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SIBERIAN MINING GROUP COMPANY LIMITED

西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1142)

INSIDE INFORMATION RESUMPTION OF TRADING

BACKGROUND

The Company first announced the Agreement on 14 November 2008 and completed the Acquisition (as a very substantial acquisition) pursuant to the Agreement on 25 May 2009. Since then, the Group has been controlling the mining licence of Lot 1 of the Coal Mines. The Group was granted the mining licence for Lot 1 Extension and Lot 2 of the Coal Mines on 1 November 2010. On 3 April 2013, the Company issued the Third Convertible Note pursuant to the terms of the Agreement.

The Company applied for suspension in trading in the Shares on the Stock Exchange from 9 a.m. on 22 April 2013. Subsequently, the Company and the Stock Exchange received allegations and complaints on the Coal Mines and other matters relating to the Group. The Company did not issue the annual results announcement for the year ended 31 March 2013, the interim results announcement for the six months ended 30 September 2013, the annual results announcement for the year ended 31 March 2014, and the interim results announcement for the six months ended 30 September 2014, by the time required under Rule 13.49 of the Listing Rules. Trading in the Shares therefore continued to be suspended.

INVESTIGATION ON MATTERS RELATING TO THE COAL MINES

The Board has taken appropriate procedures to investigate into the subject matters underlying the allegations.

SRK Report

When the Company issued the VSA Circular on 31 December 2008, such circular contained the SRK Report on the Coal Mines. Allegations were made that: (i) the SRK Report did not meet the minimum standards of JORC Code or the then Chapter 18 of the Listing Rules, thus making the Company's announcement of 14 November 2008 on the Acquisition and the VSA Circular misleading; and (ii) the SRK Report as disclosed in the VSA Circular was a forged report and it was a non-public due diligence report prepared by SRK Russia but was altered and turned into the SRK Report by the then directors of the Company and Cordia without proper consent of SRK Russia.

* For identification purpose only

The Company had obtained in January 2015 a confirmation from SRK Russia that (a) it was the author of the SRK Report which was included as appendix VIII to the VSA Circular, (b) it did give its consent for the SRK Report to be included in the VSA Circular and did not withdraw its consent, (c) the SRK Report was prepared in accordance with the then Chapter 18 of the Listing Rules prevailing on 31 December 2008, and (d) the standard adopted for the reporting and classification of the coal resources and coal reserve statement is that defined in the JORC Code that was prevailing on 31 December 2008. The Company also located the consent letter issued by SRK Russia dated 31 December 2008 whereby SRK Russia gave its consent, and confirmed that it has not withdrawn its written consent, to the issue of the VSA Circular with inclusion of the SRK Report and references to its name in the form and context in which they respectively appear in the VSA Circular.

HASS Reports

Allegations was made against the First HASS Report (which was one of the basis for the issue of the Third Convertible Note) that (i) the report was not in its final form when issued on 27 March 2013, (ii) it did not fulfill the JORC Code and (iii) its conclusions were very different from those in the Roma DD Report and therefore the amount of coal reserves reported in it was fabricated.

To rebut such allegations, the Board received a signed copy of the First HASS Report which was dated 27 March 2013. It had also inquired HASS and its representative, Dr. Herman Tso, and was assured that the First HASS Report was duly issued on 27 March 2013.

The Company also requested HASS to prepare a supplementary report to elaborate on the First HASS Report, and HASS produced the Supplementary HASS Report on 29 November 2013. The Auditors then decided to appoint a technical expert to give views on matters relating to the Coal Mines in order to obtain sufficient and appropriate audit evidence and technical opinion for the Auditors to express their views and opinions on the Company's consolidated financial statements. Therefore, the Auditors engaged Roma to conduct a review on the Supplementary HASS Report and Roma issued the Roma Review Report on 29 May 2014. The Auditors also requested Roma to address the issues raised in the Roma DD Report on Lot 2 of the Coal Mines. Since the Auditors' engagement of Roma, the Company and the Auditors had provided information on the Coal Mines which was confirmed by Roma to be important in providing further understanding of the Coal Mines.

In the Roma Review Report, Roma confirmed that the Supplementary HASS Report was well written and covered most of the required material. Roma was also of the view that the allegations made in the Roma DD Report to be unsubstantiated and that the First HASS Report was not fabricated. The Supplementary HASS Report supplemented the First HASS Report with additional information and it reiterated the reported tonnage in the First HASS Report. The First HASS Report was therefore the resource estimation report.

Based on the Supplementary HASS Report, the Roma Review Report and Roma's views, the Board is satisfied with that the First HASS Report was able to satisfy the Lot 2 reserves tonnage condition for issuing the Third Convertible Note.

THIRD CONVERTIBLE NOTE

The Company had in fact sought legal opinions from two Senior Counsel, based on which the Board was of the view that once the two conditions were satisfied, the Company was under an obligation to issue the Third Convertible Note to Cordia at or before 5 p.m. (Hong Kong time) on 3 April 2013. Therefore, the Company proceeded with the issue of the note in order to perform its obligation under the Agreement.

MINING PLAN FOR THE COAL MINES

In this announcement, the Company sets out the mining plan for (a) the open pit (i.e. Lot 2) and (b) the underground mining (i.e. Lot 1, Lot 1 Extension and part of Lot 2) of the Coal Mines. The total CAPEX amount for the open pit from 2015 to 2024 is expected to be RUB8,150.3 million (or approximately HK\$1,026.94 million). The total CAPEX amount for the underground mining from 2015 to 2029 is expected to be RUB9,330 million (or approximately HK\$1,175.58 million).

FINANCIAL POSITION OF THE GROUP

Cash position and working capital forecast of the Group

The Company and JANG Sam Ki (current an executive Director and also Chairman of the Company) entered into a loan facilities agreement on 9 February 2015, pursuant to which Mr. Jang Sam Ki shall lend to the company an aggregate amount in one lump sum or in multiple parts up to HK\$400,000,000 within 18 months from 9 February 2015 or such longer period as the parties may agree in writing from time to time, under certain conditions.

