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中國礦業資源集團有限公司*
China Mining Resources Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00340)

**BUSINESS UPDATE — PLAN ON SET UP A NEW PROCESSING PLANT,
APPOINTMENT OF NEW DIRECTORS, APPOINTMENT OF A MEMBER OF
AUDIT COMMITTEE, NOMINATION COMMITTEE AND REMUNERATION
COMMITTEE**

PLAN ON SET UP A NEW PROCESSING PLANT

This announcement is made by China Mining Resources Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep its shareholders and potential investors informed of the latest business development of the Group.

References are made to the announcement of the Company dated 27 January 2017 in relation to the completion of the acquisition of remaining 73% of the total issued share capital of One Champion International Limited and the announcement of the Company dated 24 April 2017 in relation to the completion of the acquisition of 100% of the total issued share capital of Perfect Major Holdings Limited (collectively, the “**Acquisitions**”).

After the completion of the Acquisitions and as at the date of this announcement, the Group now owns several gold mines which are located in Tongguan and Luonan Counties, Shaanxi Province of the People’s Republic of China (the “**PRC**”), with a portfolio of mineral tenements comprising four mining licences and three exploration licences.

* *For identification purpose only*

Further information of the mineral resources of the gold of the gold mines as at 31 December 2016 are as follows:

	Inventory (tonnes)	Contained Metal (tonnes)
Indicated mineral resources	2,013,900	13.837
Inferred mineral resources	<u>848,600</u>	<u>5.142</u>
	<u><u>2,862,500</u></u>	<u><u>18.979</u></u>

The Group also owns and operates a processing plant, located at Beidong Village, Daiziying Town, Tongguan County, Shaanxi Province of the PRC, with a total production capacity of 475 tonnes per day, which consists of two production lines with processing capacity of 300 tonnes per day and 175 tonnes per day respectively. The Group has recently entered into long-term supply contracts with two gold ore suppliers pursuant to which the suppliers are to supply the Group with gold ores of not less than 100,000 tonnes and 80,000 tonnes per year respectively to the processing plant for processing for the period from 1 January 2015 to 31 December 2029.

In view of the current and potential increase in the resources in the gold mines owned by the Group, the reliable supply of gold ores under the long-term supply contracts and the future development of the mining operation in Tongguan County, the board of directors of the Company (the “**Board**”) is pleased to announce that the Company has formulated a plan to expand the scale of mining and processing capacities of our gold resources in Tongguan and Luonan Counties, by constructing a new processing plant (the “**New Processing Plant**”) with a daily processing capacity of 3,000 tonnes.

The New Processing Plant is designed to utilize the state-of-the-art ore processing technologies with a high level of automation to enhance stability and efficiency. The plant will make use of new technologies such as dehydrated tailings which is more safe and environmental friendly compared with tradition methods. Furthermore, the ores will be transported underground by rail and delivered directly to the processing plant by vertical shaft which is highly cost efficient and at the same time minimize impact to the environment.

The total estimated capital expenditure for the New Processing Plant was approximately of Renminbi 520 million and the construction is expected to be completed in two phases. The first phase is expected to be completed in or around June 2018 with processing capacity of 1,500 tonnes per day and the second phase is expected to be completed in or around June 2019 with additional processing capacity of 1,500 tonnes per day. Two new directors with extensive experience and expertise in the gold mining industry was appointed by the Company on 14 June 2017 to strengthen the Board’s capability in developing and managing the mining business.

It is the intention of the Company to finance the construction of the New Processing Plant by both the internal resources of the Group and the external resources, being the loans from banks or financial institutions or other fund-raising alternatives.

The Group has obtained lots of support from the local government for the proposed construction of the New Processing Plant. Furthermore, the Group is encouraged by the local government to further invest in Tongguan County to enhance the improvement in production safety, environmental protection and management of the local mining operations.

The Company will announce further updates relating to the New Processing Plant pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in due course.

The New Processing Plant is yet to be constructed. Shareholders and investors of the Company should exercise caution when dealing in the shares of the Company.

APPOINTMENT OF NEW DIRECTORS, APPOINTMENT OF A MEMBER OF AUDIT COMMITTEE, NOMINATION COMMITTEE AND REMUNERATION COMMITTEE

The Board is pleased to announce that Mr. Shi Sheng Li (“**Mr. Shi**”) has been appointed as an executive director of the Company with effect from 14 June 2017.

