

Chifeng Jilong Gold Mining Co., Ltd.

Report on the Use of Previous Raised Funds

The Board of Supervisors and all supervisors of the Company warrant that this announcement does not contain any false records, misleading statements or major omissions, and they will bear joint and several liabilities for the authenticity, accuracy and completeness of its contents.

According to the *Provisions of China Securities Regulatory Commission on the Report on the Use of Previous Raised Funds* (ZJFXZ [2007] No.500), Chifeng Jilong Gold Mining Co., Ltd. (hereinafter referred to as “the Company”) has compiled the *Report on the Use of Previous Raised Funds* for the use of raised funds as of September 30, 2022.

I. Basic information of previous raised funds

Upon approval of China Securities Regulatory Commission in the *Reply on Approving Chifeng Jilong Gold Mining Co., Ltd. to Issue Shares to Zhao Meiguang et al. to Purchase Assets and Raise Supporting Funds* (ZJXK [2019] No.2020), the Company was approved to issue 74,375,000 shares to Zhao Meiguang, 51,515,151 shares to Beijing Hanfeng Zhongxing Management Consulting Center (Limited Partnership) (hereinafter referred to as “Hanfeng Zhongxing”), 2,897,727 shares to Meng Qingguo, and 128,787,878 shares to purchase 100% equity of Jilin Hanfeng Mining Technology Co., Ltd. (hereinafter referred to as “Hanfeng Mining”). It was also approved to raise supporting funds of no more than RMB 510 million through private placement.

According to the *Asset Appraisal Report* (BJYCPBZ (2019) No.A131) issued by Beijing Yachao Assets Appraisal Co., Ltd. on December 31, 2018 as the base date of assets evaluation, the appraisal value of 100% equity of Hanfeng Mining is RMB 562,492,000.00, and both parties to the transaction agreed that the transaction price of 100% equity of Hanfeng Mining is RMB 510,000,000.00 based on the appraisal value. The par value of each share issued for the purchase of assets by issuing shares is RMB 1.00, and the issue price is RMB 3.96/share. As of November

7, 2019, the shares of Hanfeng Mining held by Zhao Meiguang, Hanfeng Zhongxing and Meng Qingguo have been changed to the name of the Company, and the above changes in shareholder have been registered for industrial and commercial changes in the administrative department for industry and commerce. The assets purchased by issuing shares this time have been verified by ZHONGSHENZHONGHUAN Certified Public Accountants (Special General Partnership) and a capital verification report (ZHYZ (2019) No. 230002) has been issued. On November 12, 2019, the registration procedures for new shares from the Company's issued shares to purchase assets were completed in China Securities Depository and Clearing Corporation Shanghai Branch. The directional issuance of 128,787,878 common shares (A shares) by the Company only involves the purchase of the equity of the target company, and does not involve the actual inflow of raised funds. There is no receipt time of the raised funds and their deposit in special accounts.

The Company raised supporting funds through private placement of 108,742,004 A-share common shares to specific investors. The par value of each issued share was RMB 1.00, the issue price per share was RMB 4.69, and the total amount of raised funds was RMB 510 million. After deducting the underwriting fee of RMB 7 million from the above total raised funds, the actually net raised funds of the Company's private placement of A shares are RMB 503 million. As of January 19, 2020, all the above net raised funds have been transferred to the Company's special account for raised funds. ZHONGSHENZHONGHUAN Certified Public Accountants (Special General Partnership) verified the availability of raised funds and issued a capital verification report (ZHYZ (2020) No. 230002).

As of September 30, 2022, the Company used raised funds of RMB 42.6488 million in 2022, and accumulated raised funds of RMB 507.807 million, including idle raised funds of RMB 153 million to temporarily supplement working capital, and the balance of unused raised funds is RMB 3.2689 million (including the accumulated bank deposit interest, cash management income and net amount of RMB 1.0759 million after deducting bank charge, etc.)

