INFORMATION MEMORANDUM DATED 28 August 2017

THIS INFORMATION MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.

As announced by China Mining International Limited ("**Company**", and together with its Subsidiaries, the "**Group**") on 28 March 2017 and 29 March 2017 (collectively, the "**Announcements**"), the Company and Sino-Africa Mining International Limited ("**Vendor**", and together with the Company, the "**Parties**", and each a "**Party**") had on 28 March 2017, entered into a conditional sale and purchase agreement ("**Agreement**") for the sale by the Vendor and the purchase by the Company of 8,030 shares of Sino Feng Mining International S.à r.l. ("**Target Company**") with the nominal value of US$1 each, constituting 40.15% of the total issued share capital of the Target Company, that are fully paid-up and free from encumbrances, ("**Sale Shares**") on the terms and subject to the conditions of the Agreement ("**Proposed Investment**"). As announced by the Company on 17 April 2017, the Proposed Investment has been completed on 17 April 2017. Following the completion of the Proposed Investment, the Company holds an effective interest of 16.06% of the total issued share capital of Aero Wind Properties (Pty) Limited ("**AWP**"). (Please refer to Appendix 1 for the current structure of the Group.)

As disclosed by the Company in the Announcements, the Company consulted the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 24 February 2017 and the SGX-ST confirmed on 27 March 2017 that shareholders' approval by the Company will not be required for the Proposed Transaction ("**Ruling**"), subject to the following conditions: (a) the Company is required to announce the Proposed Transaction in accordance with Rule 1010 of the SGX-ST Listing Manual ("**Listing Rules**"); (b) the Company is required to hold a Shareholders' information meeting within three (3) months after the completion of the Proposed Investment ("**Shareholders' Information Meeting Condition**"); and (c) the Company is required to send an information memorandum to shareholders prior to the Shareholders' information meeting, (collectively, the "**Conditions**").

The Company had on 18 July 2017 announced that pending the clearance of the information memorandum by the SGX-ST, the Company had applied for an extension of time to comply with the Shareholders' Information Meeting Condition.

The SGX-ST had on 11 August 2017 informed the Company that (a) it has no further comments to the draft information memorandum which the Company had submitted to the SGX-ST; and (b) the Company is required to hold the shareholders' information meeting by 15 September 2017. Pursuant to the Conditions, this Information Memorandum has been prepared by the Company for the purposes of explaining to shareholders of the Company ("**Shareholders**") the rationale for and to provide information to Shareholders regarding the Proposed Investment to be tabled at the Shareholders' information meeting to be held on 13 September 2017 at 3.00 p.m. at Furama RiverFront Hotel, Jupiter II, Level 3, 405 Havelock Road, Singapore 169633.

If you have sold all your shares in the Company, you should immediately forward this Information Memorandum to the purchaser or the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Information Memorandum.

CMI

CHINA MINING INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands on 30 September 2004)
(Company Registration Number: CT-140095)

IMPORTANT DATES AND TIMES

Date and time of Shareholders' information meeting	:	13 September 2017 at 3.00 p.m.
Place of Shareholders' information meeting	:	Furama RiverFront Hotel, Jupiter II, Level 3, 405 Havelock Road, Singapore 169633

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Except where the context otherwise requires, the following definitions apply throughout this Information Memorandum:

"Agreed Exchange Rate"	:	The exchange rate of US$1 : RMB6.87 and R1: RMB0.511 as derived from XE currency[1] on 9 February 2017 and agreed to by the Parties.
"Agreement"	:	The conditional sale and purchase agreement dated 28 March 2017 between the Company and the Vendor.
"Amended and Restated SPA"	:	The conditional sale and purchase agreement dated 31 March 2014 and as amended by the amended and restated conditional sale and purchase agreement, the first supplemental letter and second supplemental letter dated 31 December 2014, 30 June 2015 and 30 June 2016 respectively with the RTO Vendors in connection with the Proposed RTO.
"Announcement Date"	:	The date of the Announcements.
"Announcements"	:	The announcements of the Company on 28 March 2017 and 29 March 2017 in relation to the Proposed Transaction.
"Approvals"	:	Has the meaning given in paragraph 3.2(d).
"Assumed Price"	:	Has the meaning given in paragraph 10.2.
"AWP"	:	Aero Wind Properties (Pty) Limited.
"BEE"	:	Black Economic Empowerment.
"Board"	:	The board of directors of the Company as at the date of this Information Memorandum.
"CDP"	:	The Central Depository (Pte) Limited.
"Company"	:	China Mining International Limited.
"Company's Due Diligence"	:	Has the meaning given in paragraph 3.2(b).
"Companies Act"	:	The Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time.
"Conditions"	:	The conditions for the Ruling by SGX-ST, as set out in the cover page of this Information Memorandum.
"Conditions Precedent"	:	The conditions precedent to the sale and purchase of the Sale Shares under the Agreement.
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the Company unless the SGX-ST determines that such a person is not a controlling shareholder of the Company; or

[1] http://www.xe.com/

		(b) in fact exercises control over the Company, where "control" means "the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company".
"Directors"	:	The directors of the Company as at the date of this Information Memorandum.
"Discount"		Has the meaning given in paragraph 3.1(b).
"EGM"	:	The extraordinary general meeting to be convened (if required) to consider the resolution approving the Proposed Transaction.
"FY2015"	:	The financial year ended 31 December 2015.
"FY2016"	:	The financial year ended 31 December 2016.
"Group"	:	The Company and its Subsidiaries.
"Henan Sunshine Elegant Jade"	:	Henan Sunshine Elegant Jade Real Estate Co., Ltd (河南阳光美基置业有限公司).
"Huixin Mining"	:	Huixin Mining International (Pty) Limited.
"Information Memorandum"	:	This information memorandum dated 28 August 2017.
"Iron Mines"	:	An iron ore mine located in the Xinjiang Province of China and another iron ore mine located in the Henan Province of China.
"Jayamma"	:	Mrs. Jayamma Zhang.
"JORC Code"	:	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves promulgated by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
"Latest Practicable Date"	:	28 July 2017, being the latest practicable date prior to the printing of this Information Memorandum.
"Letter of Acceptance"	:	The acceptance from the Department of Mineral Resources of the Republic of South Africa for an application of mining right to mine iron ore for the Thabazimbi Project for a mining area size of approximately 1,720.54 hectares using an open cast mining method.
"Listing Rules"	:	The listing rules of the SGX-ST, as amended, supplemented or modified from time to time.
"Long Stop Date"	:	One (1) year from the date of the Agreement, or such other date as the Parties may mutually agree in writing.
"LPS"	:	Loss per share.
"Material Adverse Change"	:	Has the meaning given in paragraph 3.2(h)(vii).
"Mining Joint Ventures"	:	Has the meaning given in paragraph 14.

"Mine Valuation"	:	Has the meaning given in paragraph 4.2.
"Minxcon"	:	Minxcon (Pty) Ltd.
"MOU"	:	Has the meaning given in paragraph 10.1.
"Mt"	:	Million tons.
"NTA"	:	Net tangible assets.
"Parties"	:	The Company and the Vendor, and "**Party**" shall mean each of them.
"Property Valuation"	:	The appraised value of the Yi Feng Contract based on the valuation report prepared by an independent third-party valuer, Henan Hua Xia Property Valuation Pte Ltd (河南华夏资产评估有限公司).
"Proposed Disposal"	:	Has the meaning given in paragraph 3.1.
"Proposed Investment"	:	The investment by the Company pursuant to the Agreement in the Sale Shares.
"Proposed RTO"	:	The proposed reverse takeover transaction pursuant to the Amended and Restated SPA.
"Proposed Transaction"	:	The Proposed Investment and the Proposed Disposal.
"Prospecting Right"	:	The prospecting right held by AWP, with an effective date of 4 February 2015, for a duration of five (5) years, expiring on 3 February 2020, with DMR reference number LP 30/5/1/1/2/11973 PR, granted in respect of the mineral "iron", over the farm Rosseauspoort 319 KQ in the magisterial district of Thabazimbi, Limpopo Province, South Africa.
"Purchase Consideration"	:	The aggregate consideration for the sale of the Sale Shares to the Company of RMB68,510,000 to be fully satisfied by the Yi Feng Contract Transfer.
"Qiao"	:	Mr. Qiao Jiakun.
"RTO Vendors"	:	The vendors under the Proposed RTO.
"Sale Shares"	:	8,030 shares of the Target Company with the nominal value of US$1 each, constituting 40.15% of the total issued share capital of the Target Company, that are fully paid-up and free from encumbrances.
"Securities Account"	:	The securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited.
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "**Shareholders**" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares.

"Shares"	:	Ordinary shares in the capital of the Company.
"Strategic Factors"	:	Has the meaning given in paragraph 7.3(c).
"SRK"	:	SRK Consulting (South Africa) (Pty) Ltd.
"SRK Report"	:	The valuation report and the Competent Persons Report on the Mineral Resources of the Rosseauspoort magnetite deposit, Thabazimbi district, Limpopo Province, South Africa by SRK dated January 2017, prepared in accordance to the VALMIN Code and JORC Code respectively.
"Subsidiary"	:	A company which is for the time being a subsidiary of the Company, as defined under the Companies Act and "**Subsidiaries**" shall be construed accordingly.
"subsidiary holdings"	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.
"Target Company"		Sino Feng Mining International S.à r.l..
"Target Group" or "Target Group Companies"	:	The Target Company, Huixin Mining and AWP.
"Thabazimbi Holding"	:	Thabazimbi Iron Ore (Asia) Holding Pte. Ltd..
"Thabazimbi Project" or "Target Mine"	:	The iron ore mine project situated in Thabazimbi, Limpopo Province, South Africa.
"Tian Cheng"	:	Tian Cheng Holdings Limited (天晟控股有限公司).
"Uptrend in Iron Ore Prices"	:	Has the meaning given in paragraph 10.5.
"VALMIN Code"	:	Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports promulgated by the VALMIN Committee.
"Vendor"	:	Sino-Africa Mining International Limited.
"Ruling"	:	The confirmation by the SGX-ST on 27 March 2017 that shareholders' approval by the Company will not be required for the Proposed Transaction.
"Yi Feng Contract"	:	The property investment and development agreement dated 5 November 2015 between Henan Province Yi Feng Zhi Di Co., Ltd (河南省懿丰置地有限公司) and Henan Sunshine Elegant Jade.
"Yi Feng Contract Transfer"	:	Has the meaning given in paragraph 3.1.
"Yi Feng Project"	:	The Yi Feng Holiday Plaza Project.
"Zhang"	:	Mr. Zhang Yanbing.
"Zhengzhou Bidi"	:	Zhengzhou Bidi Trading Co., Ltd (郑州必砥商贸有限公司).
"Zhengzhou Mai Yong"	:	Zhengzhou Mai Yong Trading Co., Ltd (郑州迈永商贸有限公司).

For the purposes of this Information Memorandum, "**RMB**" means Renminbi, "**R**" means South African Rand, "**S$**" means Singapore dollars and "**US$**" means United States dollars.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa,* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall, where applicable, include corporations.

The headings in this Information Memorandum are inserted for convenience only and shall be ignored in construing this Information Memorandum.

Any reference in this Information Memorandum to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the Listing Rules or any statutory modification thereof and not otherwise defined in this Information Memorandum shall have the same meaning ascribed to it under the Companies Act, the Listing Rules or any statutory modification thereof, as the case may be.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time, unless otherwise stated.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Information Memorandum are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the date of this Information Memorandum. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company does not guarantee any future performance or event or undertake any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the Listing Rules and/or any other regulatory or supervisory body or agency.

CHINA MINING INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands on 30 September 2004)
(Company Registration Number: CT-140095)

Directors:

Mr. Guo Yinghui (Executive Chairman)
Mr. Li Bin (CEO and Executive Director)
Ms. Dong Lingling (Executive Director)
Mr. Wang Fumin (Executive Director)
Mr. Lim Han Boon (Independent Director)
Mr. Ning Jincheng (Independent Director)
Mr. Chan Siew Wei (Independent Director)

Registered Office:

The Offices of Conyers Trust
Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

28 August 2017

To: The Shareholders of the Company

Dear Sir/Madam,

A. INFORMATION REQUIRED UNDER RULE 1010 OF THE LISTING RULES

1. INFORMATION RELATING TO THE VENDOR AND THE TARGET COMPANY

1.1 The Vendor

The Vendor is an investment holding company incorporated in the Cayman Islands, registration number 01-282289, whose registered office is at the Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

Prior to the completion of the Proposed Investment, the Vendor owns 100% of the total issued share capital (represented by 20,000 shares with a nominal value of US$1 each in the Target Company, which in turn owns 100% of the total issued share capital in Huixin Mining International (Pty) Limited ("**Huixin Mining**"). Huixin Mining owns 40% of the total issued share capital in AWP. In this Information Memorandum, the Target Company, Huixin Mining and AWP shall be collectively known as the Target Group or Target Group Companies (Please refer to Appendix 2 for the corporate structure of the Target Group and its related companies.).

Mr. Qiao Jiakun ("**Qiao**") is the sole director of the Vendor and Sino Joiner Limited owns 100% of the total issued share capital of the Vendor. Qiao is also the sole shareholder of Sino Joiner Limited. Qiao is a citizen of China, has experience in mining investment and is also a director of AWP.

Sino Joiner Limited is an investment holding company incorporated in Hong Kong and is the sole shareholder of the Vendor.

The Vendor is not an "interested person" as defined in Rule 904(4)(a) of the SGX-ST Listing Rules in relation to the Group.

