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Wanguo International Mining Group Limited
萬國國際礦業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3939)

**MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE
MAJORITY SHAREHOLDING IN AXF GOLD RIDGE PTY LTD
WHICH INDIRECTLY OWNS A GOLD MINE IN SOLOMON
ISLANDS**

The Board is pleased to announce that on 16 July 2017(Execution Date), the Company entered into the S&P Agreement with AXF Resources pursuant to which the Company has conditionally agreed to acquire, and AXF Resources has conditionally agreed to dispose of, 611 shares out of 1,000 shares in AXF Gold Ridge (representing 61.1% equity interest of AXF Gold Ridge) in consideration of AUD58.35 million. Pursuant to the terms of the S&P Agreement, the Company has agreed an estimated maximum commitment of AUD50 million for the Reconstruction Works and the AM Costs. Hence, the total amount of commitment by the Company for the Acquisition as well as the Reconstruction Works and the AM Costs is AUD108.35 million.

Upon Completion, the Group will own 61.1% equity interest of AXF Gold Ridge. Since 90% of equity interest in ASG is owned by AXF Gold Ridge and the remaining 10% is owned by GCIL, the Group will own approximately 55% attributable interests in ASG as from Completion. AXF Gold Ridge and ASG together with its subsidiaries will then become non-wholly owned subsidiaries of the Company.

As at the date of this announcement, AXF Gold Ridge owns 90% equity interest of ASG which through its subsidiaries (i) holds the mining license and the exploration license in respect of the Gold Ridge Project on Guadalcanal in the Solomon Islands and (ii) owns an ore-processing plant. Detailed information on the ASG Group is set out in the paragraph headed "Information on the ASG Group" of this announcement.

Completion is subject to fulfilment of the condition precedent as set out below.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE EGM

The EGM will be convened to consider and, if thought fit, approve, among other matters, the S&P Agreement and the transactions contemplated thereunder. To the best of information, knowledge and belief of the Directors, as at the date of this announcement, none of the Shareholders is required to abstain from voting in respect of any resolution for the approval of the S&P Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) details of the S&P Agreement and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the Listing Rules; and (iii) notice to convene the EGM, will be despatched to the Shareholders on or before 8 September 2017 to give sufficient time to prepare such circular.

INTRODUCTION

The Board is pleased to announce that on 16 July 2017(Execution Date), the Company entered into the S&P Agreement with AXF Resources pursuant to which the Company has conditionally agreed to acquire, and AXF Resources has conditionally agreed to dispose of, 611 shares out of 1,000 shares in AXF Gold Ridge (representing 61.1% equity interest of AXF Gold Ridge) in consideration of AUD58.35 million. Pursuant to the terms of the S&P Agreement, the Company has agreed an estimated maximum commitment of AUD50 million for the Reconstruction Works and the AM Costs. Hence, the total amount of commitment by the Company for the Acquisition as well as the Reconstruction Works and the AM Costs is AUD108.35 million.

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Particulars of the S&P Agreement are described as follows.

Date: 16 July 2017 (Execution Date)

Partes: Vendor: AXF Resources

Purchaser: the Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Asset to be acquired

611 shares out of 1,000 shares in AXF Gold Ridge (representing 61.1% equity interest of AXF Gold Ridge)

AXF Gold Ridge is an investment holding company which owns 90% equity interest of ASG. The ASG Group is principally engaged in the exploration, mining, processing, and sale of gold and related products. As at the date of this announcement, the ASG Group, through its subsidiaries, holds (i) the mining license and the exploration license in respect of the Gold Ridge Project and (ii) owns an ore-processing plant. Detailed information on the ASG Group is set out in the paragraph headed “Information on the ASG Group” of this announcement.

Consideration

The consideration for the Acquisition is AUD58.35 million in cash, payable as follows:

- a) AUD1.80 million on 21 July 2017 (with the deposit of AUD800,000 previously paid to AXF Resources by the Group being deducted from such amount);
- b) AUD1.00 million on 28 July 2017;
- c) AUD2.00 million within two months of the Execution Date;
- d) AUD13.00 million within 120 days of the Execution Date;
- e) AUD13.50 million within 4 months of the due date for payments under (d);
- f) AUD13.50 million within 10 months of the due date for payments under (d); and
- g) AUD13.55 million within 16 months of the due date for payments under (d).