As of September 30, 2022, the deposit of the Company's special account for raised funds is shown in the table below:

Amount unit: RMB

Company name	Deposit bank	Account number	Balance as of the date
Chifeng Jilong Gold Mining Co., Ltd.	Yulong Sub-branch of Chifeng Branch of Industrial Bank Co.,	595020100100022825	20.07
Jilin Hanfeng Mining Technology Co., Ltd.	Chifeng Branch of Industrial Bank Co., Ltd.	595010100100196182	3,268,869.27

II. Actual use of previous raised funds

(1) Use of previous raised funds

According to the Company's Report on Issuing Shares to Purchase Assets and Raising Supporting Funds and Related Party Transactions, the Company plans to use the raised funds for the "Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area", the listed company to repay bank loans and supplement working capital, and pay taxes and intermediary fees related to this transaction.

See Annex 1 "Comparison Table of Use of Previous Raised Funds" for the actual use of the previous raised funds as of September 30, 2022.

(2) Changes in the previous raised funds

On February 21, 2020, the Proposal on Permanently Replenishing Working Capital with Part of Surplus Raised Funds was considered and adopted at the 20th Meeting of the 7th Board of Directors and the 10th Meeting of the 6th Board of Supervisors of the Company respectively. In view of the completion of the Company's "Payment of taxes and intermediary fees related to this transaction", in order to facilitate the Company's fund management, improve the utilization efficiency of funds and enhance the operating efficiency, it is agreed to permanently supplement the working capital with the surplus RMB 2,540,200 from "Payment of taxes and intermediary fees related to this transaction" and the interest incurred therein.

(3) Explanation of the difference between the actual total investment and the promised total investment to projects invested with the previous raised funds

Amount unit: RMB 10,000

Investment project	Total project investment	Promised total investment of raised	Actual total investment of raised funds	Difference	Reason
Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area	29,000.00	29,000.00	13,468.48	-15,531.52	Affected by the epidemic situation, Hanfeng Mining's operating rate is insufficient. In order to ensure mining production, the progress of "Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area" has been delayed
Repayment of bank loans and replenishment of working capital	20,000.00	20,000.00	35,566.24	15,566.24	According to the resolution of the Board of Directors, in 2022, 153 million of idle raised funds of "Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area" have been used to temporarily supplement working capital; the balance of intermediary fees of RMB 2,540,200 and bank interest of RMB 122,200 are used to supplement working capital
Payment of taxes and intermediary fees related to this transaction	2,000.00	2,000.00	1,745.98	-254.02	According to the resolution of the Board of Directors, it is agreed to permanently supplement the working capital with the surplus funds of RMB 2,540,200 from "Payment of taxes and intermediary fees related to this transaction" and the interest incurred
Total	51,000.00	51,000.00	50,780.70	-219.30	

(4) Transfer or replacement of projects invested with the previous raised funds to the outside world

On February 21, 2020, the *Proposal on Replacing Self-raised Funds Invested in Advance*

with Raised Fund was considered and adopted at the 20th Meeting of the 7th Board of Directors and the 10th Meeting of the 6th Board of Supervisors of the Company respectively. The Company replaced the self-raised funds of RMB 32,398,700 invested in the early stage with supporting funds raised, including RMB 21,938,900 invested by Hanfeng Mining in advance for the “Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area” and RMB 10,459,800 invested by the Company in advance to pay intermediary fees.

ZHONGSHENZHONGHUAN Certified Public Accountants (Special General Partnership) issued the *Assurance Report of Chifeng Jilong Gold Mining Co., Ltd. Investing the Raised Fund Investment Project with Self-raised Fund in Advance* (ZHZZ (2020) No. 230003). Everbright Securities Co., Ltd., the Independent Financial Consultant, issued a verification opinion, and has no objection to the Company’s use of raised funds to replace self-raised funds for projects invested with raised funds in advance.

(5) Previous raised funds that are idle temporarily and previous raised funds that are unused

1. Use of previous raised funds that are idle temporarily

(1) On February 21, 2020, the Proposal on Cash Management with Part of Temporarily Idle Raised Funds was considered and adopted at the 20th Meeting of the 7th Board of Directors and the 10th Meeting of the 6th Board of Supervisors of the Company respectively. It is agreed that Hanfeng Mining will, without prejudice to the construction and use of projects invested with raised funds and the safety of raised funds, use part of temporarily idle raised funds not exceeding RMB 268 million (inclusive) for cash management to purchase principle-guaranteed bank financial products with high security and good liquidity. The above quota is valid within 12 months from the date of deliberation and approval by the Board of Directors of the Company, and can be used cyclically within the aforesaid quota and time limit, and the Company will return it to the special account for raised funds before expiration.

