

Chifeng Jilong Gold Mining Co., Ltd.

Announcement on the Revision of the Phase I Employee Stock Ownership Plan

The Board of Directors and all directors 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.

Chifeng Jilong Gold Mining Co., Ltd. (hereinafter referred to as “the Company”) considered and adopted the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd. (Second Revision) and Its Summary* at the 9th Meeting of the 8th Board of Directors held on September 14, 2022. In view of the Company’s external operating environment and actual production and operation, in order to ensure the continuous mobilization of employees’ work enthusiasm and improve team cohesion, the Company plans to revise the performance evaluation indicators of the Phase I Employee Stock Ownership Plan. According to *Guidelines for Self-discipline Supervision of Listed Companies of Shanghai Stock Exchange No.8 - Administration of Share Changes* issued by Shanghai Stock Exchange on January 7, 2022, the sensitive period of stock trading in Phase I Employee Stock Ownership Plan was revised. The details are as follows:

I. Procedures that have been performed for Phase I Employee Stock Ownership Plan

1. The Company considered and adopted the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd. and Its Summary* at the 29th Meeting of the 7th Board of Directors held on September 27, 2020 and the 3rd

Extraordinary General Meeting held on October 13, 2020 respectively. For details, please refer to the relevant announcements of the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd.* disclosed by the Company on September 28, 2020, September 29, 2020 and October 14, 2020.

2. The Company considered and adopted the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd. (Revision) and Its Summary* at the 38th Meeting of the 7th Board of Directors held on May 6, 2021 and the 1st Extraordinary General Meeting in 2021 held on May 26, 2021 respectively. For details, please refer to the relevant announcements of the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd.* disclosed by the Company on May 7, 2021 and May 27, 2021.

3. The stocks under the Phase I Employee Stock Ownership Plan are all A-share common stocks repurchased by the Company. The Company, as the principal, on behalf of the Phase I Employee Stock Ownership Plan, signed the *Fund Contract of Pangeng Value No.2 Private Securities Investment Fund* with the manager Pangeng Capital Management Co., Ltd. and the trustee Sinolink Securities Co., Ltd., and established “Pangeng Value No.2 Private Securities Investment Fund” to implement the Phase I Employee Stock Ownership Plan. As of August 17, 2021, “Pangeng Value No.2 Private Securities Investment Fund” has acquired 41,597,732 shares of the Company’s special securities account for share repurchase through block trading, accounting for 2.50% of the Company’s total share capital, with an average transaction price of RMB 15.96/share. For details, please refer to the *Announcement on Completion of Stock Transfer Transaction in the Phase I Employee Stock Ownership Plan* disclosed by the Company on August 18, 2021.

II. Contents to be revised in the Phase I Employee Stock Ownership Plan

Before revision	After revision
The relevant subjects of the employee stock ownership plan will strictly abide by	The relevant subjects of the employee stock ownership plan and directional plan

the market trading rules and the regulations that stocks are not allowed to be bought or sold during the information sensitive period. All parties are not allowed to use the ESOP for insider trading, market manipulation and other securities frauds.

The above-mentioned sensitive period refers to:

(1) Within 30 days before the announcement of the Company's periodic report. If the announcement date is postponed due to special reasons, it shall be counted from 30 days before the original announcement date to the final announcement date;

(2) Within 10 days before the announcement of the Company's earnings preannouncement and preliminary earnings estimate;

(3) From the date of occurrence of major events that may have a great impact on the trading price of the Company's stocks or in the decision-making process, to within 2 trading days after disclosure according to law.

will strictly abide by the market trading rules and the regulations that stocks are not allowed to be bought or sold during the information sensitive period. All parties are not allowed to use the ESOP for insider trading, market manipulation and other securities frauds. The

above-mentioned sensitive period refers to:

(1) Within 30 days before the announcement of the Company's annual report and semi-annual report.

