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CHINA BILLION RESOURCES LIMITED

中富資源有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

CLARIFICATION ANNOUNCEMENT ON CHANGE OF AUDITOR

CLARIFICATION ON CHANGE OF AUDITOR

Reference is made to the announcement of the Company dated 15 August 2013 (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Reference is also made to the announcement (the “**2011 Results Announcement**”) for the audited annual results of the Group for the year ended 31 December 2011 (the “**2011 Annual Results**”) published on 1 April 2013. Upon the publication of the 2011 Results Announcement, the Company considered that certain issues needed to be otherwise reported in the annual results. Hence, the management of the Company has consulted other independent professional advisors on the 2011 Annual Results and the disclaimer of opinion from the Outgoing Auditor for the 2011 Annual Results (the “**Initial Audit Opinions**”) and considered that there are differences in opinions on interpreting certain accounting and financial reporting standards (the “**Issues With Difference In Opinions**”) including but not limited to the non-recognition of deferred tax liabilities arising from the acquisition of the Hunan Westralian Mining Company Limited in February 2010. Therefore, a telephone conference on 5 August 2013 was held between the management of the Company and the Outgoing Auditor to discuss the Initial Audit Opinions and the Issues With Difference In Opinions.

To resolve the Issues With Difference In Opinions, the Company suggested to recognize, amongst other things, the deferred tax liabilities in the 2011 Annual Results according to the requirements as set out in the HKFRS and HKAS. However, the Outgoing Auditor held different view to the suggestion by the Company and the meeting on 5 August 2013 was closed with the issues being unresolved.

To the best of the Directors’ knowledge, three letters were issued by the Outgoing Auditor to the audit committee of the Company. The first letter was dated 20 June 2012, wherein the Outgoing Auditor stated that they tried to obtain the outstanding information through emails, telephone conferences and meetings. On 28 March 2013,

the Outgoing Auditor issued another letter explaining the Initial Audit Opinions. The final letter was issued on 12 August 2013 explaining its disagreement on the Issues With Difference In Opinions. Apart from these letters, the Outgoing Auditor has not sought any other assistance from the Company's audit committee in relation to the audit issues of the 2011 Annual Results before the Resignation Letters were issued to the Company on 11 August 2013.

Due to (i) the various enquiries from financial regulators received by the Company; (ii) the Issues With Difference In Opinions subsequently considered by the management of the Company and upon consulting other independent professional advisors after the publication of 2011 Results Announcement, the Directors are of the opinion that there should be some significant later changes to the 2011 Annual Results. The Directors considered that the Issues With Difference In Opinions in the 2011 Results Announcement have to be restated and thus it is necessary to make adjustments to and reissue the 2011 Results Announcement. Further announcement will be made by the Company for the abovementioned matters.

Since the Outgoing Auditor has not signed its opinion on the 2011 Annual Results and the disagreement on the Issues With Difference In Opinions for the audit of the Group for the year ended 31 December 2011 persists, a new auditor of the Company, THKC, was appointed to conduct the audit on the revised financial statements of the Group for the year ended 31 December 2011.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company on the Stock Exchange has been suspended at the request of the Company on 29 June 2011 and will remain in suspension until further notice.

By order of the Board of
China Billion Resources Limited
Long Xiaobo
Chairman

Hong Kong, 9 October 2013

As at the date hereof, the Board comprises the following Directors:

Executive Directors:

Mr. Long Xiaobo (*Chairman*)
Mr. Zuo Weiqi (*Chief executive officer*)
Mr. Chen Yi Chung
Mr. Lam Chi Man

Independent non-executive Directors:

Mr. Jin Shunxing
Dr. Zhu Jing
Mr. Chiang Tsung-Nien

* *For identification purpose only*