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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CGN Mining Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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**MAJOR AND CONTINUING CONNECTED TRANSACTION
REVOLVING LOAN FACILITY AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders of CGN Mining Company Limited**



A letter from the Board is set out on pages 5 to 14 of this circular.

A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular.

A letter from Guangdong Securities Limited, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 27 of this circular.

A notice convening the extraordinary general meeting of the Company (the "EGM") to be held at Queensway and Victoria Room, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 November 2012 (Thursday) at 10:00 a.m. is set out on pages 35 to 36 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy enclosed with this circular in accordance with the instructions printed thereon and deposit the same to the Company's branch share registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* *For identification purposes only*

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DEFINITIONS

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

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| “Announcement” | the announcement of the Company dated 15 October 2012 in relation to the Revolving Loan Facility Agreement and the transaction contemplated thereunder and the proposed Cap Amount |
| “associates” | has the same meaning as ascribed to it under the Listing Rules |
| “Availability Period” | the period during which the Revolving Loan is made available, for a term of one year commencing from the Effective Date |
| “Board” | the board of Directors of the Company |
| “Business Day(s)” | any day (excluding Saturdays, Sundays and public holidays in Hong Kong) |
| “Cap Amount” | the maximum aggregate transaction amount of US\$100,000,000 contemplated under the Revolving Loan Facility Agreement for a term of one year commencing from the Effective Date |
| “CB Subscription” | the subscription of the convertible bonds with a principal amount of HK\$600,000,000 issued by the Company pursuant to the subscription agreement dated 18 March 2011 |
| “CGNPC” | China Guangdong Nuclear Power Holding Corporation 中國廣東核電集團有限公司*, the sole shareholder of CGNPC-URC and the ultimate controller of the Company |
| “CGNPC-URC” | CGNPC Uranium Resources Co., Ltd 中廣核鈾業發展有限公司*, a company established in the PRC with limited liability and the sole shareholder of China Uranium Development |
| “China Uranium Development” | China Uranium Development Company Limited 中國鈾業發展有限公司*, the Controlling Shareholder of the Company, holding approximately 50.11% equity interest in the Company as at the Latest Practicable Date |

DEFINITIONS

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| “Company” | CGN Mining Company Limited 中廣核礦業有限公司*, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1164) |
| “connected person” | has the same meaning as ascribed to it under the Listing Rules |
| “Controlling Shareholder” | has the same meaning as ascribed to it under the Listing Rules |
| “Directors” | the directors of the Company, including the independent non-executive Directors |
| “Drawdown Date” | the date of drawdown of each Single Loan |
| “Effective Amount” | the balance of the Revolving Loan of US\$100,000,000 under the Revolving Loan Facility Agreement after deducting the outstanding principal from each Single Loan |
| “Effective Date” | the date on which the Revolving Loan Facility Agreement takes effect |
| “EGM” | the extraordinary general meeting of the Company to be convened and held on 15 November 2012 for the Independent Shareholders to approve the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan |
| “Group” | the Company and its subsidiaries |
| “Guangdong Securities” or “Independent Financial Adviser” | Guangdong Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan |

DEFINITIONS

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| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Board Committee” | the independent committee of the Board consisting of all the independent non-executive Directors, established to advise the Independent Shareholders on the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan |
| “Independent Shareholders” | Shareholders other than China Uranium Development and its associates |
| “Latest Practicable Date” | 30 October 2012, being the latest practicable date prior to the printing of the circular for ascertaining certain information contained in the circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “LIBOR” | London interbank market offered interest rate, i.e. the rate displayed on the Reuters monitor screen as “LIBOR 01” offered for US\$ deposits for a comparable period, as of 11:00 a.m. (London time) on the second business day of British banks prior to the first day of each interest period |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “percentage ratios” | has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction |
| “PRC” | The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan |
| “Revolving Loan” | the revolving loan facility of an amount not exceeding US\$100,000,000 (approximately HK\$780,000,000) |
| “Revolving Loan Facility Agreement” | the revolving loan facility agreement dated 15 October 2012 entered into between the Company as lender and China Uranium Development as borrower in connection with the provision of the Revolving Loan |

DEFINITIONS

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| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Share Subscription” | the subscription of the 1,670,000,000 shares by China Uranium Development pursuant to the subscription agreement dated 18 March 2011 |
| “Single Loan Due Date” | the due date of each Single Loan as stipulated in each drawdown notice |
| “Single Loan Period” | the repayment period of each Single Loan as stipulated in each drawdown notice |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subsidiaries” | has the same meaning as ascribed to it under the Listing Rules |
| “US\$” | United States Dollars, the lawful currency of the United States of America |
| “%” | per cent |

* *For identification purposes only*

LETTER FROM THE BOARD



中廣核礦業有限公司*

CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1164)

Executive Directors:

Mr. He Zuyuan (*Chief Executive Officer*)

Mr. Li Xianli

Non-Executive Directors:

Mr. Yu Zhiping (*Chairman*)

Mr. Wei Qiyang

Ms. Jin Yunfei

Mr. Huang Jianming

Independent Non-Executive Directors:

Mr. Ling Bing

Mr. Qiu Xianhong

Mr. Huang Jinsong

Registered Office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

Suites 6706-6707, 67/F.,

Central Plaza, 18 Harbour Road,

Wanchai, Hong Kong

31 October 2012

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTION REVOLVING LOAN FACILITY AGREEMENT

INTRODUCTION

Reference is made to the Announcement.

