

## **Chifeng Jilong Gold Mining Co., Ltd.**

### **Announcement on Temporary Replenishment of Working Capital with Part of Idle Raised Funds**

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.

#### **Important Tips:**

- The Company plans to temporarily supplement the working capital with the idle raised funds of RMB 185 million in the “Deep Reserve Increase and 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.

#### **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 108,742,004 RMB common shares (A shares) in the way of private placement, and the total amount of funds actually raised was RMB 509,999,998.76, and the net amount of funds raised after deducting underwriting fees was RMB 502,999,998.76. Union Power Certified Public Accountants (Special General Partnership) verified the availability of raised funds and issued a capital verification report.

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 Jilin Hanfeng Mining Technology Co., Ltd.

(hereinafter referred to as “Hanfeng Mining”), Yulong Sub-branch of Chifeng Branch of Industrial Bank Co., Ltd. and Everbright Securities Co., Ltd.

## II. Investment projects with raised funds

As of January 31, 2022, the use of the raised funds is as follows:

Unit: RMB 10,000

S/N	Project name	Proposed investment amount of raised funds	Accumulated investment amount	Unused amount
1	Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area	29,000.00	9,506.41	19,493.59
2	Repayment of bank loans and replenishment of working capital by listed companies	20,000.00	20,000.00	0
3	Payment of taxes and intermediary fees related to this transaction	2,000.00	2,000.00	0
<b>Total</b>		<b>51,000.00</b>	<b>31,506.41</b>	19,493.59

Note: The “unused amount” includes RMB 185 million (temporary replenishment of working capital with idle raised funds) and RMB 932,500 (the net amount of accumulated interest and cash management income after deducting bank charges).

## III. Plan to temporarily replenish working capital with part of idle raised funds

The Company raised RMB 510 million of supporting funds, and has increased its capital by RMB 290 million to Hanfeng Mining for the construction of project invested with raised funds. On February 25, 2021, after deliberation and approval by the Board of Directors and the Board of Supervisors, the Company temporarily replenished its working capital with RMB 200 million of idle raised funds. As of February 11, 2022, all the raised funds for temporary replenishment of working capital have been returned to the special account for raised funds.

Due to the long construction period of Hanfeng Mining’s project invested with raised funds (“Deep Reserve Increase and Exploration Project of Lead-Zinc Polymetallic Deposit in Tianbaoshan Mining Area”), the Company plans to continue 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 project 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.

The temporary replenishment of working capital by the Company with part of idle raised funds will not be directly or indirectly arranged for the placement and purchase of new shares, or for the transactions of stocks and their derivatives, convertible corporate bonds, etc. It will not change the use of raised funds, will not affect the normal operation of the investment plan with raised funds, and will not change the investment direction of raised funds in disguise and damage the interests of shareholders.

#### **IV. Review procedure for temporarily replenishment of working capital with part of idle raised funds**

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 respectively. It was agreed that the Company would use part of idle raised funds of RMB 185 million to temporarily replenish working capital. Independent directors of the Company expressed their opinions and agreed this proposal. The plan to temporarily replenish working capital with part of idle raised funds meets the regulatory requirements.

#### **V. Explanation of special opinions**

##### (1) Opinions of independent directors

Independent directors of the Company believe that (1) for the temporary replenishment of working capital with part of idle raised funds in the last time, the Company has been returned all the funds to the special account for raised funds before the expiration date; (2) the temporary replenishment of working capital with part of idle raised funds can improve the use efficiency of raised funds, reduce the Company’s financial expenses, do not affect the normal operation of project invested with raised funds, and do not change the use direction of raised funds in disguise and damage the interests of shareholders; (3) it complies with the requirements of laws, regulations and normative documents such as *Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Raised Funds of Listed*

*Companies and Guidelines for Self-discipline Supervision of Listed Companies of Shanghai Stock Exchange No.1-Standardized Operation*, and the necessary approval procedures has been performed. Therefore, they agree that the Company will temporarily supplement the working capital with part of idle raised funds.

(2) Opinions of the Board of Supervisors

After examination, the Board of Supervisors believes that (1) the temporary replenishment of working capital with part of idle raised funds is conducive to improving the use efficiency of idle raised funds, reduce financial expenses, will not affect the construction progress, fund arrangement and normal progress of project invested with the raised capital; (1) it complies with the requirements of laws, regulations and normative documents such as *Regulatory Guidelines for Listed Companies No.2-Regulatory Requirements for the Management and Use of Raised Funds of Listed Companies* and *Self-regulatory Guidelines for Listed Companies of Shanghai Stock Exchange No.1-Standardized Operation*, and the necessary approval procedures has been performed; (3) there is no change in the use of the raised funds in disguise, which is in line with the interests of the Company and all shareholders. Therefore, they agree that the Company will temporarily supplement the working capital with part of idle raised funds.

(3) Opinions of Independent Financial Adviser

After verification, the Company's temporary replenishment of working capital with part of idle raised funds has been considered and adopted by the Board of Directors and the Board of Supervisors, and clearly agreed by the independent directors, fulfilled the necessary review and approval procedures, and met the requirements of relevant laws and regulations. It will not change the use of raised funds and damage the interests of shareholders in disguise, and will not affect the normal operation of project invested with raised funds.

Therefore, the Independent Financial Adviser agrees that the Company will temporarily supplement the working capital with part of idle raised funds.

It is hereby announced.

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

February 15, 2022