1.2 The Target Group Companies

(a) Target Company

The Target Company is a limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, whose registered office is 14, rue Edward Steichen, L-2540 Luxembourg, and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés*) under registration no. B 199987. The Target Company is an investment holding company.

(b) **Huixin Mining**

Huixin Mining is a company incorporated in South Africa, with its registered office at 41 Wessels Road, Rivonia, Johannesburg, Gauteng, 2128 under registration number 2015/324749/07. Huixin Mining is an investment holding company.

(c) **AWP**

AWP is a company registered in South Africa on 6 May 2009, with its registered office at No 8 Kyalami Hill Estates, Robin Street, Kyalami, Gauteng, 1685, under registration number 2009/008717/07. AWP is the holder of a prospecting right, with an effective date of 4 February 2015, for a duration of five (5) years, expiring on 3 February 2020, with DMR reference number LP 30/5/1/1/2/11973 PR ("**Prospecting Right**"), granted in respect of the mineral "iron", over the farm Rosseauspoort 319 KQ in the magisterial district of Thabazimbi, Limpopo Province, South Africa. The Prospecting Right forms the subject of an iron ore mine project situated in Thabazimbi, Limpopo Province, South Africa ("**Thabazimbi Project**" or "**Target Mine**").

1.3 **The other shareholders of AWP**

The two (2) other shareholders of AWP are Thabazimbi Iron Ore (Asia) Holding Pte. Ltd. ("**Thabazimbi Holding**") and Black Economic Empowerment ("**BEE**").

(a) **Thabazimbi Holding**

Thabazimbi Holding is an investment holding company incorporated in Singapore, with unique entity number 201421416G, whose registered office is at 345 Kang Ching Road #06-93 Singapore (610345). Thabazimbi Holding owns 34% of the total issued share capital in AWP. Mr. Zhang Yanbing ("**Zhang**") is the sole shareholder of Thabazimbi Holding. Zhang is a citizen of South Africa, has experience in mining investment and is also a director of AWP. The directors of Thabazimbi Holding are Zhang Fan and Luo Lin.

(b) **BEE**

BEE is a form of economic empowerment initiated by the South African government in response to criticism against narrow-based empowerment instituted in the country during 2003/2004. While narrow-based black economic empowerment led to the enrichment of a few previously disadvantaged individuals (Black African, Coloured or Indian), the goal of broad-based empowerment is to distribute wealth across as broad a spectrum of previously disadvantaged South African society as possible. In contrast, narrow-based empowerment measures only equity ownership and management representation.

BEE holds the 26% interest in AWP on behalf of Mrs. Jayamma Zhang ("**Jayamma**") (owned equity interest of 15%), Tsimbi Investment Company Pty Ltd (owned equity interest of 1%), AWP Employee Ownership Trust (owned equity interest of 5%) and Regorogile Community Development Trust (owned equity interest of 5%). Jayamma is a citizen of South Africa, has experience in mining investment and is also a director of AWP.

2. RATIONALE FOR THE PROPOSED TRANSACTION

2.1 As announced by the Company on 1 April 2014 and 31 December 2014, the Company had entered into a conditional sale and purchase agreement dated 31 March 2014 and as amended by the amended and restated conditional sale and purchase agreement, the first supplemental letter and second supplemental letter dated 31 December 2014, 30 June 2015 and 30 June 2016 respectively ("**Amended and Restated SPA**") with certain vendors ("**RTO Vendors**") in connection with a proposed reverse takeover transaction (the "**Proposed RTO**"). On 30 June 2017, the Company announced that the Company and the RTO Vendors have entered into a third supplemental letter to amend the Amended and Restated SPA, the details of which are set out in Section D of this Information Memorandum. Pursuant to the third supplemental letter to amend the Amended and Restated SPA whereby the Company and the RTO Vendors agreed to, amongst others, exclude the Botswana Projects (as defined in the Amended and Restated SPA), the Proposed RTO target group is now in the business of exploration and mining of minerals and resources, including but not limited to iron ore, columbite, tin and copper. Notwithstanding the ongoing Proposed RTO, the Company is continually exploring all business opportunities to enhance shareholder value, including the acquisition of shareholding interests in companies holding rights to mineral assets.

2.2 In addition, the Board is of the view that the Proposed Transaction represents an opportunity for the Company to, together with the Proposed RTO, consolidate its business in the exploration, mining and trading of mineral resources, which in turn will potentially provide it with a regular stream of revenue. The mines to be acquired pursuant to the Proposed RTO are currently not in commercial production. The commercialisation of the Thabazimbi Project is estimated to take place about 3 years after the necessary financing and relevant mining licence have been obtained. In addition, for the reasons set out in paragraph 15 below, the Board anticipates that the Proposed Transaction will have the potential to increase the value of the Company.

2.3 For more information on the Proposed RTO, please kindly refer to paragraph D below.

3. PRINCIPAL TERMS OF THE AGREEMENT

3.1 The Purchase Consideration and source of funds for the Proposed Investment

The Parties agree that the aggregate consideration for the sale of the Sale Shares to the Company shall be RMB68,510,000 ("**Purchase Consideration**") to be fully satisfied by the transfer to the Vendor ("**Yi Feng Contract Transfer**") of Henan Sunshine Elegant Jade's rights under the property investment and development agreement dated 5 November 2015 between Henan Province Yi Feng Zhi Di Co., Ltd (河南省懿丰置地有限公司) and Henan Sunshine Elegant Jade ("**Yi Feng Contract**") in relation to Henan Sunshine Elegant Jade's contractual right to a 10% share of profit in the Yi Feng Holiday Plaza Project ("**Proposed Disposal**", and the Proposed Investment and Proposed Disposal shall be collectively referred to as "**Proposed Transaction**"). Please refer to note 10 and 11 of the 2015 and 2016 Annual Report of the Company, as well as paragraph 11 for more information on the Yi Feng Holiday Plaza Project ("**Yi Feng Project**").

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account, *inter alia*, factors such as:

(a) the valuation report and the Competent Persons Report on the Mineral Resources of the Rosseauspoort magnetite deposit, Thabazimbi district, Limpopo Province, South Africa by SRK Consulting (South Africa) (Pty) Ltd ("**SRK**") dated January 2017 ("**SRK Report**"), prepared in accordance to the VALMIN Code and JORC Code respectively, where the Mine Valuation was US$69,000,000 (approximately equivalent to RMB474,030,000 based on the Agreed Exchange Rate);

(b) the 10% discount on the Mine Valuation ("**Discount**"); and

(c) the Property Valuation, being RMB68,510,000.

Following completion of the Proposed Transaction, the Company will hold an interest of 40.15% of the total issued share capital of the Target Company and an effective interest of 16.06% of the total issued share capital of AWP.

Based on an effective equity interest of 16.06% of the total issued share capital of AWP, the value of the Thabazimbi Project acquired by the Company is US$11,081,400 (equivalent to RMB76,129,218 based on the Agreed Exchange Rate). After the Discount, such value is US$9,973,260 (approximately equivalent to RMB68,516,296 based on the Agreed Exchange Rate), which is approximately the Property Valuation.

Under the Agreement, unless otherwise agreed in writing by the Company, the Company shall not be required under any circumstances to contribute or pay any amount to the Vendor and/ or any of the Target Group Companies, including but not limited to operating expenses, working capital and any other expenditure of the Target Group Companies as well as all claims, taxes, assessments and governmental charges imposed upon the Target Group Companies or upon their property.

3.2 **Conditions Precedent**

The sale and purchase of the Sale Shares is conditional upon the following conditions precedent being satisfied or waived ("**Conditions Precedent**"):

(a) if required by the Listing Rules of the SGX-ST, the approval of the shareholders of the Company in an extraordinary general meeting for the transactions contemplated under the Agreement, and such approval not having been withdrawn or revoked;

(b) the Company and its professional advisers having undertaken and having completed its due diligence investigations in respect of each of the Target Group Companies, including but not limited to the Thabazimbi Project and the Prospecting Right and the affairs, operations, businesses, assets, liabilities (including tax liabilities), contracts, financial condition, accounts, results, prospects and the legal, accounting, financial and tax affairs of the Target Group Companies ("**Company's Due Diligence**"), and the results of such due diligence investigations being satisfactory to the Company in its sole and absolute discretion;

(c) the Company being satisfied with the outcome of the independent qualified person's reports and the independent valuation reports in respect of the Thabazimbi Project, including but not limited to the SRK Report;

(d) all necessary approvals, consents, licences, permits, grants, waivers and exemptions (collectively, "**Approvals**") for the transactions contemplated under the Agreement being granted by third parties, and all relevant government, governmental, quasi-governmental, supranational, statutory, regulatory, administrative, fiscal or judicial agency, authority, body, court, commission, department, exchange, tribunal or entity in Singapore, South Africa, Luxembourg and the Cayman Islands to the Vendor, the Company, the Target Group Companies, and/or parties involved in the Agreement (as the case may be) and where any such Approval is subject to conditions, such conditions being reasonably acceptable to the grantee of the Approval, and if such conditions are required to be fulfilled before completion, such conditions being fulfilled before completion, and such Approvals remaining in full force and effect;

(e) that all information and/or confirmations provided by each of the Vendor, the Target Group Companies, and/or their respective officers and employees for the purposes of the Company's Due Diligence is not untrue or inaccurate or incomplete or misleading in any respect;

(f) the Vendor's disclosure letter (if any) being to the satisfaction of the Company in its absolute discretion;

(g) the transactions contemplated under the Agreement not being prohibited by and will not result in a breach of, any statute, order, rule, regulation, directive, guideline or request promulgated by, or any judgement or decree of, any legislative, executive, judicial or regulatory body or authority in Singapore, South Africa, Luxembourg and the Cayman Islands or any other jurisdiction affecting any of the Vendor, the Company, the Target Group, and/or parties involved in the Agreement;

(h) there not having been at any time prior to or on completion the occurrence of any of the following events:

   (i) compulsory acquisition or notice of compulsory acquisition or intended acquisition of land affecting or which may affect the exploration and/or mining of the Thabazimbi Project (in whole or in part);

   (ii) withdrawal of approval or additional restriction/condition on any of the exploration and/or mining permits/licences/concessions and/or any other approval, permit, consent, certificate, waiver, or notice or intention of such withdrawal of approval or additional restriction/condition which may adversely affect the exploration and/or mining of the Thabazimbi Project (in whole or in part);

   (iii) material litigation or dispute, liquidation, bankruptcy or insolvency of any of the Vendor or the Target Group Companies;

   (iv) termination of any part of the business of any of the Target Group Companies;

   (v) appointment of any assignee, receiver or liquidator for any part of the assets or business of any of the Vendor or any of the Target Group Companies;

   (vi) attachment, sequestration, execution or seizure of any part of the assets of any of the Vendor of any of the Target Group Companies; and

   (vii) Material Adverse Change to the Thabazimbi Project on which the exploration and/or mining activities are or will be carried out. "**Material Adverse Change**" includes any change which causes a material or substantial part of any of the Thabazimbi Project to be inaccessible, unfit, hazardous or commercially infeasible for exploration and/or mining;

(i) there being no changes to the business, financial conditions or operations of any of the Target Group Companies since the date of the Agreement that would in the opinion of the Company be likely to have an adverse effect on the turnover, profitability, financial position or prospects of any of the Target Group Companies; and

(j) the Vendor's warranties remaining true, accurate and correct in all material respects.

The Company may in its sole and absolute discretion waive (in whole or in part and conditionally or unconditionally) any or all of the above conditions except in respect of the Condition Precedent in paragraph 3.2(a).

In the event that any of the Conditions Precedent is not fulfilled or waived on or before one (1) year from the date of the Agreement, or such other date as the Parties may mutually agree in writing ("**Long Stop Date**"), the Agreement (other than the surviving clauses) shall lapse and cease to have further effect and all obligations and liabilities of the Parties hereunder shall cease and determine and no Party shall have any claim against the other Parties, save in respect of any antecedent breach of the Agreement.

All the Conditions Precedent have been fulfilled and as announced by the Company on 17 April 2017, the Proposed Investment has been completed on 17 April 2017.

4. PROPOSED INVESTMENT – INFORMATION ON THE SALE SHARES AND THE THABAZIMBI PROJECT

4.1 Book value of the Sale Shares

The Target Company owns 100% of the total issued share capital in Huixin Mining which, in turn, owns 40% of the total issued share capital in AWP. AWP holds the Prospecting Right in respect of the Thabazimbi Project. Pursuant to the Proposed Investment, the Company will acquire the Sale Shares which comprises 40.15% of the total issued share capital of the Target Company, thereby resulting in the Company having an effective interest in 16.06% of the total issued share capital of AWP.

Based on the unaudited management account as at 31 December 2016, the book value (also the net tangible asset value) of the Target Company is RMB102,954, such that the book value (also the net tangible asset value of the Target Company) of the Sale Shares based on the 40.15% equity interest is RMB41,336. Based on the unaudited management account as at 31 December 2016, the book value (also the net tangible asset value) of Huixin Mining is RMB1.48 million. Based on the unaudited management account as at 31 December 2016, the book value (also the net tangible liability value) of AWP is RMB62,139 such that the book value (also the net tangible liability value) of 40% of AWP held by Huixin Mining is RMB24,856.

4.2 Value of the Thabazimbi Project based on the SRK Report

Based on the SRK Report dated January 2017 prepared by SRK in accordance to the VALMIN Code and commissioned by the Company, the appraised value of the Thabazimbi Project is US$69,000,000 ("**Mine Valuation**") (equivalent to RMB474,030,000 based on the Agreed Exchange Rate).