On April 16, 2020, Hanfeng Mining used some idle raised funds of RMB 58 million to purchase closed structured deposit products through Industrial Bank’s corporate online banking, and redeemed the principal on the maturity date, with a total wealth management

income of RMB 563,992.33.

(2) On February 25, 2020, the *Proposal on Temporary Replenishment of Working Capital with Part of the Idle Raised Funds* was considered and adopted at the 21st Meeting of the 7th Board of Directors and the 11th Meeting of the 6th Board of Supervisors of the Company respectively. Due to the long construction period of Hanfeng Mining's project invested with raised funds ("Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area"), the Company is approved to use RMB 200 million of idle raised funds to temporarily supplement the working capital on the premise of ensuring the capital demand of the projects invested with raised funds and the normal use of the raised funds, combined with the production and operation needs of the Company. The fund use period shall not exceed 12 months from the date of approval by the Board of Directors, and the Company will return it to the special account for raised funds before the expiration date.

As of February 24, 2021, the Company has returned all the raised funds of RMB 200 million actually used for temporary replenishment of working capital to the special account for raised funds.

(3) On February 25, 2021, the *Proposal on Temporary Replenishment of Working Capital with Part of the Idle Raised Funds* was considered and adopted at the 34th Meeting of the 7th Board of Directors and the 21st Meeting of the 6th Board of Supervisors of the Company respectively. Due to the long construction period of Hanfeng Mining's project invested with raised funds ("Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area"), the Company is approved to use RMB 200 million of idle raised funds to temporarily supplement the working capital on the premise of ensuring the capital demand of the projects invested with raised funds and the normal use of the raised funds, combined with the production and operation needs of the Company. The fund use period shall not exceed 12 months from the date of approval by the Board of Directors, and the Company will return it to the special account for raised funds before the expiration date.

On December 21, 2021, the Company returned the raised funds of RMB 15 million used for temporary replenishment of working capital to the special account for raised funds.

On February 11, 2022, the Company returned the raised funds of RMB 185 million used for temporary replenishment of working capital to the special account for raised funds.

(4) On March 20, 2021, the *Proposal on Cash Management with Part of Idle Self-owned Funds* was considered and adopted at the 35th Meeting of the 7th Board of Directors and the 22nd Meeting of the 6th Board of Supervisors of the Company respectively. It is agreed that without prejudice to the normal turnover of the Company's daily funds and controllable risks, the Company plans to use idle self-owned funds of no more than RMB 1.5 million for cash management and invest in principle-guaranteed bank financial products with high safety, good liquidity and low risk. The above quota shall be valid within 12 months from the date of deliberation and approval by the Board of Directors of the Company.

In 2021, Hanfeng Mining used some idle raised funds of RMB 34 million to purchase closed structured deposit products through Industrial Bank's corporate online banking, and redeemed the principal on the maturity date, with a total wealth management income of RMB 183,365.76.

(5) On February 14, 2022, the *Proposal on Temporary Replenishment of Working Capital with Part of Idle Raised Funds* was considered and adopted at the 4th Meeting of the 8th Board of Directors and the 2nd Meeting of the 7th Board of Supervisors of the Company respectively. Due to the long construction period of Hanfeng Mining's project invested with raised funds ("Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area"), the Company is approved to use RMB 185 million of idle raised funds to temporarily supplement the working capital on the premise of ensuring the capital demand of the projects invested with raised funds and the normal use of the raised funds, combined with the production and operation needs of the Company. The fund use period shall not exceed 12 months from the date of approval by the Board of Directors, and the Company will return it to the special account for raised funds before the expiration date.

On May 7, 2022, the Company returned the raised funds of RMB 7 million used for temporary replenishment of working capital to the special account for raised funds.