The Group has also obtained agreements from its creditors (namely, Cordia, Lucrezia Limited, Token Century Limited, First Glory, Pioneer Centre limited, Bectic Finance Company Limited, Goldwyn Management Limited, LIM Hosok and KIM Wuju) to extend the repayment dates of the loans and debts owed by the Group. Cordia has formally withdrawn its demand for repayment of the outstanding principal amount of the Third Convertible Note together with interests accrued thereon.

Taking into account the outstanding debts owed by the Group and the financial resources available to the Group, the Board is of the view that the Group has sufficient working capital for at least the next 12 months from the date of the resumption of trading in the Shares.

Annual results and interim results

On 22 April 2015, the Company has published (a) the annual results announcement for the year ended 31 March 2013, (b) the interim results announcement for the six months ended 30 September 2013, (c) the annual results announcement for the year ended 31 March 2014, and (d) the interim results announcement for the six months ended 30 September 2014. The emphasis of matters for each relevant period that the Auditors wish to draw the readers' attention to was set out in the announcements.

Undertakings in respect of future issue of new Shares

Additionally, certain persons (namely, Cordia, Lucrezia Limited, Token Century Limited, First Glory, Pioneer Centre limited, Goldwyn Management Limited, KIM Wuju, ACME Perfect Limited, Master Impact Inc., Park Seung Ho, Skyline Merit Limited and Keystone) have also given undertaking to the Company in respect of future issue of new Shares.

RESUMPTION OF TRADING

The Board believes that the Company has fulfilled all conditions for the trading in the Shares to be resumed.

- (i) the Auditors engaged Roma to conduct a review on the Supplementary HASS Report and address the issues raised in the Roma DD Report on Lot 2 of the Coal Mines. Roma concluded that the estimation methodology and processes used by HASS for the mineral resource estimation were sound and appropriate for the estimation of coal and HASS's tonnage calculations were believed by Roma to be correct.
- (ii) As HASS's reserves tonnage calculations were clarified, the First HASS Report was valid. Based on Senior Counsel's opinions on the timing of issuing the Third Convertible Note, the Company is of the view that the issue of such note was proper and valid.
- (iii) Accordingly, the Company's interests in the Coal Mines and its liability under the Third Convertible Note were properly reflected in its consolidated financial statements.
- (iv) The Company is disclosing the results of Roma's views in this announcement.
- (v) As material issues were clarified and resolved in the investigation, the Board is of the view that no remedial actions are required.
- (vi) The Company has published all outstanding financial results and all material information (including the disclosure of the mining plans for the Coal Mines and information on the financial status of the Group in this announcement).
- (vii) The Company has disclosed all inside information in this announcement and earlier announcements.

An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 April 2015.

BACKGROUND

On 14 November 2008, the Company published an announcement on the Agreement which was signed on 31 October 2008. Pursuant to the Agreement, Grandvest (a wholly-owned subsidiary of the Company) agreed to acquire from Cordia 90% of the issued share capital of Langfeld and 90% of the shareholder's loan owing by Langfeld to Cordia. At that time the Russian Subsidiary was controlled as to 70% by Langfeld and held the mining licence for Lot 1 of the Coal Mines.

Such Acquisition constituted a very substantial acquisition of the Company under the Listing Rules. Accordingly, the Company published the VSA Circular on 31 December 2008 and convened an extraordinary general meeting on 16 January 2009 to consider the Agreement and the Acquisition. The Company obtained its shareholders' approval of the Agreement and the Acquisition at that extraordinary general meeting.

As announced by the Company on 25 May 2009, Grandvest completed the Acquisition. Since then, the Group has been controlling the mining licence of Lot 1 of the Coal Mines.

On 25 November 2009, the Company announced that Langfeld entered into an agreement with the then remaining shareholders of the Russian Subsidiary to acquire 30% shares in the Russian Subsidiary. Such acquisition constituted a discloseable and connected transaction of the Company under the Listing Rules. The Company published the circular on such transaction on 19 January 2010 and obtained its shareholders' approval of the transaction at the extraordinary general meeting held on 8 February 2010. After the completion of the acquisition, the Group (through its 90% equity interest in Langfeld) controls the Russian Subsidiary.

On 14 July 2010, the Company announced that the Russian authorities put the exploration and mining rights in Lot 1 Extension and Lot 2 of the Coal Mines on auction. The Russian Subsidiary participated in the auction and won the bid, as announced by the Company on 13 September 2010. The Company announced on 1 November 2010 that the Russian Subsidiary was formally granted the mining licence for Lot 1 Extension and Lot 2 of the Coal Mines.

Lot 1 and Lot 2 of the Coal Mines are two areas adjacent to each other. Lot 1 refers to the area within the boundary covered by the mining licence for Lot 1 which includes the Kemerovsky, Volkovsky and Vladirimirovsky coal seams down to the level of 65 metres underground. Lot 1 Extension refers to the area within the boundary of Lot 1 and includes the Kemerovsky, Volkovsky and Vladirimirovsky coal seams from the level of 65 metres underground to 400 metres underground. Lot 2 is the area including the Petrosky area to the west and Kemerovsky area to the south, and is adjacent to Lot 1. The exact geographical coordinates of Lot 1 and Lot 2 are clearly set out in the respective mining licences granted by the Russian authorities.

As at the date of this Announcement, the Group is in control of the mining licences for the Coal Mines. The mining licence for Lot 1 has a term that will end on 1 November 2017 and the mining licence for the Lot 1 Extension and Lot 2 will expire on 31 October 2035.

According to the Agreement and as announced by the Company on 14 November 2008 and 3 April 2013, the second contingent consideration for the Agreement was to be satisfied by the issue of the Third Convertible Note by the Company to Cordia on the third business day following the date on which the last of the following conditions was satisfied (or such other date as Grandvest and Cordia shall agree in writing in any event not later than one calendar year after signing of the Agreement): (i) the mining licence for Lot 2 of the Coal Mines was obtained by the Russian Subsidiary and (ii) a technical report was issued by a technical expert acceptable to Grandvest and Cordia confirming the proved and probable coal reserves of Lot 2 being not less than 12,000,000 tonnes. Condition (i) was satisfied on 1 November 2010 when the Russian Subsidiary was granted the mining licence for Lot 1 Extension and Lot 2 of the Coal Mines. Condition (ii) was satisfied when HASS issued a technical report on 27 March 2013 (i.e. the First HASS Report) confirming the proved and probable coal reserves of Lot 2 to be 14,190,000 tonnes. The Third Convertible Note was therefore issued by the Company on 3 April 2013 to Cordia.