4.3 Net profits attributable to the Sale Shares

Based on the unaudited consolidated management account for the 12-months period ended 31 December 2016 of the Target Group, the consolidated equity accounting on the income attributable to the Sale Shares is a net profit of RMB209,414. The source of income comprises mainly bank interest income earned in South Africa of the value R1,028,579 (approximately equivalent to RMB525,604 based on the Agreed Exchange Rate).

4.4 Source of funds for the Proposed Investment

The Purchase Consideration for the Proposed Investment was fully satisfied by the Yi Feng Contract Transfer.

5. PROPOSED DISPOSAL – INFORMATION ON THE YI FENG CONTRACT

5.1 Book value of the Yi Feng Contract

As at the dates of the Announcements ("**Announcement Date**"), based on the Group's latest announced unaudited full year financial statements for the financial year ended 31 December 2016 ("**FY2016**") dated on 28 February 2017, as well as the audited full year financial statements for FY2016 dated on 31 March 2017, the book value of the Yi Feng Contract is RMB68,510,000.

5.2 Value of the Yi Feng Contract

Based on the valuation report prepared by an independent third-party valuer, Henan Hua Xia Property Valuation Pte Ltd (河南华夏资产评估有限公司), the appraised value of the Yi Feng Contract is RMB68,510,000 ("**Property Valuation**").

5.3 **Net loss attributable to the Yi Feng Contract**

As at the Announcement Date, based on the Group's latest announced unaudited full year financial statements for FY2016 dated on 28 February 2017, as well as the audited full year financial statements for FY2016 dated on 31 March 2017, the net loss attributable to the Yi Feng Contract, which refers to the losses attributed to it as recognised in the Group's audited full year financial statements for FY2016, is RMB644,000. Please see the details below:

Fair value loss	:	(RMB7,722,000)
Amortisation of unwinding discount on the Yi Feng Contract	:	RMB7,078,000
Net loss recognized in the book	:	(RMB644,000)

5.4 **Excess or deficit of the proceeds over the book value of the Yi Feng Contract**

The disposal of the Yi Feng Contract is not expected to have any material impact on the earnings per share or the net tangible assets of the Company. There will not be any material excess or deficit of proceeds over the book value of the Yi Feng Contract.

5.5 **Intended use of the sale proceeds**

The sale proceeds from the Proposed Disposal was used to fully satisfy the Purchase Consideration.

5.6 **Gain or loss on the disposal of the Yi Feng Contract**

There is no gain or loss on the disposal of the Yi Feng Contract.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction on the Group as set out below are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

As at the Announcement Date, the financial effects of the Proposed Transaction on the Group as set out below are based on the Group's latest announced unaudited full year financial statements for FY2016 dated on 28 February 2017, and on the following assumptions:

(a) the Proposed Transaction had been effected at the end of the financial year ended 31 December 2016 for the computation of the effect on the net tangible assets ("**NTA**") per share; and

(b) the Proposed Transaction had been effected at the beginning of the financial year ended 31 December 2016 for the computation of the effect on the loss per share ("**LPS**").

NTA

	Before the Proposed Transaction	After the Proposed Transaction
NTA of the Company (RMB'000)	105,356	105,565
Number of ordinary shares in issue (excluding treasury shares)	146,688,500	146,688,500
NTA per share (Singapore cents) [(1)]	14.96	14.99

Note:

(1) Calculated based on exchange rate of S$1: RMB4.80 as at 31 December 2016.

LPS

	Before the Proposed Transaction	After the Proposed Transaction
Net loss of the Company (RMB'000)	(10,964)	(10,755)
Number of ordinary shares in issue (excluding treasury shares)	146,688,500	146,688,500
LPS (Singapore cents) (1)	(1.55)	(1.52)

Note:

(1) Calculated based on average exchange rate of S$1: RMB4.81 as at 31 December 2016.

The financial effects of the Proposed Transaction on the Group based on the audited financial statements for FY2016 dated on 31 March 2017 do not differ materially from those computed above.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST LISTING RULES

7.1 Proposed Investment

As at the Announcement Date, based on the Group's then latest announced unaudited full year financial statements for FY2016 dated on 28 February 2017, the relative figures of the Proposed Investment computed on the bases set out in Rule 1006(a) to (e) of the SGX-ST Listing Rules are as follows:

Rule 1006(a)	
Net asset value of the assets to be disposed of	Not applicable(1)
Net asset value of the Group	
Size of relative figure	

Rule 1006(b)	
Net profits(2) attributable to the Sale Shares to be acquired	RMB209,414
Net profits(2) of the Group	(RMB13,253,000)
Size of relative figure	-1.58%

Rule 1006(c)	
Aggregate value of the consideration given in acquiring the Sales Shares	RMB68,510,000
Company's market capitalisation as at 27 March 2017(3)	RMB411,718,750
Size of relative figure	16.64%

Rule 1006(d)	
Number of equity securities issued by the Company as consideration for an acquisition	Not applicable(4)
Number of equity securities of the Company previously in issue	
Size of relative figure	

Rule 1006(e)	
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable(5)

Notes:

(1) Rule 1006(a) of the Listing Rules is not applicable to an acquisition of assets.

(2) Rule 1002(3)(b) of the Listing Rules states that "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) Rule 1002(5) of the Listing Rules states that "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.

(4) This basis is not applicable as no equity securities will be issued by the Company in relation to the Proposed Investment.

(5) This basis is not applicable as the Proposed Investment does not relate to the disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

While the relative figures computed under Rule 1006(c) of the Listing Rules did not exceed 20%, the relative figure computed under Rule 1006(b) was negative. The Company consulted SGX-ST on 24 February 2017 and the SGX-ST confirmed on 27 March 2017 that shareholders' approval by the Company will not be required for the Proposed Transaction, subject to the Conditions.

The relative figures computed based on the audited financial statements for FY2016 dated on 31 March 2017 do not differ materially from those computed above.

7.2 **Proposed Disposal**

As at the Announcement Date, based on the Group's then latest announced unaudited full year financial statements for the financial year ended 31 December 2016 dated on 28 February 2017, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the SGX-ST Listing Rules are as follows:

Rule 1006(a)	
Net asset value of the assets to be disposed of	RMB68,510,000
Net asset value of the Group	RMB105,355,746
Size of relative figure	65.03%

Rule 1006(b)	
Net profits(1) attributable to the Yi Feng Contract to be disposed of	(RMB644,000)
Net profits(1) of the Group	(RMB13,253,000)
Size of relative figure	4.86%

Rule 1006(c)	
Aggregate value of the consideration received in disposing the Yi Feng Contract	RMB68,510,000
Company's market capitalisation as at 27 March 2017(2)	RMB411,718,750
Size of relative figure	16.64%

Rule 1006(d)	
Number of equity securities issued by the Company as consideration for an acquisition	Not applicable[(3)]
Number of equity securities of the Company previously in issue	
Size of relative figure	

Rule 1006(e)	
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable[(4)]

Notes:

(1) Rule 1002(3)(b) of the Listing Rules states that "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(2) Rule 1002(5) of the Listing Rules states that "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Agreement.

(3) This basis is not applicable as no equity securities will be issued by the Company in relation to the Proposed Disposal.

(4) This basis is not applicable as the Proposed Disposal does not relate to the disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

While the relative figure under Rule 1006(a) exceeded 20%, the Board was of the opinion that the Yi Feng Contract Transfer was conducted in the Company's ordinary course of business and therefore did not require the approval of the shareholders of the Company under Chapter 10 of the Listing Rules. This was because the Group's business of property developments and investments had always encompassed passive participation, be it through equity interest or contractual interest or otherwise, in viable property ventures for a return, and the Group had in the past made passive property investments through profit sharing arrangements, with the Group not having any influence on the operating and financing operations of the projects concerned.

The relative figures computed based on the audited financial statements for FY2016 dated on 31 March 2017 do not differ materially from those computed above.

In addition, the Company was of the view that the Yi Feng Contract was an opportunistic investment in property which the Company sought to realise in exchange for an opportunity for a stake in the Target Mine, as the Board was of the view that the potential gain from the Target Mine is higher in view of the following considerations:

(a) the attractiveness of the low valuation of the Target Mine based on its early exploration phase;

(b) the expected returns from the Yi Feng Contract are dependent on the sales of the units in the Yi Feng Project, and there is no assurance that the estimated sales will translate into profits. The estimated sales are derived by multiplying the property units that are likely to be sold by the estimated selling price of such property units. Based on the Property Valuation, the forecasted net profit attainable by the Yi Feng Project was about RMB685,000,000. Based on the Yi Feng Contract, the Company would have been entitled to RMB68,500,000. After deducting the Company's initial capital investment of RMB65,000,000, the Company would obtain only about RMB3,500,000 in profits. In the event that the final number of property units sold and/or the selling price of such property units fall below such estimation, the sales will not translate into profits; and

(c) the Uptrend in Iron Ore Prices, further details of which are set out in paragraph 10 below.

Please also see the confirmation by the SGX-ST as described in paragraph 7.1 above.

7.3 No material change in risk profile

Furthermore, the Board was also of the opinion that the Proposed Transaction did not result in a material change in risk profile of the Group for the following reasons:

(a) the Proposed Transaction will not result in any change in control of the Company as no equity shares will be issued by the Company;

(b) the Proposed Transaction is not expected to have a significant impact on the Company's earnings, working capital and gearing having regard to the following:

(i) it has been agreed between the Company and the Vendor that the Company will not be required to provide any additional funding to the development and exploitation of the Target Mine, after the completion of the Proposed Transaction;

(ii) for illustrative purposes only, based on the Group's audited financial statements for the financial year ended 31 December 2016:

(A) the value of the Group's property and other assets (collectively, the "**Group's Property Assets**") was RMB 178.5 million, constituting 91.8% of the total value of the Group's assets (before the Proposed Investment) and RMB 110 million, constituting 56.6% of the total value of the Group's assets (after the Proposed Investment) ("**Decrease**"); and

(B) the value of the Group's mining assets ("**Group's Mining Assets**") was RMB0[2], constituting 0%[2] of the total value of the Group's assets (before the Proposed Investment) and RMB 68.5 million, constituting 35.2% of the total value of the Group's assets (after the Proposed Investment) ("**Increase**").

The Decrease in the value of the Group's Property Assets after the Proposed Transaction is due to the Proposed Disposal pursuant to which the Yi Feng Contract in relation to Henan Sunshine Elegant Jade's contractual right to a 10% share of profit in the Yi Feng Holiday Plaza Project was transferred to the Vendor as Purchase Consideration for the Sale Shares in the Proposed Investment. As the Yi Feng Project has not been completed, no real profits have yet to be earned by the Company. Further details of the Yi Feng Contract are set out in paragraph 11 below. After the Proposed Transaction, the remaining of the Group's Property Assets which have been contributing to the Group's revenue and business will continue to contribute to the Group's revenue and business. Furthermore, notwithstanding the Increase in the value of the Group's Mining Assets due to the Proposed Investment, the Target Mine has yet to begin mining operations. In addition, as mentioned in paragraph 7.3(b)(i) above, it has been agreed between the Company and the Vendor that the Company will not be required to provide any additional funding to the development and exploitation of the Target Mine after the completion of the Proposed Transaction. Accordingly, the Proposed Transaction is not expected to have a significant impact on the Company's earnings, working capital and gearing; and

[2] In regards to the Company's 50% equity interest in Tian Cheng Holdings Limited (天晟控股有限公司), particularly in respect of the two Iron Mines currently held through its two Mining Joint Ventures which have yet to commence production. As at 31 December 2015, the Iron Mines were fully impaired principally due to the significant decline in the iron ore prices since the acquisition of the Iron Mines in year 2011. The two Iron Mines have no value as at 31 December 2016.

(c) while the Proposed Transaction will result in an expansion of the Company's business to a new geographical market, the Board was of the belief that the risk will be mitigated by the following factors:

(i) the open cast nature of the Target Mine makes it comparatively easier to mine;

(ii) the Target Mine is located in a good location with established infrastructure, as it is located in a mining hub in close proximity to railway lines and the national highway, with access to utilities such as electricity and water. (Please see Appendix 4 for an aerial image of the relatively good location of the Target Mine);

(iii) the Target Mine possesses relatively good grades of iron ore of about 37.18% FE as stated in the SRK Report (Please see Table A in paragraph 12.2 below for more details);

(iv) the SRK Report was prepared by SRK in accordance with the JORC Code. The valuation aspect is considered by SRK to be, a Technical Assessment Report under the guidelines of the VALMIN Code and the purchase consideration is expected to be pegged close to the fair valuation derived from such valuation. (Please see Appendix 5 for the credentials of the qualified persons who compiled and peer reviewed the SRK Report, as well as the confirmations in paragraph 16);

(v) compared to the Yi Feng Contract, against the Uptrend in Iron Ore Prices (further details of which are set out in paragraph 10 below), the Target Mine is expected to yield better prospects for the Group;

(vi) AWP has engaged an iron ore mining geologist with over 30 years of working experience with various mining companies in South Africa; and

(vii) AWP intends to engage Minxcon (Pty) Ltd to, a geological company, to: (A) upgrade the existing qualified person's report for the Thabazimbi Project (from the "resources" classification in the SRK Report to a "reserves" classification); and (B) renew the existing valuation report for the Thabazimbi Project (which may form part of the qualified person's report) after upgrading the existing qualified person's report. The Board believes that Minxcon has the appropriate relevant experience to undertake this exercise,

(collectively, "**Strategic Factors**").

8. NO SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction; accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders (as such term is defined under the Listing Rules) of the Company, has any interest, direct or indirect, in the Proposed Transaction.

