbin He	IanINED	The Company	150,000	Personal	0.0378%

Save as disclosed above, the current Directors and executive officers of the Company do 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 none of the Directors holds 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 the Company's ultimate controlling Shareholder of the Company (as defined in the Hong Kong Listing Rules).

### Mailing of Information Circular

This Information Circular will be mailed on or around May 26, 2020 to each of our Shareholders of record on May 12, 2020 Vancouver time (being May 13, 2020 Hong Kong time) who have previously requested paper copies of our disclosure documents. All other shareholders will only receive a notice with information on how to view the meeting materials electronically. See the heading "Notice and Access" below.

We give meeting materials to brokers, intermediaries, custodians, nominees and fiduciaries and request the materials be sent to beneficial shareholders promptly. We will pay for the distribution of the meeting materials by clearing agencies and intermediaries to objecting beneficial Shareholders.

### Electronic Delivery

Shareholders can choose to receive meeting materials electronically rather than by paper. If you have already chosen to receive electronic copies, no paper materials will be sent to you. If you would like to receive future meeting materials electronically, please complete the enclosed form and return it as indicated on the form.

If we do not have an electronic document available or we choose not to send an electronic copy, a paper copy will be provided.

## Notice and Access

The Company has adopted the Notice-and-Access Provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of meeting materials to registered and beneficial registered Shareholders.

This Information Circular, the accompanying notice of meeting dated May 26, 2020 (the "**Notice of Meeting**") and the enclosed form of proxy solicited by the Company for the Meeting (the "**Form of Proxy**") are being sent to Shareholders using the Notice-and-Access Provisions, for distribution of meeting materials to registered and beneficial registered Shareholders.

## GENERAL VOTING INFORMATION

### *Solicitation of Proxies*

The enclosed Form of Proxy is solicited by and on behalf of the Company. The solicitation of proxies by the Company 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.

### *Record Date*

The Board has fixed May 12, 2020 Vancouver time (being May 13, 2020 Hong Kong time) as the record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting and at any adjournments thereof.

### *Voting Securities and Votes*

The Shares are our only voting securities. Each Share entitles the holder to one vote at the Meeting.

### *Quorum*

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.

### *Voting of Proxies*

A Form of Proxy for use at the Meeting is enclosed with the Company's Information Circular dated May 26, 2020. Whether or not you are able to attend the Meeting, please complete the accompanying Form of Proxy in accordance with the instructions printed thereon, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Meeting or any adjourned thereof. Completion and return of the Form of Proxy will not preclude you from attending and voting at the Meeting or any adjourned meeting (as the case may be) should you so desire.

### *Approvals*

Under the *Business Corporations Act* (British Columbia), 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. Accordingly, the voting on all resolutions at the Meeting will be conducted by way of poll. The Company will announce the results of the poll in the manner prescribed in Rule 13.39(5) of the Hong Kong Listing Rules.




### ***Votes Necessary to Pass Resolutions***

At the Meeting, Shareholders will be asked to set the number of Directors 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). Independent Shareholders (as hereinafter defined) are entitled, and will be asked, to approve the renewal of the Continuing Connected Transactions and their respective annual monetary caps (as more particularly described in the section entitled "Renewal of the Continuing Connected Transactions" in this Information Circular).



### ***Voting Questions***

Our transfer agent is AST Transfer Company Inc. ("**AST**"). Our co-agent in Hong Kong is Computershare Hong Kong Investor Services Limited ("**Computershare**"). Please contact them if you have any questions on how your votes are counted:

AST:






	1-800-387-0825 (toll free in North America) 416-682-3860 (collect from outside North America)
	<i>inquiries@astfinancial.com</i>
	AST Trust Company (Canada) PO Box 700, Station B Montreal, QC, Canada H3B 3K3

Computershare:

	(852) 2862 8688
	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong

### ***Beneficial Shareholder Voting***

Most Shareholders are beneficial Shareholders. You hold a beneficial interest if your share certificate was deposited with a bank, trust company, stock broker, trustee or some other institution. Here is how you can vote:

<b><i>Voting Options</i></b>	
	In person at the Meeting – discussed below
	By submitting a paper voting instruction form – discussed below
	By telephone – enter your voting instructions by telephone at: 1-800-474-7493 (English)
	By fax – fax to AST Trust Company at 1-866-781-3111 (Canada or US) or 1-416-368-2502 (outside North America)
	Via the internet – go to <i>www.proxyvote.com</i> and follow the instructions

### ***Voting in Person***

**If you plan to attend the Meeting and wish to vote your Shares in person, insert your own name in the space on the enclosed voting instruction form.** Then follow the signing and return instructions

provided by your nominee. You may also nominate yourself as a proxy holder online, if available, by typing your name in the “Appointee” section on the electronic ballot.

Your vote will be taken and counted at the Meeting, so do not indicate your votes on the form. Please register with AST when you arrive at the Meeting.

### ***Voting by Instruction***

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxy holder. Use the enclosed voting instruction form to do this. The people named in the enclosed voting instruction form are members of management and/or the Board. **You have the right to choose another person to be your proxy holder by printing that person’s name in the space provided.** Then complete the rest of the form, sign it and return it. Your votes can only be counted if the person you appointed attends the Meeting and votes on your behalf. **If you have voted on the voting instruction form, neither you nor your proxy holder may vote in person at the Meeting, unless you revoke your voting instructions prior to your nominee’s cut-off time.**

**Beneficial Shareholders should carefully follow the instructions of their nominee, including those regarding when and where the completed voting instruction form is to be delivered.** Note that if you are a beneficial Shareholder, your nominee will need your voting instructions sufficiently in advance of the proxy deposit deadline to enable your nominee to act on your instructions prior to the deadline. If you have any questions or require more information with respect to voting at the Meeting, please contact our transfer agents, AST or Computershare at the contact details above.





### ***Revoking Your Voting Instructions or Changing Your Instructions***

**You may revoke your voting instructions before they are acted prior to your nominee’s cut-off time.** To revoke your voting instructions, contact your broker or service provider.

You may change your voting instructions by sending new instructions prior to your nominee’s cut off time to revoke your vote. Your latest instructions will be the only valid instructions.

### **Registered Shareholder Voting**

If you have in your possession a physical share certificate with your name on it, you are a registered shareholder. Here is how you can vote:

<b><i>Voting Options</i></b>	
	In person at the Meeting – discussed below
	By submitting a paper voting instruction form – discussed below
	By fax – fax to AST Trust Company at 1-866-781-3111 (Canada or US) or 1-416-368-2502 (outside North America)
	Via the internet – go to <b><i>www.astvotemyproxy.com</i></b> and follow the instructions. You will need the 13-digit control number located on the proxy form

### ***Voting in Person***

**If you plan to attend the Meeting and wish to vote your Shares in person, do not complete or return the enclosed proxy form.** Your vote will be taken and counted at the Meeting. Please register with AST when you arrive at the Meeting.

**If you are a beneficial shareholder (you hold your Shares with a bank, trust company, stock broker, trustee or some other institution) you will be required to follow the procedures set forth under “Beneficial Shareholders Voting” on page 10.**

### ***Voting by Proxy***

Whether or not you attend the Meeting, you can appoint someone else to attend and vote as your proxy holder. Use the enclosed proxy form to do this. The people named in the enclosed proxy form are members of management and/or the Board. **You have the right to choose another person to be your proxy holder by printing that person's name in the space provided.** Then complete the rest of the proxy form, sign it and return it. Your votes can only be counted if the person you appointed attends the Meeting and votes on your behalf. **If you have voted by completing the proxy form, neither you nor your proxy holder may vote in person at the Meeting, unless you revoke your proxy before it is acted on.**

Return your completed proxy form in the envelope provided so that it arrives by 3:00 p.m. on June 12, 2020 (Vancouver Time, being June 13, 2020 Hong Kong time) or if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the Meeting to resume (the “**cut off time**”). The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at their discretion, without notice. An undated proxy will be deemed to be dated the date it is received by AST. If you have any questions or require more information with respect to voting at the Meeting, please contact our transfer agent, AST at the contact details above.

### ***Revoking your Proxy***

You may revoke your proxy at any time before it is acted on. Deliver a written statement that you wish to revoke your proxy to our Corporate Secretary before or on June 12, 2020 (Vancouver time being June 13, 2020 Hong Kong time) (or the last business day in Vancouver before the Meeting if it is adjourned or postponed), or to the chair on June 16, 2020 (Vancouver time) before the start of the Meeting.

### ***Changing your Proxy***

You may change the way you voted by proxy by sending a new proxy prior to the cut off time to revoke your vote. Your latest proxy will be the only one that is valid.

## **BUSINESS OF MEETING**

### ***Financial Statements***

Our audited annual consolidated financial statements for the year ended December 31, 2019, and the auditors' reports on those statements, are included in the annual report and will be available at the Meeting. The annual report is also filed on [www.sedar.com](http://www.sedar.com), and on the HKEX News website at [www.hkexnews.hk](http://www.hkexnews.hk) and available to you on the Company's website at [www.chinagoldintl.com](http://www.chinagoldintl.com).

### ***Appointment of Auditors***

Shareholders will be requested to appoint Deloitte Touche Tohmatsu 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. Deloitte Touche Tohmatsu was first appointed as auditors of the Company on April 1, 2010.

**The Directors recommend that you vote FOR the appointment of Deloitte Touche Tohmatsu as our auditors**

The people named in the enclosed proxy will vote FOR the appointment of Deloitte Touche Tohmatsu, Independent Registered Public Accounting Firm as our auditors unless you tell them to vote against it.

### ***Fixing the Number of Directors***

The Articles of the Company provide that the number of Directors is set at the greater of three (3) and the number set by ordinary resolution. At the Meeting, the Board is requesting that Shareholders pass an ordinary resolution setting the number of Directors of the Company's Board at nine (9).

**The Directors recommend that you vote FOR setting the number of Directors of the Company's Board at nine (9)**

The people named in the enclosed proxy will vote FOR the setting the number of Directors of the Company's Board at nine (9) unless you tell them to vote against it.

***Election of Directors***

Each Director will hold office until the end of the next annual general meeting or until a successor is duly appointed or elected. Your Director nominees are:

- |                  |                  |
|------------------|------------------|
| > Liangyou Jiang | > Yingbin Ian He |
| > Shiliang Guan  | > Wei Shao       |
| > Weibin Zhang   | > Bielin Shi     |
| > Na Tian        | > Ruixia Han     |
| > Junhu Tong     |                  |

You can find more information on each of the nominees starting on page 13. Each nominee brings important skills and experience to the Board, is eligible and willing to serve if elected.

We note that no Director nominations were received pursuant to the advance notice provision of our Articles as of the date of this Information Circular. The only nominees for election at the Meeting are the nominees listed.

***Majority Voting Policy***

We have a Majority Voting Policy. Unless there is a contested election, a Director who receives more votes "withheld" by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election, will immediately tender a resignation. The Board will determine whether to accept the resignation within 90 days after the 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. 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.

A significant number of Shares are held by the Company's controlling Shareholder, China National Gold, and all Directors have historically been re-elected by a majority of votes cast by the Shareholders. The Board is committed to implementing sound corporate governance and annually reviews the votes cast by Shareholders to ensure that a majority of such votes are in favour of the elected directors.

**The Directors recommend that you vote FOR the election of these nominees**

The people named in the enclosed proxy will vote FOR the election of these nominees unless you tell them to withhold your vote.

**DIRECTOR BIOGRAPHIES**

The following is a complete biography for each Director nominee for election at the Meeting. All other Director information can be found in this section under the heading entitled "Director Compensation" starting at page 18 or in the section entitled "Corporate Governance" starting at page 21.

<p><b>Liangyou Jiang</b></p> <p>Beijing, PRC Age:54</p> <p><b>Director Since:</b> October 2014</p> <p><b>Areas of Experience:</b> CEO / Senior Officer Managing / Leading Growth Financial Acumen Marketing Environmental / Safety / Corporate Responsibility</p>	<p>Mr. Jiang was appointed Chairman of the Board on March 29, 2020 concurrently as serving as Chief Executive Officer since November 2018. Mr. Jiang has served as an Executive Director since October 2014. Mr. Jiang was elected as Senior Executive Vice President of the Company from August 2014 to November 2018. Mr. Jiang has had a long career in the mining industry spanning over 30 years, with extensive director and senior executive and board experience. Mr. Jiang currently holds a number of senior executive roles with China National Gold, China Gold Hong Kong, Soremi Investments Ltd., Kichi-Chaarat Closed Joint Stock Company, Zhongji Mining, China Gold Hong Kong Buchuk Mining Company Limited ("Buchuk"), Tibet Jia Ertong Mining Development Co., Ltd. ("Tibet Jia Ertong") Skyland Mining Limited ("Skyland"), Sino Mining Guizhou Pty., China Gold Hong Kong Holding Corp. Limited ("CGGHK Holding"), Mundoro Mining Limited ("Mundoro"), and.</p> <p>Mr. Jiang is a Senior Professional Engineer, holds a Bachelor's Degree in mineral processing from Northeastern University in China.</p>					
	<p><b>Principal Occupation, Business or Employment<sup>(1)</sup></b></p> <p>Chairman, Executive Director and Chief Executive Officer</p>					
	<p>Vice President of China National Gold, Director and Executive Vice President of China Gold Hong Kong and Chairman, Executive Director and Chief Executive Officer of the Company</p>					
	<p><b>Director Status:</b> Executive Director</p>		<p><b>2019 Attendance:</b></p>		<p><b>Other Public Company Board Membership:</b></p>	
	<p><b>Board/Committee Membership<sup>(3)</sup>:</b></p>				<p><b>Company:</b></p>	<p><b>Since</b></p>
	<p>Board of Directors</p>		<p>2 of 4</p>	<p>50%</p>	<p>n/a</p>	<p>n/a</p>
<p>Nominating and Corporate Governance Committee</p>		<p>1 of 1</p>	<p>100%</p>			
<p><b>Shares Beneficially Owned, Controlled or Directed:</b></p>			<p>Nil</p>			
<p><b>Options Beneficially Owned, Controlled or Directed:</b></p>			<p>Nil</p>			

<p><b>Shiliang Guan</b></p> <p>Tibet, PRC Age:52</p> <p><b>Director Since:</b> June 2019</p> <p><b>Areas of Experience:</b> Technical Mining Expertise Environmental / Safety / Corporate Responsibility</p>	<p>Mr. Guan was elected as an executive director in June 2019, he was appointed as the Vice President of the Company in September 2016.</p> <p>Mr. Guan served Tibet Huatailong Mining Development Co., Ltd. ("Tibet Huatailong") from November 2015 to present. Prior to joining the Company, Mr. Guan served as Deputy Manager of the Production Management Department of China National Gold from 2011 to 2014. He was also Chairman of the Board of Inner Mongolia Baotou Xinda Gold Mining Co., Ltd. ("Xinda Mining") from February 2014 to November 2015, where he was responsible for the overall production and operations at Xinda Mining. Prior to 2011, Mr. Guan also held senior positions at Jilin Haigou Mining Company, Shaanxi Dongtongyu Gold Mine of Zhongjin Gold Co. Ltd., Tongguan Zhongjin Gold Mining Co., Ltd, Henan Songxian Jinniu Co., Ltd. and Songxian Qianhe Mining Co., Ltd. Mr. Guan is a senior professional mining engineer and has over 29 years of experience in the mining industry.</p> <p>Mr. Guan holds a bachelor's degree in Mining Engineering from Northeastern University in China.</p>					
	<p><b>Principal Occupation, Business or Employment<sup>(1)</sup></b></p> <p>Executive Director and Vice President of the Company; Chairman of the Board of Tibet Huatailong</p>					
	<p><b>Director Status:</b> Executive Director</p>		<p><b>2019 Attendance:</b></p>		<p><b>Other Public Company Board Membership:</b></p>	
	<p><b>Board/Committee Membership:</b></p>				<p><b>Company:</b></p>	<p><b>Since</b></p>
	<p>Board of Directors</p>		<p>1 of 2</p>	<p>50%</p>	<p>n/a</p>	<p>n/a</p>
	<p>Health, Safety and Environmental Committee<sup>(4)</sup></p>		<p>3 of 3</p>	<p>100%</p>		
<p><b>Shares Beneficially Owned, Controlled or Directed:</b></p>			<p>Nil</p>			
<p><b>Options Beneficially Owned, Controlled or Directed:</b></p>			<p>Nil</p>			

<b>Weibin Zhang</b> Inner Mongolia, PRC  Age:56 <b>Director Since:</b> N/A <b>Areas of Experience:</b> Technical Mining Expertise / Project Management Environmental / Safety / Corporate Responsibility	Mr. Zhang joined Inner Mongolia Pacific Mining Co., Ltd ("Inner Mongolia Pacific"), in March 2018 as Chairman and General Manager. From March 2014 to March 2018, Mr Zhang served as the Principle of Changchun Gold Design Institute ("Design Institute"). From March 2011 to March 2014, he served as Vice President of China National Gold Engineering Corporation.  Starting in 1985 through March 2014 Mr. Zhang held numerous senior executive roles at the Design Institute and Yunnan Gold LLC. Mr. Zhang is a senior professional mining engineer and has over 35 years of experience in the mining industry.  Mr. Zhang holds a college diploma in Mining Engineering from Shenyang Gold College.					
	<b>Principal Occupation, Business or Employment<sup>(1)</sup></b>					
	Chairman and General Manager Inner Mongolia Pacific					
	<b>Director Status:</b> Executive Director <b>Board/Committee Membership:</b>		<b>2019 Attendance:</b> n/a		<b>Other Public Company Board Membership:</b>	
	n/a		n/a	n/a	<b>Company:</b> n/a	<b>Since</b> n/a
<b>Shares Beneficially Owned, Controlled or Directed:</b>			Nil			
<b>Options Beneficially Owned, Controlled or Directed:</b>			Nil			

<b>Na Tian</b> Beijing, PRC  Age:39  <b>Director Since:</b> N/A <b>Areas of Experience:</b> Legal/Compliance/Auditing	Ms. Na Tian joined CNGGHK in her current role as Legal Deputy Manager of General Administration Office in September 2018. Since February 2012, Ms. Tian has worked in the Division of Corporate Secretary Affairs of the Company and was promoted to Deputy Director in September 2017. In July 2017, she was appointed as a director of Skyland Mining (BVI) Limited, a wholly owned subsidiary of the Company. From July 2008 to May 2011 Ms. Tian was an auditor at Ernst & Young Hua Ming LLP. In 2008, Ms. Tian passed PRC national judicial examination and obtained the Legal Professional Qualification.  Ms. Tian holds a master's degree in Law from Peking University Law School. She also holds double bachelor's degrees and majored in law and business English from Guangdong University of Foreign Studies.					
	<b>Principal Occupation, Business or Employment<sup>(1)</sup></b>					
	Legal Deputy Manager of General Administration Office of China Gold Hong Kong					
	<b>Director Status:</b> Executive <b>Board/Committee Membership:<sup>(5)</sup></b>		<b>2019 Attendance:</b>		<b>Other Public Company Board Membership:</b>	
	n/a		n/a	n/a	<b>Company:</b> n/a	<b>Since</b> n/a
<b>Shares Beneficially Owned, Controlled or Directed:</b>			Nil			
<b>Options Beneficially Owned, Controlled or Directed:</b>			Nil			