Before 3 April 2013, the Board was aware that certain shareholders and creditors of the Company held different views on the possible issue of the Third Convertible Note and the financial situation of the Group.

Eventually, the Board applied for the suspension in the trading in the Shares on the Stock Exchange from 9:00 a.m. on 22 April 2013 pending release of inside information announcements. The Company subsequently issued inside information announcements on 22 April 2013, 23 April 2013 and 25 April 2013 on (i) the demands for repayment of loans made by First Glory, (ii) the demand repayment of the Third Convertible Note made by Cordia, (iii) the reminders made by the holders of the Company's promissory notes that if any of the repayment-triggering events in the terms and conditions of the promissory notes occurred, their promissory notes would become due and payable by the Company; and (iv) the reminder by Keystone that in case the Company or a third party filed for the Company's bankruptcy, insolvency or rehabilitation, Keystone would claim repayment of the coal trading deposit of US\$3,100,000 (approximately HK\$24,180,000) together with accrued interest.

Subsequently, the Company and the Stock Exchange received allegations and complaints on the Coal Mines and other matters relating to the Group. The Company did not issue the annual results announcement for the year ended 31 March 2013, the interim results announcement for the six months ended 30 September 2013, the annual results announcement for the year ended 31 March 2014, and the interim results announcement for the six months ended 30 September 2014, by the time required under Rule 13.49 of the Listing Rules. Trading in the Shares therefore continued to be suspended.

RESUMPTION CONDITIONS

The Stock Exchange set out the following conditions for the trading in the Shares to be resumed:

- (i) the Company should conduct an appropriate investigation on the Coal Mines to address whether the Coal Mines have been properly reported in the Company's consolidated financial statements and whether the issue of the Third Convertible Note was valid;
- (ii) the Company should disclose results of the investigation and assess their implications to the Company's operation;
- (iii) the Company should take appropriate remedial actions to address any material issues clarified and resolved in the investigation;
- (iv) the Company should publish all outstanding results; and
- (v) the Company should publish all material information.

The Board wishes to explain in this announcement how the Company fulfills the above-mentioned resumption conditions.

INVESTIGATION ON MATTERS RELATING TO THE COAL MINES

Allegations were made on matters relating to the Coal Mines and the Board has taken appropriate procedures to investigate into the subject matters underlying the allegations.

SRK Report

When the Company issued the VSA Circular on 31 December 2008, such circular contained the SRK Report on the Coal Mines. Allegations were made that: (i) the SRK Report did not meet the minimum standards of JORC Code or the then Chapter 18 of the Listing Rules, thus making the Company's announcement of 14 November 2008 on the Acquisition and the VSA Circular misleading; and (ii) the SRK Report as disclosed in the VSA Circular was a forged report and it was a non-public due diligence report prepared by SRK Russia but was altered and turned into the SRK Report by the then directors of the Company and Cordia without proper consent of SRK Russia.

To address such allegations, the Company had obtained in January 2015 a confirmation from SRK Russia that (a) it was the author of the SRK Report which was included as appendix VIII to the VSA Circular, (b) it did give its consent for the SRK Report to be included in the VSA Circular and did not withdraw its consent, (c) the SRK Report was prepared in accordance with the then Chapter 18 of the Listing Rules prevailing on 31 December 2008, and (d) the standard adopted for the reporting and classification of the coal resources and coal reserve

statement is that defined in the JORC Code that was prevailing on 31 December 2008. The Company also located the consent letter issued by SRK Russia dated 31 December 2008 whereby SRK Russia gave its consent, and confirmed that it has not withdrawn its written consent, to the issue of the VSA Circular with inclusion of the SRK Report and references to its name in the form and context in which they respectively appear in the VSA Circular.

Therefore, the Board is of the view that the allegations on the SRK Report were groundless.

HASS Reports

The Company received allegations relating to the First HASS Report that (i) it was not in its final form when issued on 27 March 2013, (ii) it did not fulfill the JORC Code and (iii) its conclusions were very different from those in the Roma DD Report and therefore the amount of coal reserves reported in it was fabricated.

ZHI Charles (or Charles CHI, Charles ZHI or CHI Chang Hyun) commenced legal proceedings against the Company and other persons in the Court of First Instance of High Court of Hong Kong under action numbers HCA 1151 of 2014 (as announced by the Company on 27 June 2014), HCA 2247 of 2014 (as announced by the Company on 21 November 2014), HCA 43 of 2015 (as announced by the Company on 20 January 2015), HCA 160 of 2015 (as announced by the Company on 30 January 2015), HCA 284 of 2015 (as announced by the Company on 23 February 2015) and HCA 347 of 2015 (as announced by the Company on 9 March 2015). Such proceedings included the First HASS Report and/or the Third Convertible Note as subject matters.

The First HASS Report was one of the conditions for the issue of the Third Convertible Note. It also reported on the core asset of the Company, i.e. the mining right in Lot 2 of the Coal Mines. The value of Lot 2 of the Coal Mines constitutes a very significant part of the consolidated total assets of the Company and the outstanding amount of the Third Convertible Note constitutes the majority of the Company's consolidated total liabilities. The genuineness and quality of the First HASS Report are taken by the Auditors as of essential importance to the audit and reporting on the Company's consolidated financial statements. Such allegations thus arouse concerns from the Auditors.

Genuineness of the First HASS Report

The Board received a signed copy of the First HASS Report which was dated 27 March 2013. It had also inquired HASS and its representative, Dr. Herman Tso, and was assured that the First HASS Report was duly issued on 27 March 2013.