B. FURTHER INFORMATION ON THE PROPOSED INVESTMENT

10. REASONS FOR SEEKING THE RULING

10.1 When the memorandum of understanding in relation to the Proposed Investment ("**MOU**") was entered into in April 2016, the Company waited for the appointed professionals to complete their respective works in order to produce the necessary independent qualified person's technical report and valuation report. Given the substantial field work needed to be carried out, verified and analysed, the technical due diligence process naturally took some time and were only completed in February 2017. Negotiations on the sale and purchase agreement to be entered into between the Vendor and the Company commenced as soon as practicable thereafter.

10.2 The consideration for the Proposed Investment was derived from the Property Valuation based on the then current market prices and the early exploration stage of the Target Mine. The valuation of the Target Mine was based on an average price of US$66 per ton of iron ore (60% FE) in November 2016 ("**Assumed Price**"). The Company first informally consulted the SGX-ST on the Proposed Investment on 21 February 2017, when the price per ton of iron ore was US$95.05 (62% FE) and which has been on an upward trend since January 2017. In view of this, the Board believed that the trend movement of the iron ore prices was likely to be upwards ("**Uptrend in Iron Ore Prices**") and that the valuation of the Target Mine as set out in the SRK Report is lower than the current market rate. Consequently, it would be in the best interests of the Company to enter into the Proposed Investment.

10.3 Furthermore, the MOU is only binding upon the parties for the duration until the entering into of a sale and purchase agreement between the parties or the first anniversary from 25 April 2016, whichever is earlier ("**Duration**"). Upon the expiry of the Duration, the Vendor will no longer be bound by the obligation to negotiate exclusively with the Company.

10.4 The Board further understands that if the MOU were to lapse after 25 April 2017, the Vendor may either enter into negotiations with other parties, or decide to revise the consideration upwards in view of the rising iron ore prices. As such, the Vendor may not likely be agreeable to wait for the Company to obtain shareholders' approval for the Proposed Investment.

10.5 Consequently, the Board is of the belief that it is in the best interests of the Company to conclude the signing of the Agreement at the earliest possible time to avoid further upward swing on the valuation of the Target Mine and a change of mind from the Vendor.

10.6 The Board also understands that certain shareholders, who collectively hold more than 59% of the total issued share capital of the Company, have indicated that they will (a) vote in favour of the Proposed Transaction at the extraordinary general meeting to be convened (if required) to consider the resolution approving the Proposed Transaction ("**EGM**"); and (b) not sell their shares in the Company before the EGM (if required). These shareholders are:

Name of Shareholder	Number of Shares ('000)	%
Mr. Guo Yinghui	17,985	12.26
Mdm Feng Li	14,560	9.93
China Focus International Limited	17,680	12.05
Glossmei Limited	18,250	12.44
Mr. Han Yong	7,670	5.23
Ample Scenery Investments Limited	10,530	7.18
Total:	86,675	**59.09**

10.7 In view of the above reasons, the Board made the decision to consult the SGX-ST to seek the Ruling.

10.8 Furthermore, when the Agreement was entered into on 28 March 2017, the price per ton of iron ore was US$81.20 (62% FE), which was still higher than the Assumed Price. When the Proposed Investment was completed on 17 April 2017, the price per ton of iron ore was US$64.25 (62% FE), which was comparable to the Assumed Price.

11. INFORMATION ON THE YI FENG CONTRACT

11.1 During the financial year ending 31 December 2015 ("**FY2015**"), the Group entered into an agreement with an unrelated property company ("**Developer**") to invest a total sum of RMB65,000,000 ("**Capital Advance**") in the Yi Feng Project. The Capital Advance is carried at amortised cost with an effective interest rate of 14% per annum. The amortisation of the discount for FY2016 amounted to RMB7,078,000 (2015: RMB548,000) and is recognised as finance income in profit or loss.

11.2 As the Yi Feng Project has not been completed, no real profits have yet to be earned by the Company. In compliance with the requirements of the International Accounting Standards, a fair value gain of RMB3.6 million was recognised in FY2015 as disclosed in note 11 of the FY2015 audited financial statements. However, due to the decrease in the valuation of the Yi Feng Project in FY2016, a fair value loss of RMB7.7 million was recognised as disclosed in the latest FY2016 announced unaudited financial statements of the Company dated 28 February 2017 as well as the audited financial statements of the Company for FY2016 dated on 31 March 2017.

11.3 The fair value was determined by applying a discounted cash flows model on the estimated entitlement to be received by the end of 2017. The estimated entitlement was based on the Property Valuation. The key assumptions applied in discounted cash flows which are considered significant unobservable inputs are disclosed as below:

	Group 2016	**Group 2015**
Discount rate	19.02%	20%
Selling price of properties (RMB / square meter):		
- Commercial unit	9,000 to 15,000	4,500 to 17,000
- Residential unit	3,000	3,200
- Hotel	4,200	4,500
Unsold properties at 31 December 2017		
- Commercial unit	83%	40%
- Residential unit	88%	49%
- Hotel	100%	100%
Selling expenses	5% of total revenue	5% of total revenue
Cost to complete (RMB'000)	106,000	106,000

11.4 The expected amount of profits from the Yi Feng Project at the end of 2017 currently remains uncertain pending the sales outcome of the project. The valuation of the Yi Feng Project decreased from RMB84.7 million in FY2015 to RMB68.5 million in FY2016 principally due to the lower than expected sales attained by the Yi Feng Project.

11.5 Assuming that the Yi Feng Project was completed at the end of FY2016, a profit of approximately RMB3,500,000 million will be earned by the Company. As at the Latest Practicable Date, approximately 10.08% of the property units in the Yi Feng Project had been sold. Please see paragraph 7.2(b) for more details.

12. INFORMATION ON THE THABAZIMBI PROJECT

12.1 Acceptance of application

As announced by the Company on 20 May 2016, AWP had on 16 May 2016, received the acceptance from the Department of Mineral Resources of the Republic of South Africa for an application of mining right to mine iron ore for the Thabazimbi Project for a mining area size of approximately 1,720.54 hectares using an open cast mining method ("**Letter of Acceptance**").

12.2 Mine Resources and Valuation

As extract from the SRK Report prepared in accordance to the JORC Code 2012 guidelines, the Thabazimbi Project has 48.1 Mt of indicated resources and 113.7 Mt of inferred resources with the details as follows:

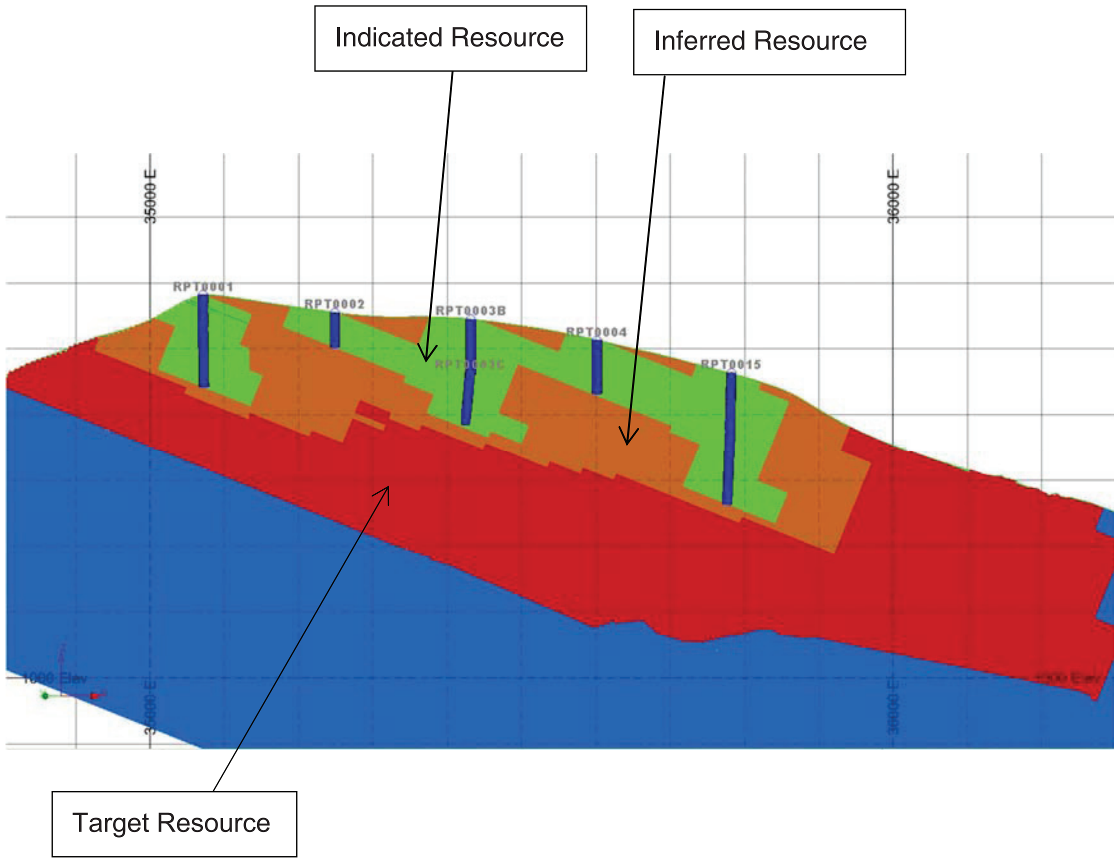
Table A

Classification	Mt	Density	Fe%	SiO2%	Al2O3%	CaO%	K2O%	MgO%	P%
Indicated	48.4	3.51	37.47	42.22	0.66	0.038	0.037	0.16	0.035
Inferred	113.7	3.5	37.06	43.05	0.63	0.05	0.047	0.17	0.035
Total Resource	162.1	3.5	37.18	42.81	0.64	0.047	0.044	0.17	0.035

According to the SRK Report, as the Thabazimbi Project is in the early stage of exploration and due to the lack of a comparative mine in South Africa, the yardstick valuation approach is adopted with a range from a low value of US$20 million to a high value of US$92 million and a preferred value of US$69 million. The valuation is considered by SRK to be under the guidelines of the VALMIN Code.

The yardstick approach was chosen over the cost approach as the yardstick approach can better reflect the value of mines in the early exploration phase, such as the Target Mine, as this valuation method is based on the selling price per unit basis in recent sales. The yardstick approach will yield a higher valuation compared to the cost approach.

However, the Board believes that with additional exploration work, the value to be derived from the current prospecting area may potentially be even higher than what was covered in the Mine Valuation. This is because the Board believes that there are potentially reserves and resources from the Target Mine, which were not taken into account in the valuations of US$20 million and US$92 million. In this regard, please kindly refer to the following diagram, as extracted from the SRK Report.



Please also refer to the following table, also extracted from the SRK Report, setting out the exploration target estimate.

Table: Exploration Target, Rosseauspoort Magnetite Project, South Africa, SRK Consulting South Africa (Pty) Ltd, 30 November 2016

Target range (Potential resource)	Mt	Fe%
Maximum	728	37
Minimum	182	31

As set out in the SRK Report, an exploration target has been identified within the current prospecting rights area, and it is suggested that the region has a real potential for the discovery and delineation of additional resources of this nature with additional exploration work. The valuations, both US$20 million and US$92 million, considered by SRK to be a Technical Assessment Report under the guidelines of the VALMIN Code, were derived based on indicated and inferred resources only, and do not take into account the target resources as marked up in the diagram above. The SRK Report also provides that additional resource development drilling is required to increase the indicated and measured resources.

In view of the above, the Board believes that the Mine Valuation is attractive as the value to be extracted from the Target Mine, is likely to exceed the Mine Valuation.

As at the Latest Practicable Date, the price per ton of iron ore is US$69.55 (62% FE), which is higher than the average price of US$66.00 per ton of iron ore (60% FE) in November 2016 (being the Assumed Price used in the SRK Report).

12.3 **Milestones and future plans**

The key milestones and near future plans of the Thabazimbi Project include: (a) Mineral Resource Upgrade Programme; (b) Mining Licence; and (c) Mining and Processing.

(a) **Mineral resource upgrade programme**

The Thabazimbi Project is currently classed as early exploration project where indicated and inferred mineral resources have been defined in the independent qualified person's reports. The next stage planned for the project is to upgrade the classification of the resources to reserves, following additional works by the geological company.

The completion of the mineral resource upgrade in the existing independent qualified person's report is expected to be completed by the end of December 2017.

(b) **Application for mining licence**

As announced by the Company on 20 May 2016, AWP received the Letter of Acceptance from the Department of Mineral Resources of the Republic of South Africa for an application of mining right to mine iron ore for the Thabazimbi Project for a mining area size of approximately 1,720.54 hectares using open cast mining method. The grant of the Letter of Acceptance is subject to AWP submitting required documentation within a prescribed timeframe to the Department of Mineral Resources of the Republic of South Africa.

The mining licence is expected to be obtained by the end of December 2017.

(c) **Mining infrastructure and processing plant**

The mining infrastructure and the processing plant for the Thabazimbi Project will be constructed in stages and construction is expected to commence after obtaining further financing and the mining licence and will last approximately 3 years. The infrastructure construction will consist of both onsite infrastructure construction and off-site infrastructure construction. Onsite infrastructure includes camps, magnetite concentrator, support services, and amenities that support mining, processing and ore-handling operations. Off-site infrastructure includes inter alia road access improvement, rail connectivity, high voltage power supply and raw water supply. The construction of the processing plant is to increase the feed grade of the mined iron ore in order to fetch a better selling price.

A detailed feasibility study and mineralogical studies by a professional firm is required and will be undertaken to determine how to mine effectively and economically which comprise, but not limited to, mining methods evaluation, processing technique analysis, infrastructure development, capital and operating cost determination, the timeline of the construction, annual planned production capacity, estimated lifespan on the mine and the process effect on environment.