<b>Junhu Tong</b> Beijing, PRC  Age: 57  <b>Director Since:</b> N/A <b>Areas of Experience:</b> Technical Mining Expertise Finance / English	Mr. Tong joined China Gold Hong Kong in October 2018 as Vice President. From July 2009 through October 2018, Mr. Tong served in numerous senior executive roles with China National Gold.  Mr. Tong has had a long career in the mining industry spanning over 30 years, with extensive senior executive and board experience. Mr. Tong currently served for Chairman of Board of Closed Joint-Stock Company Rudnik ("Zapadnava-Kluchi") from October 2018 to present.  Mr. Tong holds a master's degree in Mining Engineering from Beijing Science and Technology University and a bachelor's degree in Mining Engineer from Chongqing University.				
	<b>Principal Occupation, Business or Employment<sup>(1)</sup></b>				
	Vice President of the China Gold Hong Kong; Chairman of Closed Joint-Stock Company Rudnik "Zapadnava-Kluchi"				



	<b>Director Status:</b> Non-Executive <b>Board/Committee Membership:</b> <sup>(5)</sup>	<b>2019 Attendance:</b>		<b>Other Public Company Board Membership:</b>	
				<b>Company:</b>	<b>Since</b>
	n/a	n/a	n/a	n/a	n/a
<b>Shares Beneficially Owned, Controlled or Directed:</b>			Nil		
<b>Options Beneficially Owned, Controlled or Directed:</b>			Nil		

<p><b>Yingbin Ian He</b><sup>(5)</sup></p> <p>Vancouver, Canada</p> <p>Age:58</p> <p><b>Non-Executive Independent Director</b> Since: May 2000</p> <p><b>Areas of Experience:</b> Managing / Leading Growth International CEO/Senior Officer Exploration Compensation Governance/Board Financial Acumen Diversity Marketing Environmental / Safety / Corporate Responsibility Technical Mining Expertise Mongolia Industry experience in gold, base metal and coal mining</p>	<p>Mr. He joined the Board on May 31, 2000 as an INED. He was appointed Lead Independent Director on November 13, 2018 and Chairman of Audit Committee on June 25, 2019.</p> <p>Mr. He has had a long career in the mining industry spanning over 30 years, with extensive senior executive and board experience. Mr. He is an independent non-executive director of South Gobi Resources Ltd., a company dually listed on the Toronto and Hong Kong stock exchanges, the director and non-executive Chairman of Vatukoula Gold Mines Plc which was previously listed on the AIM of the London Stock Exchange, a Director and President of Tri-River Ventures Inc., which is listed on the TSX Venture Exchange.</p> <p>Mr. He obtained his Doctoral and Master degrees in Mineral Process Engineering from the University of British Columbia and his Bachelor degree in Coal Preparation from Heilongjiang Institute of Mining and Technology (now known as the Heilongjiang University of Science and Technology) in China. Mr. He is a member of the Canadian Institute of Mining, Metallurgy and Petroleum and the Canadian Institute of Corporate Directors.</p>					
	<b>Principal Occupation, Business or Employment</b> <sup>(1)</sup>					
	President of Tri-River Ventures Inc. (2007 - present)					
		<b>Director Status:</b> Independent and Non-Executive <sup>(2)</sup>	<b>2019 Attendance:</b>		<b>Other Public Company Board Membership:</b>	
		<b>Board/Committee Membership:</b> <sup>(5)</sup>			<b>Company:</b>	<b>Since</b>
		Board of Directors	4 of 4	100%	South Gobi Resources Ltd. (TSX and HKEX)	2017
	Audit (Chair)	4 of 4	100%			
	Compensation & Benefits	1 of 1	100%	Tri-River Ventures Inc. (TSX-V)	2006	
	Nominating & Corporate Governance	3 of 3	100%			
	Health, Safety & Environment Committee	5 of 5	100%			
<b>Shares Beneficially Owned, Controlled or Directed:</b>			150,000			
<b>Options Beneficially Owned, Controlled or Directed:</b>			Nil			

<p><b>Wei Shao</b><sup>(6)</sup></p> <p>Vancouver, Canada</p> <p>Age:65</p> <p><b>Non-Executive Independent Director</b> Since: June 2019</p> <p><b>Areas of Experience:</b> Law Mergers and acquisition Governance / Board Managing / Leading Growth International</p>	<p>Mr. Shao is the National China Service Co-Leader at Denton's Canada LLP and specializes in international business transactions focusing on China. Mr. Shao has over 25 years of extensive experience in mergers and acquisitions, corporate and project financing, cross-border counseling and general corporate and commercial transactions.</p> <p>Mr. Shao is active in community and non-profit organizations. Prior to his legal career, Mr. Shao worked for the United Nations in New York. Mr. Shao is an interpreter accredited by the United Nations and by the federal government of Canada.</p> <p>Mr. Shao holds an LLB from the University of Toronto, BA from Xian Foreign Languages Institute and U.N Accreditation of Simultaneous Interpretation from the Beijing University of Foreign Studies</p>					
	<b>Principal Occupation, Business or Employment</b> <sup>(1)</sup>					
	Partner, Denton's Canada LLP (2012 to present)					
		<b>Director Status:</b> Independent and Non-Executive <sup>(2)</sup>	<b>2019 Attendance:</b>		<b>Other Public Company Board Membership:</b>	
		<b>Board/Committee Membership:</b> <sup>(6)</sup>			<b>Company:</b>	<b>Since</b>
		Board of Directors	2 of 2	100%	n/a	
	Audit	2 of 2	100%			

Compensation & Benefits	0 of 0	N/A		
Nominating & Corporate Governance (Chair)	1 of 1	100%		
Health, Safety & Environment Committee	3 of 3	100%		
<b>Shares Beneficially Owned, Controlled or Directed:</b>		Nil		
<b>Options Beneficially Owned, Controlled or Directed:</b>		Nil		

<p><b>Bielin Shi</b><sup>(7)</sup></p> <p>Stirling, Western Australia Age:63</p> <p><b>Non-Executive Independent Director Since</b> - :June 2019</p> <p><b>Areas of Experience:</b></p> <ul style="list-style-type: none"> <li>• Manage global project / risk assessment and evaluations</li> <li>• Mineral Resources /Exploration Geology</li> <li>• Technical Mining Expertise /Applied geostatistics, resource estimation /mining geology</li> <li>• Industry experience in gold, copper, base metals, PGM and iron mining</li> </ul>	<p>Dr Shi is a leading mining executive and geologist who specialises in investment management, mining geology, geostatistics, resource estimation and optimisation, exploration and project development.</p> <p>Dr. Shi has over 30 years' experience as a Geologist with high level experience in investment management, applied geostatistics, resource estimation and mining geology, worldwide operational expertise in exploration and mine projects, and expertise with independent technical reviews, due diligence audits and expert technical reporting in compliance with the JORC Code, NI43-101 and HKEX Standards.</p> <p>Dr. Shi is a Competent Person under the JORC Code and holds equivalent credentials in respect of Canadian and Hong Kong's Mineral Resources / Reserves reporting standards. Dr. Shi has published numerous papers on the application of geostatistics in resource estimation.</p> <p>Dr. Shi's recent work has included investment management, audit and reviews of resources for multiple commodity projects.</p> <p>Dr. Shi has a Post-Doctoral Research Fellow in Geostatistics from Edith Cowan University, Western Australia; PhD in Geology from The University of Melbourne, Australia; and MSc in Geology from Guizhou University of Technology, PRC.</p>				
	<b>Principal Occupation, Business or Employment</b> <sup>(1)</sup>				
	Group Manager Exploration & Resources, Minjar Gold Pty. Ltd. (March 2019 to present)				
	<b>Director Status:</b> Independent and Non-Executive <sup>(2)</sup>	<b>2019 Attendance:</b>		<b>Other Public Company Board Membership:</b>	
	<b>Board/Committee Membership</b> <sup>(7)</sup>			Company:	Since
	Board of Directors	2 of 2	100%	Eastern Platinum Limited (TSX: ELR   JSE: EPS)	Sept. 2016
Audit	2 of 2	100%	AustSino Resources Group Limited (ASX: ANS)	Aug. 2018	
Compensation & Benefits	0 of 0	N/A			
Nominating & Corporate Governance	0 of 1	0%			
Health, Safety & Environment Committee (Chair)	3 of 3	100%			
<b>Shares Beneficially Owned, Controlled or Directed:</b>		Nil			
<b>Options Beneficially Owned, Controlled or Directed:</b>		Nil			

<p><b>Ruixia Han</b><sup>(8)</sup></p> <p>Hong Kong, PRC Age:36</p> <p><b>Non-Executive Independent Director Since:</b> June 2019</p> <p><b>Areas of Experience:</b></p> <p>Accounting Managing / Leading Growth Financial Acumen</p>	<p>Ms. Han is currently Head of Operations and Risk of MEC Advisory Limited, which is the sole Investment Advisor to Can-China Global Resource Fund. Ms. Han's role covers investment, accounting, finance treasury and investor relationships related matters. Prior to joining MEC Advisory Limited in 2014, Ms. Han was an Investment Manager at The Export-Import Bank of China (China EXIM Bank) responsible for sourcing, evaluating and negotiating investment opportunities in the banking and direct investment industry.</p> <p>Ms. Han obtained her PhD degree in Economics (Finance), Master's degree in Economics (Venture Capital) and Bachelor's degree of Economics (Finance) and has a double bachelor degree of Journalism from Renmin University of China.</p>				
	<b>Principal Occupation, Business or Employment</b> <sup>(1)</sup>				
	Head Operations and Risk of MEC Advisory Limited (2014 to present)				
	<b>Director Status:</b> Independent and Non-Executive <sup>(2)</sup>	<b>2019 Attendance:</b>		<b>Other Public Company Board Membership:</b>	
	<b>Board/Committee Membership</b> <sup>(9)</sup>			Company:	Since

	Board of Directors	2 of 2	100%	n/a	n/a
	Audit	2 of 2	100%		
	Compensation & Benefits	0 of 0	N/A		
	Nominating & Corporate Governance (Chair)	1 of 1	100%		
	Health, Safety & Environment Committee	3 of 3	100%		
<b>Shares Beneficially Owned, Controlled or Directed:</b>			Nil		
<b>Options Beneficially Owned, Controlled or Directed:</b>			Nil		

Notes:

- (1) The information as to principal occupation, business or employment has been furnished by the nominee.
- (2) "Independent" refers to the standards of independence established under Canadian Securities Administrators' National Instrument 58-101 – Disclosure of Corporate Governance Practices ("NI 58-101") and Rule 3.13 of the Hong Kong Listing Rules.
- (3) Mr. Jiang was appointed as Chairman of the board on March 29, 2020 and as a member to the Nominating and Corporate Governance Committee on June 25, 2019.
- (4) Mr. Guan was elected as executive director and appointed a member to the Health, Safety and Environmental Committee on June 25, 2019.
- (5) Mr. He was appointed to the Board on May 31, 2000 and was further appointed as Lead Independent Director on November 13, 2018. Mr. He is the Chairman of the Audit Committee and is a member of the Nominating and Corporate Governance Committee and Compensation and Benefits Committee and Health, Safety & Environment Committee.
- (6) Mr. Shao was appointed to the Board on June 25, 2019. Mr. Shao is the Chairman of the Nominating and Corporate Governance Committee and is a member of the Audit Committee, Compensation and Benefits Committee and Health, Safety & Environment Committee.
- (7) Dr. Shi was appointed to the Board on June 25, 2019. Dr. Shi is the Chairman of the Health, Safety & Environment Committee and is a member of the Audit Committee, Compensation and Benefits Committee and Nominating and Corporate Governance Committee.
- (8) Ms. Han was appointed to the Board on June 25, 2019. Ms. Han is the Chairwoman of the Compensation and Benefits Committee and a member of the Audit Committee, Nominating and Corporate Governance Committee and Health, Safety & Environment Committee.

## DIRECTOR COMPENSATION

The Compensation and Benefits Committee periodically 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 compromising a Director's independence. Directors who are executives of the Company receive no additional remuneration for their services as directors.

Based on the recommendations provided by the Compensation and Benefits Committee, the annual retainer for each of the INEDs was approved as below:

	US\$
Lead INED	\$54,000
INEDs	\$45,900

In July 2019, the Board established a special committee of INEDs (the "**Special Committee**") to assess certain strategic opportunities. Remuneration for each member of the Special Committee was approved and set at US\$15,000 and the remuneration for the Chair of the Special Committee was approved and set at US\$17,000. See "Other Board Committees" in this Information Circular.

All INEDs are entitled to be reimbursed for actual expenses reasonably incurred in the performance of their duties as Directors. Save as disclosed herein, the Company does not have service contracts with its INEDs.

### Compensation of Directors Table

The Company paid the following compensation to its Directors during the financial year ended December 31, 2019 (US\$):

Name <sup>(1)(2)</sup>	Fees Earned	Share-based awards	Option-based awards	All other compensation <sup>(3)</sup>	Total
Liangyou Jiang	Nil	Nil	Nil	Nil	Nil

Name <sup>(1)(2)</sup>	Fees Earned	Share-based awards	Option-based awards	All other compensation <sup>(3)</sup>	Total
Shiliang Guan	Nil	Nil	Nil	Nil	Nil
Yongqing Teng	Nil	Nil	Nil	Nil	Nil
Fuzhen Kang	Nil	Nil	Nil	Nil	Nil
Yingbin lan He	\$56,398	Nil	Nil	\$17,000	\$73,398
Wei Shao <sup>(2)</sup>	\$22,950	Nil	Nil	\$15,000	\$37,950
Bielin Shi <sup>(2)</sup>	\$22,950	Nil	Nil	\$15,000	\$37,950
Ruixia Han <sup>(2)</sup>	\$22,950	Nil	Nil	\$15,000	\$37,950

Notes:

- (1) Information for Mr. 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) For details relating to the appointments of the Directors, please see the above section entitled "Director Biographies" in this Information Circular.
- (3) During the year ended December 31, 2019, the Board established a special committee to review certain strategic opportunities.

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

The Company does not have an incentive stock option plan or any other share-based compensation arrangements in effect as at the end of December 31, 2019.

### **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, 2019, 2018 and 2017 to its Chief Executive Officer, Chief Financial Officer, and each of the individuals who at December 31, 2019 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, 2019:

Name and Principal Position	Year	Salary (US\$) <sup>(1)</sup>	Share based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation		Pension Value (US\$)	All Other Compensation (US\$) <sup>(3)</sup>	Total Compensation (US\$)
					Annual incentive plans (US\$)	Long-term incentive plans (US\$)			
Liangyou Jiang <sup>(2)</sup> Chief Executive Officer	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018	\$44,997	Nil	Nil	Nil	Nil	Nil	Nil	\$44,997
	2017	\$129,616	Nil	Nil	Nil	Nil	Nil	Nil	\$129,616
Jerry Xie Executive Vice President and Corporate Secretary	2019	\$166,803	Nil	Nil	Nil	Nil	Nil	Nil	\$166,803
	2018	\$170,952	Nil	Nil	Nil	Nil	Nil	Nil	\$170,952
	2017	\$174,281	Nil	Nil	Nil	Nil	Nil	Nil	\$174,281
Derrick Zhang Chief Financial Officer	2019	\$149,272	Nil	Nil	Nil	Nil	Nil	Nil	\$149,272
	2018	\$153,413	Nil	Nil	Nil	Nil	Nil	Nil	\$153,413
	2017	\$159,946	Nil	Nil	Nil	Nil	Nil	Nil	\$159,946
Zhongxin (Gerard) Guo <sup>(3)</sup> Chief Engineer	2019	\$183,707	Nil	Nil	Nil	Nil	Nil	Nil	\$183,707
	2018	\$176,236	Nil	Nil	Nil	Nil	Nil	Nil	\$176,236
	2017	\$173,316	Nil	Nil	Nil	Nil	Nil	Nil	\$173,316

Name and Principal Position	Year	Salary (US\$) <sup>(1)</sup>	Share based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation		Pension Value (US\$)	All Other Compensation (US\$) <sup>(3)</sup>	Total Compensation (US\$)
					Annual incentive plans (US\$)	Long-term incentive plans (US\$)			
Huan Cai Senior Engineer	2019	\$180,625	Nil	Nil	Nil	Nil	Nil	Nil	\$180,625
	2018	\$180,239	Nil	Nil	Nil	Nil	Nil	Nil	\$180,239
	2017	\$179,997	Nil	Nil	Nil	Nil	Nil	Nil	\$179,997

Notes:

- (1) The value of prerequisites for each Named Executive Officer did not exceed the lesser of Cdn\$50,000 and 10% of the total salary of such Named Executive Officer for the years ended December 31, 2019 and are therefore not included in "All Other Compensation" as permitted under Canadian securities laws.
- (2) Mr. Jiang was appointed as Chief Executive Officer on November 13, 2018. Mr. Jiang does not receive any compensation from the Company for his role as Chief Executive Officer. The amount included in the Compensation summary is for Mr. Jiang's position of Senior Executive Vice President until he resigned from that role in August 2018.
- (3) Mr. Guo was appointed Chief Engineer on November 13, 2018, prior to the appointment he was Senior Mining Manager.

### ***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.

## **BOARD OF DIRECTORS**

### ***Directors and Officers Insurance***

The Company 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\$124,000 and the coverage has a deductible of US\$50,000 per claim except for securities claims which have a deductible of US\$100,000.

### ***Corporate Cease Trade Orders and Bankruptcies***

Mr. Yingbin Ian He, a nominee for Director at the Meeting, was previously a director of Huaxing Machinery Corp. ("**Huaxing**") from January 2011 to December 2016. On February 26, 2015, the British Columbia Securities Commission issued a cease trade order requiring all persons to cease trading in the securities of Huaxing until Huaxing files amended and restated audited financial information for the financial years ended December 31, 2013 and 2012. On June 9, 2015, the Alberta Securities Commission issued a cease trader order which required that all trading or purchasing cease in respect of the securities of Huaxing as a result of the failure by Huaxing to file: (i) annual audited financial statements, annual management's discussion and analysis, and certification of annual filings for the year ended December 31, 2014; and (ii) interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim period ended March 31, 2015.

To the knowledge of the Company, save as disclosed above, no other proposed Director 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.

## ***Individual Bankruptcies***

To the knowledge of the Company, 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 or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets of the proposed Director.

## ***Penalties or Sanctions***

The Company was notified by Dr. Bielin Shi, a nominee for Director at the Meeting, of an investigation and decision (the “**Decision**”) by the Shanghai Stock Exchange (the “**SSE**”) against Shandong Tyan Home Co., Ltd. (“**Tyan**”) together with its controlling shareholder and 21 current and former directors and officers of Tyan pertaining to certain breaches of continuous disclosure requirements in Tyan’s Annual and Semi-Annual reports for the periods 2014 through and including 2018. Dr. Shi served as Deputy General Manager of Tyan for a short period from July 2017 to March 2019. Dr. Shi was responsible for mineral exploration and investments held by Tyan. He did not have any responsibility for financial disclosure and was not involved with Tyan during most of the periods for which incorrect financial disclosure was filed, but was implicated in the Decision by virtue of serving as an officer of Tyan during the period in which financial reporting was filed for such periods in question. The Decision did not relate to any business or operations of Tyan in which Dr. Shi was involved in. Dr. Shi received a formal warning from the SSE and the China Securities Regulatory Commission and was imposed a fine of RMB30,000.