If the announcement date of the annual report and semi-annual report is postponed due to special reasons, it shall be counted from 30 days before the original announcement date to 1 day before the announcement date;

(2) Within 10 days before the announcement of the Company's quarterly report, earnings preannouncement and preliminary earnings estimate;

(3) From the date of occurrence of major events that may have a great impact on the trading prices of the Company's stocks and their derivatives or the date of entering the decision-making process to the date of

	<p>disclosure according to law.</p> <p>(4) Other periods stipulated by China Securities Regulatory Commission and Shanghai Stock Exchange.</p> <p>If the relevant provisions of relevant laws and regulations on sensitive period change, the stock trading of ESOP shall comply with the revised provisions of relevant laws and regulations.</p>
<p>After the lock-up period expires, the holders' equity in underlying stocks will be distributed to the holders according to the 2021-2022 annual performance appraisal results after the repayment of the financing principal and interest of the directional plan.</p> <p>If the Company's gold output in 2021 is not less than 10 tons (the overall output of the Group, the "gold output" shall be subject to the relevant data of the "mineral gold" product in the analysis table of the Company's annual report on production and sales, the same below), the underlying stock equity distributable in this employee stock ownership plan is 50% of the total amount of the remaining underlying stock equity after the repayment of the financing principal and interest of the directional plan;</p>	<p>After the lock-up period expires, the holders' equity in underlying stocks will be distributed to the holders according to the 2021-2023 annual performance appraisal results after the repayment of the financing principal and interest of the directional plan.</p> <p>If the Company's gold output in 2021-2022 is not less than 24 tons (the overall output of the Group, the "gold output" shall be subject to the relevant data of the "mineral gold" product in the analysis table of the Company's annual report on production and sales, the same below), the underlying stock equity distributable in this employee stock ownership plan is 50% of the total amount of the remaining underlying stock equity after the repayment of the financing principal</p>

If the Company's gold output in 2022 is not less than 16 tons, and the cumulative gold output in 2021-2022 is not less than 26 tons, the cumulative distributable underlying stock equity of the employee stock ownership plan is 100% of the total amount of the remaining underlying stock equity after the repayment of the financing principal and interest of the directional plan.

If the Company's gold output in 2022 does not reach 16 tons, and the cumulative gold output in 2021-2022 does not reach 26 tons, the undistributed underlying stock equity shall not be distributed. The Management Committee shall return the undistributed underlying stock equity to the individuals according to the amount of capital contribution, and the remaining capital (if any) belongs to the Company.

and interest of the directional plan;

If the Company's cumulative gold output in 2021-2023 is not less than 43 tons, the cumulative distributable underlying stock equity of the employee stock ownership plan is 100% of the total amount of the remaining underlying stock equity after the repayment of the financing principal and interest of the directional plan.

If the Company's cumulative gold output in 2021-2022 does not reach 24 tons, and the cumulative gold output in 2021-2023 does not reach 43 tons, the undistributed underlying stock equity shall not be distributed. The Management Committee shall return the undistributed underlying stock equity to the individuals according to the amount of capital contribution, and the remaining capital (if any) belongs to the Company.

The Company simultaneously revised the summary of the employee stock ownership plan and the relevant contents of the management measures, and updated the relevant contents of the holder list according to the implementation situation. Except for the above amendments, other contents of the employee stock ownership plan remain unchanged.

III. Reasons and rationality analysis for the revision of the assessment indicators in the Phase I Employee Stock Ownership Plan

1. As factors such as the epidemic have delayed the key expansion projects, the gold output in 2021 fell short of goal

In 2021, the Company plans to produce 10 tons of gold, of which Lane Xang Minerals Limited (“LXML”), a holding subsidiary of the Company located in Laos, plans to produce 7.5 tons of gold, and domestic gold mines plan to produce 2.5 tons of gold. LXML has changed from copper production to gold production in the second half of 2020, and produced 2 tons of gold in 2020 (mainly in Q4). In 2021, it is planned to build a new oxygen station to realize the full-load operation of double POX, doubling the ore processing capacity from 62 tons/hour of single POX to 124 tons/hour, and increasing the processing capacity of primary ore by 60%, so as to achieve the annual gold production target. Due to the repeated epidemics around the world, it is more difficult to purchase oxygen generators, and the delayed delivery of oxygen generator has delayed the production of oxygen station for more than two months. Unqualified equipment leads to deflagration accident, which has a great impact on equipment operation efficiency. In addition, abnormal weather such as high temperature and flood directly affects the realization of LXML’s annual output target. Intensive infrastructure, technical renovation projects and expansion projects in 2021 have severely squeezed the transportation system and lifting system of domestic gold mines, which has put great pressure on the completion of the annual production and operation goals.

To sum up, due to the restrictions of the epidemic on logistics, procurement and

personnel mobility, and the impact of abnormal weather and major project construction on the production system, LXML completed 6 tons of gold output, domestic gold mines completed 2.09 tons of gold output, and the whole company completed 8.1 tons of gold output in 2021, falling short of the gold output goal of 10 tons.

