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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)

SUPPLEMENTARY ANNOUNCEMENT

DISCLOSABLE TRANSACTION - ACQUISITION OF THE MAJORITY SHAREHOLDING IN AXF GOLD RIDGE PTY LTD WHICH INDIRECTLY OWNS A GOLD MINE IN SOLOMON ISLANDS

Reference is made to the announcements of the Company dated 18 July 2017, 22 February 2018, 19 October 2018, 31 March 2020 and 24 April 2020 relating to, amongst other things, the acquisition of the majority shareholding in AXF Gold Ridge Pty Ltd which indirectly owns a gold mine in Solomon Islands (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless stated otherwise.

PARTICULARS OF S&P AGREEMENT AND AMENDMENTS

The parties involved in entering into various S&P Agreement, Deed, amendments in relation to the acquisition of the majority shareholding in AXF Gold Ridge Pty Ltd which indirectly owns a gold mine in Solomon Islands, are AXF Resources and the Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, AXF Resources and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset to be acquired

It is 7,778 shares out of 10,000 shares in AXF Gold Ridge (representing 77.78% 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, ASG, through its subsidiaries,

holds (i) the mining 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 AUD22.105 million and payable as follows:

- a) AUD4.8 million upon execution (which the parties acknowledge has already been paid);
- b) AUD9.4 million within 10 days of the Execution Date (which the parties acknowledge has already been paid); and
- c) AUD7.905 million by 27 March 2020 (which the parties acknowledge has already been paid).

Reconstruction Works

As disclosed in the announcement of the Company dated 24 April 2020, the commitment for the Reconstruction Works by the Company ceased and the Reconstruction Works and other recommissioning activities taken by the Company incurred a cost of approximately AUD17.110 million.

At the date of this announcement, the total consideration including the Reconstruction Works and other recommissioning costs was AUD39.215 million which has been satisfied by the internal resources of the Company.

Security and Guarantee

As disclosed in the Announcements, there would be security (share mortgage over shares in AXF Gold Ridge) and guarantee (by Mr. Gao) for any unsettled Consideration. Since the Consideration for the Acquisition has been fully settled as at the date of this announcement, security and/or guarantee are no longer required.

Condition precedent to Completion

On 24 April 2020, the conditions precedent has either been fulfilled or waived by both parties in writing.

COMPLETION OF THE ACQUISITION

The Board is pleased to announce that the Acquisition occurred on 27 April 2020 and the Acquisition process (including document lodgement with relevant authorities) completed on 30 April 2020. As at the date of this announcement, AXF Gold Ridge is an indirect non-wholly-owned subsidiary of the Company and with 70% attributable interests in the ASG Group owned by the Group and its financial results will be consolidated into the consolidated financial statements of the Group.

Shareholders' agreement

On 24 April 2020, the Company and AXF Resources executed a shareholders' agreement in relation to AXF Gold Ridge which contains, among others, the following key terms:

Board composition and management

The Group shall appoint four directors and AXF Resources shall appoint one director to the board of ASX Gold Ridge. The board of each of the subsidiaries of ASX Gold Ridge (except GRML) includes the same persons who are on the board of ASX Gold Ridge. The board of GRML shall consist of five appointees of the Group, two appointees of AXF Resources and two appointees of GCIL. All decisions made at the level of AXF Gold Ridge shall be followed or endorsed by the directors of the board of each of the subsidiaries of AXF Gold Ridge.

Security Interest

A shareholder cannot create a security interest over its shares in AXF Gold Ridge except with the prior written consent of each other shareholder. Where a shareholder intends to create a security interest over its share in AXF Gold Ridge for the purpose of securing a loan facility, it must attempt to obtain such a loan facility from, and offering such a security interest to, each other shareholder prior to entering into an agreement with a third party.

Pre-emption rights

If a shareholder is willing to sell the whole of any of its share in AXF Gold Ridge pursuant to a bona fide offer received from any person, each other shareholder will have a pre-emption right on buying such shares from such selling shareholder on the same terms and conditions (or prompt cash equivalent) of such offer.

Extension of the offer, drag along and tag along

If one or more shareholders holding between them more than 50% of the issued shares in AXF Gold Ridge receives, and is willing to accept, a bona fide offer for the purchase of all the shares in AXF Gold Ridge of such selling shareholder(s) from any person, then such selling shareholder(s) shall cause such purchaser to extend such offer to the other shareholders, with all necessary changes, on the same terms and at the same price per share. If such offer is so extended, the other shareholders shall be obliged to accept the offer.

Basis of the Consideration paid

As disclosed in the announcement of the Company dated 22 February 2018, the Consideration was AUD 53.473 million which was determined after arm's length negotiation between the Company and AXF Resources on the basis of the two parties' agreed project valuation of AUD76.39 million at the time of entering into the Deed with reference to the draft valuation of USD66.5 million for the asset to be acquired. The draft valuation was undertaken by an Independent Third Party prior to any project enhancements.