On June 6, 2022, the Company returned the raised funds of RMB 15 million used for temporary replenishment of working capital to the special account for raised funds.

On August 30, 2022, the Company returned the raised funds of RMB 10 million used for temporary replenishment of working capital to the special account for raised funds.

As of September 30, 2022, the balance of raised funds used by the Company for temporary replenishment of working capital was RMB 153 million.

2. Previous raised funds that are unused

As of September 30, 2022, The balance of the Company's previous raised funds is RMB 156, 268,891.34 (including the interest incurred from bank deposits of raised funds and deducting bank charge, of which RMB 153 million has been used to temporarily supplement working capital), the balance of raised funds accounts for 30.64% of the previous raised funds, and the remaining raised funds will continue to be invested in the "Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area" as planned.

(6) Comparison of benefits achieved by projects invested with previous raised funds

1. See Annex 2 for the comparison of benefits achieved by projects invested with previous raised funds.

2. The comparison table of benefits achieved by projects invested with previous raised funds is explained as follows:

(1) The calculation caliber and method of benefits achieved are consistent with those of benefits promised.

(2) The Company does not have the situation that the benefits of projects invested with previous raised funds cannot be accounted for separately.

(3) The Company does not have the situation that the accumulated realized income of projects invested with previous raised funds is lower than the promised benefits by more than 20% (inclusive).

(7) Subscription of shares with assets

1. Change of asset ownership

Upon approval of China Securities Regulatory Commission in the *Reply on Approving Chifeng Jilong Gold Mining Co., Ltd. to Issue Shares to Zhao Meiguang et al. to Purchase Assets and Raise Supporting Funds* (ZJXK [2019] No.2020), the Company purchased 100% equity of Hanfeng Mining held by Zhao Meiguang and others by issuing shares. As of November 7, 2019, all parties to the transaction have completed the transfer of the above-mentioned underlying assets, and the relevant industrial and commercial change registration procedures have been

completed. Hanfeng Mining has become a wholly-owned subsidiary of the Company.

2. Changes in book value of assets

Amount unit: RMB 10,000

Item	Deadline (September 30, 2022)	Purchase date (November 7, 2019)
Current assets	31,647.99	11,667.72
Non-current assets	26,974.48	15,016.67
Item	Deadline (September 30, 2022)	Purchase date (November 7, 2019)
Total assets	58,622.47	26,684.39
Total liabilities	3,744.47	2,512.94
Net assets	54,878.00	24,171.45

Note: The financial data on September 30, 2022 have not been audited.

3. Production and operation, benefit contribution and realization of profit forecast

After the Company purchased 100% equity of Hanfeng Mining by means of private placement in 2019, the production and construction of Hanfeng Mining's "Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area" were normal, and Hanfeng Mining's production and operation were also stable, fulfilling its commitment on profit.

According to the audit reports (ZHZZ [2020] No.230026, ZHZZ [2021] No.230013 and ZHZZ (2022) No.2310018) issued by ZHONGSHENZHONGHUAN Certified Public Accountants (Special General Partnership), the financial statements attached are shown as follows:

Amount unit: RMB 10,000

Item	2019	2020	2021
Operating income	15,177.67	15,519.83	20,887.96
Net profit attributable to the owner of the parent company after deducting non-recurring profit and loss	4,415.62	5,135.35	8,704.39

4. Implementation of commitments

According to the *Agreement on Purchasing Assets by Issuing Shares of Hanfeng Mining*, *Supplementary Agreement on Purchasing Assets by Issuing Shares of Hanfeng Mining (I)*, *Profit Forecast and Compensation Agreement of Hanfeng Mining*, *Supplementary Agreement on Profit Forecast and Compensation of Hanfeng Mining (I)*, *Supplementary Agreement on*

Profit Forecast and Compensation of Hanfeng Mining (II), and *Supplementary Agreement on Profit Forecast and Compensation of Hanfeng Mining (III)* between the Company and Zhao Meiguang, Hanfeng Zhongxing, and Meng Qingguo, Zhao Meiguang, Hanfeng Zhongxing and Meng Qingguo (hereinafter referred to as the “Pledger”) promised that the net profits attributable to the owners of the parent company of Hanfeng Mining in 2019, 2020 and 2021 (hereinafter referred to as “Performance Commitment Period”) after deducting non-recurring profits and losses shall not be less than RMB 42,111,500 million, RMB 50,884,700 million and RMB 60,400,300 million respectively; the net profit of Hanfeng Mining’s mining right assets after deducting non-recurring profits and losses during the Performance Commitment Period shall not be less than RMB 40,988,700 million, RMB 41,016,400 million and RMB 36,191,000 million respectively.