Reconstruction Works and AM Costs

The estimated maximum commitment for the Reconstruction Works and the AM Costs by the Group shall not exceed AUD50 million. Once the cost of the Reconstruction Works and AM Costs exceeds AUD50 million, the Company and AXF Resources shall pay such costs in proportion to their shareholding in AXF Gold Ridge.

Security

On Completion Date, the Group will grant AXF Resources a share mortgage over the 611 shares in ASX Gold Ridge acquired to secure its obligations under the transaction. The Group is permitted to grant a mortgage over the shares to financiers who will provide funding for the payments as set out in the paragraph headed "Consideration". AXF Resources agrees that the financier mortgage will rank first provided that the amount financed is solely for the purchase of shares and is directly paid to AXF Resources in accordance with the payment schedule set out in the paragraph headed "Consideration". The share mortgage in favour of AXF Resources shall be released upon the Group completing its obligations under the transaction.

Mr. Gao agrees to, by a separate deed, unconditionally and irrevocably guarantee to AXF Resources the due and punctual performance and observance by the Company of all obligations contained in the S&P Agreement, and to indemnify AXF Resources against all losses, damages, costs and expenses suffered, by AXF as result of any breach or non-observance of the S&P Agreement by the Company.

Basis of the total amount of commitment

The total amount of commitment of AUD108.35 million was determined after arm's length negotiation between the Company and AXF Resources after taking into account of the anticipated level of mineral resources, life of the Gold Ridge Project and current and expected gold prices.

The Board is of the view that the total amount of commitment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The total amount of commitment will be funded by internal resources and/or bank borrowings of the Group, and/or issuance of convertible bonds or placement of Listed Shares by the Company as the Board may determine to be appropriate.

Condition precedent to Completion

Completion is conditional upon approvals in respect of the Acquisition from the relevant regulatory bodies (including the Stock Exchange) and the Company's shareholders' approval having been obtained. If the Company fails to obtain the required approvals within 6 months of the Execution Date and this is due to the negligence of the Company during the approval process, AXF Resources may claim damages against the Company for losses that have been reasonably incurred as a result of the failure of the Company to obtain approval from the relevant regulatory bodies or the Company's shareholders.

Conditions precedent to the commencement of the Reconstruction Works

Commencement of the Reconstruction Works is subject to the following conditions precedent being satisfied (or waived in accordance with the S&P Agreement):

1. The Company being satisfied with the results of the due diligence review, including but not limited to the geology report, valuation report audit report, sample testing report and other relevant reports in respect of the Project.

2. Approvals in respect of the Acquisition from the relevant regulatory bodies and the Company's shareholders approval having been obtained on acceptable to the Company.
3. All other necessary consents from third parties (including from any Governmental Agency) and all other necessary consents and approvals required pursuant to any legal or regulatory requirement in respect of the Acquisition and the Reconstruction Works having been obtained on terms acceptable to the parties.
4. On the Execution Date, there being no order, injunction, determination or similar action by a Governmental Agency which prohibits or prevents the transfer of the shares in AXF Gold Ridge under the S&P Agreement or the Reconstruction Works.
5. There being no material adverse change to the Project or any of the material assets owned by GRML between the Execution Date and the Completion Date.
6. The Minister having confirmed that the ML is in full force and effect and in good standing in the name of GRML or the Minister having granted a new ML on conditions acceptable to the parties.
7. The Minister having agreed to the New Project Plans agreed between the parties on terms acceptable to the parties and a deed of variation to the Project Agreement reflecting that agreement and any other changes required to that agreement having been signed by the parties to the Project Agreement.
8. The AXF Resources warranties remaining true and accurate and not misleading in any respect as at the date of the S&P Agreement and the Completion Date.
9. AXF Resources providing GRML's proof of ownership of the Project's mining and processing facilities, in a form satisfactory to the Company.
10. AXF Resources providing the completed share transfer form, share certificate and copies of the board resolutions in accordance with the relevant terms of the S&P Agreement.
11. AXF Resources procuring that AXF Gold Ridge registers the transfer of shares from AXF Resources to the Group in accordance with the relevant terms of the S&P Agreement.
12. The Company providing (3) three nominations to the board of directors of AXF Gold Ridge accompanied by consents to act as director signed by such nominees.
13. AXF Resources procuring that AXF Gold Ridge appoints the (3) three nominee directors nominated by the Company and removes (1) one director nominated by AXF Resources from the board of directors of AXF Gold Ridge.