The commercialisation of the Thabazimbi Project is estimated to take place about 3 years after the necessary financing and relevant mining licence have been obtained.

12.4 Expenditure forecast

The expenditure to date on activities that enhance the knowledge of the orebody in the Target Mine, as extracted from the SRK Report, is approximately R14.96 million (approximately equivalent to RMB7.64 million based on the Agreed Exchange Rate) and detailed in the table below.

Table: Expenditure in 2016

Cost Elements	Cost (R)
1. Drilling	5,725,785
2. Sampling	1,981,816
3. Surveying	240,000
4. Down Hole Survey	158,000
5. Water supply	45,000
6. Infrastructure and Roads	850,000
7. Metallurgy Tests	480,000
8. Rent Office and Shed	168,000
9. Transport	270,000
10. Technical Personnel	1,720,000
11. Support Personnel	68,000
12. Consultants	2,400,000
13. Resource Reporting	500,000
14. Reserve and PFS (initial expenditure)	350,000
Total Cost	14,956,601

The planned expenditure in 2017 is detailed in the table below, also extracted from the SRK Report. This is planned at R38.70 million (approximately equivalent to RMB19.78 million based on the Agreed Exchange Rate). SRK has ascribed a likelihood of 75% to this expenditure as it has not yet been approved. SRK has been informed that this money is available but has not yet been allocated. The planned expenditure in 2017 is mainly related to further exploration on the current Thabazimbi mine for the mineral resource upgrade programme. The expenditure will be funded by the existing shareholders of AWP excluding the Company and the Black Economic Empowerment.

Table: Planned Expenditure for 2017

Cost Element	Sub Cost Element	Unit	Cost/ Unit(R)	Sub Cost (R)	Cost (R)
1. Drilling	RC Drilling	6,200m	1,105	6,851,000	
	Diamond Drilling	2,400m	1,965	4,716,000	
	Logistic Cost			500,000	
					12,067,000
2. Sampling	Laboratory Cost	8,600 samples	1,242	10,681,200	
	Transport Cost	25	6,200	155,000	
					10,836,200

Cost Element	Sub Cost Element	Unit	Cost/ Unit(R)	Sub Cost (R)	Cost (R)
3. Surveying					120,000
4. Down Hole Survey		41 holes	12,500		512,500
5. Water Supply					350,000
6. Infrastructure and Roads					750,000
7. Metallurgy Tests		2,150 samples	2,600		5,590,000
8. Rent Office and Shed		12 months	7,500		90.000
9. Transport		Mahindra			320,000
10. Technical Personnel		3 Geologists			2,040,000
11. Support Personnel		12	48,000		576,000
12. Consultants					450,000
13. Resource Reporting					450,000
14. Reserve and PFS					4,200,000
15. Communication and Geo Software					350,000
Total Cost					38,701,700

Under the Agreement, unless otherwise agreed in writing by the Company, the Company shall not be required under any circumstances to contribute or pay any amount to the Vendor and/ or any of the Target Group Companies, including but not limited to operating expenses, working capital and any other expenditure of the Target Group Companies as well as all claims, taxes, assessments and governmental charges imposed upon the Target Group Companies or upon their property. However, the Company's percentage shareholding in AWP and hence the Target Mine may be affected if, for example, AWP issues new shares in AWP to raise capital, and the Company decides not to participate.

12.5 **Further announcements**

The Company will make further announcement(s) to keep Shareholders informed, as and when there are further updates or if there are any material developments.

12.6 **Management team of the Thabazimbi Project**

The management team of the Thabazimbi Project comprises mainly employees of AWP. The daily operations of AWP are managed by AWP's directors, Qiao and Zhang, both of whom have over 20 years of business management experience. The key management team comprises mainly Mr. Harry Leicester, a senior geologist with over 30 years of experience in mining and Mr. Daan Botha, a business development manager with many years of commercial experience in South Africa.

13. RISK FACTORS

To the best of the Directors' knowledge and belief, the risk factors that are material with regards to the Proposed Investment are set out in Appendix 6.

C. THE COMPANY'S EXISTING IRON MINES

14. BACKGROUND INFORMATION ON THE IRON MINES

The Company indirectly holds a 50% equity interest in Tian Cheng Holdings Limited (天晟控股有限公司) ("**Tian Cheng**"), which, through its indirect wholly owned subsidiaries, namely Zhengzhou Bidi Trading Co., Ltd (郑州必砥商贸有限公司) ("**Zhengzhou Bidi**") and Zhengzhou Mai Yong Trading Co., Ltd (郑州迈永商贸有限公司) ("**Zhengzhou Mai Yong**"), wholly own an iron ore mine located in the Xinjiang Province of China and own 99.9% of another iron ore mine located in the Henan Province of China (collectively, the "**Mining Joint Ventures**") (the "**Iron Mines**")

15. RATIONALE FOR ENTERING INTO THE PROPOSED INVESTMENT AS OPPOSED TO DEVELOPING THE IRON MINES

In addition to the Strategic Factors as set out in paragraph 7.3(c) above, the management of the Company has also taken into account the fact that the Target Mine is located in South Africa, which is a developed market in iron ore and where the regulatory and political environment is relatively stable, in deciding to enter into the Proposed Investment. In particular, the Board further notes that the SRK Report provides that large scale mining of massive hematite ores at the Thabazimbi area started in 1939 and it was the major source of iron ore in South Africa until 1958 when its production was surpassed by the Sishen Mine in the Northern Cape Province. The Sishen Mine produced about 2.4 Mt of lumpy hematite ore till recently, when the production was scaled down dramatically and effectively ceased after a large slope failure in one of the open cast pits.

Furthermore, in addition to the reasons set out in this Information Memorandum, including but not limited to those set out in paragraphs 2, 7.2 and 7.3 above, the Company would also like to inform the Shareholders that before the completion of the Proposed Investment, other than the Yi Feng Contract, the Company only had the Xinxiang Sunny Town Project (新乡阳光新城项目), a completed property project which is expected to be completely sold in the foreseeable future. Hence, the Proposed Investment offers a strategic opportunity for the Company to turnaround its current operations and financial position and bring in potential new revenue and income streams for the Group as the commercialisation of the Thabazimbi Project is estimated to take place about 3 years after the necessary financing and relevant mining licence have been obtained. As such, the objective of entering into the Proposed Investment is to reduce the Group's reliance on the existing real estate development business and enhance long term Shareholders' value and returns.

The Board further believes that if the opportunity for the Proposed Investment is lost, the Company may not be able to secure other viable investment opportunities to reinvest with the Company's current limited cash flows, or with the Company's expected returns from the Yi Feng Contract, which in any case, will only be payable to the Company at or after the end of this year.

In regards to the Company's 50% equity interest in Tian Cheng Holdings Limited (天晟控股有限公司), particularly in respect of the two Iron Mines currently held through its two Mining Joint Ventures which have yet to commence production. As at 31 December 2015, the Iron Mines were fully impaired principally due to the significant decline in the iron ore prices since the acquisition of the Iron Mines in year 2011.

The 2-year trailing average of iron ore price TFe 20.26% and TFe 35.62% for 2015 stood at RMB662 per ton and RMB 641 per ton respectively. As at 31 December 2016, the 2-year trailing average of iron ore price was RMB582 per ton. As at 28 March 2017, being the date of the entering into of the Agreement, although the iron ore price has rebounded from the lowest price of US$38.5 per ton (TFe 62%) on 15 December 2015 as shown in the Appendix 3, these prices would need to re-bounce to RMB1,043 (approximately US$151.82 based on the Agreed Exchange Rate) (or increase by 58%) per ton and RMB806 (approximately US$117.32 based on the Agreed Exchange Rate) (or increase by 26%) per ton respectively in order for the value-in-use calculations of the Iron Mines to return to positive; with other assumptions remaining constant.

In view of this, the management has decided against developing the Iron Mines and to instead keep them as reserves as there is no viability and economic benefits to continue active development immediately until the macro-economic environment in China improves. Furthermore, the Board believes that it is in the best interests of the Company to prioritise and focus the Company's current limited remaining resources to pursue more vital strategic investments, and has hence decided to invest in the Target Mine.

In view of the above considerations as well as the attractive valuation of the Target Mine (please see paragraph 12.2), given further that Vendor has agreed to give a 10% discount on such valuation and that the Company is not required to contribute any further capital to the Target Group Companies (please see paragraph 12.4), the Board is of the opinion that the Proposed Investment represents a good investment opportunity for the Company that has the potential to create long term value and returns for both the Company and the Shareholders, and which should be entered into instead of developing the Iron Mines.

D. THE PROPOSED RTO

As announced by the Company on 30 June 2017, the Company and the RTO Vendors agreed to amend the Amended and Restated SPA to:

(a) further extend the long stop date to 30 June 2018 or such other date as the parties may mutually agree in writing so as to allow the parties more time to satisfy certain conditions precedent as set out in the Amended and Restated SPA; and

(b) exclude the Botswana Projects (as defined in the Amended and Restated SPA) from the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company so as to reduce (i) the risks on geographical exposure and (ii) the maintenance costs of the mines.

In connection with the above, the Company and the RTO Vendors had, on 30 June 2017, entered into a third supplemental letter to give effect to the above.

The Company, and the RTO Vendors, after taking into account of the views expressed by the SGX-ST following pre-clearance of issues related to the Proposed RTO by the Company with the SGX-ST, are currently still working on possible revised terms to the Amended and Restated SPA, which may include, but are not limited to, amendment(s) to the portfolio of the exploration and mining projects that will form part of the group of companies to be acquired by the Company pursuant to the Proposed RTO, the purchase consideration for the Proposed RTO and the conditions precedent as set out in therein. The Board wishes to emphasise that the completion of the Proposed RTO is still subject to the fulfilment of many conditions precedent, and there can be no assurance of its completion or, if it were to be eventually completed, as to the length of time required to do so.

The Company will make the appropriate announcements on any further material developments in respect of the Proposed RTO.

E. MISCELLANEOUS

16. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Information Memorandum (other than information relating to the Vendor, Sino Joiner Limited, Zhang, Jayamma, Qiao, Thabazimbi Holding and BEE) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Information Memorandum constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Information Memorandum misleading. Where information in the Information Memorandum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Information Memorandum in its proper form and context.

The Vendor accepts full responsibility for the accuracy of the information given in this Information Memorandum (only in respect of information relating to the Vendor, Sino Joiner Limited, the Target Group Companies, the Prospecting Right and the Thabazimbi Project) and confirm after making all reasonable enquiries that, to the best of its knowledge and belief, this Information Memorandum constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and the Group, and the Vendor is not aware of any facts the omission of which would make any statement in this Information Memorandum misleading. Where information in the Information Memorandum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Information Memorandum in its proper form and context.

To the best of the Board's knowledge, as at the date of this Information Memorandum, the Board confirms that no material changes have occurred since the effective date of the SRK Report, being January 2017.

17. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection at the registered office of the Company's Singapore Share Transfer Agent, KCK CorpServe Pte. Ltd., at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, during normal business hours for a period of three (3) months commencing from the date of this Information Memorandum:

(a) the Property Valuation;

(b) the Agreement;

(c) the SRK Report; and

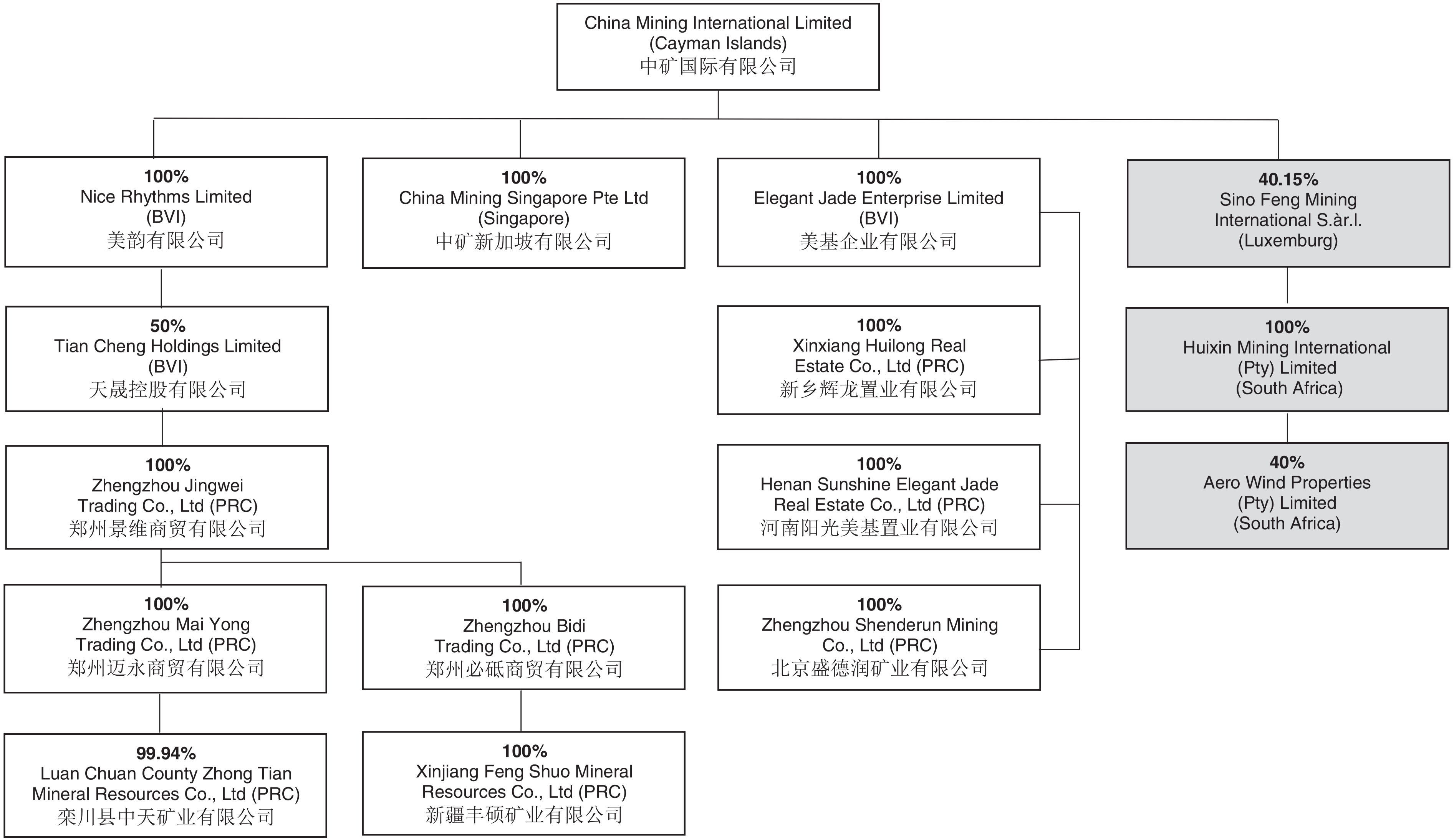
(d) the Prospecting Right.

