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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Details of the Group's future plans including its additional projects and strategy are set out in the sub-section headed "Strategy" of the section headed "Business" in this prospectus. The Company's future development will be restricted by the Deed of Non-Competition entered into between the Company and Petropavlovsk. Further details of these restrictions are set out in the section headed "Relationship with Petropavlovsk" in this prospectus.

### USE OF PROCEEDS

The Group estimates that it will receive net proceeds from the Global Offering of approximately HK\$2,604.9 million (based on an Offer Price of HK\$2.60, being the midpoint of the indicative Offer Price range), after deducting the underwriting commissions and estimated expenses payable by it in relation to the Global Offering and assuming that the Over-allotment Option is not exercised.

If the ICBC Facility is not agreed and the Group cannot procure alternative external financing for the full amount required for Stage 1 of its development programme (involving the construction of a mining operation at K&S), it would intend to use substantially all of the net proceeds of the Global Offering to part-finance the development of Stage 1. It would also seek further external financing.

Assuming that the ICBC Facility (representing approximately 85 per cent. of the total cost of Stage 1 of the Group's development programme) is agreed and made available on a timely basis, the Group intends to apply the proceeds of the ICBC Facility towards the funding of Stage 1 of its development programme and intends to use the estimated net proceeds from the Global Offering of approximately HK\$2,604.9 million (based on an Offer Price of HK\$2.60, being the midpoint of the indicative Offer Price range) for the following purposes:

- approximately 30.0 per cent. of the net proceeds towards the development of Stage 1 of its development programme to cover the period until the ICBC Facility is agreed;
- approximately 28.4 per cent. of the net proceeds towards development of Stage 2 of its development programme;
- approximately 31.6 per cent. of the net proceeds towards the Group's other exploration and development projects; and
- 10.0 per cent. of the net proceeds for general working capital and other general corporate purposes.

In the event that the Offer Price is fixed at a higher or lower point in the indicative Offer Price range than the midpoint, any additional amount or shortfall in relation to the net proceeds described above shall be applied in full to the amount allocated to the development of the Group's other exploration and development projects.

If the Over-allotment Option is exercised in full, the Group estimates that it will receive additional net proceeds of approximately HK\$501.2 million (based on an Offer Price of HK\$2.60, being the midpoint of the indicative Offer Price range), after deducting the

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underwriting commissions and estimated expenses payable by it in relation to the Global Offering. The Group also intends to apply any additional proceeds received from any exercise of the Over-allotment Option to its other exploration and development projects. The Group will not receive any proceeds (net or otherwise) from the sale of the Sale Shares by the Selling Shareholder.

Pending the use of the net proceeds from the Global Offering for the purposes set out above, and to the extent permitted under applicable laws and regulations, the Group intends to invest the proceeds in short-term demand deposits and/or money market instruments.

None of the net proceeds of the Global Offering will be applied for the purposes of the construction of the bridge project over the Amur river or the sea port in Sovetskaya Gavan, as described in the sub-section headed “Infrastructure” of the section headed “Business” in this prospectus.

For further information regarding the proposed infrastructure at each of the Group’s principal projects, and expected construction and development costs, refer to the section headed Appendix V — “Competent Person’s Report” to this prospectus.