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FAR EAST GOLDEN RESOURCES GROUP LIMITED

遠東金源集團有限公司

(incorporated in Bermuda with limited liability)

Stock Code: 1188

MEMORANDUM OF UNDERSTANDING WITH SHENYANG-EU ECONOMIC DEVELOPMENT ZONE

Summary

The Board is pleased to announce that HKMC, a wholly-owned subsidiary of the Company, had on 17 November 2009 entered into a memorandum of understanding with SEUZ (a provincial-level development zone in the PRC) in connection with the proposed co-operation with SEUZ for the setting up of a manufacturing base for the manufacture of hybrid eco-friendly automotive propulsion system in the development zone within SEUZ on the principal terms summarized in this announcement below.

Proposed co-operation with Shenyang-EU Economic Development Zone

This announcement is made by Far East Golden Resources Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that Hybrid Kinetic Motors Corporation (“**HKMC**”), a wholly-owned subsidiary of the Company, had on 17 November 2009 entered into a memorandum of understanding (the “**MOU**”) with Shenyang-EU Economic Development Zone (“**SEUZ**”) in connection with the proposed co-operation (the “**Proposed Co-operation**”) with SEUZ for the setting up of a manufacturing base for the manufacture of hybrid eco-friendly automotive propulsion systems in the development zone within SEUZ on the principal terms summarized below:

Parties:

- (1) HKMC
- (2) SEUZ

(SEUZ is a provincial-level development zone approved for establishment in the People's Republic of China (the "PRC") by the National Development and Reform Commission (國家發展改革委員會). SEUZ is a high-standard international industrial development zone established by Shenyang Municipal Government when the PRC Central Government decided to rejuvenate the old industrial bases in Northeast China. The development zone within SEUZ, which is located in the northeast part of Shenyang City, covers an area of 12 square kilometers. SEUZ focuses mainly on the development of advanced equipment manufacturing industry, with an emphasis on auto industry and auto parts industry.)

To the best of the knowledge, information and belief of the directors of the Company, SEUZ (together with its ultimate beneficial owner(s)) is independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules).

Proposed terms of co-operation

- (1) HKMC will organize and procure investment in the setting up of a manufacturing base in the development zone of SEUZ for the manufacture of hybrid eco-friendly automotive propulsion system (comprising engines, transmission and electrical motors) (the "**Proposed Project**") with an initial targetted capacity of 1,000,000 packs per annum and an initial investment of RMB10 billion;
- (2) SEUZ will provide HKMC with a development site within SEUZ of not less than two square kilometers and complete the necessary groundworks and the construction of the basic infrastructure and foundations for the development of the Proposed Project on preferential terms;
- (3) if SEUZ is capable to co-ordinate and assist HKMC in obtaining automotive manufacturing license, HKMC will give preferential consideration to organize and procure additional investment of RMB10 billion for the establishment of a manufacturing base for automobiles in the development zone within SEUZ with a targetted annual capacity of 1,000,000 units per annum, provided that SEUZ shall provide to HKMC a development site of not less than eight square kilometers completed with the necessary groundworks and constructed with the basic infrastructure and foundations.

In the event that SEUZ is unable to co-ordinate and assist HKMC in obtaining automotive manufacturing license in a timely manner, HKMC may at liberty to establish manufacturing base in other provinces of the PRC. HKMC shall, nevertheless, allow SEUZ to participate in the manufacture of 200,000 units of automobiles on a semi-knocked down (半散裝件) basis. The gross domestic product and tax income derived shall belong to the participating region(s) having the automotive manufacturing licence;

- (4) SEUZ will ensure the provision of adequate utilities supply to the development site for the Proposed Project;
- (5) SEUZ will assist HKMC in obtaining the necessary licenses for the production and manufacturing of auto engines and automotives;
- (6) HKMC will benefit from the tax preferential policies which a foreign investment of a production nature in the development zone within SEUZ would be entitled; and
- (7) HKMC shall provide the feasibility report on the Proposed Project as soon as practicable.

Reasons for and benefits of the Proposed Co-operation

The Proposed Co-operation, if materialized, would allow the Group to further develop and penetrate into new markets for its automobile business with the benefits of the preferential policies offered by SEUZ while the SEUZ can gain expertise in the automobile industry through its co-operation with the Group. The Proposed Co-operation, if successful, would in the long run move the Group a step further in launching a larger-scale of production of automobiles and automotive products in the vast market in the PRC.

The Board is of the view that the terms of the MOU are fair and reasonable, and it is in the best interests of the Company and its shareholders as a whole to enter into the MOU to evaluate the merits of the proposed co-operation.

Exclusivity

Both parties to the MOU have undertaken to each other that each party will not negotiate or communicate or reach any arrangement or agreement in any manner with any other party(ies) in relation to the matters which are the subject of the MOU before 16 November 2010.

Except for the undertaking given above, the MOU does not constitute legally binding commitment between the parties to the MOU as to the Proposed Co-operation unless and until a definitive agreement for the Proposed Cooperation is entered into.

Termination

Either party to the MOU may terminate the MOU by giving one month's prior notice in writing to the other party of its intention to terminate the MOU.

General

Further announcement(s) will be made by the Company when the definitive terms for the Proposed Co-operation have been reached with SEUZ in accordance with the applicable Listing Rules.

By Order of the Board
Far East Golden Resources Group Limited
Yeung Yung
Chairman

Hong Kong, 17 November 2009

As at the date of this announcement, the Board comprises six executive Directors, namely Dr Yeung Yung (Chairman and Chief Executive Officer), Mr Liu Quan (Deputy Chairman), Mr Hui Wing Sang, Wilson, Dr Zhu Shengliang, Dr Wang Chuantao and Dr Hou Junwen and three independent non-executive Directors, namely Mr He Bangjie, Mr Wong Lee Hing and Mr Ting Kwok Kit, Johnny.