Yours faithfully

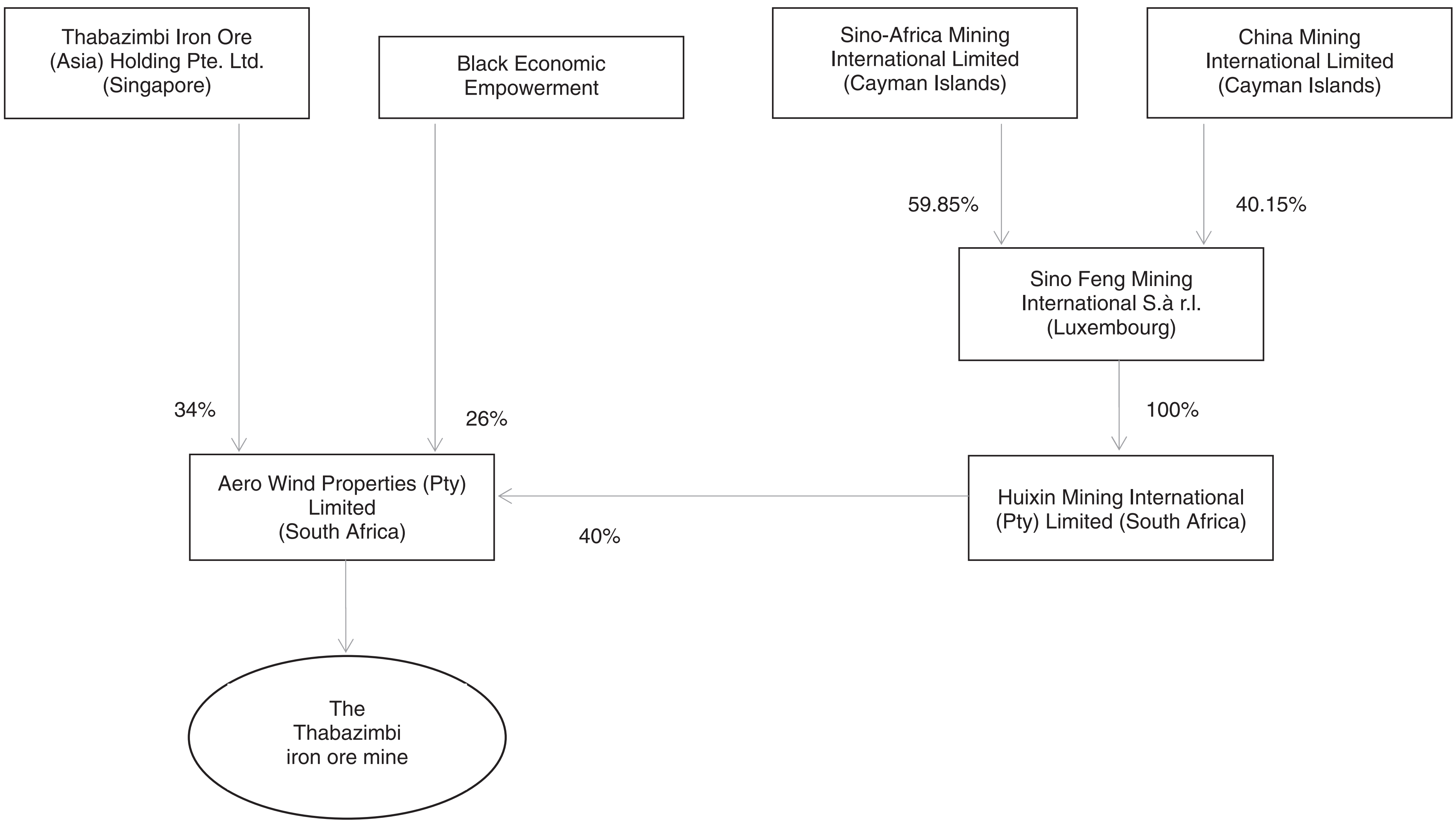
For and on behalf of
The Board of Directors of China Mining International Limited

Mr. Li Bin
CEO and Executive Director

APPENDIX 1: CORPORATE STRUCTURE OF THE GROUP AFTER COMPLETION OF THE PROPOSED TRANSACTION



APPENDIX 2: CORPORATE STRUCTURE OF THE TARGET GROUP AND ITS RELATED COMPANIES



APPENDIX 3: PLATTS IRON ORE INDEX (TFE 62%)

APPENDIX 4: AERIAL IMAGE OF THE LOCATION OF THE TARGET MINE

APPENDIX 5: CREDENTIALS OF THE QUALIFIED PERSONS

Hendrik Frederik Johannes Theart

Dr H F J Theart: (responsibility Geology, Exploration Review and Quality Assurance and Quality Control (sections 1 to 4.4)). His qualifications include PhD, Geochemistry, University of Stellenbosch, (1985), MSc, Geology, University of Cape Town, (1980), BSc (Hons), Geology, University of Stellenbosch, (1978).

His registrations and affiliations include: Registered Professional Natural Scientist in the field of Geological Science, Pr Sci Nat (South Africa), 400069/88, Fellow, Geological Society of South Africa, Fellow, Society of Economic Geologists, Fellow, Association of Exploration Geochemists. Hennie

Theart is a Corporate Consultant and Partner with SRK Consulting (SA) since 2009, is a geologist with more than 35 years of experience in exploration geology, economic geology, mineral valuation, exploration methodology and mining geology. His expertise and experience covers metamorphosed and deformed base-metal sulphide deposits of the Namaqualand Metamorphic Complex; exploration for base-metals, ferrous metals and industrial minerals, Au and Win the Greenstone Belts, magmatic Ni-Cu sulphide, PGE mineralization, and magnetite deposits, mining of and exploration for conglomerate hosted Au – U ores of the Witwatersrand, Porphyry Cu-Mo-Ag ores; - geochemical exploration for Au, base metals and diamonds; - lithogeochemical fingerprinting tools for the classification of lava layers, gold-bearing sedimentary units, and hydrothermally altered rocks; - feasibility studies, competent person reviews and exploration guidance of Ni, Cu, Co, REE, PGE's, Cr, U, porphyry copper, limestone, various pegmatite minerals, phosphate, industrial mineral deposits and both magmatic and sedimentary iron ores.

As professor (2000 – 2008) he taught Economic Geology and Mineral Evaluation and supervised post graduate studies on deposits of diamonds, coal, PGE's, Ni sulphide ores, Cu-Zn massive sulphides, brick clay, feldspar and syenite, and topics such as; the resource risk related to small scale mining, and exploration methodology. He has presented lectures and short courses in South Africa and internationally and published in both the scientific and technical press.

Mark David Wanless

Mr Mark Wanless: (responsibility Mineral Resources (section 4.5)). Mark qualified with a, BSc (Hons), Geology and Geochemistry, University of Cape Town, (1995).

His registrations and affiliations include: Registered Professional Natural Scientist in the field of Geological Science, Pr Sci Nat (South Africa), 400178/05, Fellow, Geological Society of South Africa, Member of the Geostatistical Association of South Africa.

Mark is a Principal Geologist and Partner with SRK Consulting (SA) since 2003, is a geologist with 19 years of experience in mining geology and Mineral Resource estimation.

Mark has experience in a range of commodities including Gold, Platinum Group Elements, Uranium Base Metals, Iron, Manganese, and Mineral Sands. Mark has worked on a number of Iron Ore deposits ranging from Direct-shipping (hematite) ores (Superior Type), Magmatic magnetite ore deposits, Iron Sands (Magnetite) and Iron Ore tailings deposits over a 15-year period.

1. Risks relating to the business and industry of the Target Group

(a) The Target Group has a limited operating history and it does not have track record of carrying out production operations as a mine owner

The Target Group has a limited operating history upon which one can base an evaluation of the Target Group's business and prospects. Although its management and technical staff possess the relevant experience and expertise in the exploration, development and production of mineral resources, there is no assurance that the growth and future performance of the Target Group will be successful. The failure of the Target Group to generate revenue and profit from its prospecting and mining activities could have an adverse impact on the development of and future production from the Target Mine, which in turn could have an adverse effect on the financial position and results of operations of the Target Group's business, financial condition and performance, results of operations and business prospects.

(b) The Target Group may not have sufficient working capital for its operations

The exploration, development, exploitation and production of mineral resources generally require substantial capital expenditure and investment costs before they reach a revenue producing stage. Hence, the Target Group is not able to generate any positive cash flows from its operations until after the commercial production of the mineral resources. Such cash flow deficit has a negative impact on the financial position of the Target Group.

As such, the Target Group is subject to the risk that its current assets will be insufficient to meet its obligations under the current liabilities. In such event, additional capital, debt or other forms of financing may be required for additional working capital. If any of the events mentioned above occurs and the Target Group does not have sufficient internal resources and is unable to raise additional capital, debt or other financing for its working capital requirements by any reason whatsoever, the business, operating results, liquidity and financial position of the Target Group will be adversely affected.

In addition, as the Target Group's business activities need time to generate profits, to the extent that the Target Group is not able to generate sufficient profits to cover its operating costs, the Target Group will suffer a loss.

(c) The Target Group's business is exposed to exploration, development and production risks

The Target Group's business involves a high degree of risk by its very nature. The Target Group's success will depend not only on its ability to identify and acquire suitable producing mines or prospects of minerals exploration and exploitation, but also on its ability to develop the mines. Successful development of a mine is dependent on, among other things, the successful exploration, appraisal and development of reserves of mineral resources which can be extracted in an efficient manner. The effective handling of operational matters such as the design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution and marketing services are required for success.

In particular, exploration is a speculative endeavour. There can be no guarantee or assurance that exploration will lead to the discovery of mineral resources or, if discovered, that commercial quantities can be economically exploited. Substantial initial capital outlay is required for the initial stages since projects typically require a considerable amount of cash to establish the extent of mineral resources or reserves and to construct the necessary recovery and processing facilities. The cost of exploration, drilling and completing mines is uncertain and a variety of factors, including, but not limited to, unexpected drilling conditions, technical hazards such as unusual or unexpected formations or pressures, unavailability of excavators or technical contractors, equipment failures or accidents, adverse weather conditions, environmental issues or compliance with government requirements, could greatly increase the cost of operations. The cost of funds may also go up over time. As a result, the Target Group may incur cost overruns or may be required to curtail, delay or cancel drilling operations.

The Target Group's development operations involve risks and hazards common to the mining industry including, but not limited to, fire, explosions, blow-outs, mining mishaps, geological, geotechnical and seismic factors, flooding, extended interruptions due to inclement or hazardous weather conditions, natural disasters and environmental hazards such as gas leaks, ruptures or discharges of toxic gases, industrial accidents, occupational and health hazards, technical failures, labour disputes, and customs and ports delay.

It may not always be possible for the Target Group to participate in the mining of any successful discoveries. Such mining activities will involve the need to obtain the necessary licenses or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. There is also a risk that the Target Group may not be able to commence commercial production. Production operations may be hampered by circumstances beyond the control of the Target Group such as natural disasters, engineering difficulties, adverse geological conditions, cost overruns, inconsistent recovery rates and other unforeseen events.

Even if the Target Group recovers quantities of certain commodities, minerals or resources, there is a risk that it will not be able to achieve a commercial return. The Target Group may not be able to transport the mineral resources to commercially viable markets at a reasonable cost, or may not be able to sell the mineral resources to customers at a price and quantity which would cover its operating and other costs.

Should any of the risks and hazards mentioned above materialise, the business, results of operations and financial position of the Target Group could be materially and adversely affected.

(d) **The Target Group's business, revenues and profits will be affected by the volatility of prices for iron ore**

The current and expected future price of iron ore can change rapidly and significantly and this can have a substantial effect on the value of the Target Group's exploration and mining assets and the potential future revenue and profits that might be earned from the successful development of those assets. For example, notwithstanding the Uptrend in Iron Ore Prices as at 21 February 2017, the price per ton of iron ore as at 9 June 2017 is US$54.90 (62% FE), which is below the Assumed Price.

The marketability of any iron ore discovered will be affected by numerous factors beyond the control of the Target Group. These factors include market fluctuations, proximity and capacity of processing equipment, increases in transportation and shipping cost and government regulations including regulations relating to taxation, royalties, allowable production, importing and exporting, and environmental protection.

