

Chifeng Jilong Gold Mining Co., Ltd.

Announcement on 2022 Annual Profit Distribution Plan

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

Highlight of important content:

- In 2022, it is proposed that no cash dividends will be paid, nor will capital reserve be converted into share capital.
- Reasons for not paying cash dividends: The company is in the development stage, and in 2022, it completed the transaction of acquiring 62% shares of Golden Star Resources for US\$291 million in cash, and the expansion of domestic and overseas mines and the plan to increase resources through exploration in 2023 require vast capital investment, and the cash demand is large.

1. Basic information of the profit distribution plan for 2022

On March 30, 2023, Chifeng Jilong Gold Mining Co., Ltd. (hereinafter referred to as the "Company") held The 16th meeting of the 8th Board of Directors and the 11th meeting of the 7th Supervisory Board. The meetings successively deliberated and adopted the "2022 Annual Profit Distribution Plan", the details of which are as follows:

Audited by Ernst & Young Huaming Accounting Firm (Special General Partnership), as of 2022, the annual consolidated statement realizes a net profit attributable to the

owners of the parent company of 451,115,399.07Yuan; the annual realized net profit for the parent company is 506,976,943.67yuan, and the undistributed profit is 1,199,533,185.60 Yuan. After deliberation by the Board of Directors, it is proposed not to pay cash dividends this year, nor to convert capital reserve into share capital.

2. An explanation of the reasons why the company does not pay cash dividends in 2022

(1) Industry development

In recent years, China's gold industry has made leapfrog development, forming a complete industrial system incorporating geological exploration, mining, metallurgy, deep processing, wholesale and retail, investment, trading, etc.. The current gold industry has entered an important strategic opportunity period of innovation-driven transformation and development. With the introduction of new laws and regulations in the fields of environmental protection and ecological governance, air pollution prevention and control, carbon peaking, carbon neutrality, etc. have risen to the national strategic level, and accelerating green development is the only way for gold enterprises to achieve high-quality development. In 2022, China's large-scale gold enterprises (groups) produced 148.066 tons of mineral gold in the domestic mines, accounting for 50.12% of the total in the country. Large gold enterprises (groups) give full play to their own advantages, join forces, and actively promote mergers and acquisitions and resource mergers and acquisitions at home and abroad. The World Gold Council's Global Gold Demand Trends report shows that total annual global gold supply increased by 2% to 4,755t in 2022, remaining above pre-pandemic levels, with gold mine production reaching a four-year high of 3,612t. Annual gold demand (excluding OTC) rose 18% year-on-year to 4,741t in 2022, the highest total annual demand since 2011, with global central bank annual gold purchases reaching 1,136t, more than doubling from 450t in 2021 to a 55-year high.

(2) The development stage of the company

The company is currently in a stage of rapid and high-quality development. Gold

is the company's main product, from 2020 to 2022, the company's gold production was 4.59 tons, 8.10 tons, 13.57 tons, respectively, achieving substantial growth year over year; through internal prospecting and external resource integration and acquisitions, the amount of retained resources increased significantly. The company actively practices the national "Belt and Road" initiative and the "resource-based enterprises go global" strategy, expands overseas in terms of assets and resources, and forms a management concept of integration and cooperation, and the company has the development potential and foundation to become an international and professional large-scale gold mining company.

(3) Capital needs

Focusing on the main business of gold mining, relying on the resource endowment conditions and prospecting prospects of the company's mining production enterprises, the company has planned and deployed a development plan for continuous expansion of production capacity and cost reduction.

