

Chifeng Jilong Gold Mining Co., Ltd.

Special Report on the Deposit and Actual Use of Raised Funds in the Half Year of 2022

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.

I. Basic information of 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 issued 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.

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).

From January to June 2022, the Company used raised funds of RMB 189,732,300, and accumulated raised funds of RMB 501,890,500, including idle raised funds of 163

RMB million to temporarily supplement working capital, and the balance of unused raised funds is RMB 9.18 million (including the accumulated bank deposit interest, cash management income and net amount of RMB 1.0705 million after deducting bank charge, etc.).

II. Management of raised funds

According to the *Stock Listing Rules of Shanghai Stock Exchange*, the *Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Raised Funds of Listed Companies*, and other relevant documents, and based on the actual situation of the Company, the Company formulated the *Administrative Measures for the Use of Raised Funds*, which were reviewed and approved by the Board of Directors of the Company. The *Administrative Measures for the Use of Raised Funds* is an internal control system for the deposit, use and management of raised funds, which clearly stipulates the deposit, use, change, supervision and accountability of raised funds.

On February 12, 2020, the Company signed the *Tripartite Supervision Agreement on Special Account for Raised Funds* with Yulong Sub-branch of Chifeng Branch of Industrial Bank Co., Ltd. and Everbright Securities Co., Ltd. On February 21, 2020, the Company, signed the *Quadripartite Supervision Agreement on Special Account for Raised Funds* with Hanfeng Mining, Chifeng Branch of Industrial Bank Co., Ltd. and Everbright Securities Co., Ltd. to store and manage raised funds in special account. There is no significant difference between this agreement and the *Tripartite Supervision Agreement on Special Account for Raised Funds (Model)*, and the *Tripartite Supervision Agreement on Special Account for Raised Funds* has been effectively implemented.

As of June 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., Ltd. | 595020100100022825 | 22.07 |
| Jilin Hanfeng Mining Technology Co., Ltd. | Chifeng Branch of Industrial Bank Co., Ltd. | 595010100100196182 | 9,179,940.50 |

III. Actual use of funds raised in this period

1. Use of funds for projects invested with raised funds

For the use of funds for projects invested with raised funds, please refer to the Comparison Table of Use of Raised Funds (Schedule 1).

2. Up-front investment and replacement of projects invested with raised funds

On February 21, 2020, the *Proposal on Replacing Self-raised Funds Invested in Advance with 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. The Company replaced the self-raised funds of RMB 32,398,700 invested in advance with supporting funds, 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 Chifeng Gold 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.

3. Temporary replenishment of working capital with idle raised funds

On February 14, 2022, the *Proposal on Temporary Replenishment of Working Capital with Part of the Idle 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. It is agreed that the Company will temporarily supplement the working capital with the idle raised funds of RMB 185 million in the “Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area”. The use period of the funds shall not exceed 12 months from the date of approval by the Board of Directors, and shall be returned to the special account for raised funds before the expiration.

On May 7, 2022, the Company returned RMB 7 million of raised funds for temporary replenishment of working capital to the special account for raised funds. On June 6, 2022, the Company returned RMB 15 million of raised funds for temporary replenishment of working capital to the special account for raised funds.

As of June 30, 2022, the balance of idle raised funds used by the Company to temporarily replenish the working capital was RMB 163 million.

4. Cash management of idle raised funds and investment in related products

During the reporting period, the Company did not use idle raised funds for cash management.

5. Permanently replenish working capital or repay bank loans with over-raised funds

During the reporting period, the Company did not use over-raised funds to permanently replenish working capital or repay bank loans.

6. Use of over-raised funds for projects under construction and new projects (including the acquisition of assets, etc.)

During the reporting period, the Company did not use over-raised funds for projects under construction and new projects (including the acquisition of assets, etc.).

7. Use of surplus raised funds

On February 21, 2020, the *Proposal on Permanently Replenishing Working Capital with Part of Surplus Funds Raised* 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. As the Company has completed the “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.

8. Other information on the use of raised funds

During the reporting period, the Company did not use the raised funds in other ways.

IV. Change in use of funds for projects invested with raised funds

During the reporting period, the Company did not change its projects invested with raised funds.

V. Problems in the use and disclosure of raised funds

There is no failure to timely, true, accurate and complete disclosure of relevant information of the Company. There is no violation of management of raised funds.

It is hereby announced.

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

August 10, 2022

Schedule :

Comparison Table of Use of Raised Funds

Prepared by: Chifeng Jilong Gold Mining Co., Ltd.

Amount unit: RMB 10,000

| Total amount of funds raised | | | | 51,000.00 | | Total amount of investment from raised funds this year | | | | 18,973.23 18,973.23 | | |
|---|---|--|---------------------------|---|---|---|--|---|--|-----------------------------|--|--|
| Total amount of raised funds with purpose changed | | | | 254.02 | | Total amount of accumulated investment from raised funds | | | | 50,189.05 50,189.05 | | |
| Proportion of the total amount of raised funds with purpose changed | | | | 0.50% | | | | | | | | |
| Committed investment project | Changed projects (including partial changes) | Total committed investment of raised funds | Adjusted total investment | Committed investment amount as of the end of the period (1) | Amount of investment in this year | Accumulated investment amount as of the end of the period (2) | Difference between accumulated investment amount and committed investment amount as of the end of the period (3) = (2)-(1) | Investment progress as of the end of the period (%) (4) = (2)/(1) | Date when the project reaches the scheduled usable state | Benefits realized this year | Whether the expected benefits are achieved | Is there any significant change in the project feasibility |
| Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Mine in Tianbaoshan Mining Area | | 29,000.00 | | 29,000.00 | 2,673.23 | 11,876.83 | -17,123.17 | 40.95 | 2022/12/31 | N/A | N/A | No |
| Repayment of bank loans and replenishment of working capital | | 20,000.00 | | 20,000.00 | 16,300.00 | 36,566.24 | 16,566.24 | 182.83 | N/A | N/A | N/A | N/A |
| Payment of taxes and intermediary fees related to this transaction | Surplus amount of RMB 2,540,200 used to permanently replenish the working capital | 2,000.00 | | 2,000.00 | | 1,745.98 | -254.02 | 87.30 | N/A | N/A | N/A | N/A |
| Total | | 51,000.00 | | | 18,973.23 | 50,189.05 | -810.95 | | | | | |
| Reasons for failure to reach the planned progress | | | | | Affected by the epidemic situation, the operating rate of Hanfeng Mining is insufficient. In order to ensure mining production, the progress of Deep Reserve Increase Exploration Project of Lead-Zinc Polymetallic Mine in | | | | | | | |

| | |
|--------------------------------------|---|
| | Tianbaoshan Mining Area has been delayed. |
| Major changes in project feasibility | N/A |

| | |
|--|---|
| Upfront investment and replacement of projects invested with raised funds | The Company replaced the self-raised funds of RMB 32,398,700 invested in advance with supporting funds. |
| Temporary replenishment of working capital with idle raised funds | As of June 30, 2022, the balance of idle raised funds used by the Company to temporarily replenish the working capital was RMB 163 million. |
| Cash management of idle raised funds and investment in related products | N/A |
| Permanent replenishment of working capital or repayment of bank loans with over-raised funds | N/A |
| Surplus amount of raised funds and its causes | As the Company has completed the “Payment of Taxes and Intermediary Fees Related to this Transaction”, in order to improve the utilization efficiency of fund, 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. |
| Other uses of raised funds | N/A |