CHINA MINING INTERNATIONAL LIMITED
中矿国际有限公司
(Incorporated in the Cayman Islands)
(Company Registration No. CT-140095)

CLARIFICATION ANNOUNCEMENT IN CONNECTION WITH THE COMPANY'S ANNOUNCMENT OF THE UNAUDITED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020") MADE ON 26 FEBRUARY 2021 (THE "FY2020 UNAUDITED RESULTS ANNOUNCEMENT")

The Board of Directors (the "**Board**" or the "**Directors**") of China Mining International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the questions raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 10 March 2021 in connection with its FY2020 Unaudited Results Announcement, and appends its corresponding replies as follows:

SGX-ST's Query (a):

It is disclosed on page 11 of the unaudited financial statements that, "The decrease in financial assets, at FVOCI, was attributed mainly to the fair value loss in respect of the Group's investment in its South African mining company." Please disclose the amount of fair value loss in respect of the Group's investment in its South African mining company and explain how the fair value loss amount is being arrived at.

The Company's Response:

The fair value loss in respect of the Group's investment in its South African mining company (the "**Mining Investment**") was RMB9,423,000 for FY2020. The fair value loss was reflected as "*Equity investment at FVOCI - Net changes in fair value*" in the statement of comprehensive income of the Group for FY2020 under Section 1(d) of the FY2020 Unaudited Announcement.

The Company had assessed the value of the Mining Investment (classified as its financial asset, at FVOCI) as at 31 December 2020 based on the valuation report prepared by AP Appraisal Limited, an independent Hong Kong-based valuer (the "**Third Party Valuer**"). Based on the income-based approach and by reference to both historical performance and forecasts, the Third Party Valuer estimated the future cash flows for the period of the estimated operating lifespan of the mine in question according to the resource estimation and an appropriate discount rate in order to calculate the present value of the Mining Investment. The key assumptions used in discounted cash flows include (a) the exploration period and capital expenditure; (b) the profitability of the iron ore mine pursuant to the Mining Investment, including iron ore prices, operating expenditure and reserve quantity; (c) the mining period of the iron ore mine pursuant to the Mining Investment, including mining license renewal; and (d) the discount rate.

As the valuation amount of the Mining Investment was RMB60,909,000 as at 31 December 2020 compared to that of RMB70,332,000 as at 31 December 2019, the difference in values resulted in the fair value loss of the Mining Investment of RMB9.423,000 in FY2020.

SGX-ST's Query (b):

Given the Group's significant current liabilities of RMB25,165,000 and cash and cash equivalents of only RMB1,919,000 and noting that the Company incurred losses of RMB15,706,000 in FY2020, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's current liabilities of RMB25,165,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

The Company's Response:

As reflected in the balance sheet of the Group as at 31 December 2020 under Section 1(b)(i) of the FY2020 Unaudited Announcement, the current assets of the Group of RMB43,960,000 comprised the following:

Current assets	**RMB'000**
Financial assets, at FVPL – structured deposits	21,000(1)
Financial assets, at FVPL – quoted securities	8,365(2)
Completed properties for sale	8,985
Other receivables, deposits and prepayments	2,941
Pledged bank deposits	750
Cash and cash equivalents	1,919
	43,960

Notes:

(1) These are structured deposits placed with reputable PRC banks and can be converted into cash at any time at the demand of the Group with one day's notice (the "**Structured Deposits**").

(2) These are short-term equity investments made in PRC and can be sold at any time, if need be, at the discretion of the Company (the "**Quoted Securities**").

With the Structured Deposits and the Quoted Securities (after settlement of share-margin facility of RMB1,928,000 as disclosed in Note (5) below), aggregating more than RMB27.0 million and stand readily to be convertible into cash, such near-liquid assets collectively (without even including the cash balance of RMB1,919,000 as at 31 December 2020) are more than adequate to meet the current liabilities of the Group of RMB25,165,000 as at 31 December 2020,

As reflected in the balance sheet of the Group as at 31 December 2020 under Section 1(b)(i) of the FY2020 Unaudited Announcement, the current liabilities of the Group of RMB25,165,000 comprised the following:

Current liabilities	**RMB'000**
Trade payables	2,503
Contract liabilities	57
Accruals and other payables	17,025(3)
Lease liabilities	481(4)
Share-margin financing facility	1,928(5)
Amounts due to related parties (non-trade)	34
Income tax payables	3,137(6)
	25,165

Notes:

(3) This includes about RMB0.5 million in respect of remunerations due to the staff of the Group for the month of December 2020 (which was fully paid up in January 2021) and about RMB0.5 million in respect of professional fees due to various professionals.

(4) This being Head Office's office rental for the month of December 2020 which was fully paid up in January 2021.

(5) This may face margin call by the relevant financial institution in the event that the price of the underlying quoted investment falls significantly below the investment price.

(6) This is payable upon the finalization of tax assessment with the tax authority in China.

Save as disclosed above, none of the current liabilities of the Group as at 31 December 2020 carries any fixed term of repayment.

Taking into account of the above considerations, the Board is of the view that the Group has adequate liquid assets and is able to fulfil its payment obligations in the next 12 months from 31 December 2020.

BY ORDER OF THE BOARD

Mr Zhai Kebin
CEO & Executive Director

11 March 2021