There is no the Long Stop Date for the fulfillment or waiver of the Conditions precedent.

AXF Resources and the Company may terminate the Acquisition by giving notice in writing to the other party if any of the aforesaid conditions precedent has no prospect of satisfaction or the parties agree that a condition precedent cannot be satisfied. If the Acquisition is so terminated, AXF Resources shall return to the Group any money received from the Group and, the Group shall return the 611 shares in AXF Gold Ridge to AXF Resources if already transferred to the Group.

As at the date of this announcement, an amount of AUD800,000 has been paid to AXF Resources and none of the Conditions set out above has been satisfied or waived.

Completion

Completion shall take place on Completion Date which is 7 days after the Effective Date. Upon Completion, the Group will hold 55% attributable interests in the ASG Group.

The Company may nominate its indirect wholly owned subsidiary(ies) to take up the 611 shares in AXF Gold Ridge upon Completion. On the Completion Date, AXF Resources and the Company (its nominee(s) which will be transferred the 611 shares in AXF Gold Ridge) will enter into a shareholders' agreement to regulate, among other matters, the affairs concerning AXF Gold Ridge.

Further, pursuant to the terms of the S&P Agreement, on the Completion Date AXF Resources shall execute and deliver to the Company a deed of release of all shareholder debts receivable by AXF Resources from AXF Gold Ridge as at the Completion Date. At the date of this announcement, it amounted to a total of AUD2,526,177.

INFORMATION OF AXF GOLD RIDGE

AXF Gold Ridge is a company incorporated in Western Australia which holds 90% equity interest of ASG, and is engaged in investment holding. As at the date of this announcement, the sole shareholder of AXF Gold Ridge is AXF Resources.

INFORMATION ON ASG GROUP

ASG, incorporated in Queensland, Australia, is an investment holding company which through its subsidiaries (comprising JV Mine (Australia) Pty Ltd, Solomon Islands International Pty Ltd, ASG Solomon Islands Ltd and Gold Ridge Mining Ltd) owns a 100% attributable interest of GRML. Please refer to shareholding structure below for details.

GRML owns the mining license and the exploration license in respect of Gold Ridge Project on Guadalcanal in the Solomon Islands.

The Gold Ridge Project is a gold resource project located at lower northern slopes of Mount Chaunapaho in the central ranges of Guadalcanal Island. The Gold Ridge deposits are concentrations of low-sulphidation intrusion related epithermal gold mineralisation. It consists of five known mineralised deposits of Valehaichichi, Charivunga, Namachamata, Kupers and Dawsons.

