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SD-GOLD

SHANDONG GOLD MINING CO., LTD.

山東黃金礦業股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1787)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Set out below is the Announcement on the Establishment of a Canadian Company by a Wholly-owned Subsidiary published by Shandong Gold Mining Co., Ltd. (the “**Company**”) on the website of the Shanghai Stock Exchange at www.sse.com.cn, for information purpose only.

By order of the Board
Shandong Gold Mining Co., Ltd.
Li Guohong
Chairman

Jinan, the PRC, 25 May 2020

As at the date of this announcement, the executive directors of the Company are Mr. Wang Peiyue, Mr. Li Tao and Mr. Tang Qi; the non-executive directors of the Company are Mr. Li Guohong, Mr. Wang Lijun and Ms. Wang Xiaoling; and the independent non-executive directors of the Company are Mr. Gao Yongtao, Mr. Lu Bin and Ms. Hui Wing.

**SHANDONG GOLD MINING CO., LTD.
ANNOUNCEMENT ON THE ESTABLISHMENT OF A CANADIAN
COMPANY BY A WHOLLY-OWNED SUBSIDIARY**

The Company and all directors of the Board warrant that the contents of this announcement are true, accurate and complete, and are jointly responsible for any misrepresentation, misleading statement or material omission of the contents herein.

Important notes:

- Name of the investment target company: Streamers Gold Mining Corporation Limited
- Investment amount: CAD210 million
- Special notes of risks: This external investment is still subject to relevant procedures such as filing or approval of the relevant authorities in respect of commerce and foreign exchange, and there are uncertainties about the completion of the relevant procedures. The Canadian subsidiary may have potential risks associated with operation, management and market policies and its short-term economic benefits will not be obvious. However, it would not have a significant impact on the current financial conditions and operating results of the Company. The Company will actively adopt strategies and management measures, as appropriate, to strengthen risk control and strive to bring higher investment returns to investors.

I. OVERVIEW OF THE EXTERNAL INVESTMENT

Shandong Gold Mining (Hong Kong) Co., Limited (the "Hong Kong Company"), a wholly-owned subsidiary of Shandong Gold Mining Co., Ltd. (the "Company"), intends to invest an amount of CAD210 million and incorporate a wholly-owned subsidiary, Streamers Gold Mining Corporation Limited. This company will be principally engaged in the exploration, development and sales of gold resources. The registration of this company is aimed to complete the acquisition of TMAC Resources Inc.

On 25 May 2020, the Proposal of the Company on Establishing a Canadian Company by a Wholly-owned Subsidiary (《公司关于全资子公司设立加拿大公司的议案》) was considered and approved at the 34th meeting of the 5th session of the Board of the Company, with 9 votes in favor, 0 against and 0 abstained. According to the Articles of Association and relevant documents, this investment is not subject to consideration at the shareholders' general meeting.

This investment does not involve any connected transactions, nor does it constitute a major asset restructuring.

II. PARTICULARS OF THE INVESTMENT ENTITY

Hong Kong Company is the sole investment entity of Streamers Gold Mining

Corporation Limited, a company proposed to be established and there are no other investment entities involved.

III. PARTICULARS OF THE INVESTMENT TARGET COMPANY

1. Company name: Streamers Gold Mining Corporation Limited
2. Place of registration: Toronto, Canada
3. Investment amount: CAD210 million, the amount will be 100% contributed by the Hong Kong Company
4. Type of business: limited liability company
5. Scope of business: principally engaged in the exploration, development and sales of gold resources

IV. IMPACT OF THE EXTERNAL INVESTMENT ON THE LISTED COMPANY

Toronto is the largest city in Canada and has a pivotal position in the mining industry. The Toronto Stock Exchange is the world's major mining securities market where mining companies are relatively concentrated. Therefore, setting up the subsidiary in Toronto can maximize strategic functions and accelerate internationalization process of the Company, enabling its expansion of quality resources and enhancing its competitiveness in domestic and foreign markets.

This external investment will not have a significant impact on the financial conditions and operating results of the Company. There will be no circumstances that would prejudice the interests of the Company and all the shareholders.

V. RISK ANALYSIS OF THE EXTERNAL INVESTMENT

This external investment is still subject to relevant procedures such as filing or approval of the relevant authorities in respect of commerce and foreign exchange, and there are uncertainties about the completion of the relevant procedures. The Canadian subsidiary may have risks associated with operations, management and market policies and its short-term economic benefits will not be obvious. However, it would not have a significant impact on the current financial conditions and operating results of the Company. The Company will actively adopt strategies and management measures, as appropriate, to strengthen risk control and strive to bring higher investment returns to investors.

VI. The Board has authorised the Company's management team to handle specific matters of establishing the said company and external investment in accordance with relevant requirements.

The Board of
Shandong Gold Mining Co., Ltd.
25 May 2020