Dr. Shi resigned as Deputy General Manager Tyan in March 2019 and was not involved in the regulatory proceeding against Tyan. Dr. Shi has informed the Company that he intends to appeal the Decision.

To the knowledge of the Company, no other 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.

## **CORPORATE GOVERNANCE**

### ***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 – Corporate Governance Disclosure to this Information Circular”.

### ***Director Independence***

The Board and the Nominating and Corporate Governance Committee considered the relationships of each of the Director nominees to the Company and determined that four of the nine proposed nominees for election as Directors qualify as INEDs. The Board and the Nominating and Corporate Governance Committee reviewed independence in light of the requirements of NI58-101, Section 311 of the TSX Company Manual in Canada and Rule 3.13 of the Hong Kong Listing Rules. The INED nominees are: Mr. Yingbin Ian He, Mr. Wei Shao, Dr. Bielin Shi and Ms. Ruixia Han. The non-independent Director nominees are: Mr. Liangyou Jiang, Mr. Shiliang Guan, Mr. Weibin Zhang, Ms. Na Tian and Mr. Junhu Tong. The INED nominees have each confirmed their independence accordingly.

Pursuant to the code provision in paragraph A.4.3 of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules, any further appointment of independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by Shareholders. Mr. Yingbin Ian He has served on the Board for more than nine years. Mr. Yingbin Ian He has not been involved in the daily management of the Company nor in any relationships or circumstances which would impair their independent judgment. Mr. Yingbin Ian He has consistently demonstrated his ability to provide independent, balanced and objective advice and insight on the Company's affairs. In addition, the Board is of the opinion that Mr. Yingbin Ian He continues to be independent after reviewing and assessing his annual confirmations of independence based on the criteria set out in Rule 3.13 of the Hong Kong Listing Rules. Accordingly, the Board recommends Mr. Yingbin Ian He for re-election at the AGM.

The INEDs, namely each of Mr. Yingbin Ian He, Mr. Wei Shao, Dr. Bielin Shi and Ms. Ruixia Han, are subject to a separate ordinary resolution to be approved by Shareholders at the AGM. The Board has complied with the Corporate Governance Code Provision E.1.1 with regard to the requirement to propose a separate resolution in respect of each substantially separate issue at any annual general meeting. It is the Company's practice that separate resolutions were proposed at AGM's for the re-election of each individual Director nominee whether such Director is an executive Director, a non-executive Director or an INED. Accordingly, re-election of each individual Director nominee will be voted on individually at the AGM.

In addition, the Audit Committee is currently comprised exclusively of INEDs. Each of the Compensation and Benefits Committee, Nominating and Corporate Governance Committee and Health, Safety and Environmental Committee are currently comprised by a majority of INEDs. If all of the INED nominees proposed by management for election to the Board are elected at the Meeting, it is expected that they will be appointed to each of the Audit Committee, Compensation and Benefits Committee, Nominating and Corporate Governance Committee and Health, Safety and Environmental Committee. The Audit Committee will continue to be comprised exclusively of INEDs with the Compensation and Benefits Committee, Nominating and Corporate Governance Committee and Health, Safety and Environmental Committee comprised by a majority of INEDs.

## **COMPENSATION AND BENEFITS COMMITTEE**

During the year ended December 31, 2019, the Compensation and Benefits Committee was comprised of Mr. Yingbin Ian He, Mr. Yunfei Chen, Mr. Gregory Hall and Mr. John King Burns until June 25, 2019. Mr. John King Burns served as Chairman of the Compensation and Benefits Committee until June 25, 2019, at which time Ms. Ruixia Han was appointed as Chairwoman. From June 25, 2019 to December 31, 2019 Ms. Ruixia Han, Mr. Yingbin Ian He, Mr. Wei Shao, Dr. Bielin Shi and Mr. Yongqing Teng were members of the Compensation and Benefits Committee. If the management's nominees set forth herein are elected or re-elected, as applicable at the Meeting, it is expected that the Compensation and Benefits Committee will be composed of a majority of INEDs. For information regarding the responsibilities, powers and operation of the Compensation and Benefits Committee, see "Schedule A – Corporate Governance Disclosure".

Currently 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.

### ***Compensation Discussion and Analysis***

#### **Compensation and Benefits 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 Board.

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 attempts to bridge its compensation practices with the norms for listed issuers in North America and the norms for Chinese companies. 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 assess the individual performance of the Company's executive officers and makes recommendations to the Board. Based on these recommendations, the Board 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 development of the Company's business.

The criteria upon which these recommendations are based have 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 makes recommendations to the Board 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 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 and Hong Kong Stock Exchange listed issuers with producing 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.

### 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.

Consistent with the practice established by his predecessors with the support of China National Gold, since his appointment as Chief Executive Officer of the Company, Mr. Liangyou Jiang has chosen 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 the Company assesses quantitative and qualitative economic measurement criteria to develop a more objective approach to determining annual bonuses.

For the 2019 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 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 the 2019 financial year, the Company did not provide any other material compensation for its Named Executive Officers beyond the salaries disclosed above.

### Compensation Governance

For the most recently completed financial year ended December 31, 2019 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.

### 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 compensation policies and practices are heavily influenced by those of China National Gold and other Chinese mining companies. 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; and (ii) the Board completes an annual review of the Company's compensation philosophy and components. 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.

#### ***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 directors, executive officers or employees during the financial year ended December 31, 2019.

#### ***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, 2019:

#### ***Incentive Plan Awards – value vested or earned during 2019***

There are no outstanding incentive plan awards held by any of the Named Executive Officers of the Company as of December 31, 2019.

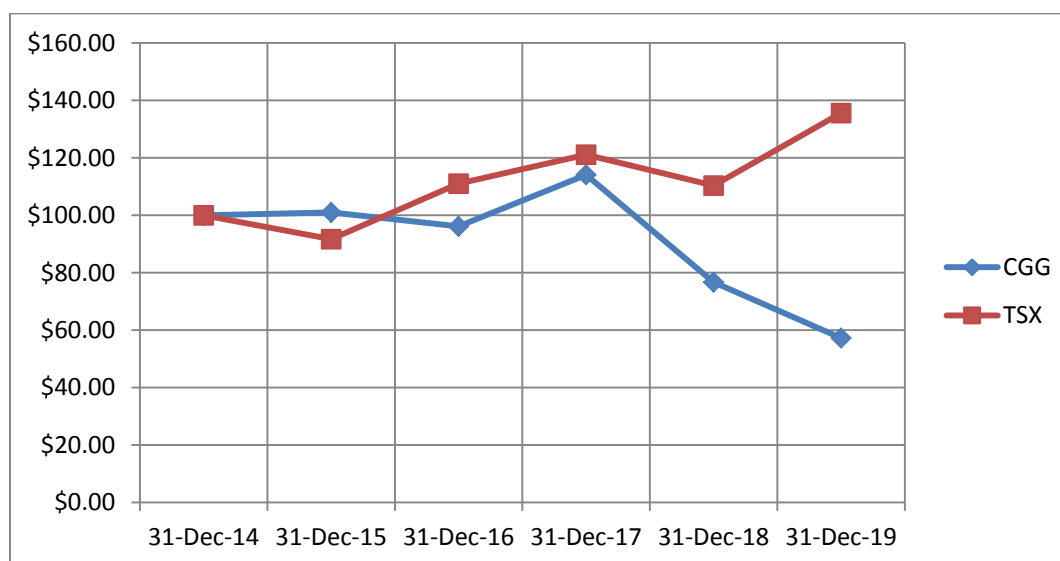
#### ***Termination of Employment, Change in Responsibilities and Employment Contracts***

The Company has employment contracts with each of its Named Executive Officers with the exception of Liangyou Jiang, 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 Mr. Jerry Xie, Mr. Derrick Zhang, Mr. Zhongxin (Gerard) Guo and Mr. Huan Cai, one month's notice is required. In the case of Liangyou Jiang, the Company has a strong working relationship with China National Gold and would terminate employment through that relationship.

Under employment contracts with the Named Executive Officers, the Company may terminate Mr. Jerry Xie's, Mr. Derrick Zhang's, Mr. Zhongxin (Gerard) Guo's, or Mr. Huan Cai'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 Mr. Jerry Xie is terminated within twelve months of such change of control, Mr. Jerry Xie will be entitled to the earlier of either 18 months' salary or when the alternate employment is commenced.

## Performance Graph

The following graph and table compare the cumulative total shareholder return on a Cdn\$100 investment in Shares on December 31, 2014 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. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018	Dec. 2019
China Gold International Resources Corp. Ltd.	100.00	100.97	96.12	114.08	76.70	57.28
S&P/TSX Composite Index	100.00	91.68	111.01	121.11	110.34	135.59

## Securities Authorized For Issuance Under Equity Compensation Plans

### Equity Compensation Plan Information

The Company does not have an incentive stock option plan or other equity compensation plans.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company’s Directors or executive officers, proposed Director nominees, 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.

## **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 in other gold and other mineral mining companies as disclosed in paragraph 1 of "Schedule A – Corporate Governance Disclosure", none of the proposed Directors 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, 2019 (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", 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 confirm that there had been no material adverse change in the financial or trading position of the Group since December 31, 2019 (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 officer 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 <sup>(1)</sup>	Indirect	155,794,830 <sup>(1)</sup>	39.3%
CNGGHK	Registered Owner	155,794,830	39.3%

Note:

- (1) China National Gold directly and wholly owns China Gold Hong Kong therefore the interest attributable to China National Gold represents its indirect interest in the Shares through its equity interest in China Gold Hong Kong.

## OTHER DISCLOSURE

As of the Latest Practicable Date, the current and proposed Directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 150,000 Shares, representing approximately 0.0378% of the outstanding Shares.

Name	Position	Company	Number of shares held	Nature of interest	Approximate percentage of interest in the company
Mr. Yingbin Ian He	INED	The Company	150,000	Personal	0.0378%

Note: Information relating to share ownership provided by the Director.

Save as disclosed above, the current and proposed Directors and executive officers 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, none of the proposed Directors holds 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 the Company's ultimate controlling Shareholder (as defined in the Hong Kong Listing Rules). For information regarding the other public company directorships of the proposed Directors, and information regarding the relationship between certain proposed Directors and China National Gold see "Schedule A – Corporate Governance Disclosure".

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. Deloitte Touche Tohmatsu was first appointed as auditors of the Company on April 1, 2010.

## 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 International 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, 2019 (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, appointment of auditors and other matters disclosed elsewhere in this Information Circular, the Board is proposing that the Shareholders consider and vote upon the following matters at the Meeting:

### SHARE REPURCHASE MANDATE

The existing general mandate to repurchase the Shares granted to the Board at the annual general and special meeting held on June 25, 2019 will expire upon the conclusion of the 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 to repurchase the Shares up to a maximum of 10% of the aggregate number of issued Shares 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 - Share Repurchase Mandate” 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 and special meeting held on June 25, 2019 will expire upon the conclusion of the 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 to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate number of issued Shares 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 considers 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 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 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 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 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 or rights to acquire Shares 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 number of issued shares 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 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 during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase securities of the Company on 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 number of issued shares 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 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 number of issued shares 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 number of issued Shares as at the date of passing of this resolution.”

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION**

### **Third Supplemental Contract for Purchase and Sale of Doré**

On May 7, 2014, Inner Mongolia Pacific entered into the Contract for Purchase and Sale of Doré with China National Gold for the sale by Inner Mongolia Pacific and the purchase by China National Gold of gold doré bars and sliver by-products produced at the CSH Mine through to December 31, 2017.

On May 26, 2017 Inner Mongolia Pacific and China National Gold entered into the First Supplemental Contract for Purchase and Sale of Doré extending the Contract for Purchase and Sale of Doré contract for another three-year term commencing on January 1, 2018 and expiring on December 31, 2020.

On 28 March 2018, Inner Mongolia Pacific entered into the Second Supplemental Contract for Purchase and Sale of Doré with China National Gold, to make certain immaterial and non-consequential amendments to the purchase terms of gold doré pursuant to which both parties agreed to amend the reference price for gold doré from “the real-time price of Au9995 gold ingot at Shanghai Gold Exchange on the notification date less RMB0.95 per gram” to the monthly average price of the AU(T+D) contract on the Shanghai Gold Exchange less RMB1.50 per gram”.

On May 6, 2020 Inner Mongolia Pacific and China National Gold entered into the Third Supplemental Contract for Purchase and Sale of Doré for a three-year term commencing January 1, 2021 and expiring on December 31, 2023. For further information please see Schedule D to this Information Circular.

### **Third Supplemental Products and Services Framework Agreement**

On April 26, 2013, the Company entered into the Products and Services Framework Agreement with China National Gold, pursuant to which China National Gold agreed to provide mining related services and products to the Company's in order to facilitate the Group's operations in the PRC for three years commencing June 18, 2013 and expiring June 18, 2016.

On May 29, 2015, the Company and China National Gold entered into the First Supplemental Products and Services Framework Agreement to add the sale and purchase of copper concentrates produced at the Jiama Mine and extended the term to December 31, 2017.

On May 26, 2017, the Company and China National Gold entered into the Second Supplemental Products and Services Framework Agreement to extend the term to December 31, 2020 and to extend the scope to include leasing services to be provided by Zhongxin International Financial Leasing (Shenzhen) Co. Ltd., 80%of the shares of which are owned by China National Gold.

On May 6, 2020, the Company and China National Gold entered into the Third Supplemental Products and Services Framework Agreement to extend the term of the Products and Services Framework Agreement to December 31, 2023. For further information please see Schedule D to this Information Circular.

### **Implications under the Hong Kong Listing Rules**

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the leasing services under the Third Supplemental Products and Services Framework Agreement exceeds 5% but is less than 25%, those leasing services constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

Since the remaining transactions contemplated under the Third Supplemental Contract for the Purchase and Sale of Doré and the Third Supplemental Products and Services Framework Agreement are of a revenue nature in the ordinary and usual course of business of the Group, they are not subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As at the Latest Practicable Date, China National Gold held approximately 39.3% of issued Shares through CNGGHK, its wholly owned subsidiary, and thus is the ultimate controlling Shareholder of the Company. Accordingly, China National Gold is a connected person of the Company as defined under the Hong Kong Listing Rules.

The transactions contemplated under the Third Supplemental Contract for Purchase and Sale of Doré and the Third Supplemental Products and Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of each of the Continuing Connected Transactions exceed 5%, the Continuing Connected Transactions are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Company will also disclose the relevant details in the next published annual report of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Hong Kong Listing Rules.

The Independent Board Committee comprised of all the INEDs was established by the Company to consider (a) the terms of the Continuing Connected Transactions and the proposed Caps; (b) to determine whether the entering into of each of the Continuing Connected Transactions are in the ordinary course of business of the Company, on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (c) to advise and make recommendations to the Independent Shareholders as to how to vote at the Meeting on the ordinary resolution(s) regarding each of the Continuing Connected Transactions having taken into account, among other things, the advice of TC Capital, as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of each of the Continuing Connected Transactions at the Meeting.

#### Implications under Applicable Canadian Securities Laws

As the Company is listed on the TSX, the Company is subject to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”) which, among other things, regulates related party transactions. Pursuant to MI 61-101, related party transactions are subject to formal valuation and minority shareholder approval requirements unless an exemption is available.

Each of the Continuing Connected Transactions are related party transactions for the Company for purposes of MI 61-101 by virtue of the relationship between the Company and CNG.

The Third Supplemental Contract for Purchase and Sale of Doré is exempt from the valuation requirement of MI 61-101 by virtue of being a sale contract of inventory in the ordinary course of the Company's business. It is subject to minority approval requirements as noted below.

The Third Supplemental Products and Services Framework Agreement is comprised of multiple components that are assessed differently under MI 61-101. The sale of copper concentrates is exempt from the valuation requirement of MI 61-101 by virtue of being a sale contract of inventory in the ordinary course of the Company's business. The provision of services is not expressly addressed in the definition of a related party transaction under MI 61-101, and leasing services are considered in the ordinary course of business on reasonable commercial terms that are not less advantageous to the Company than if the lease was with a counterparty with whom the Company deals at arm's length. Furthermore, the overall value of the portions of the Third Supplemental Products and Services Framework Agreement that are not otherwise

exempt is not more than 25% of the market capitalization of the Company as of the date of such contract. It is subject to minority approval requirements as noted below.

#### Minority Approval Requirements

To be approved under both Chapter 14A of the Hong Kong Listing Rules and MI 61-101, each of the Third Supplemental Contract for Purchase and Sale of Doré and the Third Supplemental Products and Services Framework Agreement, and their respective annual monetary caps, must receive the affirmative vote of not less than a majority of the votes cast thereon by the Independent Shareholders.

#### Ordinary Resolutions

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

**“RESOLVED**, as an ordinary resolution that:

- (a) the Third Supplemental Contract for Purchase and Sale of Doré, as more particularly described in this Information Circular, be and hereby is approved;
- (b) the annual monetary caps for the transactions contemplated under the Third Supplemental Contract for Purchase and Sale of Doré for the three years ending December 31, 2021, 2022, and 2023, as more particularly described in this Information Circular, be and hereby are approved;
- (c) the Third Supplemental Products and Services Framework Agreement, as more particularly described in this Information Circular, be and hereby is approved;
- (d) the annual monetary caps for the transactions contemplated in the Third Supplemental Products and Services Framework Agreement for the years ending December 31, 2021, 2022, and 2023, as more particularly described in this Information Circular, be and hereby are approved; and
- (e) any one Director be and is hereby authorized to do such acts and things and to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, under hand (or where required, under the common seal of the Company together with another director or any other person authorized by the Board), and to take all such steps which in the opinion of such director deems necessary, appropriate or desirable to implement and/or carry out to give effect to the terms of the foregoing resolutions.”

Unless otherwise directed, the persons named in the enclosed Form of Proxy intend to vote FOR the foregoing resolutions.

#### Other Business

If other matters are properly brought up at the Meeting, you (or your proxy holder, if you are voting by proxy) can vote as you see fit. Management of the Company are not aware of any other items of business to be considered at the Meeting.

#### Documents Available For Inspection

Copies of the following documents are available for inspection during local normal business hours up to and including June 12, 2020 Vancouver time (being June 13, 2020 Hong Kong time) at 8/F., Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong and at the Company’s office, Suite 660, One Bentall Centre, 505 Burrard Street, Box 27, Vancouver, British Columbia, Canada V7X 1M4:

1. Articles of the Company currently in force;

2. the Company's annual reports for the three years ended December 31, 2017, 2018 and 2019.
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, the text of which is set out in Schedule F to this Information Circular;
6. the written consent of TC Capital;
7. the Contract for Purchase and Sale of Doré;
8. the First Supplemental Contract for Purchase and Sale of Doré;
9. the Second Supplemental Contract for Purchase and Sale of Doré;
10. the Third Supplemental Contract for Purchase and Sale of Doré;
11. the Products and Services Framework Agreement;
12. the First Supplemental Products and Services Framework Agreement;
13. the Second Supplemental Products and Services Framework Agreement;
14. the Third Supplemental Products and Services Framework Agreement;
15. the written resolutions of the Board dated May 6, 2020 approving, among other things, the Continuing Connected Transactions and the transactions contemplated thereunder; and
16. an announcement of the Company dated May 7, 2020 in respect of the Continuing Connected Transactions.

