
GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this document in connection with our Group’s business and operations. These terms and their meanings may not correspond to the standard industry meanings or usage of those terms.

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| “adit” | a horizontal tunnel or drive from the surface into a mine |
| “annual production capacity” | the maximum annual production capacity within the permitted annual production volume that can be achieved by our Group in the usual and ordinary course of business based on our existing resources and mine design |
| “ASL” | above sea level |
| “Au” | is the symbol for the chemical element of gold |
| “Au99.99, Au99.95, Au99.9, Au99.5” | the common standard for denoting gold purity adopted by Shanghai Gold Exchange to conform with international practice, in which Au99.99 and Au99.95 gold denotes gold contents of 99.99% and 99.95% or above, respectively, while Au99.9 and Au99.5 gold denote gold contents of 99.9% and 99.5% or above, respectively |
| “Au (T+D)” or “Au (T+D) contract” | a standardised contract employed by the Shanghai Gold Exchange, which involves the delivery of certain amount of gold at a specific point of time but such delivery of gold can be delayed indefinitely |
| “Au (T+D) spot price” | the market price of Au (T+D) contract as quoted on the Shanghai Gold Exchange |
| “CIM Definition Standards” | the CIM Definition Standards on Mineral Resources and Mineral Reserves issued and adopted by Canadian Institute of Mining, Metallurgy and Petroleum on 19 May 2014 |
| “concentrate” or “gold concentrate” | a powdery or wet product containing an upgraded mineral content resulting from initial processing of mined ore to remove some waste materials. A concentrate is an intermediary product, which would still be subject to further processing, such as smelting, to effect recovery of metal |
| “crude gold” | unrefined gold produced at mine site or other gold sources before sending to a smelter where the gold is refined to commercial-grade gold product |
| “crusher” | a machine for crushing rocks to smaller grain size |

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| “cut-and-fill” | a method of stoping in which ore is removed in slices, or lifts, with the excavation subsequently filled with rock or other waste material (backfill), before the next slice is extracted |
| “cut-off grade” | the grade threshold above which a mineral is considered economic to mine |
| “deposit” | a natural occurrence of a useful mineral, or an ore, sufficient in extent and degree of concentration to invite exploitation |
| “dilution” | the reduction of grade for mined ore due to the inclusion of waste material in the mined ore |
| “drilling” | the use of a machine to create holes for exploration or for loading with explosives |
| “exploration” | activity to prove the location, volume and quality of an orebody |
| “feed grade” | in respect of mineral processing, the relative content of gold compared to the full content including gold and other substances in the ore fed at the processing mill, with reference to the mass with gold in the total mass of the ore and expressed in g/t Au |
| “floatation” | a process by which some mineral particles are induced to become attached to bubbles of froth and float, and others to sink, so that the valuable minerals are concentrated and separated from the remaining rock or mineral material |
| “GFA” | gross floor area |
| “g” | gram |
| “g/t” | grams per metric tonne - metal concentration |
| “gold bullion” | refined gold in the form of bars |
| “gold mine production volume” or “gold production volume” | production volume of gold that is mined from gold mines and as by-products from non-ferrous metal ores |
| “gold recovery rate” | the percentage of gold produced compared to the amount of gold contained in the feed ore in the context of a processing plant, or the percentage of gold produced compared to the amount of gold contained in the feed concentrates in the context of a smelting plant |

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| “gold refining” or “refining” | the final stage of the metallurgical process of refining crude gold to a pure or very pure end-product (or 99.99% pure) |
| “grade” | the relative amount of valuable elements or minerals contained in a parcel of ore material. For gold, grade is commonly expressed in grams per tonne of milled ore (g/t Au) |
| “ha” | hectare |
| “Indicated Mineral Resource(s)” or “Indicated Resource(s)” | see the definition under NI 43-101 in the section headed “Summary of NI 43-101” in this document |
| “Inferred Mineral Resource(s)” or “Inferred Resource(s)” | see the definition under NI 43-101 in the section headed “Summary of NI 43-101” in this document |
| “kg” | kilogram(s), the basic unit of mass in the international system of units |
| “km” | kilometre(s), a metric unit measure of distance |
| “kt” | thousand tonnes, a metric unit of weight, being equivalent to 1.0 million kg |
| “ktpa” | kt per annum |
| “ktpd” | kt of ore per day |
| “koz” | thousand ounces, a unit of weight |
| “kV” | kilovolt |
| “kW” | kilowatt |
| “LoM” | life of mine. It refers to the shortest timeframe that the Mineral Reserve of a mine are estimated to be fully utilised after considering the actual situation of the mine and strategic plan of the mining operation. Should the mine owner decide to reduce the mining and processing volume per annum and/or discover additional Mineral Reserve, it would take longer time to utilise the Mineral Reserve of the mine and the life of mine would be lengthened |