The demand for, and price of iron ore is highly dependent on a variety of factors including global economy, international supply and demand, the level of consumer product demand, the quality of the product, weather conditions, natural disasters, distribution problems, labour disputes, changes in domestic and foreign governmental regulations, the price and availability of alternative mineral resources, and actions taken by governments and international cartels. Commodity prices may also be affected by macro-economic factors such as expectations regarding inflation, interest rates and global and regional demand for and supply of the iron ore, as well as general global economic conditions.

(e) **The Target Group's actual operating costs may differ significantly from estimates, which may have an adverse impact on its financial performance and condition and results of operations**

The operating costs of the Target Group are based on certain estimates and assumptions with respect to the method and timing of mining activities. By their nature, these estimates and assumptions, such as the period of mine life, overall mining capacity and utilities tariffs are subject to significant uncertainties, including actual mining capacity, which in turn may be affected by, among others, severe weather conditions, natural disasters, availability of necessary equipment and supplies, fluctuating prices, and changes in regulations or the regulatory climate. The actual costs may materially differ from such estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice and in the event that the Target Group has underestimated its operating costs, its financial performance and condition and results of operations will be adversely affected.

(f) **The Target Group is required to obtain, maintain and renew certain licences and approvals to conduct its business and operations**

The Target Group requires various licences and approvals from the government and other government agencies to conduct its business and operations. These licences and approvals include general corporate, mining, manpower and environmental approvals. The Prospecting Right entitles AWP to prospect for iron ore in the Target Mine. While AWP has received the Letter of Acceptance, AWP does not currently hold a mining permit or licence to extract iron ore in relation to the Target Mine and there is no certainty or assurance that AWP will receive such mining permit or licence, In the event that AWP does not receive a mining permit or licence to extract iron ore in relation to the Target Mine, the financial performance and condition and results of operations of the Target Group will be adversely affected.

The Target Group must renew its licences and approvals as and when they expire, as well as obtain new licences and approvals when required. Existing licences or approvals may be revoked by the government due to the following reasons: (i) violation of the provisions stated in the licences or applicable regulations (including inappropriate use of licence); or (ii) non-fulfilment of obligations as required by the specific licence or applicable regulation. There is no assurance that the governments of the countries in which the Target Group operates will not revoke the Target Group's existing licences and approvals for whatever reason or decline to issue or renew the licences or approvals that the Target Group requires. A failure to obtain or renew, or a loss of, any requisite licence or approval could have a material adverse effect on its business, financial performance and condition, results of operations and business prospects.

In addition, the Target Group is also required to comply with reporting obligations to the relevant governmental authorities and/or fulfil certain stipulated conditions in accordance with the provisions and procedures set forth in its licences. The failure of the Target Group to comply with the reporting obligations and/or fulfil certain stipulated conditions may cause the Target Group to be subject to, amongst others, an administrative penalty in the form of a warning and revocation of the relevant licence, as the case may be. Further, changes in the relevant legislation and regulations or changes in the interpretation or implementation of the relevant legislation and regulations could also result in consequences which would adversely affect the Target Group's business, financial performance, financial condition, results of operations and prospects. These consequences include, but are not limited to, (i) additional costs arising from increased compliance activities, capital expenditures and increased royalty and tax payments; (ii) restrictions and delays in the production operations of the Target Mine; and/or (iii) further restrictions on foreign participation in the mining industry or nationalisation of mining assets, the extent of which cannot be predicted.

(g) **There is no assurance that the Target Group will attain profitability or that its profitability will increase**

Based on its unaudited pro forma consolidated income statement of the Target Group and on an equity accounting basis, the Company's share of the profit in the Target Group for FY2016 is approximately RMB209,414, mainly due to interest income, as the Target Group had not commenced commercial production and sale of mineral resources. In addition, the Target Group would not generate any revenue in connection to the mining activities in the financial year ending 31 December 2017 as the production and sale of iron ore from the Target Mine is not expected to commence in 2017. There can be no assurance that the Target Group will be able to generate significant revenue and to attain profitability in any future period or if attained, the Target Group may not be able to sustain profitability. Any adverse events relating to the Target Group's business or a significant shortfall of revenue in relation to its expectations or any material delay in the commencement of the production and sale of iron ore from the Target Mine will have an adverse effect on the Target Group's business, operating results and financial condition.

(h) **The business of the Target Group is capital intensive and may require financing for future growth**

Exploration, evaluation and mining activities are capital intensive. Although the Target Group has identified its future growth plans as the avenues to pursue growth in its business, it may not be able to obtain sufficient funding to fully cover the costs of implementing its expansion plans. Failure to raise the required capital in future on acceptable terms, or at all, will limit the Target Group's expansion and growth.

The Target Group may, from time to time, obtain additional capital through debt or equity financing to fund its capital expenditures. Financing through the issue of new equity securities may result in dilution to the existing shareholders and such new equity securities may have rights, preferences or privileges senior to those of existing shareholders. Additional debt financing, if obtained, may expose the Target Group to covenants imposed by the financial institutions or lenders. These covenants may include, among others, restrictions on the payment of dividends or requirements for the Target Group to dedicate a substantial portion of its cash flow from its operations to the payments of its debt. All these restrictions will reduce the availability of the Target Group's cash flow to fund capital expenditures, working capital and other general corporate purposes and limit its flexibility in planning for, or reacting to, changes in its business and industry.

(i) **The Target Group's future cash flow, results of operations and financial condition will be affected if it fails to achieve its production targets**

Estimates of future production for the mining operations of the Target Group are subject to change and are based on various assumptions. The production targets are based on, among other things, reserve estimates, assumptions regarding ground conditions and physical characteristics of ore (such as hardness and presence or absence of certain metallurgical characteristics), estimated capital expenditures and rates and costs of production. Actual production may also vary from the production targets for a variety of other reasons, including the following:

- the actual ore mined, varying from estimates in grade and tonnage as well as metallurgical and other characteristics;
- lower-than-estimated recovery rate;
- mining dilution;
- pit wall failures or cave-ins;
- industrial accidents;
- equipment failures;
- natural phenomena, such as inclement weather conditions, floods, blizzards, droughts, rock slides and earthquakes;
- the encountering of unusual or unexpected geological conditions;
- changes in power costs and potential power shortages;
- increase in costs of and shortages of principal supplies needed for operation, including fuels, equipment parts and lubricating oil;
- litigation; and
- restrictions imposed by government authorities.

The occurrences of any of the above events could result in damage to mineral properties, interruptions in production, injuries or deaths, damage to the properties and assets of the Target Group or others, monetary losses and legal liabilities. These factors may cause a mineral deposit, which had been mined profitably in the past, to become unprofitable. Mining operations frequently experience unexpected problems. Delays or interruptions can often occur in various stages of production. There is no assurance that the Target Group will be able to realise the estimated recovery rate at the Target Mine in the future and in such event, the Target Group's business, financial performance and condition, results of operations and business prospects may be adversely affected.

(j) **The Target Group's reported mineral resources are only estimates of the actual amounts of mineral resources in the Target Mine and are based on exploration data, various assumptions and technical uncertainties which may change**

The estimates relating to the mineral resources which the Target Group had included in this Information Memorandum are only estimates of the size of the mineral deposits located within the Target Mine which have been discovered but not yet recovered. The mineral reserves are only estimates of the mineral deposits that can be economically recovered. The classification of resources as either indicated or inferred indicates a different level of confidence.

"**Indicated resource**" generally means that part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

"**Inferred resource**" generally means that part of a resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Estimations of the quantities of mineral resources, by their nature, cannot be made with complete certainty as they are based on certain estimation methodology and procedures, various assumptions regarding sampling data and professional engineering judgment. There is no assurance that the estimates relating to the mineral reserves and resources are accurate. If the data on which the mineral resources estimates were based on are incorrect, it may affect the accuracy of the information. In addition, the mineral resources estimates are subject to future revisions, either upward or downward, as a result of the future resource development works, or as additional information becomes available.

Should there be changes to any significant factors, assumptions and professional opinions or inaccuracy of data or estimation methodology and procedures on which the resources estimates were calculated and accordingly, the amount of actual resources are lower than initially estimated, the valuation, financial conditions and results of operations of the Target Group will be adversely affected.

(k) **The Target Group's business and results of operations will be affected if the exploration is unsuccessful**

Mining exploration is unpredictable in nature. The success of any mining exploration programme depends on various factors including, among other things, (i) whether ore bodies can be located; (ii) whether the location of ore bodies are economically viable to mine; (iii) whether appropriate metallurgical processes can be developed and appropriate mining and processing facilities can be economically constructed; and (iv) whether necessary governmental permits, licences and consents can be obtained. Due to the unpredictable and speculative nature of the mining industry, there is no assurance that any exploration programme will result in the discovery of additional resources and/or reserves. There is also no assurance that reported resources can be converted into reserves.

To access additional reserves and resources, the Target Group will need to successfully complete feasibility studies to determine whether to undertake further significant exploration and exploitation in other prospect areas in the Target Mine. Actual exploration and exploitation results may differ significantly from those anticipated by the feasibility studies. In addition, there are a number of uncertainties inherent in the extension of the current mine operations at the Target Mine, including: (i) the availability and timing of necessary governmental approvals; (ii) the timing and costs necessary to construct mining and processing materials, equipment and other facilities; (iii) the availability and cost of labour, utilities, auxiliary materials and other supplies and the accessibility of transportation and other infrastructure; and (iv) the availability of funds to finance construction and production activities. Accordingly, there is no assurance that any future exploration activities or development projects will extend the life of the Target Group's existing mining operations or result in any new economical mining operations.

(l) **The Target Group is dependent on key and skilled personnel and its ability to operate efficiently and effectively could be impaired if it is unable to retain certain key personnel or attract and retain skilled personnel**

The Target Group manages its business with a number of key and skilled personnel who possess industry knowledge and technical expertise. The Target Group relies on skilled personnel to operate key plant, equipment and machinery and other general mine site infrastructure and equipment. There is no assurance that the Target Group will be able to continue to retain the services of its key and skilled personnel or that it will be able to attract and retain skilled personnel in the future. If the Target Group is not able to retain or attract or train key or skilled personnel, its business, financial performance and condition, results of operations and business prospects will be adversely affected.

(m) **The Target Group may be required to outsource certain works to technical consultants and professionals in the course of its business and faces the risk of failure to deliver or perform by its suppliers and contractors**

The Target Group's industry and business require a high level of technical expertise. The Target Group may be required to engage the services of, or outsource certain work to technical consultants and professionals in the course of its business. In the event that the Target Group engages or outsources work to these technical consultants and professionals, it will be exposed to risks arising from the technical abilities and work quality of these technical consultants and professionals. Depending on the terms of work engagement, the Target Group may face delays in production schedule as a result of non-performance by the technical consultants and professionals. There is no assurance that the Target Group will be able to successfully engage or outsource work to suitable technical consultants and professionals, or if it is able to successfully engage or outsource work, the technical consultants and professionals may not be able to deliver their work on schedule, although such work will be monitored by the Target Group to ensure proper delivery. If the Target Group is unable to successfully engage or outsource work to suitable technical consultants and professionals and/or if there is any inability by the relevant technical consultants and professionals to deliver their work on a timely basis, the Target Group's business, financial performance and condition, results of operations and business prospects will be adversely affected.

(n) **The Target Group's business is subject to foreign exchange exposure and currency fluctuations**

The Target Group's revenue is denominated in US dollars and South African rand while its operating costs, exploration and evaluation expenditure and/or purchases are denominated in South Africa rand.

To the extent that the Target Group's revenue and operating costs, exploration and evaluation expenditure and/or purchases are not entirely matched in the same currency and to the extent that there are timing differences between invoicing and collection or payment, as the case may be, the Target Group is exposed to any adverse fluctuations of the US dollar and South African rand against the Renminbi or *vice versa*. Any significant fluctuations in the exchange rates of US dollars and South African rand against Renminbi could adversely affect the financial position and results of the Target Group.

The Target Group currently does not have revenue as yet.

(o) **The Target Group's operations are exposed to risks relating to environmental protection and rehabilitation**

The Target Group's production and operations are subject to the environmental laws, rules and regulations of the countries in which the Target Group operates, relating to, among others, the prevention of pollution of the air, the earth and water, the treatment and discharge of hazardous wastes and materials as well as environmental rehabilitation.

Environmental hazards may occur in connection with the Target Group's operations as a result of human negligence, force majeure or otherwise. Environmental risks arising from the mining activities of the Target Group at the Target Mine include potential soil erosion and sedimentation, dust and gas emissions and production of hazardous materials arising from the processing of ore. The occurrence of any environmental hazards may delay production, increase production costs, cause personal injuries or property damage, result in liabilities incurred by the Target Group and/or damage the Target Group's reputation. Such incidents may also result in a breach of the conditions of the Target Group's environmental approvals and/or mining rights or other consents, approvals or authorisations, which may result in fines, penalties, or even possible revocation of the Target Group's mining rights. If any of such event materialises, the Target Group's business, financial performance and condition, results of operations and business prospects will be adversely affected.