## **ADDITIONAL INFORMATION**

Additional information about the Company is located on SEDAR at [www.sedar.com](http://www.sedar.com) and on the HKEX News website at [www.hkexnews.hk](http://www.hkexnews.hk). 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, 2019. Shareholders may contact the Company to request copies of the annual financial statements and Management's Discussion and Analysis by writing to the Company's Executive Vice President and Corporate Secretary, Jerry Xie, at the following address:

### **CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.**

Suite 660, One Bentall Centre 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 at nine (9), to elect each of the nominated directors, to re-appoint Deloitte Touché 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 and to approve the Additional Share Allotment Mandate and to approve each of the Continuing Connected Transactions, the Caps thereunder and the transactions contemplated thereunder, are each 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 TSX and 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 26<sup>th</sup> day of May, 2020.

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

\_\_\_\_\_  
(signed) "*Jerry Xie*"  
Jerry Xie  
Executive Vice President and Corporate Secretary

## SCHEDULE A CORPORATE GOVERNANCE DISCLOSURE

NI 58-101 requires the Company to disclose its corporate governance practices with reference to a series of corporate governance practices outlined in National Policy 58-201 – *Corporate Governance Guidelines* that the Canadian Securities Administrators (“**CSA**”) believe reflect “best practices” standards to which they encourage Canadian public companies to adhere.

### 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 nominees proposed by management for election to the Board, that 44% (4 of 9) of such nominees are independent from the Company. The Company has determined that Mr. Yingbin Ian He, Mr. Wei Shao, Dr. Bielin Shi and Ms. Ruixia Han are INEDs 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, after reviewing the roles and relationship of each of the nominees proposed by management for election to the Board that 56% (5 of 9) of such nominees are not independent of the Company. The Company has determined that Mr. Liangyou Jiang, Mr. Shiliang Guan, Mr. Weibin Zhang, Ms. Na Tian and Mr. Junhu Tong are not independent of the Company. Liangyou Jiang is not considered independent of the Company because of his senior role as Chairman and Chief Executive Officer of the Company. Mr. Shiliang Guan, Mr. Weibin Zhang, Ms. Na Tian are not considered independent because of their roles as officers of the Company. Mr. Junhu Tong is not considered independent of the Company because of his senior role at China Gold Hong Kong.

- (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.

As of the Last Practicable Date, four of eight current Board members are INEDs. If each nominee put forward in this Information Circular are elected as directors, Messrs. He, Shao and Shi and Ms. Han, being 44% of the Board, will be considered independent. Although the majority of the director nominees are not independent the Board believes that its current size and composition results in balanced representation among management and non-management directors and enables the INEDs to adequately facilitate the exercise of independent supervision over management. The Company’s Nominating and Corporate Governance Committee is currently composed of a majority of INEDs and one executive director 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. The Company has been committed to improving the governance structure as a listed company. The Company previously established the role of “Lead Independent Director”. Mr. Yingbin Ian He was appointed as Lead INED as of November 13, 2018. The role of Lead INED was created to liaise with Chairman and Chief Executive Officer on behalf of the INEDs and advise the Board on matters

where there may be an actual or perceived conflict of interest to ensure the best possible operation of the Board in accordance with the best corporate governance practices

- (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.

Information respecting those entities that are reporting issuers (or the equivalent) in Canada or elsewhere in which any of the nominees for election as directors also act as directors, is disclosed in the table containing information about each nominee in the section of this Information Circular entitled “Director Biographies”. Other than as disclosed therein, none of the current or proposed directors act as directors of any entities that are reporting issuers (or the equivalent) in Canada, Hong Kong or elsewhere.

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

Although the INEDs do not hold regularly scheduled meetings, they may meet without management being present at the request of any director. The frequency of meetings as well as the nature of agenda items changes depending upon the state of the Company’s affairs and in light of opportunities or issues that the Company may face. Not all meetings of the INEDs are scheduled, a number of the informal, ad hoc meetings were held and communication among this group occurs on an ongoing basis as needs arise. The Audit Committee is comprised entirely of INEDs and held four (4) meetings in 2019. Each of the other Board committees are comprised by a majority of INEDs and held one (1) meeting of the Compensation and Benefits Committee, two (2) meetings of the Nominating and Corporate Governance Committee, and four (4) meetings of the Health, Safety and Environmental Committee in 2019. The Board may establish special committees from time to time to address transactions where there is a conflict of interest or to review a particular transaction or project. In 2019 the Board created a special committee comprised entirely of INEDs. Also, during the most recently completed financial year end the INEDs held an in-camera session after each Board meeting during which session executive and non-executive directors and members of management do not attend.

The Company has established the role of a “Lead Independent Director” in line with best practices for corporate governance where the chair is not an independent director. Mr. Yingbin Ian He was appointed Lead Independent Director as of November 13, 2018. The role of Lead Independent Director was created to enhance the Company’s corporate governance practices and provide leadership to the INEDs, liaise with Chief Executive Officer on behalf of the INEDs and advise the Board on matters where there may be an actual or perceived conflict of interest such as Chief Executive Officer’s performance evaluation to ensure the best possible operation of the Board.

- (f) Disclose whether or not the chair of the Board is an INED. If the Board has a chair or lead director who is an INED, 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.

On March 29, 2020, the Company announced the appointment of Mr. Liangyou Jiang, the Company’s Chief Executive Officer, as Chairman of the Board. Mr. Jiang, as Chairman of the Board, will direct and lead the Company in its future efforts on operation, growth, capital market and corporate governance. In appointing Mr. Jiang as Chairman of the Board considered applicable corporate governance guidelines applicable to the Company in both Canada and Hong Kong (in particular under National Policy 58-201 – Corporate Governance Guidelines of the Canadian Securities Administrators and the Corporate Governance Code as set forth in Appendix 14 Rules

Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited). The Board concluded that it would be appropriate to have a joint Chief Executive Officer and Chairman as the Company previously established the role of a “Lead Independent Director” to ensure that the Board’s agenda will enable it to successfully carry out its duties in line with best practices for corporate governance. Mr. Yingbin Ian He was appointed Lead Independent Director as of November 13, 2018. The role of Lead Independent Director was created to enhance the Company’s corporate governance practices and provide leadership to the INEDs, liaise with the Chief Executive Officer on behalf of the INEDs and advise the Board on matters where there may be an actual or perceived conflict of interest to ensure the best possible operation of the Board in accordance with the best corporate governance practices.

- (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, 2019:

Name of Director	Number of Board Meetings Attended	Number of Board Meetings Held
<b>Executive Directors</b>		
Liangyou Jiang	2	4
Shiliang Guan <sup>(1)</sup>	1	2
<b>Non-Executive Directors</b>		
Yongqing Teng	3	4
Fuzhen Kang	3	4
<b>INEDs</b>		
Yingbin Ian He	4	4
Wei Shao <sup>(2)</sup>	2	2
Bielin Shi <sup>(3)</sup>	2	2
Ruixia Han <sup>(4)</sup>	2	2

<sup>(1)</sup> Mr. Guan was appointed as a director on June 25, 2019.

<sup>(2)</sup> Mr. Shao was appointed as a director on June 25, 2019.

<sup>(3)</sup> Dr. Shi was appointed as a director on June 25, 2019.

<sup>(4)</sup> Ms. Han was appointed as a director on June 25, 2019.

## 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 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 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 its stakeholders, 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 the interests of the Company's stakeholders, including shareholders, debt holders, employees, local communities and the environment. 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 and supplemented as required from time to time.

### The Roles of the Board

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. Overseeing the Company's identification, evaluation and management of environmental, social and governance issues relating to the Company.
9. Reviewing and approving the Company's incentive compensation plans.
10. 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.
11. 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.
12. Nominating the candidates for the Board to the Shareholders, based on recommendations from the Nominating and Corporate Governance Committee.
13. Ensuring an appropriate orientation and education program for new directors is provided.
14. Determining whether individual directors meet the requirements for independence under applicable regulatory requirements.
15. Monitoring the ethical conduct of the Company and ensuring that it complies with applicable legal and regulatory requirements.
16. Ensuring that the directors that are independent of management have the opportunity to meet regularly.
17. Reviewing this Mandate and other Board policies and terms of reference for Committees in place from time to time and propose modifications as applicable.
18. 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.
19. 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.

20. Ensuring policies and processes are in place to ensure the integrity of the Company's internal control, financial reporting and management information systems.
21. 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.
22. Ensuring appropriate policies and processes are in place to enable the Board to properly review the Company's management of material environmental, social and governance issues, including compliance with applicable regulatory reporting requirements.
23. Exercising direct control during periods of crisis.
24. Serving as a source of advice to senior management, based on directors' particular backgrounds and experience.

### Organization of the Board

**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 INEDs 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 Chief Executive Officer and the Chief Financial Officer. 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 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 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.

#### **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](http://www.sedar.com), and on the HKEX News website at [www.hkexnews.hk](http://www.hkexnews.hk) and is available on the Company's website at [www.chinagoldintl.com](http://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, Suite660, 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. The Company has been committed to improving the governance structure as a listed company. The Company previously established the role of "Lead Independent Director". Mr. Yingbin Ian He was appointed as Lead Independent Director as of November 13, 2018. The role of Lead Independent Director was created to liaise with the Chief Executive Officer on behalf of the INEDs and advise the Board on matters where there may be an actual or perceived conflict of interest to ensure the best possible operation of the Board in accordance with the best corporate governance practices.

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 Code of Business Conduct and Ethics and 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 reporting to the Board on appropriate candidates. 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 INEDs. If the Board does not have a nominating committee composed entirely of INEDs, describe what steps the Board takes to encourage an objective nomination process.

If management's nominees set forth herein are elected or re-elected, as applicable at the Meeting, it is expected that the Nominating and Corporate Governance Committee will be comprised by a majority of the INEDs.

- (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 currently is comprised by a majority of INEDs 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 INEDs for acting in such capacity. Mr. Yingbin Ian He receives US\$4,500 per month for acting as the lead INED. Subject to the Shareholders' approval at the AGM, it is anticipated that each of Mr. Wei Shao, Dr. Bielin Shi and Ms. Ruixia Han will receive a director's fee of US\$3,825 per month consistent with the current remuneration of the Company's INEDs, which is determined with reference to the market rate and their time, effort and expertise to be devoted to the Company's affairs. No fees or commissions are paid to those directors that are not independent. 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. The members of the Compensation and Benefits Committee are comprised by a majority of INEDs.

- (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 and recommend to the Board for approval.

## **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 Mr. Yingbin Ian He, Mr. Wei Shao, Dr. Bielin Shi and Ms. Ruixia Han. Mr. Yingbin Ian He serves as Chairman of the Audit Committee. If management's nominees set forth herein are elected or re-elected, as applicable at the Meeting, it is expected that the Audit Committee will be composed solely of INEDs.

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, 2019 located under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the HKEX News website at [www.hkexnews.hk](http://www.hkexnews.hk).

### **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 Ms. Ruixia Han, Mr. Yingbin Ian He, Mr. Wei Shao, Dr. Bielin Shi and Mr. Yongqing Teng. Ms. Ruixia Han serves as Chairwoman of the Compensation and Benefits Committee. If the management's nominees set forth herein are elected or re-elected, as applicable at the Meeting, it is expected that the Compensation and Benefits Committee will be comprised by a majority of INEDs. 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 with respect to developments in the area of corporate governance and the practices of the Board. 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 with respect to appropriate candidates for nomination to the Board, and for overseeing the execution of an assessment process appropriate for the Board and its committees to evaluate the performance and effectiveness of the Board.

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 2014, setting out the diversity criteria representing 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 at this time, 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 directors pursuant to the TSX requirements of listed companies. The policy states that should a director 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 Mr. Wei Shao, Mr. Yingbin Ian He, Dr. Bielin Shi, Ms. Ruixia Han and Mr. Liangyou Jiang. Mr. Wei Shao serves as Chairman of the Nominating and Corporate Governance Committee. If the management's nominees set forth herein are elected or re-elected, as applicable at the Meeting, it is expected that the Nominating and Corporate Governance Committee will be comprised by a majority of INEDs.

## Health, Safety and Environmental Committee

The Health, Safety and Environmental Committee is responsible for assisting the Board 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 Dr. Bielin Shi, Mr. Yingbin Ian He, Mr. Wei Shao, Ms. Ruixia Han and Mr. Shiliang Guan. Dr. Bielin Shi serves as Chairman of the Health, Safety and Environmental Committee. If the management's nominees set forth herein are elected or re-elected, as applicable at the Meeting, it is expected that the Health, Safety and Environment Committee will be comprised by a majority of INEDs.

## Special Committee

The Company establishes special committees from time to time to assist the Board with potential acquisition transactions and related party transactions. All special committees are comprised solely of INEDs. Specific mandates for special committees are approved by the Board at the time of establishment. During the year ended December 31, 2019, the Board has established a special committee to review certain strategic opportunities.



## **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.

In 2014, 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 Nominating and Corporate Governance Committee considers a number of factors including diversity perspectives and merits in its nomination process. Ms. Fuzhen Kang was appointed as a Director on November 13, 2018 and Ms. Ruixia Han was appointed as a Director on June 25, 2019. At this time, there are no measurable objectives for achieving diversity. As Board positions become available, Board appointments will continue to be based on merit, having due regard to the overall effectiveness of the Board and diversity will be one of the criteria considered in determining the optimum composition of the Board.

## **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 the Board Diversity Policy, Ms. Fuzhen Kang joined the Board on November 13, 2018. Ms. Kang brings an enthusiastic perspective to community relationships and communication. Ms. Ruixia Han joined the Board on June 25, 2019 bringing experience in financial investment, accounting, finance treasury and investor relationships. Subject to the Shareholders' approval at the AGM, Na Tian will join the Board bringing experience in legal and auditing.

## **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 Board currently consists of six (6) men and two (2) women, with female directors representing 25% of the total number of Directors.

- (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.

IMP has one (1) woman on its board, representing 20% of the board and Skyland Mining (BVI) Limited has three (3) women on its board, representing 60% of the board.

## SCHEDULE B SHARE REPURCHASE MANDATE

This Schedule serves as an explanatory statement, as required by the Hong Kong Listing Rules, to provide all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve 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 Shares. Subject to the passing of the proposed resolution for the approval of the Share Purchase Mandate and in accordance with the terms therein, and on the basis that no further Shares will be issued or repurchased prior to the Meeting, the Company will be allowed to repurchase up to a maximum of 39,641,375 Shares under the Share Repurchase Mandate, representing 10% of the number of issued Shares 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, 2019 (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 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\$
2019		
May	9.98	8.49
June	10.16	8.76
July	9.86	8.99
August	10.00	8.39
September	8.62	7.04
October	6.92	6.25
November	6.60	5.49
December	7.17	5.85
2020		
January	7.40	6.17
February	6.78	5.92
March	6.47	3.66
April	4.65	3.75
May (up to the Latest Practicable Date)	4.19	3.84

## 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 the 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, CNGGHK, held 155,794,830 Shares, representing 39.3% of the issued 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 CNGGHK) 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 CLOSE ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close 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 core 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 June 16, 2020 at 10:00 a.m. in Vancouver, British Columbia, Canada (June 17, 2020 Hong Kong time), to consider and, if appropriate, to approve the matters set out in this Information Circular, or any adjournment thereof;
“AST”	AST Transfer Company Inc.;
“Board”	the board of Directors of the Company;
“Bond”	the US\$500,000,000 aggregate principal amount of 3.5% unsecured bonds issued by the Company’s wholly-owned subsidiary, Skyland Mining (BVI) Limited on July 10, 2014 with a maturity date of July 17, 2017;
“Bond Re-issue” term not used	the US\$500,000,000 aggregate principal amount of 3.25% unsecured bonds issued by the Company’s wholly-owned subsidiary, Skyland Mining (BVI) Limited on July 6, 2017 maturing July 6, 2020;
“Cdn”	Canadian dollars, the lawful currency of Canada;
“Caps”	with respect to the relevant Continuing Connected Transactions, the various annual caps of such transactions individually or in the aggregate (as the case may be), as set out in Schedule D to this Information Circular;
“CGHK Holding”	China Gold Hong Kong Holding Corp. Limited;
“China National Gold” or “CNG”	China National Gold Group Co., Ltd. (formerly known as 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 CNGGHK, its wholly-owned subsidiary;
“CNGGHK” or “China Gold Hong Kong”	China National Gold Group Hong Kong Limited;
“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;
“Computershare”	Computershare Hong Kong Investor Services Limited;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Third Supplemental Contract for Purchase and Sale of Doré and the Third Supplemental Products and Services Framework Agreement, the Caps thereunder (where applicable), which constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules;

“Contract for Purchase and Sale of Doré”	the Contract for Purchase and Sale of Doré dated May 7, 2014, between China National Gold and Inner Mongolia Pacific pursuant to which China National Gold purchases gold doré from the CSH Mine;
“CSH Mine”	Chang Shan Hao mine, a gold mine located in Wulate Zhong 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”, each a “Director”	The directors of the Company;
“First Supplemental Contract for Purchase and Sale of Doré”	the first supplemental Contract for the Purchase and Sale of Doré dated May 26, 2017 between Inner Mongolia Pacific and China National Gold;
“First Supplemental Products and Services Framework Agreement”	the first supplemental Products and Services Framework Agreement dated May 29, 2015 between China National Gold and the Company;
“Group”	The Company and its subsidiaries (as defined under the Hong Kong Listing Rules);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Hong Kong Stock Exchange” or “HKEX”	The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	an independent committee of the Board comprising all of the INEDs;
“Independent Financial Adviser” or “TC Capital”	TC Capital International 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 Transactions;
“Independent Shareholders”	the Shareholders (other than China National Gold and any of its associates) who do not have a material interest in the transactions contemplated under the Continuing Connected Transactions, and are not required to abstain from voting at the Meeting to approve the Continuing Connected Transactions, the Caps thereunder, and the transactions contemplated thereunder;
“INED”	independent non-executive Director of the Company;
“Information Circular”	the information circular of the Company dated May 26, 2020 in relation to the transactions contemplated under the Continuing Connected Transactions;
“Inner Mongolia”	Inner Mongolia Autonomous Region of the PRC;



“Inner Mongolia Pacific”	Inner Mongolia Pacific Mining Co. Limited, a cooperative joint venture company incorporated in the PRC, which owns and operates the CSH Mine and in which the Company holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;
“Jiama Mine”	Jiama Copper-Gold Polymetallic Mine located in Tibet, PRC. Jiama Mine 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 Tibet Huatailong;
“Latest Practicable Date”	May 21, 2020, being the latest practicable date before printing of this Information Circular for ascertaining information contained herein;
“Majority Voting Policy”	Majority Voting Policy originally approved by the Board March 12, 2015 and reviewed annually by the Nominating and Corporate Governance Committee;
“MI 61-101”	Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions;
"PRC"	The People’s Republic of China;
“Products and Services Framework Agreement”	The Products and Services Framework Agreement dated April 26, 2013 between China National Gold and the Company;
“Recognized Stock Exchange”	Any stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Hong Kong Stock Exchange;
“Record Date”	May 12, 2020 Vancouver time (being May 13, 2020 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;
"Second Supplemental Contract for Purchase and Sale of Doré"	the second supplemental Contract for the Purchase and Sale of Doré dated March 28, 2018 between Inner Mongolia Pacific and China National Gold;
“Second Supplemental Products and Services Framework Agreement”	the second supplemental Products and Services Framework Agreement dated May 26, 2017 between China National Gold and the Company;
“SFO”	Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong);
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Third Supplemental Contract for the Purchase and Sale of Doré”	the third supplemental Contract for the Purchase and Sale of Doré dated May 6, 2020, between Inner Mongolia Pacific and China National Gold;
“Third Supplemental Products and Services Framework Agreement”	the third supplemental Products and Services Framework Agreement dated May 6, 2020 between China National Gold and the Company;

“Tibet 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;
“Tibet Jia Ertong”	Tibet Jia Ertong Mining Development Co., Ltd.
“Toronto Stock Exchange” or “TSX”	The Toronto Stock Exchange of Toronto, Canada;
“US\$”	United States dollars, the lawful currency of the United States of America;
“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

#### **Introduction**

Reference is made to the Company's announcement dated May 7, 2020 in relation to, the Third Supplemental Contract for Purchase and Sale of Doré and Third Supplemental Products and Services Framework Agreement.

