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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 Third Quarter of 2019

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 third quarter of 2019 of its Gold Mountain Mine (as defined in the prospectus dated 19 May 2014 of the Company). Gold Mountain Mine is a gold mine, wholly owned and operated by Xinjiang Gold Mountain Mining Co., Ltd (新疆金川礦業有限公司) (“Jinchuan Mining”), an indirect wholly-owned subsidiary of the Company established in China.

Based on the unaudited operational data of the Group and information currently available to the Company, Gold Mountain Mine produced 24,830 ounces (equivalent to approximately 772.3 kg) of gold, increased approximately 4.3% compared to the third quarter of 2018. The all-in sustaining cost (“AISC”) was RMB181/gram (equivalent to US\$795/oz based on the exchange rate of RMB7.0729/USD as at 30 September 2019), 20% higher than RMB151/gram from the same period last year.

The production details are illustrated below.

		THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	Unit	2019	2018	2019	2018
Ore Mined	Kt	1,865	1,461	4,439	4,208

Waste Stripped	Kt	16,051	3,438	26,437	18,488
Ore Processed	Kt	2,479	2,022	5,763	5,054
<i>Newly mined ore</i>	Kt	1,850	1,160	4,409	4,192
<i>Ore in the existing pad</i>	Kt	629	862	1,354	862
Feed-in Grade		0.67	0.73	0.66	0.75
<i>Newly mined ore</i>	g/t	0.82	0.87	0.76	0.83
<i>Ore in the existing pad</i> (<i>Note 1</i>)	g/t	0.35	0.4	0.35	0.4
Gold Produced	ounces	24,830	23,814	60,341	72,246

Note 1: Use High pressure grind roller to reprocess the ore in the existing leaching pad whose final size larger than 4.5mm.

The Company's gold production during the third quarter of 2019 went up as the processed ore increased by 22% over the same period last year. In line with the mining plan the feed-in grade of newly mined ore rose 6% from the second quarter of 2019 to 0.82g/t. While the increase of AISC is mainly resulted from the soaring stripping volumes during the third quarter of 2019.

Other updates

The closure project in the Mayitobi pit has completed in September 2019 and is ready to sow grass seeds. As of 30 September, 2019, the Gold Mountain Mine's annual outsourcing green area is about 200,000 square meters, in which 132,000 square meters have been accepted.

In order to strengthen the Company's asset portfolio and resource base, the Company continues making effort during the third quarter of 2019 including in-depth desktop reviews and site visits of multiple projects. As at the date of this announcement, the Company is still commencing discussions on one of the projects that is currently controlled by an independent overseas third party (the "Independent Third Party") and under the pre-construction stage. A potential acquisition ("Potential Acquisition") of the project is subject to final due diligence results and further discussions with the Independent Third Party.

The Board wishes to emphasise that no binding agreement in relation to the Potential Acquisition has been entered into as at the date of this announcement. As such, that the Potential Acquisition may or may not proceed. If the Potential Acquisition materialises, it may constitute a notifiable transaction on the part of the Company, and further announcement(s) will be made by the Company as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Company will update shareholders and possible investors from time to time on the status of production, technical upgrade and exploration progress.

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, and 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

Hong Kong, 1 November 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.