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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 First Quarter of 2017**

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 first quarter of 2017 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 in terms of JORC resources, annual ore processing capacity and gold production volume 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**

Based on the unaudited operational data of the Group and information currently available to the Company, the Group’s Gold Mountain Mine crushed and processed 934,328 tonnes of ore during the first quarter of 2017, up 51% year-on-year. The average head grade increased by 16% to 1.03 g/t from 0.83 g/t for the same period last year. The stripping and mining volumes of the Yelmand prospect was 430,486 cubic meters and 943,002 tonnes respectively. There were no stripping or mining activities in the Mayituobi prospect due to heavy snow in the first quarter of 2017. As for the Kuangou prospect, the initial stripping in the first quarter of 2017 amounted to 687,758 cubic meters and the haulage adit for transporting ore from the Kuangou prospect to the plant has reached 179 meters long. As of 31 March 2016, the average overall strip ratio for Gold Mountain Mine of 2017 is 1.21 (since the commissioning of the mine, the accumulative average strip ratio is 3.24).

For the first quarter of 2017, Gold Mountain Mine produced 25,934 ounces (equivalent to approximately 833.8 kg) of gold (including the gold contained in the production systems resulting from worked conducted in the fourth quarter of 2016), approximately 77% higher than that for the corresponding period last year. The all-in gold production cost (cash operating costs plus amortization and depreciation) for the first quarter of 2017 decreased to US\$586/oz, mainly due to reduced stripping activities and increased gold production.

### **Technical Upgrade of Gold Mountain Mine**

As disclosed in the previous announcements, the Company has decided to use high-pressure grinding roller as part of overall technical upgrade. The high-pressure grinding roller has been on trial since March 2017 and the final ore size is nearing the designed size for heap leach. Once the grinding roller commences commercial operation, the leaching recovery rate is expected to improve to approximately 65% from 57%.

### **Other Updates of Gold Mountain Mine**

The Company is cooperating with the National 305 Project Office, a Chinese scientific research institute focus on mineral resources studies in Xinjiang region, to conduct further geological studies and exploration at and in the surrounding areas of the Gold Mountain Mine where the Company holds licenses.

As disclosed in the previous announcements, Jinchuan Mining filed an arbitration to Xiamen Arbitration Commission (the “XMAC”) against Trio China Ltd and claimed for losses and damages totalled RMB46,213,900. The Company is still waiting for the final decision to be issued by the XMAC.

The Company will update shareholders and potential 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

Xiamen, the PRC, 25 April 2017

*As at the date of this announcement, the executive directors of the Company are Mr. KE Xiping, Mr. CHEN, David Yu and Mr. Albert Fook Lau HO, and the independent non-executive directors of the Company are Ms. WONG, Yan Ki Angel, Mr. XIAO Wei and Dr. Tim SUN.*