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## Hengxing Gold Holding Company Limited

### 恒興黃金控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 2303)

## Operational Updates of Gold Mountain Mine for the Fourth Quarter of 2018

This is a voluntary announcement made by Hengxing Gold Holding Company Limited (“Hengxing Gold” or the “Company”, including its subsidiaries, the “Group”).

The board (the “Board”) of directors (“Directors”) of the Company announces the operational updates for the fourth quarter of 2018 (from October 1, 2018 to December 31, 2018) of its Gold Mountain Mine (as defined in the prospectus dated 19 May 2014 of the Company). Gold Mountain Mine, wholly owned and operated by the Company, is the largest operating gold mine in Xinjiang region of China according to JORC resources. Its annual ore processing capacity and gold production volume are currently at full production level. Xinjiang Gold Mountain Mining Co., Ltd (新疆金川礦業有限公司) (“Jinchuan Mining”), incorporated in China, is an indirectly wholly owned subsidiary of the Company.

### Production Updates of Gold Mountain Mine

In the fourth quarter of 2018, the operating performance of Gold Mountain Mine has met the Company’s 2018 production and cost guidance established at the beginning of the year. The production details of the four mining pits are illustrated below.

Pits	Stripping volume (tons)		Ore mined (tons)	
	2018 Q4	2017 Q4	2018 Q4	2017 Q4
Yelmand	371,466	961,038	1,015,184	1,078,469
Mayituobi	121,033	88,306	-	224,701
Jingxi-Balake	3,102,865	4,143,347	197,084	81,781
Kuangou	1,376,189	2,805,306	-	-
<b>Total</b>	<b>4,971,553</b>	<b>7,997,997</b>	<b>1,212,268</b>	<b>1,384,951</b>

According to the unaudited operational data of the Group and information currently available to the Company, Gold Mountain Mine processed 1,250,754 tonnes of newly mined ore with an average grade of 0.82g/t and reprocessed the 280,871 tonnes of the ore in the existing pad with an average grade of 0.38g/t, together the processed ore reached 1,531,625 tonnes during the fourth quarter of 2018, rose approximately 10% compared to the same period in the previous year.

The gold production of Gold Mountain Mine is illustrated below:

	<b>2018</b>	<b>2017</b>	<b>Change</b>
The Fourth Quarter (ounces)	25,981	17,265	50%
Year ended December 31 (ounces)	98,228	84,849	16%

As disclosed in the announcement dated on November 1, 2018, the gold production during the third quarter of 2018 decreased due to the adjustment of gold extraction schedule, but will still meet the annual production plan in the fourth quarter. As the above table illustrates, the gold production during the fourth quarter of 2018 is 50% higher from the same period last year.

The gold production for the year ended December 31, 2018 increased by 16% from the same period last year mainly because 1) 6,977 ounces gold produced from reprocessing the ore of stockpile; and 2) the overall recovery rate in 2018 increased to 66.5% from 64.8% of 2017. The all-in sustaining cost was maintained at a competitive level of RMB150.6/gram (equivalent to US\$682/oz with exchange rate of RMB6.8632/USD as at 31 December 2018), 3.2% higher than RMB145.9/gram from the same period last year due to the increased leaching agent and cement cost.

### **Updates of Exploration**

During the fourth quarter of 2018, there was no exploration work carrying out as a result of deep snow in the winter.

### **Other Updates**

Jinchuan Mining obtained the certification of High-Tech Enterprise in October 2018 with a valid term of three years to October 2021. The certification will allow Jinchuan Mining to apply to the preferential income tax rate of 15%, while the normal income tax rate is 25%.

As disclosed in the previous announcements, the strategy of the Company is to maintain the production of Gold Mountain Mine with a competitively low cost and to grow by acquiring suitable gold assets. The Company has made in-depth desktop reviews of multiple projects in 2018 and the reviews are ongoing while the Company has not reached any definitive agreements in relation to any project as at the date of this announcement. The market consensus forecasts that there will be an increase of deal flow in gold sector in 2019 driven by higher gold price and consolidation of major gold producers. Amid the timing, the Company maintains its strategy to continue seeking opportunities of quality assets to strengthen the Company's asset portfolio and resource base.

**The Company intends to provide available updates on the status of production and company activities to its shareholders and potential investors on a timely basis.**

*This announcement is made based on the Board's preliminary review of the unaudited operational data of the Group and the information currently available to the Board, it is not based on any figures and information which have been audited or reviewed by the Group's auditors. The references to the gold production, gold price or unit operating cash cost do not constitute, represent or indicate the full picture of the Group's total revenue or financial performance and the information contained in this announcement may be subject to change and adjustment.*

*Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Company's securities.*

**By order of the Board**  
**Hengxing Gold Holding Company Limited**  
**KE Xiping**  
*Chairman*

Hongkong, 31 January 2019

*As at the date of this announcement, the executive directors of the Company are Mr. KE Xiping, Ms. Yang Yifang (Lydia Yang), Mr. CHEN, David Yu and Mr. KE Jiaqi, the non-executive director of the Company is Mr. Albert Fook Lau HO and the independent non-executive directors of the Company are Ms. WONG, Yan Ki Angel, Dr. Tim SUN and Dr. PAN Guocheng.*