During the Performance Commitment Period, if the accumulated actual net profit of Hanfeng Mining and/or its mining right assets at the end of the current period is lower than its accumulated committed net profit at the end of the current period, the Pledger shall compensate the Company according to the agreed terms of the above *Profit Forecast and Compensation Agreement* and its supplementary agreements.

Audited by ZHONGSHENZHONGHUAN Certified Public Accountants (Special General Partnership), the net profits attributable to the owners of the parent company of Hanfeng Mining in 2019, 2020 and 2021 after deducting non-recurring profits and losses was RMB 44,156,200, RMB 51,353,500 and RMB 87,043,900 respectively, and the net profit of Hanfeng Mining’s mining right assets after deducting non-recurring profits and losses in 2019, 2020 and 2021 was RMB 44,156,200, RMB 50,782,300 and RMB 81,853,100 respectively. They are higher than the annual performance commitments and have met the above commitments.

III. Comparison between the actual situation of previous raised funds and the publicly disclosed information

There is no difference between the actual use of the Company’s previous raised funds and the corresponding disclosures in the Company’s periodic reports and other information disclosure documents.

IV. Conclusion

In the opinion of the Board of Directors, the Company used the previous raised funds according to the A-share raised funds utilization plan disclosed in the previous A-share prospectus. The Company has truthfully fulfilled its disclosure obligations on the investment and progress of the previous raised funds.

Board of Directors of Chifeng Jilong Gold Mining Co., Ltd.

October 29, 2022

Annex 1:

Comparison Table of Use of Previous Raised Funds

Amount unit: RMB 10,000

Investment projects			Total investment of raised funds			Cumulative investment of raised funds on the deadline				Date when the project reaches the scheduled serviceable state (or the completion degree of the project on the deadline)
S/N	Promised investment project	Actual investment project	Promised investment before raising	Promised investment after raising	Actual investment	Promised investment before raising	Promised investment after raising	Actual investment	Difference between the actual investment and the promised investment after raising	
1	Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area	Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area	29,000.00	29,000.00	13,468.48	29,000.00	29,000.00	13,468.48	-15,531.52	2023/6/30
2	Repayment of bank loans and replenishment of working capital	Repayment of bank loans and replenishment of working capital	20,000.00	20,000.00	35,566.24	20,000.00	20,000.00	35,566.24	15,566.24	NA
3	Payment of taxes and intermediary fees related to this transaction	Payment of taxes and intermediary fees related to this transaction	2,000.00	2,000.00	1,745.98	2,000.00	2,000.00	1,745.98	-254.02	NA
4	Total		51,000.00	51,000.00	50,780.70	51,000.00	51,000.00	50,780.70	-219.30	

Note: The total amount of raised funds used in each year does not include idle raised funds of RMB 153 million used for temporarily supplement of working capital.

Annex 2:

Comparison Table of Benefits Realized by Projects Invested with Previous Raised Funds

Amount unit: RMB 10,000

Actual investment project		Cumulative capacity utilization rate of investment projects on deadline	Promised benefit	Actual benefits in the last three years			Accumulated benefits on the deadline	Whether the expected benefits are achieved
S/N	Project name			2019	2020	2021		
1	Issue shares to acquire 100% equity of Hanfeng Mining	/	15,339.65	4,415.62	5,135.35	8,704.39	24,195.54	Yes
2	Hanfeng Mining “Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area”	/	/	/	/	/	/	/
3	Total	/	15,339.65	4,415.62	5,135.35	8,704.39	24,195.54	

Note: The financial data from January to September 2022 have not been audited.