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| “large-scale mine” | a gold mine consisting of over 20 tonnes of the combination of Measured Mineral Resources, Indicated Mineral Resources and Inferred Mineral Resources, according to specifications for hardrock gold exploration issued by the Ministry of Natural Resources of the PRC (DZ/T0205-2002) |
| “low-grade ore rocks” | ore rocks with gold content ranging from 0.2 to 0.3 g/t Au |
| “Measured Mineral Resource(s)” or “Measured Resource(s)” | see the definition under NI 43-101 in the section headed “Summary of NI 43-101” in this document |
| “Mineral Reserve(s)” or “Reserve(s)” | the economically mineable part of a Measured Mineral Resource and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Furthermore, Mineral Reserves are those portions of Mineral Resources that, after the application of all modifying factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, can be the basis of a technically and economically viable project, after taking account of material relevant modifying factors. Mineral Reserves are subdivided into proven and probable categories |
| “Mineral Resource(s)” or “Resource(s)” | a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling |
| “mineralisation” | an area with continuous distribution belts of mineralisation, including the occurrence of deposits, mine sites and alteration of waste rock, as exploration indicators and under control of same geology conditions. It is a key zone for estimation and further planning of exploration of minerals |
| “mining loss” | that part of a mineral reserve which is not recovered during the mining process |
| “mining rights” | the rights to mine mineral resources and obtain mineral products in areas where mining activities are licenced |

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| “Mt” | million metric tonnes, being equivalent to 1.0 million tonnes or 1,000 kt |
| “mu” | the traditional Chinese unit of area (畝), one mu is equivalent to approximately 666.67 sq.m. |
| “open-pit mining” | mining of a deposit from a pit open to surface and usually carried out by stripping of overburden materials |
| “ore” | mineral bearing rock which can be mined and treated profitably under current or immediately foreseeable economic conditions |
| “orebody” | natural mineral accumulations which can be extracted for use under existing economic conditions and using existing extraction techniques |
| “ore mined volume” | the volume of ores mined from gold mines |
| “ore processed volume” | the volume of ores sent to processing plant for processing to produce gold concentrate |
| “ore processing” or “processing” | the process which in general refers to the extraction of usable portions of ores by using physical and chemical methods |
| “ounce(s)” or “oz” | a unit of weight for precious metals, and one kilogram equals 32.1507 troy ounce |
| “permitted annual ore stripping volume” | the maximum volume of rocks permitted to be stripped in a year, which is equivalent to the permitted annual production volume or such volume times the average stripping ratio according to the utilisation plan associated with the relevant mining licence submitted to and approved by the government, as the case may be. The stripping of rocks essentially refers to the processing of ores as conducted in the processing plant |
| “permitted annual production volume” | indicates the production scale of a mine. For our Songjiagou Open-Pit Mine, the permitted annual production volume has to be interpreted together with the utilisation plan for determining the permitted annual ore stripping volume. For our Songjiagou Underground Mine, the permitted annual production volume is equivalent to its permitted annual ore stripping volume |
| “Probable Mineral Reserve(s)” or “Probable Reserve(s)” | see the definition under the section headed “Summary of NI 43-101” in this document |

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| “Proven Mineral Reserve(s)” or “Proven Reserve(s)” | see the definition under the section headed “Summary of NI 43-101” in this document |
| “rehabilitation” | in the context of mining, the process of returning the land to another productive use or the restoration of land and environmental values to a mine site after the mining has been completed |
| “ROM” | run-of-mine, of or relating to ore that is in its natural and unprocessed state produced from a mine |
| “small-scale mine” | a gold mine consisting of less than 5 tonnes of the combination of Measured Mineral Resources, Indicated Mineral Resources and Inferred Mineral Resources, according to specifications for hard-rock gold exploration issued by the Ministry of Natural Resources of the PRC (DZ/T0205-2002) |
| “smelting” | a pyrometallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed |
| “sq.km.” | square kilometre(s) |
| “sq.m.” or “m ² ” | square metre(s) |
| “standard gold” | gold bullion which satisfies both standard content requirements (Au99.99, Au99.95, Au99.9, Au99.5) and standard weight requirements (50g, 100g, 1kg, 3kg, 12.5kg) set by Shanghai Gold Exchange |
| “stope” | an underground excavation from which ore is being extracted |
| “stoping” | removal of the ore from an underground mine leaving behind an open space known as a stope |
| “tailings” | the waste materials (residue) produced by the processing plant after extraction of valuable minerals |
| “tailings dam” | a storage facility for tailings |
| “tonne” or “t” | metric tonne, a metric unit of weight, being equivalent to 1,000 kg |
| “underground mine” | openings in the earth accessed via shafts and adits below the land surface to extract minerals |
| “vein” | sheet-like body of minerals formed by fracture filling or replacement of host rock |