Quality of the HASS reports

Given the importance of the subject matters underlying the above-mentioned allegations, the Company requested HASS to prepare a supplementary report to elaborate on the First HASS Report, and HASS produced the Supplementary HASS Report on 29 November 2013.

As far as the Board is aware, Roma was engaged by Best State to conduct a due diligence on Lot 2 of the Coal Mines. However, before Roma made a site visit to Lot 2, the Board had clearly stated that it would not authorize Best State or any of its advisers or agents to enter the Coal Mines. Nevertheless, Best State sent Roma to make the site visit to Lot 2 despite the Company's explicit disapproval and the lack of the Company's cooperation and information.

The Auditors then decided to appoint a technical expert to give views on matters relating to the Coal Mines in order to obtain sufficient and appropriate audit evidence and technical opinion for the Auditors to express their views and opinions on the Company's consolidated financial statements. Therefore, the Auditors engaged Roma to conduct a review on the Supplementary HASS Report and Roma issued the Roma Review Report on 29 May 2014. The Auditors also requested Roma to address the issues raised in the Roma DD Report on Lot 2 of the Coal Mines.

Since the Auditors' engagement of Roma, the Company and the Auditors had provided the following information on the Coal Mines to Roma and Roma confirmed that such information was considered by it:

- the full First HASS Report
- the full Supplementary HASS Report
- Reserves estimation within the boundaries of license areas Lot 1 and Lot 1 Extension and Lot 2, conducted by JSC Kuzbassgiproshakht in December 2010 (the "JSC Kuzbassgiproshakht Report"). JSC Kuzbassgiproshakht operates as an institute that offers coal mine project designs and projection services. JSC Kuzbassgiproshakht is based in Kemerovo, Russian Federation.
- the full SRK Report
- Mining and the Geological Boundaries Substantiation of the Mine Lapichevskaya-2 Allotment Open-Cast and Underground Mining within the Previously Approved Reserves, conducted by LLC "SibGeoProject" in 2012. LLC "SibGeoProject" is a consulting firm that provides geological exploration through to mine construction and commissioning services.
- Geological Information required for development of TEO Conditions including estimation of bituminous coal resources and reserves within "Mine Lapichevskaya-2" license area located in Kemerovo coal deposit, compiled by LLC "SibGeoProject" as of 1st January 2013. Such report is a mandatory legal requirement and must be prepared by a licensed Design Institute. It focuses mainly on issues related to mining and processing. Roma confirmed that the TEO Conditions may be equivalent to a western preliminary feasibility study in one area but completed to an international scoping level in another.

The information provided by the Auditors was confirmed by Roma to be important in providing further understanding of the Coal Mines. Roma then undertook a desktop review of the Supplementary HASS Report in order to clarify certain issues raised in the Roma DD Report and the First HASS Report. The areas reviewed by Roma in the Supplementary HASS Report were (a) report purpose and dates, (b) project background and analysis, (c) geology and structure, (d) coal quality, (e) estimation methodology and (f) HASS's sign off. The desktop review was carried out based on Roma's experience and expertise in similar geological settings as well as two internationally recognized standards of practice, namely, the JORC Code and the Australian Guidelines for the estimation and classification of Coal Resources. For review of a technical report written under JORC Code (i.e. Roma's review of the Supplementary HASS Report), the review compared the requirements required to be a JORC compliant report. That included geology, drilling, sampling and resource estimation for a resource and the application of modifying factors (mining restrictions, loss of ore during mining etc.) for the conversion of reserves to resources.

1. Roma Review Report

In the Roma Review Report, Roma confirmed that the Supplementary HASS Report was well written and covered most of the required material. It contained the appropriate information such as (a) property description and location including mineral tenure, (b) accessibility, climate, local resources, infrastructure and physiography, (c) history including project results, previous owners and historical mineral resource estimates, (d) geology setting and mineralization, (e) deposit types, (f) drill hole database, (g) grade interpolation, (h) mining, (i) capital and operating costs and (j) recommendations.

Roma considered that (i) the estimation methodology and processes used by HASS for the mineral resource estimation were sound and appropriate for the estimation of coal; and (ii) based on the information in the Supplementary HASS Report, the tonnage calculations should be correct.

Roma was of the view that the geology in the Supplementary HASS Report was adequately described with suitable cross sections within the proposed open cut pit. The spatial distribution of the coal was not reported in the Supplementary HASS Report, however the ranges and average values were the same as reported in the JSC Kuzbassgiproshakht Report.

HASS's coal analysis methodology was considered by Roma to be satisfactory, with the different coal quality attributes reported, by seam, as average values only.

HASS used a polygonal resource estimation methodology to estimate the resource within the open cut mine as defined in the LLC "SibGeoProject" report. Roma considered that methodology was acceptable under the JORC guidelines as JORC is not prescriptive in which methodology is used for resource estimation providing an appropriate methodology is used. The polygonal estimation made by HASS assumed that the coal was consistent with minor variation in thickness. Given the geometry of the coal beds and minor disruption of the coal beds as described in the Supplementary HASS Report, such method was considered by Roma as acceptable and is one of the standard estimation methodologies for the calculation of coal tonnage and grade.

2. Roma's general comments on the First HASS Report and the Supplementary HASS Report

Roma confirmed to the Auditors in writing that:

- Compared with the First HASS Report, the Supplementary HASS Report layout was much easier to understand (increased transparency) by the use of clear headings and subheading. In addition, relevant material was moved to the correct location. The text was easier to understand, coupled with the addition of material information such as drillhole data, resulting in a report more understandable to potential investors.
- The Supplementary HASS Report clarified that the area estimated was only the area covered by open pit design.
- New table and diagrams were added in the Supplementary HASS Report which was more readable.
- The Supplementary HASS Report listed the holes and coordinates that were used for the resource estimation and such information was used to validate some of the drillholes. The data was checked/validated against the JSC Kuzbassgiproshakht Report.

- Roma was of the view that the allegations made in the Roma DD Report to be unsubstantiated.
- Roma was of the view that the First HASS Report was not fabricated.
- The First HASS Report with the additional information supplied in the Supplementary HASS Report was considered by Roma to be JORC Code (2004) compliant.
- The Supplementary HASS Report supplemented the First HASS Report with additional information. It reiterated the reported tonnage in the First HASS Report. The First HASS Report was the resource estimation report.