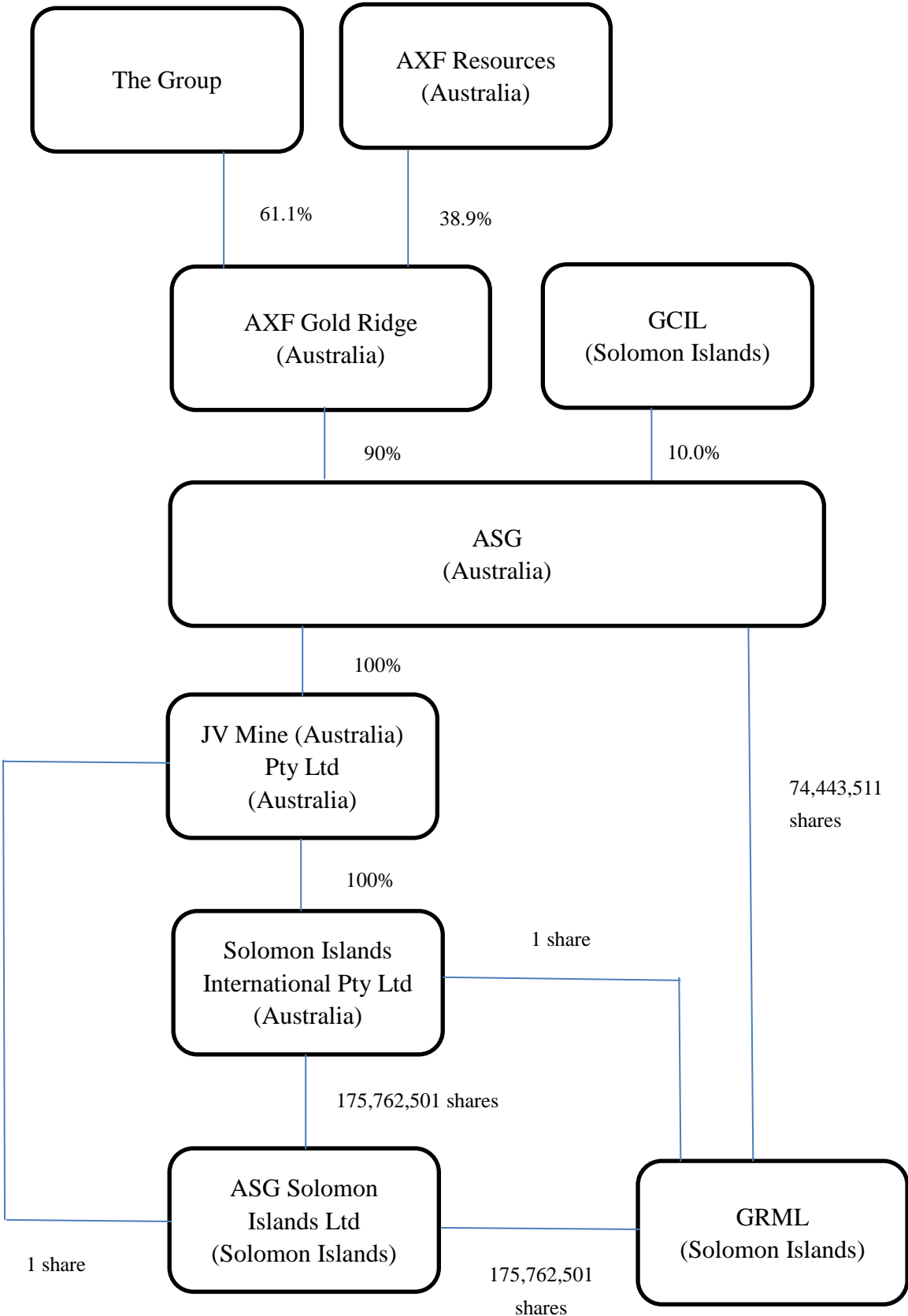
The operating mine was acquired by Allied Gold in 2010 who rebuilt the mine commencing production at the end of 2010. At the end of August 2012, St Barbara acquired the assets of Allied Gold including GRML. In April 2014, St Barbara shut down the Gold Ridge mine and eventually the ownership was transferred to ASG, a wholly owned subsidiary of GCIL. In 2015 AXF Resources acquired 90% equity interest of ASG. The operating mine has been dormant since April 2014.

The Project consists of a mining lease (No. 1/1997) that covers an area of 30 km² and surrounding this is a prospecting license (SPL 194) that covers an area of 130 km². Set out below is the estimated resources of Gold Ridge mine under JORC code prepared by Independent Technical Expert.