The purpose of this Information Circular is to provide you with information necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the Meeting relating to the approval of the non-exempt Continuing Connected Transactions (including the Proposed Caps).

Unless the context requires otherwise, terms and expressions defined in the accompanying Information Circular to the Shareholders dated May 26, 2020 shall have the same meanings in this letter.

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION

#### ***Third Supplemental Contract for Purchase and Sale of Doré***

On October 24, 2008, Inner Mongolia Pacific entered into the 2008 Contract for Purchase and Sale of Doré with China National Gold, pursuant to which Inner Mongolia Pacific, with a view to achieving better payment settlement and mitigating counterparty credit risk, for the sale by Inner Mongolia Pacific and the purchase by China National Gold of gold doré bars and silver by-products produced at the CSH Gold Mine to December 31, 2011. Please refer to the information circular of the Company dated November 17, 2010 for details of the 2008 Contract for Purchase and Sale of Doré.

On January 27, 2012, Inner Mongolia Pacific and China National Gold entered into the 2012 Contract for Purchase and Sale of Doré for the sale by Inner Mongolia Pacific and the purchase by China National Gold of gold doré bars and silver by-products produced at the CSH Gold Mine to December 31, 2014. Please refer to the information circular of the Company dated February 14, 2012 for details of the 2012 Contract for Purchase and Sale of Doré.

On April 26, 2013, Inner Mongolia Pacific entered into a Supplemental Contract for Purchase and Sale of Doré with China National Gold to revise the original payment terms of the 2012 Contract for Purchase and Sale of Doré, pursuant to which Inner Mongolia Pacific will deliver to China National Gold an invoice for the resulting settlement weight, and China National Gold will have 30 calendar days to effect payment. Except for such revision, no material changes have been made to the terms and conditions under the 2012 Contract for Purchase and Sale of Doré. Please refer to the information circular of the Company dated May 21, 2013 for details of the Supplemental Contract for Purchase and Sale of Doré.

On May 7, 2014, Inner Mongolia Pacific entered into the Contract for Purchase and Sale of Doré with China National Gold for the sale by Inner Mongolia Pacific and the purchase by China National Gold of gold doré bars and silver by-products produced at the CSH Mine through to December 31, 2017. Please refer to the information circular of the Company dated May 14, 2014 for details of the Contract for Purchase and Sale of Doré. The Independent Shareholders approved the non-exempt continuing connected transactions relating to the Contract for Purchase and Sale of Doré and the relevant annual caps for the three-years ending December 31, 2015.

On May 26, 2017, Inner Mongolia Pacific and China National Gold entered into the First Supplemental Contract for Purchase and Sale of Doré to extend the Contract for Purchase and Sale of Doré for another three-year term commencing January 1, 2018 and expiring on December 31, 2020. Please refer to the information circular of the Company dated May 31, 2017 for details of the First Supplemental Contract for Purchase and Sale of Doré. The Independent Shareholders approved the non-exempt continuing connected transactions relating to the First Supplemental Contract for Purchase and Sale of Doré and the relevant annual caps for the years ending December 31, 2020.

On March 28, 2018, Inner Mongolia Pacific entered into the Second Supplemental Contract for Purchase and Sale of Doré with China National Gold, pursuant to which both parties agreed to make certain immaterial and non-consequential amendments to the purchase terms of gold doré products by amending the reference price for gold doré from “the real-time price of Au9995 gold ingot at Shanghai Gold Exchange on the notification date less RMB0.95 per gram” to the monthly average price of the AU(T+D) contract on the Shanghai Gold Exchange less RMB1.50 per gram.

Inner Mongolia Pacific and China National Gold expects to continue the continuing connected transactions relating to the Second Supplemental Contract for Purchase and Sale of Doré after December 31, 2020 and therefore will, in accordance with the Hong Kong Listing Rules, re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the continuing connected transactions relating to the Second Supplemental Contract for Purchase and Sale of Doré for the next three years from January 1, 2021 to December 31, 2023, including disclosing information thereof in this Information Circular and seeking Independent Shareholders’ approval for the non-exempt continuing connected transactions relating to the Third Supplemental Contract for Purchase and Sale of Doré (including the relevant proposed annual monetary caps).

On May 6, 2020, Inner Mongolia Pacific and China National Gold entered into the Third Supplemental Contract for Purchase and Sale of Doré to extend the term of the Contract for Purchase and Sale of Doré (as amended by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for the Purchase and Sale of Doré) for an additional three-year term commencing on January 1, 2021 and expiring on December 31, 2023, conditional upon the Independent Shareholders’ approval at the Meeting. The Third Supplemental Contract for Purchase and Sale of Doré is substantially on the same terms and conditions as the terms and conditions contained in the Contract for Purchase and Sale of Doré (as amended by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for the Purchase and Sale of Doré) entered into by China National Gold and Inner Mongolia Pacific, as described in the information circulars dated May 14, 2014 and May 31, 2017, respectively.

#### A. Third Supplemental Contract for Purchase and Sale of Doré

<b>Date:</b>	May 6, 2020
<b>Parties:</b>	(a) Inner Mongolia Pacific (as the seller); and (b) China National Gold (as the purchaser)
<b>Amendments:</b>	Extend the term of the of the Contract for Purchase and Sale of Doré (as amended by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for Purchase and Sale of Doré) for an additional three-year term commencing on January 1, 2021 and expiring on December 31, 2023
<b>Effect:</b>	Only the extension of term is modified, all other terms and conditions of the Contract for Purchase and Sale of Doré (as amended by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for Purchase and Sale of Doré) remain unchanged.
<b>Subject Matter:</b>	The sale and purchase of gold doré bars and silver by-products produced at the CSH Mine owned and operated by Inner Mongolia Pacific in Inner Mongolia, PRC.

**Term:** Subject to the approval of the Independent Shareholders at the Meeting and compliance with other requirements under the Hong Kong Listing Rules, the effective from January 1, 2021 to December 31, 2023.

**Payment Terms:** Pricing for gold doré bar products is referenced to the monthly average price of AU(T+D) contract as quoted on the Shanghai Gold Exchange less RMB1.50 per gram, multiplied by the settlement weight. The amount of RMB1.50 per gram to be deducted from the quoted price is the cost of refining gold doré bars by the purchaser plus compensation for the gold price fluctuation risk born by the purchaser with monthly average price which was determined based on and is consistent with prevailing market practice.

Pricing for silver by-products is referenced to the price of No. 2 silver at the Shanghai Huatong White Platinum & Silver Exchange at the time and date to be notified by the seller to the purchaser at least 48 hours prior to delivery of shipment of silver by-products less RMB0.5 per gram, multiplied by the settlement weight. The amount of RMB0.5 per gram to be deducted from the quoted price is the cost of refining silver by-products which was determined based on and is consistent with prevailing market practice and with historical transactions with independent third parties. Considering the current and anticipated prices of silver during the term of the Third Supplemental Contract for Purchase and Sale of Doré, the refining cost is expected to equal but not be less than the costs to be incurred by the purchaser, so there is a potential for a very small profit element which the Company considers to be de minimis.

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

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

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

**Conditions Precedent:** The Third Supplemental Contract for Purchase and Sale of Doré is conditional on the approval of the Independent Shareholders' at the Meeting and the Company' compliance with MI 61-101 and the Hong Kong Listing Rules and applicable relevant regulations. These conditions precedent cannot be waived.

## B. Reasons for and benefits of the Third Supplemental Contract for Purchase and Sale of Doré

The reasons for and benefits of the Third Supplemental Contract for Purchase and Sale of Doré mainly include:

- (a) the Group (including Inner Mongolia Pacific) has established a long-term cooperative relationship with China National Gold since 2008 in similar transactions and Inner Mongolia Pacific has the flexibility to determine the timing of sale (as it is entitled but not obligated to designate one delivery date per week, and may cancel any shipment without penalty up to two working days prior to the relevant delivery date). Therefore, the Third Supplemental Contract for Purchase and Sale of Doré will provide the Group with a ready buyer of the gold doré bars and silver by-products produced at the CSH Mine and the Group (including Inner Mongolia Pacific) is able to execute the transactions with China National Gold with more flexibility and on more favourable terms;
- (b) China National Gold, being one of the largest gold producers in China, has good credibility in the industry. This lends assurance to the Group (including Inner Mongolia Pacific) that the risks it may face in conducting business with China National Gold would be low;
- (c) the terms and conditions of the Third Supplemental Contract for Purchase and Sale of Doré are substantially unchanged from the Contract for Purchase and Sale of Doré (as amended by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for Purchase and Sale of Doré). To date, the Contract for Purchase and Sale of Doré (as amended) has been well executed which further demonstrates the good cooperative relationship between Inner Mongolia Pacific and China National Gold as well as the credibility of China National Gold;
- (d) the pricing term under the Third Contract for Purchase and Sale of Doré is fair, reasonable and beneficial to Inner Mongolia Pacific; and
- (e) gold production at the CSH Mine is expected to remain stable at the current levels during the proposed term of the Third Supplemental Contract for Purchase and Sale of Doré.

## C. Proposed annual monetary caps and the basis of determination for caps under the Third Supplemental Contract for Purchase and Sale of Doré

Set out below are (1) the existing caps for the three years ending December 31, 2020 under the Second Supplemental Contract for Purchase and Sale of Doré; (2) the actual transaction amount for the two years ended December 31, 2019 and the two months ended February 29, 2020; and (3) the proposed Caps for the financial years ending December 31, 2021, 2022 and 2023.

	For the financial year ended December 31					
	2018 (RMB in thousands)	2019 (RMB in thousands)	2020 (RMB in thousands)	2021 (RMB in thousands)	2022 (RMB in thousands)	2023 (RMB in thousands)
Existing Caps	2,700,000	2,700,000	2,700,000	n/a	n/a	n/a
Actual transaction amounts	1,216,000	1,414,732	244,945 (Jan-Feb)	n/a	n/a	n/a
Utilization Rate (%)	45%	52.4%	9.07% (Jan-Feb)	n/a	n/a	n/a
Proposed Caps	n/a	n/a	n/a	2,800,000	2,800,000	2,800,000

The Caps of RMB2,800 million have been determined with reference to (i) the expected sales volume of gold doré at 5 tonnes (i.e. 5 million grams) per year, (ii) the expected sales price of gold doré at RMB400 per gram and (iii) the expected price volatility of gold doré of approximately 40%. The Company has taken into account only the sales of gold doré bars in determining the Caps without consideration of the sales of silver by-products under the Third Supplemental Contract for Purchase and Sale of Doré, as silver by-products are not material to the content of the doré and are reflected in the calculation of the price volatility of gold doré since historically a material increase in the price of gold usually results in a comparable increase in the price of silver.

The Directors (including the INEDs) consider that (i) the terms and the proposed annual monetary caps of the Third Supplemental Contract for Purchase and Sale of Doré are fair and reasonable; (ii) the Third Supplemental Contract for Purchase and Sale of Doré is on normal commercial terms and in the ordinary and usual course of business; and (iii) entering the Third Supplemental Contract for Purchase and Sale of Doré is in the interest of the Company and its Shareholders as a whole.

#### D. Internal Control Measures

In order to secure the Independent Shareholders' interests and ensure compliance with the terms and proposed annual monetary caps of the Third Supplemental Contract for Purchase and Sale of Doré, the Company has adopted the following internal control measures:

- (a) after receiving the proposed settlement price of each transaction from China National Gold, the finance department of Inner Mongolia Pacific will review the prevailing market price for gold and silver on the Shanghai Gold Exchange and Shanghai Huatong White Platinum & Silver Exchange and verify whether the proposed settlement price of each transaction is consistent with the payment terms under the Third Supplemental Contract for Purchase and Sale of Doré;
- (b) the Company's financial reporting department will monitor on a monthly and quarterly basis the reconciliation to the proposed annual monetary caps for the Third Supplemental Contract for Purchase and Sale of Doré; and
- (c) the Company's auditors will review the transactions completed under the Third Supplemental Contract for Purchase and Sale of Doré and the proposed annual monetary caps thereunder and report to the INEDs.

#### ***Third Supplemental Products and Services Framework Agreement***

On April 26, 2013, the Company entered into the Products and Services Framework Agreement with China National Gold, pursuant to which China National Gold agreed to provide mining related services and products, to the Company in order to facilitate the Group's operations in the PRC. On May 29, 2015 the Company and China National Gold entered into the First Supplemental Products and Services Framework Agreement to add the sale and purchase of copper concentrates produced at the Jiama Mine and extended the term to December 31, 2017. On May 26, 2017 the Company and China National Gold entered into the Second Supplemental Products and Services Framework Agreement to extend the term to December 31, 2020 and to extend the scope to include leasing services to be provided by Zhongxin International Financial Leasing (Shenzhen) Co. Ltd., the shares of which are 80% owned by China National Gold. Please refer to the information circulars of the Company dated May 21, 2013, May 29, 2015 and May 31, 2017 for details of the Products and Services Framework Agreement (as amended by the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement).

On May 6, 2020, the Company and China National Gold entered into the Third Supplemental Products and Services Framework Agreement to extend the term of the of the original Products and Services Framework Agreement (as amended by the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement) for an additional three-year term commencing on January 1, 2021 and expiring on December 31, 2023.

## A. Key terms of the Third Supplemental Products and Services Framework Agreement

<b>Date:</b>	May 6, 2020
<b>Parties:</b>	(a) the Company; and (b) China National Gold
<b>Amendments:</b>	Extend the term of the Products and Services Framework Agreement (as amended by the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement) to expire on December 31, 2023
<b>Effect:</b>	The other terms and conditions of the Products and Services Framework Agreement (as amended by the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement) remain unchanged
<b>Subject Matter:</b>	The products and services related to mining development and planning for daily mining operations, copper concentrate sales and equipment leasing services.
<b>Term:</b>	Subject to the approval of the Independent Shareholders at the Meeting and compliance with other requirements under MI 61-101 and the Hong Kong Listing Rules, effective from January 1, 2021 to December 31, 2023.
<b>Selection of Providers or Suppliers</b>	<p>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 and finance department and then the proposal would be submitted to the deputy general manager or the general manager for final approval. These departments will compare the quotations or proposals received and assess them based on various factors such as pricing and other terms.</p> <p>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 active trading markets such that an open market tendering process would be unlikely to obtain the best possible price and terms for the required product or service. The tendering process would be conducted strictly in compliance with Law of the PRC on Tenders and Bids. The Company treats all bidders equally in the tendering process and will accept the proposal of the winning bidder.</p>
<b>Pricing and Payment:</b>	<p><u>General Principle:</u></p> <p>China National Gold represented and warranted in the Products and Services Framework Agreement, as amended, that the products and services offered to the Company will not be less favourable than those offered to independent third parties.</p>



### Services, Auxiliary Equipment and Materials

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

The pricing of the services, auxiliary equipment and materials 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 responsible for setting such prices or its local bureaus, but there are active trading markets, prices may be determined by an offering of tender of at least three independent quotes;
- (c) should there be no such prices stipulated by the PRC governmental department responsible for setting such prices or its local bureaus, and there is no active trading market, prices will be determined by comparison with identical or similar historical prices (based on the assessment of three independent quotes submitted under (b) above plus the review of prices for comparable products and services); or
- (d) if none of the paragraphs (a), (b) and (c) above applies, 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 Products and Services Framework Agreement (as amended) 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 and finance department and then the proposal will be 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.

The pricing basis for each of the above services shall fall into category (b) above given the fact that there is an active trading markets in PRC. If category (b) for any of the above services cannot be followed, the Company will consider category (c) and if category (c) cannot be followed, then the Company will adopt category (d) and all pricing and payment terms will be set out in a specific contract for such products and services.

### Copper Concentrate Sales

The pricing terms of the sale of copper concentrates have not been altered since the Products and Services Framework Agreement was entered and are set out as follows:

- (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 departments responsible for setting such prices or its local bureaus, but there are active trading markets, prices as may be determined by a tender;

- (c) if there are no such stipulated prices and also no active trading markets, prices as with reference to identical or similar transactions as observed from the market; or
- (d) otherwise 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 Products and Services Framework Agreement, as amended 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, and finance department and then the proposal will be 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 sale and purchase of copper concentrates between the Group and China National Gold shall fall into category (b) above given the fact that there are active trading markets for copper, gold and silver in PRC. If category (b) for any of the sale and purchase of copper concentrates cannot be followed, the Company will consider category (c) and if category (c) cannot be followed, then the Company will adopt 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.

#### Equipment Leasing Services

The pricing and payment parameters for equipment leasing services relates to equipment leasing which may include one or more sale and leaseback transactions.

The pricing of the equipment leasing services rendered under the Products and Services Framework Agreement, as amended, shall be determined based on the following:

- (a) prices and rates 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 or rates stipulated by the PRC governmental department responsible for setting such prices or its local bureaus, but there are active trading markets, prices may be determined by a tender;
- (c) should there be no such prices stipulated by the PRC governmental department responsible 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 transactions; 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 leasing 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 leasing services as contemplated under the Products and Services Framework Agreement (as amended), 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, and finance department and then the proposal will be 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 leasing services and/or leasing finance services), 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.

The pricing basis for the leasing services shall fall into category (b) above given the fact that there are active trading markets in PRC. 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 the Company will adopt category (d). All pricing and payment terms will be set out in a specific contract for such products and services.