The Board is also pleased to announce that Mr. Liang Xu Shu (“**Mr. Liang**”) has been appointed as an independent non-executive director of the Company with effect from 14 June 2017. Mr. Liang would also be appointed as a member of each of the audit committee, remuneration committee and nomination committee of the Company, all with effect from 14 June 2017.

Mr. Shi, 53 years old, graduated from the China University of Geosciences (Beijing) (中國地質大學(北京)). Mr. Shi is a senior geological engineer certified by the Senior Professional Qualification of Shaanxi Provincial People’s Government (陝西省人民政府高級專業技術任職資格). From 1985 to 2011, Mr. Shi has held various positions including geological technician, project team leader and project manager in Northwest Nonferrous Geological Bureau Team 712 in the PRC. From Nov 2011 to Nov 2013, Mr. Shi was the head engineer of a gold mining company in Tongguan County of Shaanxi Province. Immediately before his appointment as the executive director of the Company, Mr. Shi was the senior geological engineer of Tongguan County Xiangshun Mining Development Co., Ltd (潼關縣祥順礦業發展有限公司), a subsidiary of the Company.

Mr. Shi has entered into a letter of appointment with the Company pursuant to which his initial term of service shall commence from 14 June 2017. Mr. Shi shall be entitled to receive a director’s fee of HK\$20,000 per month. Mr. Shi shall also be entitled to a discretionary bonus, share options under

the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. Mr. Shi's remuneration was fixed with reference to the Company's remuneration policy, with regard to his duties and responsibilities and the prevailing market condition. In accordance with the bye-laws of the Company, Mr. Shi will hold office until the next annual general meeting of the Company and will then be eligible for re-election; thereafter, he will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since his last re-election.

Save as disclosed above, as at the date of this announcement, Mr. Shi (i) does not currently hold any other position with the Company and its subsidiaries, (ii) does not have any relationship with any other directors, senior management, or substantial or controlling shareholders of the Company, (iii) has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of his appointment, and (iv) does not have any interest in any shares, underlying shares and debentures of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no information relating to Mr. Shi to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters relating to the appointment of him as the director of the Company that need to be brought to the attention of the shareholders of the Company.

Mr. Liang, 51 years old, graduated from University of Science and Technology Beijing (北京科技大學). Mr. Liang has also obtained a master's degree and a doctorate degree in Engineering from University of Science and Technology Beijing (北京科技大學). Mr. Liang has over 20 years of management and operation experience in the gold mining industry. From 1993 to 2000, Mr. Liang held various positions at China National Gold Group Corporation (中國黃金集團公司) including the supervisor, deputy manager and senior engineer. From 2001 to 2007, Mr. Liang was a deputy head engineer and production technology manager in Zhongjin Gold Corporation Limited (中金黃金股份有限公司). From 2007 to 2014, Mr. Liang was a general manager of two mining investment companies in the PRC. Currently, he is a general manager of Zhongjin Golden Valley Fund Management Co., Ltd. (中金金谷基金管理有限公司).

Pursuant to a letter of appointment dated 14 June 2017 entered into between the Company and Mr. Liang, the appointment of Mr. Liang is for an initial term of one year and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company. Mr. Liang is entitled to an annual director's fee of HK\$180,000. Mr. Liang's remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company's remuneration policy. Save as disclosed, Mr. Liang will not be entitled to any bonus payment.

Save as disclosed above, as at the date of this announcement, Mr. Liang (i) does not currently hold any other position with the Company and its subsidiaries, (ii) does not have any relationship with any directors, senior management, or substantial or controlling shareholders of the Company, (iii) has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of his appointment, and (iv) does not have any interest in any shares, underlying shares and debentures of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no information relating to Mr. Liang to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters relating to the appointment of him as the director of the Company that need to be brought to the attention of the shareholders of the Company.

The Board believes that Mr. Shi's and Mr. Liang's experiences and qualifications in gold mining industries will support the development of gold mining business and the extension of industry chain of the Group and help to achieve further diversification of the Board.

The Board would like to extend its warm welcome to Mr. Shi and Mr. Liang for joining the Board.

By order of the Board
China Mining Resources Group Limited
Yeung Kwok Kuen
Executive Director and Chief Financial Officer

Hong Kong, 14 June 2017

As at the date of this announcement, the Board comprises Mr. Fang Yi Quan, Mr. Yeung Kwok Kuen, Mr. Shi Xing Zhi and Mr. Shi Sheng Li as executive directors, Mr. Chong Cha Hwa, Mr. Chu Kang Nam, Mr. Ngai Sai Chuen and Mr. Liang Xu Shu as independent non-executive directors.