Gold Ridge Mineral Resources (August 2016) at a cut-off grade of 0.5g/t Au

| Mine deposits | Measured | | Indicated | | Inferred | | Total | |
|---------------|----------|-----------|-----------|-----------|----------|-----------|--------|-----------|
| | kt | Au g/t | kt | Au g/t | kt | Au g/t | Kt | Au g/t |
| Valehaichichi | 434 | 1.26 | 3,118 | 1.28 | 867 | 1.48 | 4,419 | 1.32 |
| Namachamata | 166 | 2.03 | 457 | 1.66 | 146 | 1.36 | 769 | 1.68 |
| Charivunga | | | 8,437 | 1.51 | 16,905 | 2.06 | 25,342 | 1.88 |
| Kupers | 2,640 | 1.50 | 7,662 | 1.18 | 3,004 | 1.30 | 13,306 | 1.27 |
| Dawsons | 1,056 | 1.42 | 15,932 | 1.30 | 2,895 | 1.60 | 19,883 | 1.35 |
| Total | 4,296 | 1.48 | 35,606 | 1.33 | 23,817 | 1.88 | 63,719 | 1.52 |

Set out below is the shareholding structure of the AXF Gold Ridge and the ASG Group immediately following Completion:



Set out below is a summary of the unaudited consolidated financial results of AXF Gold Ridge for the three years ended 30 June 2015, 2016 and 2017 prepared in accordance with the generally accepted accounting principles in Australia:

| | Year ended 30 June | | |
|-----------------|--------------------|---------|---------|
| | 2015 | 2016 | 2017 |
| | AUD'000 | AUD'000 | AUD'000 |
| Revenue | - | - | - |
| Loss before tax | - | - | 2,526 |
| Loss after tax | - | - | 1,642 |

As at 30 June 2017, the unaudited consolidated net liabilities of AXF Gold Ridge was approximately AUD1.6 million.

Since the Project has been dormant since April 2014, no revenue incurred for the latest three years.

INFORMATION ON THE GROUP AND REASONS FOR THE TRANSACTION

The Company is an investment holding company whose subsidiaries are principally engaged in the business of mining, ore processing and sale of concentrates products in the PRC.

As disclosed in the prospectus of the Company dated 28 June 2012, one of the growth strategies of the Group is to expand its mineral resources and ore reserves through acquisition of new mines.

Since the Project has substantial reserves of gold, it is expected to be further exploited, and the processing plant will be renovated upon Completion by the Group. The Project would therefore contribute sales revenue and profits to the Group. Unlike most other commodities, gold has been a stable performer in recent years, which is expected to enhance the stability of the Group's income in the future under impact of economy fluctuation.

After considering the above factors, the Directors are of the view that the transactions contemplated under the S&P Agreement are on normal commercial terms that are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE EGM

The EGM will be convened to consider and, if thought fit, approve, among other matters, the S&P Agreement and the transactions contemplated thereunder. To the best of information, knowledge and belief of the Directors, as at the date of this announcement, none of the Shareholders is required to abstain from voting in respect of any resolution for the approval of the S&P Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) details of the S&P Agreement and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the Listing Rules; and (iii) notice to convene the EGM, will be despatched to the Shareholders on or before 8 September 2017 to give sufficient time to prepare such circular.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|------------------|--|
| “Acquisition” | the acquisition by the Group of 611 shares out of 1,000 shares (approximately 61.1%) in AXF Gold Ridge (representing 61.1% equity interests of AXF Gold Ridge) |
| “Allied Gold” | Allied Gold Mining Plc, a public limited company registered in England and Wales. Allied Gold was a South West Pacific gold producer, developer and exploration company with ordinary shares listed on the Official List of the London Stock Exchange and the Toronto Stock Exchange. It was delisted in both the London Stock Exchange and the Toronto Stock Exchange, after St Barbara (ASX: SBM) acquired Allied Gold and became its sole shareholder on 7 September 2012 |
| “AM Costs” | all administration and maintenance costs associated with the Project |
| “ASG” | Australian Solomons Gold Pty Ltd (ACN 109 492 373), a company incorporated in Queensland, Australia and which as at the date of this announcement is owned by AXF Resources and GCIL as to by 90% and 10% respectively |
| “AUD” | Australian dollars, the lawful currency of Australia |
| “AXF Gold Ridge” | AXF Gold Ridge Pty Ltd (ACN 611 879 120), a company incorporated in Australia and which as at the date of this announcement is wholly-owned by AXF Resources |
| “AXF Resources” | AXF Resources Pty Ltd (ACN 604 730 181), a company incorporated in Australia |