In the future, the Target Group may experience increased costs of production arising from compliance with environmental laws and regulations. Moreover, the development of the economies of the countries in which the Target Group operates and the improvements in the living standards of the population may lead to a heightened awareness of environmental protection. As a result, it is possible that more stringent environmental laws, regulations and policies may be implemented in the future, or that the existing environmental laws, regulations and policies may be more strictly enforced. The Target Group may not always be able to comply with existing or future laws, regulations or policies in relation to environmental protection and rehabilitation economically or at all. Should it fail to comply with any such existing or future laws, regulations or policies, the Target Group may be subject to penalties and liabilities, including but not limited to, warnings, fines, prosecution, suspension of production and closure of the facility that fails to comply with the relevant environmental standards. In addition, it may also be subject to actions by environment protection groups or other concerned persons who object to the actual or perceived environmental impact of the Target Group's mining operations or other actual or perceived conditions at the Target Mine. These actions may delay or halt production or may create negative publicity related to the Target Mine. Accordingly, in such event, the Target Group's operations and financial condition will be adversely affected.

The Target Group also cannot assure that its contractors will not violate any environmental laws and regulations in its operations that may be attributable to the Target Group. The Target Group may face potential material environmental liabilities that it is currently not aware of, which could have a material adverse effect on the Target Group's business, financial performance and condition, results of operations and business prospects.

(p) **The Target Group's operations are subject to regulations and risks in relation to production safety and the occurrence of accidents**

The Target Group is subject to laws, rules and regulations imposed by the government of the countries in which the Target Group operates regarding occupational safety and health. The Target Group may experience increased costs of production to comply with occupational safety and health laws and regulations. There can be no assurance that more stringent laws, regulations or policies regarding occupational safety and health will not be implemented or that the existing laws, regulations and policies will not be more stringently enforced. The Target Group may not be able to comply economically with all existing or future laws, regulations and policies in relation to occupational safety and health issues economically or at all. Should the Target Group fail to comply with any occupational safety and health laws or regulations, the Target Group may be required to rectify such related occupational safety and health problems within a period prescribed under the laws and regulations or as prescribed by the regulatory authorities. Failure to rectify any problem could lead to suspension of the Target Group's operations, and offences committed against the laws and regulations could in turn lead to penalties such as fines. In addition, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future. Should the Target Group fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, the Target Group's business, financial performance condition, results of operations and business prospects may be adversely affected, and it may be subject to penalties, civil liabilities or criminal liabilities.

Additionally, the occurrence of accidents may disrupt or result in a suspension of the Target Group's operations, increase production costs, result in liabilities incurred by the Target Group and/or damage the Target Group's reputation. Such incidents may also result in a breach of the conditions of its mining licences, or any other consents, approvals or utilisation, which may result in fines and penalties, or even possible revocation of the Target Group's mining licences, which will adversely affect its business, financial performance and condition, results of operations and business prospects.

(q) **The Target Group's insurance coverage may not cover all types of possible losses and may be insufficient to cover certain losses**

The Target Group's operations are subject to various risks inherent in exploration, development and production activities. The Target Group's insurance may include life insurance for certain employees and public liability, in each case subject to deductibles, exclusions and limitations.

There can be no assurance that any insurance proceeds the Target Group receives (if any) would be sufficient to cover expenses relating to insured losses or liabilities. Moreover, depending on the severity of the damage, the Target Group may not be able to rebuild damaged property in a timely manner or at all. The Target Group is also subject to the risk of increased premiums or deductibles, reduced coverage, and additional or expanded exclusions in connection with its existing insurance policies. The Target Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Target Group.

(r) **Severe weather conditions, natural disasters and other events beyond the Target Group's control could materially and adversely affect its business and results of operations**

Severe weather conditions, including heavy rainfall and natural disasters such as landslides, earthquakes, fire hazards and floods, and other events beyond the Target Group's control may require the Target Group to evacuate personnel or curtail operations and may result in damage to the Target Mine, equipment and facilities, which could result in the temporary suspension of operations or a reduction in the Target Group's productivity. During periods of curtailed activity due to adverse weather conditions, natural disasters or other events beyond the Target Group's control, the Target Group may continue to incur operating expenses although production has slowed down or ceased altogether. Any damages to the Target Group's projects or delays in its operations caused by severe weather conditions, natural disasters or other events beyond the Target Group's control could materially and adversely affect the Target Group's business, financial performance and condition, results of operations and business prospects.

(s) **The Target Group's operations may negatively impact the local communities**

The impact of the operations of the Target Group may negatively impact the local communities. For example, properties of the local villagers may be affected by the tunnelling works of the Target Group. There may also be noise disturbances due to the operations of the Target Group. In addition, the local communities may become disenchanted from immigration and disturbance from traffic from mine operations, as well as be affected by the loss of jobs which occurs in the event of mine closure. Consequently, local dissatisfaction from the local communities at the general location of the Target Mine with the Target Group may arise. If the Target Group is not able to deal with such social issues properly, it may erode support among the local communities, and cause damage to the reputation of the Target Group, which could adversely affect its business and operations, and in turn, financial performance.

(t) **Mining operations of the Target Group have a finite life and the eventual closure of these operations will entail costs and risks regarding on-going monitoring and compliance with environment standards**

Mining operations of the Target Group have a finite life and will eventually be closed. The key costs and risks for mine closures include the following:

- long-term management of permanent engineered structures and acid rock drainage;
- achievement of environmental closure standards;
- orderly retrenchment of employees and third party contractors; and
- relinquishment of the site with associated permanent structures, community development infrastructure and programmes to new owners.

The successful completion of these tasks is dependent on the ability to successfully implement negotiated agreements with the relevant government, community, employees and third party contractors. The consequences of a difficult closure range from increased closure costs and handover delays to on-going environmental rehabilitation costs and damage to the reputation of the Target Group if desired outcomes cannot be achieved, which could materially and adversely affect its business and results of operations.

(u) **Future acquisitions, joint ventures or other arrangements may expose the Target Group to increased risks**

The Target Group may, as a matter of business strategy, invest in or acquire other entities in the mining business, or enter into joint ventures or other investment structures in connection with the mining business. Acquisitions that the Target Group makes, along with potential joint ventures and other investments, may expose the Target Group to additional business and operating risks and uncertainties, including:

- direct and indirect costs in connection with the transaction;
- the inability to effectively integrate and manage the business acquired;
- the inability or unwillingness of joint venture partners to fulfil their obligations under the relevant joint venture agreements;
- the inability of the Target Group to exert control over strategic decisions made by these companies;
- time and resources expanded to coordinate internal systems, controls, procedures and policies;
- disruption in on-going business and the diversion of management's time and attention from other business concerns;
- the risk of entering markets in which the Target Group may have no or limited prior experience;
- the potential loss of key employees and customers of the acquired businesses;
- the risk that an investment or acquisition may reduce the Target Group's future earnings; and
- exposure to unknown liabilities.

(v) **The Target Group operates in a competitive environment**

The mineral resources industry is competitive. There may be a limited supply of desirable exploration and mining assets for acquisition in the areas where the Target Group contemplates expanding its operations and conducting exploration and mining activities. The Target Group's competitors could have greater financial resources available to them, longer operating histories, more advanced technologies and larger teams of technical and professional staff. Accordingly, there can be no assurance that the Target Group will be able to compete successfully for new mineral resource assets. Failure of the Target Group to compete successfully may have a materially adverse effect on the Target Group's business, financial condition and results of operations.

2. Risks relating to the jurisdictions in which the Target Group operates

(a) **The countries in which the Target Group operates face political, economic, fiscal, legal, regulatory and social uncertainties**

The mine of the Target Group, the Target Mine, is operated in South Africa. The Target Group's operations are exposed to the political, economic, fiscal, legal, regulatory and social environment of the countries in which it operates. The Target Group's business involves a high degree of risk, which a combination of experience, knowledge and careful evaluation may not overcome. These risks include, but are not limited to, civil strife or labour unrest, armed conflict, limitations or price controls on the export of mineral resources and limitations or the imposition of tariffs or duties on imports of certain goods.

Exploration and development activities in developing countries may require protracted negotiations with host governments and third parties and may be subject to economic and political considerations such as the risks of war, community disturbances, criminal activities (such as theft of mineral resources), expropriation, nationalisation, renegotiation, forced change or nullification of existing contracts or royalty rates, unenforceability of contractual rights, foreign ownership controls or approvals, protests, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, foreign exchange restrictions, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls, and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any of the factors detailed above or similar factors could have a material adverse effect on the business, financial condition or results of operations of the Target Group. If disputes arise in connection with the Target Group's operations in developing countries, the Target Group may be subject to the exclusive jurisdiction of foreign courts or foreign arbitration tribunals or may not be successful in subjecting foreign persons to the jurisdiction of courts in other countries. Further, the Target Group may also be adversely affected by increased action by non-governmental organisations opposing to the mineral resources exploration and production industry.

(b) **Risks associated with emerging and developing markets generally**

The disruptions experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries with emerging and developing markets, such as those in South Africa where the Target Group operates, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by levels of investor confidence in such markets as a whole and as such any factors that impact market confidence including a decrease in credit ratings, state or central bank intervention in a market or terrorist activity and conflict, could affect the price or availability of funding for entities within any of these markets.

Since the onset of the global economic crisis in 2007, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies could dampen foreign investment in and adversely affect the economies of these countries.

Investments in emerging markets such as South Africa are therefore subject to greater risks than more developed markets, including in some cases significant legal, fiscal, economic and political risks.

(c) **The Target Group may be affected by political, security, economic situations in South Africa**

After the National Party gained power in South Africa in 1948, its all-white government immediately began enforcing existing policies of racial segregation under a system of legislation that it called apartheid. Under apartheid, non-white South Africans (a majority of the population) would be forced to live in separate areas from whites and use separate public facilities, and contact between the two groups would be limited. In 1991, the government of President F.W. de Klerk began to repeal most of the legislation that provided the basis for apartheid. De Klerk's government subsequently repealed the Population Registration Act, as well as most of the other legislation that formed the legal basis for apartheid. A new constitution, which enfranchised blacks and other racial groups, took effect in 1994, and elections that year led to a coalition government with a non-white majority, marking the official end of the apartheid system. As a result of South Africa's political and social history, any political, economic, social and security tensions, if escalated, could hamper investor confidence, economic potential, and growth and stability of the South Africa's industry, including its mining industry. Any other unfavourable changes in the political, economic and social conditions of South Africa, and the existence of conditions impacting safety and security, may also adversely affect the Target Group's business and operations in South Africa.

According to The Organisation for Economic Co-operation and Development, economic growth in South Africa is projected to rebound in 2017 and strengthen further in 2018, driven by household consumption and investment. In particular, the improvement in electricity production removes bottlenecks and should boost confidence and therefore investment, provided that political uncertainties dissipate. Rising production costs, together with the earlier rand appreciation should weigh on exports. The macroeconomic situation is still difficult as growth is weak and inflation is above the central bank's target. Falling inflation will create scope to ease monetary policy; however, scope for easing may be limited in the short term as the persistent drought is driving up food prices. Lifting barriers to competition and favouring the development of small-medium enterprises could boost productivity, employment and living standards. Unless growth accelerates, however, unemployment and inequality will remain very high. Fiscal policy is under pressure from the risk of a ratings downgrade. Due to the continued increase of government debt and higher borrowing rates in the context of persistent low growth, South Africa has no fiscal space. As the Target Group through AWP operates mainly in South Africa, any material adverse change in the South African economy or its mining and related industry could hamper investor confidence, economic potential, and growth and stability of the mining industry. Such unfavourable changes in may hence adversely affect the Target Group's business and operations in South African.

(d) **Some of the areas in which the Target Group operates lack physical infrastructure or contain physical infrastructure in poor condition**

While the Target Mine is located in a good location with established infrastructure, with access to utilities such as electricity and water, water supply from the nearby Crocodile River is already fully allocated. Further water is provided to town by the Department of Water Affairs and Sanitation from a pipeline extending from the Driekoppies dam. Electricity supply is also under pressure in South Africa due to aging generating and distributing infrastructure, maintenance practices, priority supply to previously disadvantaged groups and depressed economic conditions in general. Two big power stations are under construction and will add about 9,600 megawatts to the supply of the current installed capacity of 42,000 megawatts.

Breakdowns or lack of or failures of any part of the physical infrastructure in the areas where the Target Group operates may disrupt the normal business activity of the Target Group, cause it to suspend operations or result in environmental damage to the surrounding areas. Further deterioration of the physical infrastructure in the areas where the Target Group operates may disrupt the transportation of goods and supplies, increase operational costs to doing business in these areas and generally interrupt business operations, any or all of which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Target Group.

(e) **The interpretation and application of laws and regulations in the jurisdictions in which the Target Group operates involves uncertainty**

The courts in the jurisdictions in which the Target Group operates, such as South Africa, may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, the Target Group could face risks such as: (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (v) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions in which the Target Group operates may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Target Group by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to the Target Group's contracts, licences, licence applications or other arrangements.

There can be no assurance that unfavourable interpretation or application of the laws in the jurisdictions in which the Target Group operates will not adversely affect its contracts, licences, licence applications or other legal arrangements. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws and regulations in the countries in which the Target Group operates are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder the Target Group's long-term planning efforts and may create uncertainties in the Target Group's operating environment.

(f) **Natural disasters in the countries in which the Target Group operates could disrupt the economy of such countries and the Target Group's business**

The Target Group's operations, including the drilling and other exploration activities and the transport and other logistics on which the Target Group is dependent, may be adversely affected and severely disrupted by climatic or geophysical conditions. Natural disasters or adverse conditions may occur in those geographical areas in which the Target Group operates, including severe weather, tsunamis, cyclones, tropical storms, earthquakes, floods, volcanic eruptions, excessive rainfall and droughts as well as power outages or other events beyond its control.

A significant natural disaster or geological disturbance in more populated cities and financial centres could severely disrupt that country's economy and undermine investor confidence and have a material adverse effect on the business, results of operations, financial condition and prospects of the Target Group.