3. Roma’s views on the issues raised in the Roma DD Report

The table below sets out certain specific issues raised in the Roma DD Report and Roma’s confirmations on such issues in relation to Lot 2 of the Coal Mines:

Issues raised in the Roma DD Report	Roma’s confirmations
<p>Drilling information in the Company’s announcements made between 2012 and 2013 was not reasonable or was false.</p>	<p>ROMA had been provided with notarized documentation from LLC “SibGeoProject” that the drilling occurred during 2013. It had also been provided other drilling information for 2012 and 2013. Drillings were conducted in 2012 and 2013 although not reported in the HASS reports.</p> <p>Given the notarized documentation from LLC “SibGeoProject” and the drilling observed during the Roma’s site visit, it appeared that the information in the Roma DD report was inaccurate and the allegations that the drilling were false was inaccurate.</p>
<p>The First HASS Report did not follow JORC guidelines. The report was not transparent and material information was missing.</p>	<p>The Supplementary HASS Report had addressed those issues.</p>
<p>The First HASS Report stated that coal mine possessed the necessary license but the environmental impact assessment had not been done yet and the mine was not permitted to operate.</p>	<p>While the environmental impact assessment (to Roma’s knowledge) has not been granted, the following reports have been made:</p> <ul style="list-style-type: none"> i. Geologic materials to develop TEO of permanent exploration conditions to estimate coal reserves at the area of Lot 2 within Kemerovo coal deposit (as of 1 January 2013); and ii. Protocol on technical discussion considering geological information required for development of TEO Conditions including estimation of bituminous coal resources and reserves within Lot 2 license area located in Kemerovo coal deposit (as at 1 January 2013).

Issues raised in the Roma DD Report	Roma's confirmations
	<p>It was Roma's opinion that these reports, in conjunction with the mine adjacent to existing coal mines, would mean that the environmental impact assessment would be relatively easy to obtain and would not provide an impediment to commence mining.</p>
<p>No feasibility studies had been provided to HASS. A 30% modification factor (convert from reserve to resource) appeared to have been used in the First HASS Report, but how such percentage was derived had not been provided.</p>	<p>Roma considered that numerous Russian reports covered different aspects of mining that were equivalent to a western pre-feasibility or feasibility report. These would provide sufficient information for the conversion from resource to reserve.</p>
<p>Both the First HASS Report and SRK Report were conversions of an existing Russian JSC Kuzbassgiproshakht estimate from the Russian system to JORC Code, but the level of resources and reserves reported in the First HASS Report was significantly higher than in SRK Report. Further:</p> <ul style="list-style-type: none"> (i) the resource estimation was based on the drilling dated from 1952 to 1982. However, the reported recovery is 68%-74% is below what is required for JORC (normally 95%); (ii) very limited drill-hole information and very limited coal quality made available and there were faults; (iii) Seam thickness and geological structure were not proven by drilling or mining; (iv) the amount of material that has been mined cannot confirmed independently as the mine has been flooded during closure in 1998. As such, it would not possible to classify as measured; and (v) the coal beds comprised of steeply dipping and flat beds. There were no plans, cross sections or even a description of where the coal beds were flat, only that the steeply dipping beds were excluded from the resource. This implied that HASS did not have sufficient knowledge to comment this. 	<p>JORC code did not require verification of data used (i.e. Russian report) for preparation of the First HASS Report. HASS had used the data in the Russian report which was sufficient to convert the resources to reserves. The First HASS Report estimate was an estimate done by HASS as stated in the Supplementary HASS Report. The SRK Report was a conversion of the Russian resources to JORC (2004).</p> <p>To address the specific issues raised in the Roma DD Report, Roma confirmed that:</p> <ul style="list-style-type: none"> (i) The average reported recovery of the coal was low. However, not all samples had poor recovery. It was not reported by HASS if samples were excluded due to poor recovery. <p>Roma noted that under the Russian standards, the drilling density is high but a lower recovery rate is accepted. A western style drilling resource has a lower drilling density (generally) but requires a higher recovery rate. The increased number of assays per seam offsets the lower recovery rates.</p> <ul style="list-style-type: none"> (ii) The comment was due to the confusing way the First HASS Report was written in which it was unclear if the statement referred to Lot 1, Lot 1 Extension or Lot 2. The Supplementary HASS Report clarified the drilling and coal quality for within Lot 2. The clarification included drill-hole data showing collars and holes used in the estimation are examples of additional drill-hole information. Cross sections of the geology showed that the faulting was not extensive.

Issues raised in the Roma DD Report	Roma's confirmations
	<p>(iii) The comment was due to the confusing way the First HASS Report was written in which it was unclear if the statement referred to Lot 1, Lot 1 Extension or Lot 2. The Supplementary HASS Report clarifies the geology and seam thickness through clearer descriptions and figures. Seam thickness and geological structure is based on regional geology, drilling and geophysical methods as reported in the Russian reports.</p> <p>(iv) The comment was due to the confusing way the First HASS Report was written in which it was unclear if the statement referred to Lot 1, Lot 1 Extension or Lot 2. There was no mined material in Lot 2. The comment should refer to Lot 1 and was not part of the resource/reserve estimation.</p> <p>(v) This comment was due to the confusing way the First HASS Report was written in which it was unclear if the statement referred to Lot 1, Lot 1 Extension or Lot 2. The HASS resource estimate was restricted to the area defined by the proposed open cut. The geology in this area relatively was well understood and the major fault locations were known. The Supplementary HASS Report included figures of cross sections and a plan of the proposed open cut. This shows the location of the coal seams that were steeply dipping or were sub horizontal</p>
<p>Roma agreed with HASS's comment that the project was in a general exploration stage and detailed exploration was required to convert resource to categories. As such, no reserves could be calculated.</p>	<p>Roma was requested to review the First HASS Report when it was engaged by Best State and this comment was based on that review. However, if the Supplementary HASS Report and Russian reports were included, then the exploration was detailed and there was enough information for a resource/reserve estimation.</p>

Based on the above, the Board is satisfied with that the First HASS Report was able to satisfy the Lot 2 reserves tonnage condition for issuing the Third Convertible Note.