#### B. The reasons for and benefits of the Third Supplemental Products and Services Framework Agreement

The reasons for and benefits of the Third Supplemental Products and Services Framework Agreement mainly include:

- (a) the ability to leverage on China National Gold's expertise in mining related services like mining and stripping, exploration, research and development, mining design, its centralized procurement system and technological capabilities to maximize productivity;
- (b) with respect to sales of copper concentrates, in view of the unfavourable market condition for copper producers, by entering such agreement, the Company can leverage on China National Gold's strong smelting and purchase capabilities; and
- (c) with respect to leasing services, providing the Company with an alternative source of funding and potentially reducing the taxation expense of the Group since equipment leasing costs would be recorded as operating expenses as opposed to capitalized acquisitions of equipment, which will reduce the operating profits and taxes payable at the operating subsidiary level.

#### C. Proposed Caps and basis of determination for the Caps under the Third Supplemental Products and Services Framework Agreement

Set out below are (1) the existing annual monetary caps for the three years ending December 31, 2020 under the Second Supplemental Products and Services Framework Agreement; (2) the actual transaction amount for the two years ended December 31, 2019 and two months ended February 29, 2020; and (3) the proposed Caps under the Third Supplemental Products and Services Framework Agreement for the years ending December 31, 2021, 2022 and 2023.

For the financial year ended December 31					
2018 (RMB in thousands)	2019 (RMB in thousands)	Two months ended February 29, 2020 (RMB in thousands)	2021 (RMB in thousands)	2022 (RMB in thousands)	2023 (RMB in thousands)

Existing Caps	11,400,000	11,400,000	11,400,000	n/a	n/a	n/a
Actual transaction amounts	973,000	646,000	19,500 (Jan-Feb)	n/a	n/a	n/a
Utilization rate (%)	8.54%	5.68%	0.17% (Jan-Feb)	n/a	n/a	n/a
Proposed Caps	n/a	n/a	n/a	6,300,000	6,300,000	6,300,000

Set out below are: (i) the actual transaction amount by product and services types under the Second Supplemental Products and Services Framework Agreement for the two years ended December 31, 2019 and the two months ended February 29, 2020, and (ii) the basis used by the Group to determine the Caps of RMB6,300 million for each of the three financial years ending 31 December 2023.

For the financial year ended December 31							
	2018 Actual (RMB in million)	2019 Actual (RMB in million)	Two months ended February 29, 2020 (Actual) (RMB in million)	2021 Proposed for each year (RMB in million)	2022 Proposed for each year (RMB in million)	2023 Proposed for each year (RMB in million)	
Stripping and related services	14	12	0.5	91	91	91	
Mining research, development and design and related services	85	56	-	23	17	17	
Environmental, safety and occupational health management	8	2	-	1	2	1	
Tendering agency service	2	1	-	2	2	2	
Office lease	26	26	-	27	27	27	
Auxiliary equipment	8	1	4	68	68	68	
Copper concentrates	830	548	15	4,102	4,102	4,102	
Leasing Services	-	-	-	200	200	200	
<b>Subtotal</b>	<b>973</b>	<b>646</b>	<b>19.5</b>	<b>4,514</b>	<b>4,509</b>	<b>4,508</b>	
40% buffer	N/A	N/A	N/A	1,786	1,792	1,792	
<b>Total</b>				<b>6,300</b>	<b>6,300</b>	<b>6,300</b>	

\*Certain figures have been subject to rounding adjustments. Accordingly, figures shown as totals in the table may not be an arithmetic aggregation of the figures preceding them.

As stated in the announcement of the Company dated July 3, 2018, the Jiama Mine's phase II expansion commenced commercial production on July 1, 2018. Jiama Mine's phase II expansion consisted of series I

and series II, each having a mineral processing capacity of 22,000 tpd. The full design capacity of ore processing at Jiama Mine will increase to 50,000 tpd from the previous capacity of 28,000 tpd once series II reaches its full design capacity. With the higher processing capacity of each series of the phase II expansion, the Jiama Mine will have a larger demand of stripping and related services and a higher production amount of copper concentrates.

The Company also reserved an approximately 40% buffer in determining the proposed annual monetary caps for the Third Supplemental Products and Services Framework Agreement. The 40% buffer is necessary because the Board expects that the sale of copper concentrates will constitute the majority part of the transactions contemplated under the Third Supplemental Products and Services Framework Agreement. The historical copper price has been volatile, and it is hard to predict the future trend of copper price. Therefore, a higher annual monetary cap with sufficient buffer is necessary considering the cyclical nature of the copper production industry and the volatility of copper price.

#### D. Internal Control Measures

In order to secure the Independent Shareholders' interests and ensure compliance with the terms and proposed Caps for the Third Supplemental Products and Services Framework Agreement, the Company has adopted certain internal control measures.

All specific contracts under the Third Supplemental Products and Services Framework Agreement are provided from the mine sites to the Company's corporate office through its record management system for review by the legal team, finance or other relevant departments. After the contracts are approved by the management, all contracts above a pre-authorized value are provided to the Company's INEDs to review and approve.

The Company's legal department has been and will continue to be responsible for maintaining a record of all contracts and monitoring whether the pricing terms of the transactions conducted are consistent with the Third Supplemental Products and Services Framework Agreement and whether the relevant annual monetary caps have been exceeded. On a quarterly basis, the legal department is responsible for verifying the aggregated amount of the transactions directly with the finance department of the mine sites. The report is then provided to the Company's external independent auditors, who will review all contracts from the mine sites to verify (among other things) whether the pricing terms of the Third Supplemental Products and Services Framework Agreement have been adhered to and whether the relevant annual monetary caps have been exceeded. The auditors' report on the Continuing Connected Transactions will then be provided to the Company's INEDs for review.

The Group has internal control measures in place 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 buyer of the Group's products including the copper concentrates by way of tender. In particular, before entering into specific purchase and sales contract with the potential buyer, 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 the proposed 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 (including the INEDs) are of the view that the transactions contemplated under the Products and Services Framework Agreement, as amended, will continue to 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.

The Directors (including the INEDs) consider that (i) the terms and proposed annual monetary caps of the Third Supplemental Products and Service Framework Agreement are fair and reasonable; (ii) the Third Supplemental Products and Services Framework Agreement are on normal commercial terms and are in the ordinary and usual course of business of the Group; and (iii) entering into the Third Supplemental Products and Services Framework Agreement are in the interest of the Company and its Shareholders as a whole.

## REGULATORY MATTERS

### Canadian Securities Laws

Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”), the Continuing Connected Transactions along with their respective Caps are considered “related party transactions” because CNGGHK has direct ownership and control over the securities of the Company carrying more than 10% of the voting rights attached to all of Company’s outstanding voting securities. Each of the Continuing Connected Transaction Contracts and their respective Caps is therefore a “related party transaction” pursuant to MI 61-101.

MI 61-101 provides that an issuer shall not carry out a related party transaction unless the issuer has obtained the approval of the shareholders excluding the shareholder who is an “interested party” or a related party of an interested party in accordance with MI 61-101. In accordance with the foregoing requirements, the Company seeks Independent Shareholders’ approval in connection with the Continuing Connected Transactions and their respective Caps. MI 61-101 also prescribes certain valuation requirements for related party transactions which are not applicable to the Continuing Connected Transactions.

### The Hong Kong Listing Rules

#### Discloseable Transaction

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the leasing services under the Third Supplemental Products and Services Framework Agreement exceeds 5% but is less than 25%, those leasing services constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

Since the remaining transactions contemplated under the Third Supplemental Contract for the Purchase and Sale of Doré and the Third Supplemental Products and Services Framework Agreement are of a revenue nature in the ordinary and usual course of business of the Group, they are not subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Hong Kong Listing Rules.

#### Continuing Connected Transactions

As at the Latest Practicable Date, China National Gold held approximately 39.3% of the issued Shares of the Company through CNGGHK, its wholly-owned subsidiary, and thus is the ultimate controlling Shareholder of the Company. Accordingly, China National Gold is a connected person of the Company as defined under the Hong Kong Listing Rules.

The transactions contemplated under the Continuing Connected Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules. As one or more applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect

of each of the Continuing Connected Transactions exceed 5%, the Continuing Connected Transactions are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Each of Mr. Liangyou Jiang (Chairman, chief executive officer and executive Director), Mr. Shiliang Guan (executive Director), Mr. Yongqing Teng and Ms. Fuzhan Kang (non-executive Directors) are considered to have a material interest in the Continuing Connected Transactions by virtue of their being officers or affiliates of China National Gold. All of them abstained from voting on the relevant resolutions at the Board meeting to approve the Continuing Connected Transactions. All the remaining Directors have confirmed at such Board meeting that they have no material interest in the Continuing Connected Transactions.

## FINANCIAL EFFECTS OF THE CONTINUING CONNECTED TRANSACTIONS

The Company does not anticipate that the Continuing Connected Transactions will have any material financial effects. Each of the Continuing Connected Transactions amounts to a renewal and/or amendment of existing connected transactions on virtually identical terms as are currently in force. Given the past performance and the benefits realized by the Company under the existing terms of the Continuing Connected Transactions, the Directors consider that the Continuing Connected Transactions constitute transactions in the ordinary course of business of the Group and will not have a significant impact on the financial results of the Company that is different from the financial effects the Company has realized in the past.

The Third Supplemental Contract for Purchase and Sale of Doré will continue the current agreement whereby China National Gold purchases gold doré produced at the CSH Mine. Under the Third Supplemental Contract for Purchase and Sale of Doré, the Company will have a ready buyer of the gold doré and silver by-products and will be able to execute the transactions with China National Gold with more flexibility and on more favourable terms.

The Third Supplemental Products and Services Framework Agreement will continue the current agreement whereby China National Gold provides products and services for the Jiama Mine and with respect to sales of copper concentrates from the Jiama Mine, the Company can leverage on China National Gold's strong smelting and purchase capabilities.

## IMPACT ON THE GEARING POSITION

The Directors (including the INEDs) do not expect that entering into of each of the Continuing Connected Transactions would have any adverse financial impact on the earnings, assets and liabilities or its gearing levels, as compared with the position disclosed in the Company's audited financial statements for the year ended December 31, 2019 (the most recent published audited financial statements).

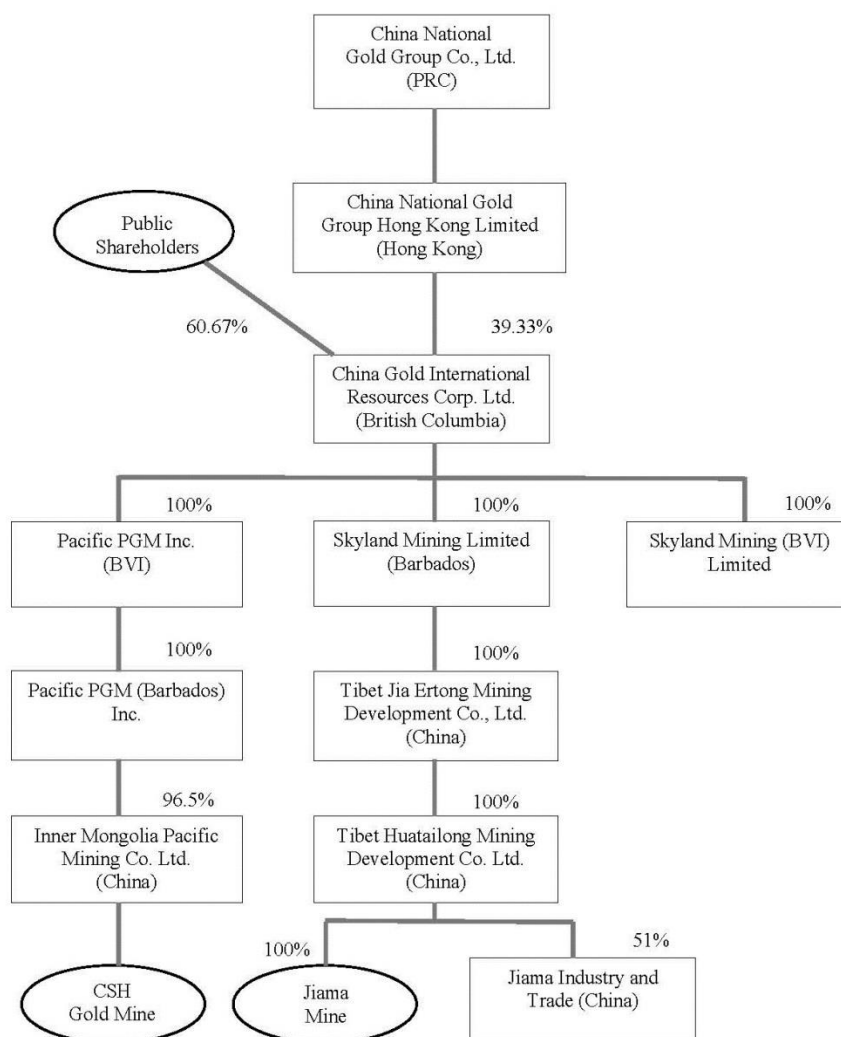
## INFORMATION ABOUT THE COMPANY

The Company is a gold and base metal mining company incorporated in British Columbia, Canada. Its principal properties are located in Inner Mongolia Autonomous Region, PRC and in the Tibet Autonomous Region, PRC. The Company commenced commercial gold production at its CSH Mine on July 1, 2008. The Company also commenced commercial production of copper, molybdenum, gold, silver, lead and zinc at its Jiama Mine in December 2010.

## INFORMATION ABOUT CHINA NATIONAL GOLD

China National Gold is the only enterprise directly supervised by the State Council of the PRC that focuses on the exploration, mining, processing, smelting, refining and sales of gold. It also operates other nonferrous mineral assets related businesses. The predecessor of China National Gold was China National Gold Corporation, which was established in 1979 and headquartered in Beijing. China National Gold is one of the largest gold producers in the PRC by gold output, according to the China Gold Association.

The following chart illustrates the relationship between the Company and China National Gold.



## FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the company for the last three financial years ended December 31, 2017, 2018 and 2019 and the three months ended March 31, 2020 are disclosed in the following documents which have been published on the Company's website, at the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com), and on the and on the HKEX News website at [www.hkexnews.hk](http://www.hkexnews.hk).

(i) annual report of the Company for the year ended December 31, 2017 published on March 29, 2018 (pages 65 to 136);

(ii) annual report of the Company for the year ended December 31, 2018 published on March 27, 2019 (pages 65 to 152);



(iii) annual report of the Company for the year ended December 31, 2019 published on March 31, 2020 (pages 69 to 152);

(iii) first quarter financial statements of the company for the three months ended March 31, 2020 published on May 15, 2020.

## STATEMENT OF INDEBTEDNESS

As of the close of business on March 31, 2020, the Group had total interest-bearing borrowings of approximately US\$1,210.6 million, comprised of US\$502.85 million of 3.5% unsecured bonds and US\$134.5 million of short-term debt facilities with interest rates ranging from 2.75% to 4.35% per annum.

The Group did not have any contingent liabilities as at March 31, 2020.

The Group did not have any financial derivatives or outstanding hedging contracts as at March 31, 2020.

As at March 31, 2020, the Group held US\$13,253,000 investment in equity securities measured at fair value on a recurring basis. The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals in the PRC. The Group also held a US\$2,029,000 investment in an unlisted company incorporated in the PRC is measured at cost since the investment in unlisted equity instrument does not have a quoted market price and the fair value cannot be measured reliably as at March 31, 2020.

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, 2020.

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, 2020.

## WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) the internal resources available to the Group; (ii) the presently available and unutilized banking and other facilities, and in the absence of unforeseeable circumstance, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months from the date of publication 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,

1. On July 6, 2017, the Company, its wholly-owned subsidiary, Skyland BVI, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited, Standard Chartered bank, CCB International Capital Limited and Industrial Bank Co., Ltd. Hong Kong Branch entered into a Subscription Agreement in connection with the Bonds issuance by Skyland BVI.
2. On July 6, 2017, the Company, its wholly-owned subsidiary, Skyland BVI, The Bank of New York Mellon, London Branch, and The Bank of New York Mellon SA/NV, Luxembourg Branch entered into an Agency Agreement in connection with the Bonds issuance by Skyland BVI.
3. On July 6, 2017, the Company, its wholly-owned subsidiary, Skyland BVI and The Bank of New York Mellon, London Branch entered into a Trust Deed in connection with the Bonds issuance by Skyland BVI.

4. On December 18, 2017, the Company and China Gold Finance entered into a Deposit Services Agreement to make withdrawals and deposits up to a daily maximum not exceeding RMB100,000,000, as amended on December 18, 2018 and December 18, 2019.
5. On December 18, 2017, the Company and China Gold Finance entered into a Loan Agreement to which China Gold Finance agreed to provide an unsecured loan in the aggregate amount of RMB350,000,000, as amended on December 18, 2018.

## FINANCIAL AND TRADING PROSPECTS

The Company continues to focus on the operations of its Jiama Mine and CSH Mine. The Company projects to have 2020 production of 212,000 ounces of gold and 145 million pounds of copper. The Company continues to focus its efforts on optimizing the operation at both mines, debottlenecking the newly commissioned Jiama Mine expansion and extending the mine life of CSH Mine. The Company will continue to leverage the technical and operating experience of the Company's ultimate 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. Risk factors that may impact the Company's performance going forward are set out on page 68 of the Company's annual report for the year ended December 31, 2019.

## EFFECT ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

The Directors are of the view that none of the Continuing Connected Transactions is expected to have any material impact on earnings, assets and liabilities of the Group.

## 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 China National Gold, being the ultimate controlling Shareholder of the Company, and its respective 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 each of the Continuing Connected Transactions and the transactions contemplated thereunder, the Group remains able to operate independently of the ultimate controlling Shareholder and its respective associates.

## RECOMMENDATION

Based on its views set out above, the Board recommends that the Independent Shareholders vote in favour of the ordinary resolution(s) concerning each of the Continuing Connected Transactions, the Caps thereunder, and the transactions contemplated thereunder.

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.

The Independent Board Committee, having taken into account, among other things, the advice from TC Capital International Limited, as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard, the entering into the Third Supplemental Products and Services Framework Agreement and the Third Supplemental Contract for Purchase and Sale of Doré are in the ordinary course of business of the Company reflects normal commercial terms that are fair and

reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution(s) in respect of the Continuing Connected Transactions, the Caps thereunder and the transactions contemplated thereunder at the Meeting.

## THE MEETING

The Meeting will be held on June 16, 2020 at 10:00 am (Vancouver time) (June 17, 2020 in Hong Kong) at will be held at the Vancouver offices of the Company located at Suite 660, 505 Burrard Street, Vancouver, British Columbia, V7X 1M4.

At the Meeting, ordinary resolution(s) will be proposed to, among other things, approve the Continuing Connected Transactions. Voting on such ordinary resolution(s) 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 respective associates (as defined in the Hong Kong Listing Rules) will abstain from voting with regards to the ordinary resolution(s) to be proposed at the Meeting in connection with the Continuing Connected Transactions, the Caps thereunder, and the transactions contemplated thereunder.

Yours faithfully,

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

(signed) "Liangyou Jiang"  
Liangyou Jiang  
Chairman

## **SCHEDULE E**

### **LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

May 26, 2020

Dear Independent Shareholders,

We refer to the Information Circular dated May 26, 2020 issued by the Company to its Shareholders, 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.