| | |
|-----------------------|---|
| “Board” | the board of Directors |
| “Business Day(s)” | a day which is not a Saturday, Sunday or bank or public holiday in Hong Kong, the Solomon Islands and Perth, Australia |
| “Company” | Wanguo International Mining Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Acquisition in accordance with the terms of the S&P Agreement |
| “Completion Date” | the date on which Completion will take place, being 7 days after the Effective Date |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other matters, the S&P Agreement and the transactions contemplated thereunder |
| “Effective Date” | the date, as notified by the Company to AXF Resources in writing, that all regulatory approvals for the S&P Agreement (including approval from the Stock Exchange and the Company’s shareholders’ approval) have been obtained on the terms acceptable to the Company |
| “Execution Date” | the date the parties executed the S&P Agreement, being 16 July 2017 |
| “GCIL” | Goldridge Community Investment Limited, a company incorporated in Solomon Islands and which holds 10% equity interest of ASG |

| | |
|---------------------------------|--|
| “Government Agency” | any federal, state, territory, municipality or other political subdivision, administrative or judicial body, court, ministry, department, commission, authority, instrumentality, tribunal or agency or other governmental, quasi-governmental or regulatory authority or any self-regulatory organization (including any tax administrator) in any country |
| “GRML” | Gold Ridge Mining Limited (Solomon Islands company number 20111559), a company incorporated in Solomon Islands |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Technical Expert” | Golder Associates Pty Ltd, one of the most respected global groups specialising in mining consulting, ground engineering and environmental consulting services, having a team of over 30 Qualified Persons (QP) and Competent Persons (CP) who can audit and review mining assets to current international reporting standards including NI 43-101 (Canada), JORC Code 2012 (Australia & others), SEC Industry Guide 7 (USA), SAMREC (South Africa), and PERC (Europe) |
| “Independent Third Party(ies) ” | third party(ies) independent of and not connected with the Company and its connected persons |
| “Listed Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Minister” | the Minister for Energy, Mines and Rural Electrification (Solomon Islands) |
| “ML” | the mining lease originally granted by the Minister under the Mining Act in respect of the Gold Ridge Project on 12 March 1997 |

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| “Mr. Gao” | Mr. Gao Mingqing, the Chairman and an executive director of the Company. He is the sole beneficial owner of Victor Soar Investments Limited which is the controlling shareholder of the Company, acting as the Guarantor in S&P Agreement |
| “New Project Plans” | the plans for the Reconstruction Works and all other plans and programs for the Project |
| “Project” or “Gold Ridge Project” | the project concerning the exploitation and operations of the gold mine located on the island of Guadalcanal, the central island of the Solomon Islands, approximately 30 km south-east of the capital city Honiara in Solomon Islands |
| “Project Agreement” | the Gold Ridge Mining Agreement dated 7 March 1997 between, among others, the Minister and GRML |
| “PRC” | the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Reconstruction Works” | construction, installation of machines and other relevant works with a view to rebuilding the Project to resume the extraction, processing and production of gold |
| “Shareholder(s)” | holder(s) of Listed Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “S&P Agreement” | Share Sale and Purchase Agreement entered into between the Company and AXF Resources in relation to the Acquisition |
| “St. Barbara” | St Barbara Limited (ASX: SBM), a company incorporated in Australia. Its group is engaged in mining and the sale of gold, mineral exploration and development. |
| “Au” | chemical element symbol for gold |

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|--------------------|---------------------|
| “g/t” | gramme(s) per tonne |
| “km” | kilometre(s) |
| “km ² ” | square kilometre(s) |
| “kt” | kilotonne(s) |
| “%” | per cent |

By Order of the Board
Wanguo International Mining Group Limited
Gao Mingqing
Chairman

Hong Kong, 17 July 2017

As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Ms. Gao Jinzhu, Mr. Xie Yaolin and Mr. Liu Zhichun as executive Directors; Mr. Li Kwok Ping and Mr. Lee Hung Yuen as non-executive Directors; and Dr. Lu Jian Zhong, Mr. Qi Yan and Mr. Shen Peng as independent non-executive Directors.