THIRD CONVERTIBLE NOTE

As announced by the Company on 3 April 2013, the Company had in fact sought legal opinions from two Senior Counsel. Based on such legal advice, the Board was of the view that once the two conditions were satisfied, the Company was under an obligation to issue the Third Convertible Note to Cordia at or before 5 p.m. (Hong Kong time) on 3 April 2013, and therefore the Company proceeded with the issue of the note in order to perform its obligation under the Agreement.

MINING PLAN FOR THE COAL MINES

The Coal Mines can be explored on open pit (Lot 2 only) and underground (Lot 1, Lot 1 Extension and part of Lot 2). The Group has taken references from the SRK Report in respect of the construction costs for the underground mining and the CAPEX proposals made by the Russian mining design company, LLC “SibGeoProject” for the open pit mining, and drawn its own mining plans.

The mining plan for the open pit (i.e. Lot 2) is as follows:

Timing	Work and production	Elements in the Company’s CAPEX plan	Status	CAPEX amount
2015 March to 2016 March	Preparation and completion of mine design	Design and survey work; Designer’s control	Under the negotiation with design company for contract	RUB 40 million (or approximately HK\$5.04 million)
2015 March to 2016 August	Land purchase and completion for open pit area	Preparation of the construction site — land purchase	In course of preparation	RUB 261 million (or approximately HK\$32.89 million)
2015 September to 2016 February	Mine design and environmental review submission and approval	Contingencies	In course of preparation	RUB 9.1 million (or approximately HK\$1.15 million)
2016 January to 2016 February	Making contract for open pit mining equipment purchase and lease	Not applicable	Screening equipment companies, leasing companies and maintain service companies in Kemerovo	Not applicable
2016 July to 2016 October	Start the mine infrastructure facilities construction; Railway connection and loading point	Transportation and communication facilities — railway: connecting line and loading railway station	Already completed land purchase for railway connection and loading station construction	RUB 125.7 million (or approximately HK\$15.84 million)

Timing	Work and production	Elements in the Company's CAPEX plan	Status	CAPEX amount
<p>2016 June onwards</p> <p>2016 October onwards</p>	<p>Start development of open pit;</p> <p>Start industrial coal production</p>	<p>Preparation of the construction site — motor road diversion and top soil stripping;</p> <p>Supporting facilities — construction of office building and construction of storage and ancillary facilities;</p> <p>Power facilities;</p> <p>Construction of out-door plumbing system;</p> <p>Temporary buildings and facilities;</p> <p>Other work and costs;</p> <p>Employees support; building inspection</p> <p>Contingencies;</p> <p>Purchase of equipment</p>	<p>In course of preparation</p>	<p>RUB 3,705.1 million (or approximately HK\$466.84 million)</p>

Timing	Work and production	Elements in the Company's CAPEX plan	Status	CAPEX amount
2016 August to October	Washing plant construction	Basic infrastructure — construction of washing plant (steeply inclined separator)	To follow up in due course	RUB 500 million (or approximately HK\$63 million)
2016 December	200,000 to 500,000 tonnes production	Not applicable	Not applicable	Not applicable
2017	motor road diversion and people relocation	Preparation of the construction site — motor road diversion and people relocation; Contingencies; Purchase of equipment	To follow up in due course	RUB 408.7 million (or approximately HK\$51.5 million)
2017 December	1,000,000 tonnes production	Not applicable	Not applicable	Not applicable
2018 to 2024	People relocation	Preparation of the construction site — people relocation; Contingencies; Purchase of equipment; Replacement of equipment	To follow up in due course	RUB 3,100.7 million (or approximately HK\$390.69 million)
2018 to 2024	1,700,000 tonnes per year production and export	Not applicable	Not applicable	Not applicable
			Total from 2015 to 2024	RUB 8,150.3 million (or approximately HK\$1,026.94 million)

The mining plan for the underground mining (i.e. Lot 1, Lot 1 Extension and part of Lot 2) is as follows:

Timing	Work and production	Elements in the Company's CAPEX plan	Status	CAPEX amount
2015 May to 2015 July	Drilling work of 3,586 metres	3-3 stage exploration drilling — 3,586 metres	Under contemplation	RUB 25 million (or approximately HK\$3.15 million)
2016 January to 2016 June	Drilling work of 10,000 metres	Final stage exploration drilling — 10,000 metres	To follow up in due course	RUB 70 million (or approximately HK\$8.82 million)
2016 June to 2016 August	TEO condition preparation	TEO for Lot 2 underground mine	To follow up in due course	RUB 26 million (or approximately HK\$3.28 million)
2016 September to 2016 October	TEO condition submission and approval	TEO for Lot 2 underground mine	To follow up in due course	Not applicable
2017 June onwards	Start development of undermine water pumping system, ventilation and temporary barracks for workers	Mine dewatering; Major Development of the mining area; Main buildings; Power supply facilities; Off-site supply networks and facilities	To follow up in due course	RUB 1,516 million (or approximately HK\$191.02 million)

Timing	Work and production	Elements in the Company's CAPEX plan	Status	CAPEX amount
2018 June onwards	Mine field access and development (reconstruction of incline), collar of the auxiliary drift, mine workings reconstruction and insulating seals construction	<p>Major development of the mining area;</p> <p>Vladimirovsky Seam — transport, development & longwall equipment</p> <p>Main buildings</p> <p>Transport and communication facilities</p> <p>Off-site supply networks and facilities</p> <p>Washery plant construction</p>	To follow up in due course	RUB 2,282 million (or approximately HK\$287.53 million)
2019 September onwards	Coal production (first year — 500,000 tonnes)	Not applicable	Not applicable	RUB 5,410 million (or approximately HK\$681.66 million)
			Total from 2015 to 2029	RUB 9,330 million (or approximately HK\$1,175.58 million)