Pursuant to MI 61-101 the Continuing Connected Transaction will be considered a “related party transaction” for the Company by virtue of the relationship between the Company, CNGGHK and CNG, and as such, the Company intends to seek minority shareholder approval of the Continuing Connected Transaction at the Meeting. Under the Hong Kong Listing Rules, the Continuing Connected Transaction for the Company and is subject to announcement, reporting and Independent Shareholders approval requirements under chapter 14 and 14A of the Hong Kong Listing Rules.

Under the Hong Kong Listing Rules, the transactions contemplated under each of the Continuing Connected Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and, together with the Caps, are subject to the approval of the Independent Shareholders at the Meeting.

We have been appointed to as members of the Independent Board Committee, to consider (a) the terms of each of the Continuing Connected Transactions and the proposed Caps; (b) to determine whether the entering into of each Continuing Connected Transactions are on the ordinary course of business of the Company, are on normal commercial terms; and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and (c) to advise to advise and make recommendations to the Independent Shareholders as to how to vote at the Meeting on the ordinary resolution(s) regarding each of the Continuing Connected Transactions having taken into account, among other things, the advice of TC Capital International Limited, as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of each of the Continuing Connected Transactions at the Meeting.

TC Capital International Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders in respect of the transactions contemplated under each of the Continuing Connected Transactions. We wish to draw your attention to (a) the letter from the Board as set out in Schedule D to the accompanying Information Circular and (b) the letter from TC Capital International Limited, being the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders as 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) each of the Continuing Connected Transactions, and (ii) the basis upon which the terms of each of the Continuing Connected Transactions has been determined. We have also taken into account the principal factors and reasons considered by TC Capital International Limited in forming its opinion in relation to the transactions contemplated under each of the Continuing Connected Transactions and have discussed with TC Capital International Limited its letter of advice.

On the basis of the above, we consider, and agree with the view of TC Capital International Limited, that the entering into the Third Supplemental Products and Services Framework Agreement and the Third Supplemental Contract for Purchase and Sale of Doré are on the ordinary course of business the Company, normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in respect of each of the Continuing Connected Transactions their respective annual caps thereunder at the Meeting.

Yours faithfully,

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

Yingbin Ian He

Wei Shao

Bielin Shi

Ruixia Han

*Independent Non-executive Directors*

**SCHEDULE F**  
**LETTER FROM TC CAPITAL**

26 May 2020

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on:

- (i) the further extension of the expiry date of the Products and Services Framework Agreement to 31 December 2023 and the proposed annual caps for the three years ending 31 December 2023 (the “**P&S Annual Caps**”) under the Third Supplemental Products and Services Framework Agreement; and
- (ii) the further extension of the expiry date of the Contract for Purchase and Sale of Doré to 31 December 2023 and the proposed annual caps for the three years ending 31 December 2023 (the “**Gold Doré Annual Caps**”) under the Third Supplemental Contract for Purchase and Sale of Doré.

The details of the above transactions (the “**Continuing Connected Transactions**”) and the P&S Annual Caps and the Gold Doré Annual Caps (collectively, the “**Proposed Annual Caps**”) are set out in Schedule D - Letter from the Board of Directors (the “**Board Letter**”) contained in the information circular dated 26 May 2020 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

On 6 May 2020, the Company entered into the Third Supplemental Products and Services Framework Agreement with China National Gold, pursuant to which both parties agreed to extend the expiry date of the Products and Services Framework Agreement to 31 December 2023. Save as the aforementioned, other terms and conditions under the Products and Services Framework Agreement (which subsequently supplemented by the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement) shall remain unchanged.

On 6 May 2020, Inner Mongolia Pacific entered into the Third Supplemental Contract for Purchase and Sale of Doré with China National Gold, pursuant to which both parties agreed to extend the expiry date of the Contract for Purchase and Sale of Doré to 31 December 2023. Save as the aforementioned, other terms and conditions under the Contract for Purchase and Sale of Doré (which subsequently supplemented by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for Purchase and Sale of Doré) shall remain unchanged.

According to the Board Letter, as one of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the leasing services under the Third Supplemental Products and Services Framework Agreement exceeds 5% but are less than 25%, those leasing services constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements



under Chapter 14 of the Hong Kong Listing Rules. In addition, since the remaining transactions contemplated under the Third Supplemental Contract for Purchase and Sale of Doré and the Third Supplemental Products and Services Framework Agreement are of a revenue nature in the ordinary and usual course of business of the Group, they are not subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As set out in the Board Letter, as at the Latest Practicable Date, China National Gold held approximately 39.3% of the issued Shares through its wholly-owned subsidiary China National Gold Group Hong Kong Limited, and thus is the ultimate controlling Shareholder of the Company. Accordingly, China National Gold is a connected person of the Company as defined under Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Third Supplemental Products and Services Framework Agreement and the Third Supplemental Contract for Purchase and Sale of Doré constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Further, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of each of the Continuing Connected Transactions exceed 5%, the Continuing Connected Transactions are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee, comprising of all the INEDs, namely Mr. Yingbin Ian He, Mr. Wei Shao, Dr. Bielin Shi and Ms. Ruixia Han, has been established by the Company to advise the Independent Shareholders as to whether the Third Supplemental Products and Services Framework Agreement and the Third Supplemental Contract for Purchase and Sale of Doré are entered in the ordinary course of business of the Group, on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole and its recommendation on how to vote on the relevant resolution(s) 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.

### **Our Independence**

As at the Latest Practicable Date, we did not have any relationship with, or have any interests in, the Company or any other parties that could reasonably be regarded as relevant to our independence. In the past two years, we have not acted as independent financial adviser to the independent board committee and the independent shareholders of the Company beside acting as the Independent Financial Adviser in respect of the Continuing Connected Transactions as set out in this Circular. Accordingly, as at the Latest Practicable Date, there were no circumstances existed under Rule 13.84 of the Hong Kong Listing Rules that could reasonably be regarded as a hindrance to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions.

### **Basis of our opinion**

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered and reviewed, among other things, (i) the Third Supplemental Products and Services Framework Agreement; (ii) the Third Supplemental Contract for Purchase and Sale of Doré; (iii) the annual reports of the Company for the three years ended 31 December 2019 (respectively, the "Annual Report 2017", the "Annual Report 2018" and the "Annual Report 2019"); (iv) other information as set out in the Circular; and (v) the relevant market data and information available from public sources. 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

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 representations provided to us by the Company and contained in the Circular, which would make any statement therein misleading.

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, affairs operations, financial position or future prospects of each of the Company and China National Gold, and any of their respective subsidiaries and/or associates.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation in respect to the Third Supplemental Products and Services Framework Agreement as well as the Third Supplemental Contract for Purchase and Sale of Doré, we have taken into consideration the following principal factors and reasons:

### **I. Background of and reasons considered for entering into of the Third Supplemental Products and Services Framework Agreement and the Third Supplemental Contract for Purchase and Sale of Doré**

#### **a. General background of the parties involved**

##### *The Company*

The Company is a gold and base metal mining company incorporated in British Columbia, Canada and principally engaged in operation, acquisition, development and exploration of gold and base metal properties. The Company's principal properties are the CSH Mine located in Inner Mongolia, China and the Jiama Mine located in Tibet, China.

As stated in Annual Report 2019, the CSH Mine has two open-pit mining operations with a combined mining and processing capacity of 60,000 tpd and commenced commercial production on 1 July 2008.

As stated in Annual Report 2019, the Jiama Mine has both underground mining and open-pit mining operations. Phase I of the Jiama Mine commenced mining operations in the latter half of 2010 and reached its design capacity of 6,000 tpd in early 2011. Phase II of the Jiama Mine commenced mining operations in 2018 with 44,000 tpd design capacity. As further mentioned in the Annual Report 2019, the Jiama Mine is currently developing its underground mine, which is expected to produce higher grade ore, with anticipated completion by the end of 2021.

##### *China National Gold*

As set out in the Board Letter, China National Gold is the only enterprise directly supervised by the State Council of the PRC (中華人民共和國國務院) and focuses on the exploration, mining, processing, smelting, refining and sales of gold. It also operates other nonferrous mineral assets related businesses. The predecessor of China National Gold was China National Gold Corporation, which was established in 1979 and headquartered in Beijing. China National Gold is one of the largest gold producer in China by gold output, according to the China Gold Association.

#### **b. The Third Supplemental Products and Services Framework Agreement**



On 26 April 2013, the Company entered into the Products and Services Framework Agreement with China National Gold, pursuant to which China National Gold agreed to provide (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 to the Company effective until 18 June 2016.

On 29 May 2015, the Company entered into the First Supplemental Products and Services Framework Agreement with China National Gold to (i) revise the expiry date of the Products and Services Framework Agreement to 31 December 2017 and (ii) include the sales and purchase transaction of copper concentrates into the product and service scope of the Products and Services Framework Agreement.

On 26 May 2017, the Company entered into the Second Supplemental Products and Services Framework Agreement with China National Gold, pursuant to which both parties agreed to (i) include the provision of the leasing services into the product and service scope of the Products and Services Framework Agreement; and (ii) extend the expiry date of the Products and Services Framework Agreement to 31 December 2020.

According to the Board Letter, we understand that the entering into the Third Supplemental Products and Services Framework Agreement would allow the Group to continue relying on (a) the professional mining related services like mining and stripping, exploration, research and development, mining design, centralised procurement system and technological capacities provided by China National Gold; (b) the strong smelting and purchase capabilities of China National Gold; and (c) the leasing services provided by Zhongxin International Financial Leasing (Shenzhen) Co. Ltd. (the “**Zhongxin International**”) so as to continue to provide the Group an alternative source of funding and potentially reduce the taxation expense of the Group in future.

In accordance to our online research on the China National Gold’s website, China National Gold ranks No.1 in gold resource reserve, mineral gold output, refined gold output, gold investment products market share and gold dressing and processing technology 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. As such, we consider that it would be in the best interest of the Group to continue relying on the professional mining related services (i.e. mining and stripping, exploration, research and development) provided by China National Gold going forward in order to maximise the productivity of the Group.

Further to our online research on the China National Gold’s website, we also noted that China National Gold and its subsidiaries (a) have developed strong domestic and overseas markets; (b) specialise in import and export of non-ferrous metals, such as copper, aluminum, lead and zinc, and (c) specialise in 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 information circular of the Company dated 21 May 2013, we noted that China National Gold has been purchasing copper concentrate from the Group since 2013. As such, we consider that it would be in the best interest of the Group to continue to rely on the strong purchase capabilities of copper concentrates of China National Gold going forward.

With reference to the information circular issued by the Company on 31 May 2017, we understood that the leasing services contemplated under the Products and Services Framework Agreement (which subsequently supplemented by the First Supplemental Products and

Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement) was provided by Zhongxin International, the shares of which are 80% owned by China National Gold. Zhongxin International is principally engaged in the provision of finance lease, operating lease, commercial factoring services etc.. We also concur with the Directors' view that the leasing services, in particular the finance lease services rendered by Zhongxin International, is able to continue to provide the Group an alternative source of funding and potentially reducing the taxation expense of the Group in future. We believe that using the financial lease services instead of directly purchasing the target assets helps the Group to maintain a steady cash flow profile given the cash outflow related to financial leasing are usually spread out over several years, hence saving the burden of one-time significant cash payment for purchase. Such arrangement also releases capital for the Group to fund its other capital needs or to save money for a better capital investment decision in future. In addition, value added tax invoices for the interest payments under certain types of finance lease arrangement such as direct financing lease can be used to deduct value added tax under the relevant PRC domestic bonded zone regulations. Furthermore, according to the Annual Report 2019, the Group's non-current assets were amounted to approximately US\$2,677.7 million as at 31 December 2019 of which were mainly composed of property, plant and equipment (approximately 63.8% of the total non-current assets). Given the huge amount of fixed assets owned by the Group, we are of the view that the sale and leaseback services under the leasing services is able to provide the Group an alternative and quick source of funding by offloading its assets to Zhongxin International.

Based on the foregoing and the fact that other than the further extension of the expiry date of the Products and Services Framework Agreement to 31 December 2023, other terms and conditions under the Products and Services Framework Agreement, the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement, which were approved by the Independent Shareholders in the 2013 AGM, the 2015 AGM and the 2017 AGM respectively, remain unchanged, we are therefore of the view that the Third Supplemental Products and Services Framework Agreement was 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.

c. The Third Supplemental Contract for Purchase and Sale of Doré

On 7 May 2014, Inner Mongolia Pacific and China National Gold entered into the Contract for Purchase and Sale of Doré, pursuant to which China National Gold agreed to purchase and Inner Mongolia Pacific agreed to sell gold doré bars and silver by-products produced at the CSH Mine for the three years ended 31 December 2017.

On 26 May 2017, Inner Mongolia Pacific entered into the First Supplemental Contract for Purchase and Sale of Doré with China National Gold, pursuant to which both parties agreed to (i) amend the notification time of delivery of shipment from "no less than three working days" to "no less than 48 hours", (ii) amend the reference price for gold doré bar products from the "daily average price" to the "real-time price" of Au9995 gold ingot at the Shanghai Gold Exchange on notification date less RMB0.95 per gram and (iii) extend the expiry date of the Contract for Purchase and Sale of Doré to 31 December 2020.

On 28 March 2018, Inner Mongolia Pacific entered into the Second Supplemental Contract for Purchase and Sale of Doré with China National Gold, pursuant to which both parties agreed to amend the reference for gold doré bar products from "the real-time price of Au9995 gold ingot at the Shanghai Gold Exchange on the notification date less RMB0.95 per gram" to "the monthly

average price of the AU(T+D) contract on the Shanghai Gold Exchange less RMB1.50 per gram, multiplied by the settlement weight”.

As set out in the Board Letter, in light of the expected stable gold production of CSH Mine going forward, the Directors anticipate that the transactions contemplated under Contract for Purchase and Sale of Doré will allow the Group to continue to rely on the sales of gold doré bars to China National Gold by the further extension to 31 December 2023.

According to the Annual Report 2017, the Annual Report 2018 and the Annual Report 2019, the production of gold at the CSH Mine was 186,957 ounces, 144,896 ounces and 146,805 ounces for each of the three years ended 31 December 2019. Also, as advised by the management of the Company, it is expected the gold production at CSH Mine will remain at similar level in the upcoming years. The stable output for CSH Mine shows a continuous need for Inner Mongolia Pacific to sell the gold doré to China National Gold through the Contract for Purchase and Sale of Doré beyond its current expiry date.

Based on the foregoing and the fact that other than the further extension of the expiry date of the Contract for Purchase and Sale of Doré to 31 December 2023, other terms and conditions under the Contract for Purchase and Sale of Doré, the First Supplemental Contract for Purchase and Sale of Doré (which were approved by the Independent Shareholders in the 2014 AGM and the 2017 AGM respectively) and the Second Supplemental Contract for Purchase and Sale of Doré remain unchanged, we are therefore of the view that the Third Supplemental Contract for Purchase and Sale of Doré was 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.

## **II. Principal terms of the Third Supplemental Products and Services Framework Agreement and the Third Supplemental Contract for Purchase and Sale of Doré**

### *a. The Third Supplemental Products and Services Framework Agreement*

According to the Board Letter, except for the further extension of the expiry date to 31 December 2023, no material changes have been made to the terms and conditions under the Products and Services Framework Agreement (which subsequently supplemented by the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement) under the Third Supplemental Products and Services Framework Agreement. Given the expiry date of the Products and Services Framework Agreement is 31 December 2020, the term of the Third Supplemental Products and Services Framework Agreement, which intends to extend the Products and Services Framework Agreement to 31 December 2023, does not exceed 3 years. Please refer to the Board Letter for details of the terms of the Third Supplemental Products and Services Framework Agreement.

We understood that the pricing principles for connected transactions set out under the Third Supplemental Products and Services Framework Agreement are the same as that of the Products and Services Framework Agreement (which subsequently supplemented by the First Supplemental Products and Services Framework Agreement and the Second Supplemental Products and Services Framework Agreement), which are as follows:

- (i) prices as may be stipulated by the PRC Government or its local bureaus (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.

According to the Third Products and Services Framework Agreement, China National Gold represented and warranted that, the products and services offered by China National Gold to the Company will not be less favourable than those it 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 for the products and services stipulated in the Third Supplemental Products and Services Framework Agreement, we have discussed with the management of the Company and we understand that the relevant subsidiary of the Group will select the successful suppliers and service providers by obtaining at least 3 quotations from different parties (including China National Gold). The screening process, rationale and result on the potential parties will be documented and submitted to the senior management of the relevant subsidiary of the Group for review and final approval before entering into specific contract with the successful parties. We have also reviewed the quotations provided by other independent third parties obtained by the Group for transactions in relation to product / services category that occurred during the term of the Second Supplemental Products and Services Framework Agreement and we noted that the major terms offered by China National Gold to the Group were better than those offered by independent third parties to the Group previously and hence we are of the view that the above mentioned internal control is properly in place.

Having considered that (i) China National Gold represented and warranted that the terms and services that it offered to the Company will not be less favourable than those it offered to independent third parties; and (ii) the sound internal mechanism in the selection of suppliers and services providers of the Group, we are of the opinion that the terms of the Third Supplemental Products and Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*b. The Third Supplemental Contract for Purchase and Sale of Doré*

According to the Board Letter, except for the extension of the expiry date of the Contract for Purchase and Sale of Doré to 31 December 2023, no material changes have been made to the terms and conditions under the Contract for Purchase and Sale of Doré (which subsequently supplemented by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for Purchase and Sale of Doré) under the Third Supplemental Contract for Purchase and Sale of Doré. Given the expiry date of the Contract for Purchase and Sale of Doré is 31 December 2020, the term of Third Supplemental Contract for Purchase and Sale of Doré, which intends to further extend the Contract for Purchase and Sale of Doré to 31 December 2023, does not exceed 3 years. Please refer to the Board Letter for details of the terms of the Third Supplemental Contract for Purchase and Sale of Doré.

Under the Contract for Purchase and Sale of Doré (which subsequently supplemented by the First Supplemental Contract for Purchase and Sale of Doré and Second Supplemental Contract for Purchase and Sale of Doré), the pricing for gold doré bar products is referenced to the monthly average price of AU(T+D) contract price as quoted on the Shanghai Gold Exchange less RMB1.5 per gram, which represents the cost of refining of gold doré bars and the compensation for the gold price fluctuation risk born by the purchaser, and multiplied by the settlement weight. On the other hand, the pricing for silver by-products is referenced to the daily

average price of No. 2 silver at the Shanghai Huatong Platinum & Silver Exchange on the notification date to be notified by the seller to the purchaser no less than 48 hours prior to delivery of shipment of silver by-products less RMB0.5 per gram, which represent the cost of refining of silver by-products by the purchaser, multiplied by the settlement weight.