On the domestic front, we continue to implement the policy of "building large mines and scaling up production". The 3,000 tons/day processing plant of our subsidiary Liaoning Wulong Gold Mining Co., Ltd. has been completed and put into operation, and its mining system will continue to be transformed and upgraded; the installation of the engineering equipment into the one thousand meters shaft of Jilin Hanfeng Mining Technology Co., Ltd. will be completed in August 2023, after which the capital development project will be carried out, and the return air shaft development has started in September 2022, and it is expected to reach the production conditions before the end of June 2024; the 1,000 tons/day upgrading project of Chifeng Jilong Mining Co., Ltd., a subsidiary, has also been kicked off, striving to build an intelligent, digital, energy-saving and environmentally friendly new mineral processing plant in 18 months, greatly improving the production capacity of Jilong Mining. It is estimated that the capital investment required for prospecting to increase reserves and for capacity expansion and transformation of domestic mines in 2023 will be about RMB 600 million, and it is expected that the return on net assets of

domestic mining subsidiaries can reach .50% after the project is completed and put into operation.

Lane Xang Minerals Limited (hereinafter referred to as "LXML"), a holding subsidiary, has a concession of more than 1,000 square kilometers and abundant copper and gold resources, and is currently implementing the "two pronged " development strategy, which means on the basis of ensuring stable copper and gold production, efforts will be made to increase resources and reserves through exploration and develop low-grade resources. In the process of implementing the above strategy, a large amount of capital investment is required for prospecting to increase reserves and capacity expansion, and an annual investment of about US\$10 million will be made for exploration. It is estimated that in 2023, the construction of TSF to the west of the gold processing plant and the establishment of the underground mining system will require a capital investment of \$ 85 million dollars. It is expected that the return on net assets of LXML can reach 15.85% after the project is completed and put into operation.

In January 2022, the Company completed the acquisition of a 62% stake in Golden Star Resources Limited for a consideration of US\$291 million, and the Wassa Gold Mine is a large, young gold-producing mine located in the Ashanti Gold Belt, Ghana's largest gold-forming belt. 2022 is the adjustment period of mining in Wassa, and the mining capacity has been increased through technical overhaul of the open-pit mining area and the underground mine. In 2023, funds will be invested to start the development of open-pit resources in the southern extension area, and it is estimated that about 48 million US dollars will be required for prospecting to increase reserves and mining system upgrading at the Wassa Gold Mine in 2023. It is expected that the return on net assets of the Wassa Gold Mine can reach 30% after the project is completed and put into operation.

In order to meet the company's capital needs and ensure the company's long-term sustainable development, it is planned that no cash dividend will be paid in 2022, and the company's retained undistributed profits will be mainly used to supplement working

capital, carry out exploration in domestic and oversea mines to increase resources and reserves, and conduct capacity expansion and transformation and acquisition of high-quality gold mine assets, which will help company keep stable performance and achieve rapid growth.

3. The decision-making procedures performed by the company

On March 30, 2023, the 16th meeting of the eighth Board of Directors of the Company deliberated and adopted the "2022 Annual Profit Distribution Plan" by 12 votes in favour (100% of the total number of valid votes), 0 vote against and 0 abstention.

The independent directors believe that the voting procedure of the Board of Directors to consider the "2022 Annual Profit Distribution Plan" complies with the relevant provisions of relevant laws, regulations, normative documents and the Articles of Association; the company's "2022 Annual Profit Distribution Plan" takes into consideration the completion of the company's net profit in 2022, the current stage of development, business development and capital needs and other factors, which is in line with the company's actual situation and is conducive to ensuring the company's continuous and stable operation and healthy development. The independent directors are in favour of the company's 2022 annual profit distribution plan.

On March 30, 2023, the 11th meeting of the seventh Supervisory Board of the Company was held to deliberate and adopt the "2022 Annual Profit Distribution Plan" by 3 votes in favor (accounting for 100% of the total number of valid votes), 0 vote against and 0 abstention. The Board of Supervisors believes that the profit distribution plan for 20 22 is in line with the company's cash dividend policy and shareholder returns planning, strictly fulfills the corresponding decision-making procedures, and the formulation of the plan fully takes into consideration the actual situation of the company, and is in line with the long-term interests and future development plan of the company's shareholders.

The company's "2022 Annual Profit Distribution Plan" needs to be submitted to the

general meeting of shareholders for deliberation.

This is hereby announced.

Board of Directors

Chifeng Jilong Gold Mining Co., Ltd.

March 31, 2023