FINANCIAL POSITION OF THE GROUP

Cash position and working capital forecast of the Group

The Company and JANG Sam Ki (current an executive Director and also Chairman of the Company) entered into a loan facilities agreement on 9 February 2015, pursuant to which, where the Company has made efforts in seeking other debts financing and/or equity financing but is not able to do so at reasonable costs, then Mr. Jang Sam Ki shall lend to the Company an aggregate amount in one lump sum or in multiple parts up to HK\$400,000,000 within 18 months from 9 February 2015 or such longer period as the parties may agree in writing from time to time. Each drawdown of such loan facilities shall be repaid in full together with accrued interest on the date falling three years after the drawdown date. Interest on the drawdown amount shall be at a rate of 1% per annum above the Hong Kong Dollar Prime Rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time. The Company may make prepayment without premium or penalty with prepayment amount not less than HK\$1,000,000 and in integral multiples of HK\$1,000,000. The loan facilities are not secured on any assets of the Group, nor by any guarantees or indemnities given by any member of the Group.

Further, the Group has obtained agreements from the following creditors to extend the repayment dates of the loans and debts owed by the Group:

Creditor	Nature of loan/debt owed by the Group to the creditor	Amount of outstanding principal	Extended repayment date
Cordia	Loans advanced to the Company	US\$366,644 as at 31 January 2015	31 August 2016
Cordia (<i>Note 2</i>)	Loans advanced to Langfeld	US\$2,417,460.98 as at 31 January 2015	31 August 2016
Cordia	Two promissory notes issued by the Company	US\$2,000,000	25 August 2016
Lucrezia Limited (<i>Note 3</i>)	Promissory note issued by the Company	US\$3,751,282	25 August 2016
Token Century Limited (<i>Note 3</i>)	Promissory note issued by the Company	US\$3,500,000	25 August 2016
First Glory (<i>Note 1</i>)	Loan advanced to the Company	HK\$14,500,000	19 August 2016
Pioneer Centre Limited (<i>Note 5</i>)	Loan advanced to the Company	US\$3,750,000	15 August 2016
Bectic Finance Company Limited	Loan advanced to the Company	HK\$1,000,000	19 August 2016
Goldwyn Management Limited	Loans advanced to the Company	US\$3,020,641.02	31 August 2016
LIM Hosok	Loans advanced to the Company	HK\$4,960,000 and US\$975,000	31 August 2016
KIM Wuju (<i>Note 4</i>)	Coal trading deposit	US\$3,100,000	30 November 2016

Notes:

- (1) Although First Glory had demanded for repayment of the loan advanced to the Company (as announced by the Company on 22 April and 23 April 2013), the Company and First Glory had subsequently discussed on a new time schedule for repayment. Eventually First Glory agreed to defer the repayment of the loan to 19 August 2016.
- (2) Cordia has formally withdrawn its demand for repayment of the outstanding principal amount of the Third Convertible Note together with interests accrued thereon. Such demand was announced by the Company on 25 April 2013.
- (3) Lucrezia Limited and Token Century Limited reminded the Company that if any of the repayment-triggering events in the terms and conditions of their promissory notes occurred, such promissory notes would become due and payable by the Company (as announced by the Company on 25 April 2013). However, they both agreed to extend the repayment dates of their promissory notes to 25 August 2016.
- (4) KIM Wuju's coal trading deposit was transferred from Keystone.
- (5) Apart from the loan disclosed above, Pioneer Centre Limited also advanced three more loans of US\$1,000,000, US\$1,300,000 and US\$1,500,000 respectively to the Company. The repayment dates for the three loans are 4 August 2015, 27 October 2015 and 22 January 2016 respectively.

As disclosed in the Company's circular dated 2 August 2013, the claims made by two former shareholders of the Russian Subsidiary (namely, Demeshonok Konstantin Yur'evich and Kochkina Ludmila Dmitrievna) in respect of the final 4th stage payment to them for their sale of interests in the Russian Subsidiary to Langfeld remained partially unsettled. As of the date of this announcement, the total outstanding amount payable to them is US\$426,600 (approximately HK\$3,327,480) which had been fully provided for in the accounts of the Company since 31 March 2013.

Apart from the above, the Group does not owe other material outstanding debts.

Taking into account the outstanding debts owed by the Group and the financial resources available to the Group, the Board is of the view that the Group has sufficient working capital for at least the next 12 months from the date of the resumption of trading in the Shares.

Annual results and interim results

On 22 April 2015, the Company has published (a) the annual results announcement for the year ended 31 March 2013, (b) the interim results announcement for the six months ended 30 September 2013, (c) the annual results announcement for the year ended 31 March 2014, and (d) the interim results announcement for the six months ended 30 September 2014. The emphasis of matters for each relevant period that the Auditors wish to draw the readers' attention to was set out in the announcements.

The Company will also publish its annual results announcement for the year ended 31 March 2015 by end of June 2015 in accordance with the requirements of the Listing Rules.

Undertakings in respect of future issue of new Shares

Additionally, to improve the net liability position of the Group, the Company has sought undertakings from the following covenantors that, where the Company intends to issue new Shares after resumption of trading in the Shares on the Stock Exchange, each of the covenantors agrees to subscribe for such new Shares, provided that (a) the Company has complied with all relevant requirements of the Stock Exchange and the Listing Rules and (b) such subscription of new Shares will not trigger any mandatory obligation on the part of the covenantor to make a general offer in respect of the securities of the Company under the Code on Takeovers and Mergers of Hong Kong. The covenantor agrees not to dispose of or create encumbrances in respect of any of the new Shares within one year from the issuance of such new Shares by the Company to the covenantor. The covenantors are:

