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## **Hengxing Gold Holding Company Limited**

### **恒興黃金控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**( Stock Code : 2303 )**

## **Operational Updates of Gold Mountain Mine for the Second Quarter of 2016**

This is a voluntary announcement made by Hengxing Gold Holding Company Limited (“Hengxing Gold” or the “Company”, including its subsidiaries, the “Group”).

The board (the “Board”) of directors (“Directors”) of the Company announces the operational updates for the second quarter of 2016 of its Gold Mountain Mine (as defined in the prospectus dated 19 May 2014 of the Company). Gold Mountain Mine, wholly owned and operated by the Company, is the largest operating gold mine in Xinjiang region of China in terms of JORC resources, annual ore processing capacity and gold production volume at full production level. Xinjiang Gold Mountain Mining Co., Ltd (新疆金川礦業有限公司) (“Jinchuan Mining”), incorporated in China, is an indirectly wholly owned subsidiary of the Company.

### **Production Updates of Gold Mountain Mine**

Based on the unaudited operational data of the Group and information currently available to the Company, the Group’s Gold Mountain Mine crushed and processed approximately 1,425,744 tonnes of ore and produced approximately 20,352 ounces (equivalent to approximately 633.0kg) of gold during the second quarter of 2016, approximately 20% and 132% respectively higher than the corresponding figures for the same period last year. In addition to the increase in ore processed, the increased gold production was partly due to higher average head grade, which rose from 0.73g/t to 0.91g/t on a year-on year basis.

The all-in gold production costs in the second quarter of 2016 was further reduced by 35% from US\$1,008/oz as recorded by Gold Mountain Mine in the second quarter of 2015 to approximately US\$660/oz, due to the uplift in gold production and implementation of cost control measures.

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

As disclosed in the previous announcements, the Company continued the testing of alternative crushers with a view to achieving the designed process capacity and particle size. After in-depth studies and tests on different crushers, the decision of using high-pressure grinding roller was made in June 2016. The final particle size is expected to meet the designed size and the leaching recovery rate will be enhanced. The Company has reached a preliminary purchase intent with the crusher's supplier and planned to sign the procurement contract in the third quarter of 2016.

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

As disclosed in the previous announcements, the Company is cooperating with Western Region Gold Ili Company Limited (西部黄金伊犁有限责任公司) in exploration in the Bohegou (薄荷沟) prospect. The exploration drilling plan is under consideration and expected to be finalised within 2016.

As disclosed in the previous announcements, the Company is still waiting for the final decision to be issued by Xiamen Arbitration Commission on the arbitration between Jinchuan Mining and Trio China Ltd.

The Company will update shareholders and potential investors from time to time on the status of production, technical upgrade and exploration progress.

*This announcement is made based on the Board's preliminary review of the unaudited operational data of the Group and the information currently available to the Board, and it is not based on any figures and information which have been audited or reviewed by the Group's auditors. The references to the gold production, gold price or unit operating cash cost do not constitute, represent or indicate the full picture of the Group's total revenue or financial performance and the information contained in this announcement may be subject to change and adjustment.*

*Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Company's securities.*

By order of the Board  
**Hengxing Gold Holding Company Limited**  
**KE Xiping**  
Chairman

Xiamen, the PRC, 20 July 2016

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