Subsequent to the above, the Company has undertaken several project enhancement activities including technical optimization, project approval confirmation and renewals, environmental risk management, and government and community relation management. These works not only improved project valuation as reflected in the 2018 Feasibility Study report, but also built stakeholder confidence in the Company's ability to successfully develop the gold mine. In light of the fact that the Company has already invested heavily in the Project and has

demonstrated its mining expertise and management capabilities, in an effort to take advantage of the recent favourable market conditions, AXF Resources agreed to reduce the Consideration to AUD22.105 million in the best interest of both parties to facilitate immediate completion of the Acquisition and accelerate the commencement of gold production at the Gold Ridge Mine.

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

INFORMATION OF AXF RESOURCES

AXF Resources is a company incorporated in Australia and is engaged in mineral investment.

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, AXF Gold Ridge is owned as to 77.78% by Wanguo Australia International Pty Limited (a wholly-owned subsidiary of the Company), 20.22% by AXF Resources and 2% by Mr. Shuang Kui Ren. Mr. Ren is an ex-director of AXF Resources, and is an Independent Third Party.

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 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 Gold Ridge Mine, the gold mine located on the island of Guadalcanal, the central island of the Solomon Islands, approximately 30 km south-east of Honiara, the capital city of the Solomon Island, was acquired by Allied Gold in 2010 who rebuilt the mine and commenced production March 2011. At the end of August 2012, St Barbara acquired the assets of Allied Gold. In April 2014, St Barbara shut down the Gold Ridge Mine and eventually the ownership was transferred to GCIL. In 2015, AXF Resources acquired a 90% equity interest in ASG. The mine has been dormant since April 2014.

The Gold Ridge Project consists of the Mining Lease (the mining lease originally granted by the Minister under the Mines and Minerals Act 1990 of the Solomon Islands in respect of the Gold Ridge Project on 12 March 1997 (ML01/1997)) that covers an area of 30 km² and has applied for reinstatement of a prospecting license PL 02/14 (previously known as SPL 194) that covers an area of 130 km². Set out below are the estimated resources of the Gold Ridge Mine under the JORC code prepared by the Independent Technical Expert dated 30 September 2019. The Independent Technical Expert has confirmed that there are no material changes as at the date of this announcement.

Gold Ridge Mineral Resources (March 2018) at a cut-off grade of 0.6g/t Au

Mineral Resource Class	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold ('000oz Au)	As (ppm)*	Cu (ppm)*	S (%)*
Measured	24.1	1.35	1,000	232	84	1.51
Indicated	20.4	1.34	900	119	88	1.43
Inferred	<u>31.3</u>	<u>1.55</u>	<u>1,600</u>	<u>79</u>	<u>91</u>	<u>1.47</u>
Total **	<u>75.8</u>	<u>1.43</u>	<u>3,500</u>	<u>139</u>	<u>88</u>	<u>1.47</u>

Notes:

* : Due to sparseness of As, Cu and S assays these contaminant grades are indicative only.