2. The gradual implementation of the measures to increase production laid a foundation for the sustained growth of gold output

Since the Q4 of 2021, the beneficiation system of LXML has gradually achieved stable operation, the beneficiation technology has become increasingly mature, and the beneficiation recovery rate has gradually increased from about 50% at first to over 70% at present. The deep ramp project in Discovery Mining Area has started. It is estimated that the new production capacity will be 1.2 million tons/year after it is put into production in 2023. The substantial improvement of gold beneficiation recovery rate and the start of underground mining project provide strong support for the increase of gold output and the decrease of unit cost in LXML.

In January 2022, the Company completed the M&A transaction of Golden Star Resources Co., Ltd., which holds 90% equity of Golden Star Wassa and operates Wassa Gold Mine in Ghana. The Company has set a new development goal for Golden Star Wassa, and the budget gold output in 2022 has increased from 4.9 tons set by the former management to 5.6 tons. Based on the resource conditions of Golden Star Wassa, the Company has formulated the “Double 10,000 Plan” of “10,000 t of ore per day and 10,000 kg of gold per year”, striving to turn Golden Star Wassa into a large gold mine with an annual output of not less than 10 tons within 3-5 years.

Jilong Mining’s expansion project of annual 180,000 tons of gold ore mining capacity was launched, and the daily processing capacity of the dressing plant will be increased from the current 450 tons to 1,000 tons, greatly improving the production capacity of Jilong Mining. Wulong Mining’s 3,000 t/d dressing plant was officially completed and put into operation at the end of 2021, and its beneficiation capacity jumped from 1,200 t/d to 3,000 t/d. The supporting underground technical transformation project was smoothly promoted as planned, so as to obtain a 3,000 t/d

mining capacity in 2024.

3. The revised assessment index is reasonable, which continues the goal of sustained and high growth of gold output

The Company considered and adopted the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd. (Draft)* at the 29th Meeting of the 7th Board of Directors held on September 27, 2020 and the 3rd Extraordinary General Meeting held on October 13, 2020 respectively. Among them, the assessment index is “the gold output in 2020 is not less than 4.5 tons, the gold output in 2021 is not less than 10 tons, the gold output in 2022 is not less than 16 tons, and the total gold output in 2020-2022 is not less than 30.5 tons.”

The Company considered and adopted the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd. (Revision)* at the 38th Meeting of the 7th Board of Directors held on May 6, 2021 and the 1st Extraordinary General Meeting in 2021 held on May 26, 2021 respectively. As the stock transfer has not been completed in the Phase I ESOP and the Company’s gold output target in 2020 has been successfully completed, the revised performance assessment index in the Phase I ESOP cancels the assessment of gold output in 2020, and the assessment index of gold output in 2021-2022 remains unchanged.

On the basis of the assessment index of gold output in 2021-2022 in the Phase I ESOP, this revision plans to increase the assessment index of gold output in 2023, that is, the cumulative gold output in 2021-2023 is not less than 43 tons. In 2021, the Company actually completed 8.1 tons of gold output, and the budgeted gold output in 2022 was 15.76 tons. Assuming that the annual gold output was completed according to the budget in 2022, the gold output in 2023 should be more than 19 tons.

This revision of the performance assessment index in the Phase I ESOP is a reasonable prediction and adjustment according to the external environment and the actual production and operation of the Company. The revised performance assessment target is still significantly higher than the Company’s current operating level, continuing the Company’s goal of continuous and substantial growth in gold output. At

the same time, under the current macro situation, the revised assessment index is still a very challenging goal, which is helpful to continuously mobilize the enthusiasm of employees, improve team cohesion, enhance the competitiveness of the Company, and ensure the long-term, high-quality and sustainable development of the Company.

IV. Impact of this revision on the Company

In this revision, the assessment period of ESOP was appropriately extended and the assessment index of sustained high growth was set under the condition that the output did not meet the assessment target due to epidemic situation and other factors in 2021. The revision and adjustment of the performance assessment indicators in the Phase I ESOP will not adversely affect the Company's financial situation and operating results.

This revision is conducive to maintaining the stability and enthusiasm of employees, ensuring the Company's goal of sustained high growth, and benefiting the interests of the Company and its shareholders, employees and other parties, without any violation of relevant laws and regulations.

For details of the *Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd. (Second Revision) and Its Summary*, as well as the *Administrative Measures for Phase I Employee Stock Ownership Plan of Chifeng Jilong Gold Mining Co., Ltd. (Second Revision)*, please refer to the relevant announcement published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on the same day.

It is hereby announced.

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

September 15, 2022