According to the Second Supplemental Contract for Purchase and Sale of Doré, we noted that both parties agreed to amend the pricing reference for gold doré bar products from “the real-time price of Au9995 gold ingot at the Shanghai Gold Exchange on the notification date less RMB0.95 per gram” (the “**2017 Pricing Term**”) to “the monthly average price of AU(T+D) contract on the Shanghai Gold Exchange less RMB1.50 per gram” (the “**2018 Pricing Term**”). As mentioned in the Board Letter and we agree that the adoption of monthly average price of AU(T+D) could enable the Group to reduce its exposure to daily commodity price fluctuations. As further advised by the management of the Company, the transaction amount of the relevant trading products that referred to AU(T+D) contract price is higher than those referred to AU9995 real-time price. Therefore, AU(T+D) contract price is more representative than AU9995 real-time price given its relatively higher transaction amount. With regards to determination of the selling prices of gold doré bars based the price quotation on the Shanghai Gold Exchange, we have discussed with the Company and noted that the Shanghai Gold Exchange is the most influential precious metal exchange in the PRC, and it is the industry practice to determine the price of gold with reference to the Shanghai Gold Exchange. Furthermore, based on our research, we note that the Shanghai Gold Exchange is approved by the State Council of the PRC to organise the gold transactions with the principle of openness, fairness, justness and honesty and the gold prices published there are always referred by the domestic gold player to price their products. Also, we were advised by the Company that sale of gold doré bars is for domestic only, we thus concur with the Directors that it is reasonable that the selling price of gold doré bars is referenced to the local exchange in the PRC. In addition, we reviewed historical transaction amount published on the official website of the Shanghai Gold Exchange and understand that the daily transaction amount of the relevant trading products of AU(T+D) contract is substantially higher than those referred to AU9995. As a result, we are of the view that it is acceptable of the Company to make reference on AU(T+D) contract price to determine selling price of gold doré products. Regarding the basis of RMB1.50 per gram deduction from the gold reference price in determining the selling price of gold doré bar products from Inner Mongolia Pacific to China National Gold, we were advised by the management of the Company that such amount consists of two components including the cost of refining of gold doré bars and the compensation fee for the gold price fluctuation risk born by the purchaser. In assessing the fairness and reasonableness of the amount of deduction from the gold reference price in determining the selling price of gold doré bar products from Inner Mongolia Pacific to China National Gold, we have been provided with independent third party’s quotation and we noted the deduction amount under the 2018 Pricing Term is no less favorable than the independent third party’s quotation. We are of the view that the deduction amount under the 2018 Pricing Term is in line with market practice.

We also understood that the pricing for silver by-products under the Third Supplemental Contract for Purchase and Sale of Doré is the same as that of the Contract for Purchase and Sale of Doré (which subsequently supplemented by the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for Purchase and Sale of Doré). Nevertheless, we were advised by the management of the Company that in light of the increase in the depth of mining and corresponding change in the composition of ore in the CSH Mine, the Group expects that no silver by-products will be produced or sold from the CSH Mine going forward and therefore the pricing of the silver by-products in the Third Supplemental Contract for Purchase and Sale of Doré is for reference only. We concur with the management of the Company in this regard as we noted from the 2018 Annual Report and 2019 Annual Report

that (i) the revenue contributed by the CSH Mine was generated from sale of gold doré for the three years ended 31 December 2019, (ii) only gold resources and reserves were reported for CSH Mine under NI 43-101 and (iii) the Group anticipates that CSH Mine will produce gold doré only in the next decade based on the latest production schedule.

Having considered the above, we are of the opinion that the terms of the Third Supplemental Contract for Purchase and Sale of Doré are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### III. Proposed Annual Caps

#### a. The P&S Annual Caps

Set out below are (1) the existing annual caps for the three years ending 31 December 2020 under the Second Supplemental Products and Services Framework Agreement; (2) the actual transaction amount for the two years ended 31 December 2019 and for the two months ended 29 February 2020; and (3) the P&S Annual Caps:

	2018	2019	2020	2021-23
The existing annual caps (RMB' Million)	11,400	11,400	11,400	-
The actual transaction amounts (RMB' Million)	973	646	19.5 (Jan – Feb)	-
Utilisation Rate (%)	8.54	5.68	0.17 (Jan – Feb)	-
The P&S Annual Caps (RMB' Million)	N/A	N/A	N/A	6,300

Set out below also (i) the actual transaction amount regarding product and services types included in the Second Supplemental Products and Services Framework Agreement for the two years ended 31 December 2019 and for the two months ended 29 February 2020; and (ii) the basis used by the Group to determine the P&S Annual Caps for each of the three years ending 31 December 2023:

	2018	2019	2020 (Jan-Feb)	2021	2022	2023
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>	<i>Approximately RMB million</i>
Stripping and related services	14	12	0.5	91	91	91

Mining research, development and design and related services	85	56	-	23	17	17
Environmental, safety and occupational health management	8	2	-	1	2	1
Tendering agency service	2	1	-	2	2	2
Office lease	26	26	-	27	27	27
Auxiliary equipment	8	1	4	68	68	68
Copper concentrates	830	548	15	4,102	4,102	4,102
Leasing services	-	-	-	200	200	200
Subtotal	973	646	19.5	4,514	4,509	4,508
~40% buffer	N/A	N/A	N/A	1,786	1,792	1,792
				6,300	6,300*	6,300*

\*Certain figures have been subject to rounding adjustments. Accordingly, figures shown as totals in above table may not be an arithmetic aggregation of the figures preceding them.

As set out in above table, other than (i) stripping and related services; (ii) auxiliary equipment; (iii) sales of copper concentrates; and (iv) the leasing services, the proposed transaction amounts for types of products and services assumed by the Company in determining the P&S Annual Caps are either less than or similar to the historical transaction amount in the prior years. The Company also established an approximately 40% buffer in determining the P&S Annual Caps.

In order to assess the reasonableness of the increase in the proposed transaction amounts of (i) stripping and related services and (ii) auxiliary equipment under the Third Supplemental Products and Services Framework Agreement as compared to relevant historical actual transaction amount, we have enquired the management of the Company and are advised that the Company expects that the scale of production of the Jiama Mine will be expanded after its phase II reached its commercial production from 1 July 2018, and such expansion will increase the Company's demand on stripping and related services as well as auxiliary equipment. Hence, the Group expects to have more business dealings regarding the provision of concentrator maintenance services and related equipment and materials with China National Gold for the three years ending 31 December 2023.

In assessing the reasonableness of the significant increase in the proposed transaction amount of the sales of copper concentrates from the Group to China National Gold under the Third Supplemental Products and Services Framework Agreement as compared to relevant historical actual transaction amount, we have obtained (i) the actual sales amount of copper concentrates broken down by metals types under the Second Supplemental Products and Services Framework Agreement for the two years ended 31 December 2019; and (ii) the basis used by

the Group to determine the proposed annual caps for copper concentrates sales under the Third Supplemental Products and Services Framework Agreement of RMB 4,102 million for each of the three years ending 31 December 2023, of which are set out below:

	2018	2019	2021-2023
<i>Annual sales quantities</i>			
Gold (g)	651,772	385,889	2,400,000
Silver (g)	27,435,752	20,508,294	120,000,000
Copper (tonne)	17,428	11,990	72,000
<i>Price per unit (RMB)</i>			
Gold (per g)	223.7	248.6	328.0
Silver (per g)	2.3	2.4	3.5
Copper (per tonne)	35,639.8	33,561.8	40,293.0
<i>Amount (RMB million)</i>			
Gold	146	96	787
Silver	63	50	414
Copper	621	402	2,901
Total	830	548	4,102

As illustrated in the above table, we noted the major underlying metals in determining the expected annual transaction amount of copper concentrates under the Third Supplemental Products and Services Framework Agreement was copper.

As discussed with the management of the Company, we are given to understand that the forecasted annual sales quantities of copper of 72,000 tonnes for each of the three years ending 31 December 2023 has taken into account of the expected copper production of the Group in the upcoming years. We noted from the Annual Report 2019 that the Group anticipates the production of copper would be approximately 145 million pounds (equivalent to approximately 65,800 tonnes) in 2020. As advised by the management of the Company, the Company sets a higher forecasted annual sales quantities of copper of 72,000 tonnes for each of the three years ending 31 December 2023 than the expected copper production of approximately 65,800 tonnes in 2020 as the Company expected the Jiama Mine will commence producing higher grade ores after completion of (i) the development of its underground mine by end of 2021 and (ii) the technical improvement plans in 2020 which will increase its equipment efficiency and mineral recovery rate. Given abovementioned, it is justifiable to use 72,000 tonnes as the forecasted annual sales quantities of copper for each of the three years ending 31 December 2023 under the Third Supplemental Products and Services Framework Agreement.

As illustrated in the above table, we also noted that the forecasted price of copper for each of the three year ending 31 December 2023 used to determine the expected annual transaction amount of copper concentrates under the Third Supplemental Products and Services Framework Agreement is approximately RMB40,293 per tonne. In assessing the fairness and reasonableness of the expected price of copper used by the Group to determine the expected annual transaction amount of copper concentrates under the Third Supplemental Products and Services Framework Agreement, we have made reference to the recent Shanghai Changjiang Copper Spot price from 1 January 2020 to 10 April 2020 and we noted that the average daily Shanghai Changjiang Copper Spot price quoted from the Bloomberg for the same period was approximately RMB44,464 per tonne, which is higher than the forecasted price of copper for each of the three year ending 31 December 2023 used by the Group to determine the expected annual transaction amount of copper concentrates under the Third Supplemental Products and

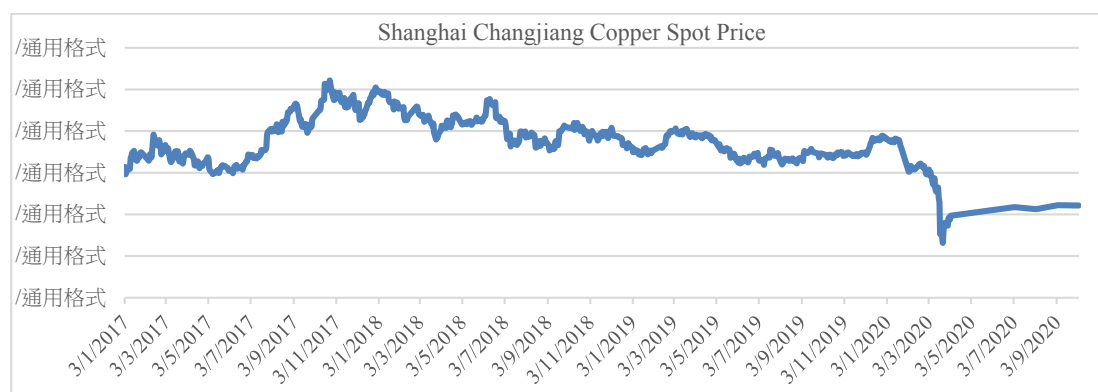


Services Framework Agreement of RMB40,293 per tonne. Therefore, the forecasted price of copper for each of the three years ending 31 December 2023 used by the Group to determine the expected annual transaction amount of copper concentrates under the Third Supplemental Products and Services Framework Agreement is considered as conservative.

Based on the foregoing analysis, we are of the view that the significant increase in the proposed transaction amount of the sales of copper concentrates from the Group to China National Gold under the Third Supplemental Products and Services Framework Agreement is justifiable and is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and Shareholders as a whole.

In assessing the reasonableness of proposed transaction amount of leasing services under the Third Supplemental Products and Services Framework Agreement of RMB 200.0 million in light of the fact that no relevant transaction amount was incurred for the two years ended 31 December 2019, we have enquired and discussed with the management of the Company, and have been advised that the Company had chosen such services provided by other independent third parties in Tibet at a relatively better preferential interest rate than Zhongxin International, and hence, there was no transaction amount incurred for the two years ended 31 December 2019. The management of the Company further explained that the leasing services under the Third Supplemental Products and Services Framework Agreement is a back-up financing alternative of the Group, and the Company intends to maximise the Group's flexibility in the alternative funding source by using the sale and leaseback services provided by Zhongxin International. In light of the large amount of non-current assets owned by the Group, in particular approximately US\$2,677.75 million (equivalent to approximately RMB18,823.78 million) as at 31 December 2019 according to the Annual Report 2019, of which is much higher than the proposed transaction amount of leasing services of RMB200.0 million, we are of the view that the proposed transaction amount of leasing services under the Third Supplemental Products and Services Framework Agreement is conservative.

In assessing the reasonableness of the 40% buffer rate imposed on the proposed aggregate transaction amount to determine the P&S Annual Caps, we have discussed with the management of the Company and we are given to understand that such buffer was set for the potential fluctuation of copper price in future. Given the proposed transaction amount of copper concentrates contributed the most in the total proposed transaction amount under the Third Supplemental Products and Services Framework Agreement, we concur with the Directors' view in this regard. Set out below the historical Shanghai Changjiang Copper Spot price quoted from the Bloomberg from 1 January 2017 to 10 April 2020 (the "**Copper Price Reference Period**").



Source: Bloomberg

As shown in the chart above, the highest and lowest copper price in the Copper Price Reference Period was RMB56,080 per tonne and RMB36,570 per tonne respectively or approximately 53.3% difference. Given the volatility of the historical copper price and the unforeseeable nature of copper price in future, we therefore considered the incorporation of 40% buffer is fair and reasonable in determining the P&S Annual Caps.

Last but not least, we noted that the utilisation rate of the existing annual caps for the three years ending 31 December 2020 under the Second Supplemental Products and Services Framework Agreement was relatively low. In particular, the expected annual sales of copper concentrates for each of the three years ending 31 December 2023 of approximately RMB4,102 million is significantly higher than actual annual sales of copper concentrates to China National Gold of approximately RMB830 million and RMB548 million for the year ended 31 December 2018 and 2019 respectively. We have discussed with the management of the Company and were advised that such low utilisation was mainly due to that the Group conducted the relevant transactions with independent third-party which offered same as or a relatively more favourable term than that offered by China National Gold in the same years. In spite of the above, we agree with the view of the management of the Company to set the P&S Annual Caps based on (i) the aggregate of the highest transaction amount of each product and service item under the Third Supplemental Products and Services Framework Agreement and (ii) the 40% buffer in order to cater for the possible circumstance that the terms to be offered by China National Gold might be better than that offered by the independent third-party throughout the term of the Third Supplemental Products and Services Framework Agreement so the Group can maximise its profitability under this scenario.

Based on the foregoing analysis, we are of the view that the P&S Annual Caps 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 Gold Doré Annual Caps*

Set out below are (i) the existing annual caps for the three years ending 31 December 2020 under the First Supplemental Contract for Purchase and Sale of Doré and the Second Supplemental Contract for Purchase and Sale of Doré; (ii) the actual transaction amount for the two years ended 31 December 2019 and the two months ended 29 February 2020; and (iii) the Gold Doré Annual Caps:

	2018	2019	2020	2021	2022	2023
The existing annual caps (RMB million)	2,700	2,700	2,700	-	-	-
The actual transaction amounts (RMB million)	1,216	1,415	245 (Jan – Feb)	-	-	-
Utilisation rate (%)	45.0	52.4	9.1 (Jan – Feb)	-	-	-

The Gold Doré Annual Caps (RMB in million)	N/A	N/A	N/A	2,800	2,800	2,800
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As discussed with the management of the Company, the annual caps of RMB2,800 million under the Third Supplemental Contract for Purchase and Sale of Doré have been determined with reference to (i) the expected sales volume of gold doré at 5 million grams for each of the three years ending 31 December 2023, (ii) the expected sales price of gold doré at RMB400 per gram, and (iii) the expected price volatility of gold doré of approximately 40%. As further advised by the management of the Company, in light of the increase in the depth of mining and corresponding change in the composition of ore in the CSH Mine, the Group expects that no silver by-products will be produced or sold from the CSH Mine going forward and therefore the Company has prudently taken into account only sale of gold doré bars in determining the annual caps without consideration of sale of silver by-products under the Third Supplemental Contract for Purchase and Sale of Doré.

In assessing the fairness and reasonableness of the Gold Doré Annual Caps, we have considered the followings:

- (1) As referred to an production schedule of CSH Mine as set out in the management's discussion and analysis in the Annual Report 2019, the Group anticipates the gold doré production from CSH Mine for 2021, 2022 and 2023 to be approximately 4.8 million grams, 4.6 million grams and 4.9 million grams, respectively, with an average expected gold production of approximately 4.8 million grams. As such, the assumption of expected sales volume of gold doré at 5 million grams per year used by the Group to determine the Gold Doré Annual Caps is therefore close to the expected gold doré production at the CSH Mine. Given abovementioned, we are of the view that the expected sales volume of gold doré at 5 million grams per year used by the Group to determine the Gold Doré Annual Caps is fair and reasonable in this regard.

In assessing the fairness and reasonableness of the expected price of gold doré used by the Group to determine the Gold Doré Annual Caps, we have made reference to market price of gold future contracts published in the website of CME Group, which is a world's leading and most diverse derivatives marketplace offer futures contracts and options of all major asset classes including agricultural products, currencies, energy, interest rates, metals, and stock indexes through its CME Globex trading platforms. We noted that market price of the gold future contracts with expiration date of December 2021, December 2022 and December 2023 ranges from US\$1,460.3 per ounce (equivalent to approximately RMB363.7 per gram) to US\$1,757.9 per ounce (equivalent to approximately RMB437.8 per gram) from 1 January 2020 to 10 April 2020. Hence, the forecasted price of gold doré of RMB400 per gram for each of the three years ending 31 December 2023 used by the Group to determine the Gold Doré Annual Caps is within the expected market price range of the gold future contracts which expired in Dec 2021, Dec 2022 and Dec 2023 and therefore is considered as reasonable.

- (2) In assessing the reasonableness of the 40% buffer rate imposed on the proposed transaction amount to determine the Gold Doré Annual Caps, we have discussed with the management of the Company and we are given to understand that such buffer was set for the potential fluctuation of gold price in future. Accordingly, we made reference to the daily AU(T+D) contract price quoted from the Shanghai Gold Exchange from 1 January 2017 to 10 April 2020 ("**Gold Price Reference Period**") as presented below:



*Source: official website of the Shanghai Gold Exchange*

As shown in the chart above extracted from the website of the Shanghai Gold Exchange, the highest and the lowest gold price in the Gold Price Reference Period was RMB381.0 per gram and RMB261.0 per gram respectively or approximately 46.0% difference. Given the volatility of the historical gold price and the unforeseeable nature of copper price in future, we therefore considered the incorporation of 40% buffer in determining the Gold Doré Annual Caps is therefore fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and Shareholders as a whole.

## **CONTINUING CONNECTED TRANSACTIONS REQUIREMENTS UNDER THE HONG KONG LISTING RULES**

Pursuant to Rules 14A.55 to 14A.59 of the Hong Kong Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the INEDs 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 Hong Kong 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) were not, in all material respects, in accordance with the pricing policies of the Group (if applicable);

- (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Continuing Connected Transactions; and
- (iv) have exceeded the Proposed Annual Caps;
- (c) the Company must allow, and ensure that the relevant parties 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 Hong Kong Stock Exchange and publish an announcement if the INEDs and/or auditors of the Company cannot confirm the matters as required.

In light of the above reporting requirements attached to 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 as discussed above, we are of the opinion that the entering into of the Third Supplemental Products and Services Framework Agreement and the Third Supplemental Contract for Purchase and Sale of Doré are on the ordinary course of business the Company, normal commercial terms and are 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 the Continuing Connected Transactions and the Proposed Annual Caps.

Yours faithfully  
For and on behalf of  
**TC Capital International Limited**

**Edward Wu**  
Chairman

**Keiven Chan**  
Director

*Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. Mr. Wu has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.*

*Mr. Keiven Chan has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the SFO since 2018. He has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.*