** : Totals may not add up due to rounding.

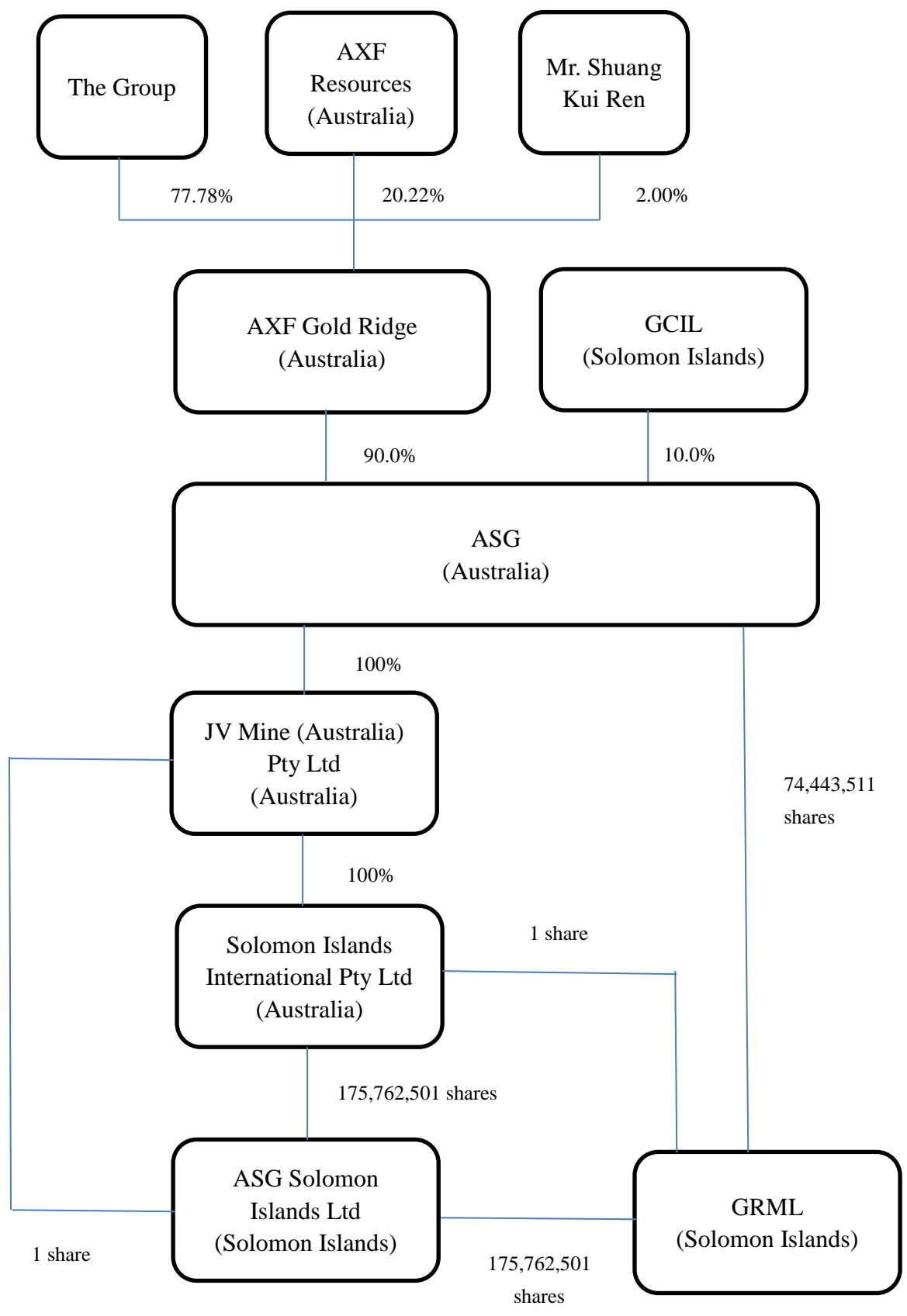
2018 Gold Ridge Mineral Reserves estimate

Ore Reserve Class	Tonnes (Mt)	Gold Grade (g/t Au)	Contained Gold ('000 oz Au)
Probable	31.2	1.43	1,434

Notes:

1. The Ore Reserve conforms with and use the JORC 2012 Code definitions.
2. The Ore Reserve was estimated using a gold price of USD1,300 per ounce.
3. The Ore Reserve was estimated using a fixed cut off grade of 0.6 g/t Au.
4. Ore block grade and tonnage dilution were incorporated through the use of an ordinary kriged resource model.
5. All figures are round to reflect appropriate levels of confidence.
6. Apparent differences may occur due to rounding.

Set out below is the shareholding structure of the AXF Gold Ridge and the ASG Group as at the date of this announcement: -



Financial information of AXF Gold Ridge

Set out below is a summary of the audited consolidated financial results of AXF Gold Ridge for the period ended 30 June 2016, years ended 30 June 2017 and 2018 and eleven months ended 31 May 2019 prepared in accordance with the generally accepted accounting principles in Australia:

	Period from 15 April 2016 (date of incorporation) to 30 June 2016 AUD'000	Year ended 30 June 2017 AUD'000	Year ended 30 June 2018 AUD'000	Eleven months ended 31 May 2019 AUD'000
Revenue	-	-	-	-
Loss before tax	1,343	1,952	2,730	5,914
Loss after tax	1,343	1,952	2,730	5,914

As at 31 May 2019, the consolidated net liabilities of AXF Gold Ridge was approximately AUD9.1 million.

Since the Project has been dormant since April 2014, no revenue has been incurred for the above periods. A deed of release has been given by AXF Resources to waive in full its receivables from AXF Gold Ridge, leaving nil liabilities on the Completion Date.

INFORMATION ON THE GROUP

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.

REASONS FOR THE TRANSACTION

Since the Gold Ridge 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.

Gold Ridge Mine is one of the largest gold mines in the Oceania region in terms of mineral resources. The Board considers that the operation of the Gold Ridge Mine is promising with competitive costs. In the 2018 Feasibility Study prepared by the Independent Technical Expert, the estimated total cash cost of the Gold Ridge Project is estimated at USD792/oz.

After considering the above factors, the Directors are of the view that the transactions contemplated 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 5% but less than 25%, the Acquisition constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under the Listing Rules.

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

Hong Kong, 30 April 2020

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 Yang, Mr. Shen Peng and Mr. Wang Xin as independent non-executive Directors.