- Cordia undertook to the Company to convert partially or wholly the Third Convertible Note at the conversion price within one month after resumption of trading in the Shares on the Stock Exchange.
- Cordia also undertook to the Company to convert the entire outstanding principal and interests amounts of (a) its loans advanced to the Company with a total principal amount of US\$366,644 as of 31 January 2015, (b) its loans to Langfeld with a total principal amount of US\$2,417,460.98 as of 31 January 2015 and (c) the Company's promissory notes of an aggregate principal amount of US\$2,000,000, into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.
- Lucrezia Limited undertook to the Company to convert the entire outstanding principal and interests amounts of the Company's promissory note of a principal amount of US\$3,751,282 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.
- Token Century Limited undertook to the Company to convert the entire outstanding principal and interests amounts of the Company's promissory note of a principal amount of US\$3,500,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.
- First Glory undertook to the Company to convert the entire outstanding principal and interests amounts of its loan advanced to the Company with a principal amount of US\$14,500,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.
- Pioneer Centre Limited undertook to the Company to convert the entire outstanding principal and interests amounts of its loans advanced to the Company with a total principal amount of US\$6,550,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.
- Goldwyn Management Limited undertook to the Company to convert the entire outstanding principal and interests amounts of its loans advanced to the Company with a total principal amount of US\$3,020,641.02 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.
- KIM Wuju undertook to the Company to convert the entire outstanding principal (and interests, if any) amounts of the coal trading deposit placed with the Group with an amount of US\$3,100,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.
- ACME Perfect Limited, Master Impact Inc., Park Seung Ho, Skyline Merit Limited and Keystone undertook to the Company to subscribe for new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.

RESUMPTION OF TRADING

The Board believes that the Company has fulfilled all conditions for the trading in the Shares to be resumed on the following grounds:

- (i) the Auditors engaged Roma to conduct a review on the Supplementary HASS Report and address the issues raised in the Roma DD Report on Lot 2 of the Coal Mines. Roma concluded that the estimation methodology and processes used by HASS for the mineral resource estimation were sound and appropriate for the estimation of coal and HASS's tonnage calculations were believed by Roma to be correct.
- (ii) As HASS's reserves tonnage calculations were clarified, the First HASS Report was valid. Based on Senior Counsel's opinions on the timing of issuing the Third Convertible Note, the Company is of the view that the issue of such note was proper and valid.
- (iii) Accordingly, the Company's interests in the Coal Mines and its liability under the Third Convertible Note were properly reflected in its consolidated financial statements.
- (iv) The Company is disclosing the results of Roma's views in this announcement.
- (v) As material issues were clarified and resolved in the investigation, the Board is of the view that no remedial actions are required.
- (vi) The Company has published all outstanding financial results and all material information (including the disclosure of the mining plans for the Coal Mines and information on the financial status of the Group in this announcement).
- (vii) The Company has disclosed all inside information in this announcement and earlier announcements.

An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 April 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition by Grandvest from Cordia of 90% of the issued share capital of Langfeld and 90% of the shareholder's loan owing by Langfeld to Cordia pursuant to the Agreement
“Agreement”	the agreement dated 31 October 2008 and entered into between Cordia, Choi Sungmin, Grandvest and the Company relating to the Acquisition, as announced by the Company on 14 November 2008
“Auditors”	JH CPA Alliance Limited, current auditors of the Company
“Best State”	Best State Investments Limited, a company which indicated the possibility of making a general offer in respect of the securities of the Company on 30 September 2013

“Board”	the board of Directors
“CAPEX”	capital expenditure
“Coal Mines”	the mines containing coal reserves and coal resources located in Petrov region in the state of Kemerovo, Russia, which comprises of Lot 1, Lot 1 Extension and Lot 2 that are adjacent to each other
“Company”	Siberian Mining Group Company Limited, a company incorporated in the Cayman Islands with limited liability
“Cordia”	Cordia Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Directors”	directors of the Company
“First Glory”	First Glory Limited, a creditor of the Company
“First HASS Report”	the technical report on Lot 2 of the Coal Mines produced by HASS on 27 March 2013
“Grandvest”	Grandvest International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HASS”	HASS Natural Resources Limited
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee
“Keystone”	Keystone Global Co., Ltd.
“Langfeld”	Langfeld Enterprises Limited, a company incorporated in the Republic of Cyprus with limited liability, and 90% of the shares of which are held by the Grandvest
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Roma”	Roma Oil and Mining Associates Limited
“Roma DD Report”	the due diligence report prepared by Roma for Best State on 15 January 2014 purportedly on Lot 2 of the Coal Mines
“Roma Review Report”	the report on Roma’s opinion on the Supplementary HASS Report prepared by Roma for the Auditors and issued on 29 May 2014

“RUB”	Russian Ruble, the lawful currency of Russia
“Russian Subsidiary”	LLC “Shakhta Lapichevskaya”, a company incorporated in Russia with limited liability which is a wholly-owned subsidiary of Langfeld and therefore an indirect subsidiary of the Company
“Share(s)”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company
“SRK Report”	the technical report prepared for the Company by SRK Russia on the Coal Mines for inclusion in the VSA Circular
“SRK Russia	SRK Consulting (Russia) Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplementary HASS Report”	The supplementary technical report on Lot 2 of the Coal Mines produced by HASS on 29 November 2013
“TEO conditions”	the technical and economic justification of conditions, the report of which is a mandatory legal requirement in Russia
“Third Convertible Note”	the Third Convertible Note issued by the Company on 3 April 2013 to Cordia of a principal amount of US\$443,070,000 (which was calculated in accordance with the relevant provisions of the Agreement) with a conversion price of HK\$48 per Share and a term of 5 years (i.e. maturing on 3 April 2018)
“US\$”	United States Dollar, the lawful currency of the United States of America
“VSA Circular”	the circular dated 31 December 2008 and published by the Company in connection with the Acquisition

For the purpose of illustration only, amounts denominated in US\$ in this announcement have been translated into HK\$ at the rate of US\$1=HK\$7.8, and amounts denominated in RUB have been translated into HK\$ at the rate of RUB1=HK\$0.126. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at such participate exchange rates.

By Order of the Board
Siberian Mining Group Company Limited
Jang Sam Ki
Chairman

Hong Kong, 22 April 2015

As at the date of this announcement, the Board consists of Mr. Jang Sam Ki, Mr. Hong Sang Joon and Mr. Su Run Fa as executive Directors, and Mr. Kwok Kim Hung Eddie, Mr. Lai Han Zhen and Mr. Park Kun Ju as independent non-executive Directors.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at <http://siberian.todayir.com>.