On 15 October 2012 (after trading hours), the Company as lender and China Uranium Development as borrower entered into the Revolving Loan Facility Agreement pursuant to which the Company will provide the Revolving Loan of an amount not exceeding US\$100 million (approximately HK\$780 million) to China Uranium Development for a term of one year commencing from the Effective Date.

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide further details in respect of, among other things, (i) details of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan; (ii) a letter from the Independent Board Committee setting out its recommendation in connection with the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan to the Independent Shareholders; (iii) a letter from Guangdong Securities setting out its advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM.

Set out below a summary of the terms of the Revolving Loan Facility Agreement.

Date

15 October 2012 (after trading hours)

Parties

- (a) the Company, as lender; and
- (b) China Uranium Development, as borrower.

As at the Latest Practicable Date, the Company is owned as to approximately 50.11% equity interest by China Uranium Development and accordingly it is the Controlling Shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules.

Effective Date

The Revolving Loan Facility Agreement will be effective upon fulfilment of the following conditions:

- (a) the Revolving Loan Facility Agreement having been executed and sealed by the legal representatives or authorised representatives of both parties; and
- (b) the Independent Shareholders having approved by way of poll at the EGM the entering into of the Revolving Loan Facility Agreement.

The Revolving Loan

The Revolving Loan under the Revolving Loan Facility Agreement will not exceed US\$100 million (approximately HK\$780 million) and will be made available for the Availability Period for a term of one year commencing from the Effective Date.

The Company shall have the right at any time to terminate the Revolving Loan under the Revolving Loan Facility Agreement by serving not less than 30 Business Days' notice in writing to China Uranium Development. When the Revolving Loan is terminated, all outstanding principal and interest accrued shall become immediately payable.

LETTER FROM THE BOARD

Subject to China Uranium Development's fulfilment of the conditions as stated in the Revolving Loan Facility Agreement, the Company agrees to provide a loan not exceeding the Effective Amount to China Uranium Development on any Drawdown Date within the Availability Period (the "**Single Loan**"). China Uranium Development shall submit the drawdown notice at least 10 Business Days prior to each application.

Each drawdown notice shall include, among other things, (i) the amount of that Single Loan, (ii) the period of that Single Loan (which must be within the Availability Period) and (iii) the Drawdown Date.

China Uranium Development will not be required to provide any guarantee or charge any assets to the Company under the Revolving Loan Facility Agreement based on the following reasons:

- (i) the financial statements of China Uranium Development provided to the Company for consideration show that it has substantial amount of net assets;
- (ii) CGNPC, the ultimate sole shareholder of China Uranium Development, is a large scale state-owned corporation with a registered capital of RMB10.2 billion;
- (iii) according to the credit reports of China Lianhe Credit Rating Co., Ltd (聯合資信評估有限公司) dated 9 December 2011 and China Cheng Xin International Credit Rating Co., Ltd. (中誠信國際信用評級有限公司) issued in July 2012, the creditworthiness rating of CGNPC is AAA, which means that CGNPC has a very strong repayment capability, unlikely to be affected by any adverse economic change and has extremely low risk of default;
- (iv) Moody's Investors Services has assigned an issuer rating and senior unsecured bond rating of A3 to CGNPC on 18 October 2012; and
- (v) after making due enquiry by the Directors, China Uranium Development does not have any previous record of default of payment to other financial institutions.

Based on the above factors, the Company considers that the relevant risk of default is extremely low. As such, the Company considers that there is no need for China Uranium Development to provide any guarantee or charge any assets to the Company.

Risk Control Measures

The Directors (including the independent non-executive Directors) consider that the following risk control measures are adequate to cover the risks involved in the provision of Revolving Loan:

- (i) upon the Company's request, the annual financial statements of China Uranium Development will be provided to the Company in the first quarter of the subsequent year;

LETTER FROM THE BOARD

- (ii) upon the Company's request at any time, China Uranium Development will provide forthwith to the Company any documents and information relating to its business operations, including but not limited to its financial reports, financial statements and documents with similar nature;
- (iii) if China Uranium Development has any potential risk of financial instability, China Uranium Development will inform the Company immediately; and
- (iv) if China Uranium Development has shown any signs of financial instability, the Company can demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' prior written notice to China Uranium Development.

Interest Rate

Interest on each Single Loan shall be calculated from the Drawdown Date until the full repayment of the Single Loan, on the basis of 360 days per annum.

Interest rate of each Single Loan shall be calculated as follows:

- (a) 1 month LIBOR+6%, if the Single Loan Period is less than 3 months;
- (b) 3 months LIBOR+6%, if the Single Loan Period is between 3-6 months; or
- (c) 6 months LIBOR+6%, if the Single Loan Period is more than 6 months.

Interest Period

- (a) If the Single Loan Period is less than or equal to 6 months, the interest period shall commence from the relevant Drawdown Date until the Single Loan Due Date.
- (b) If the Single Loan Period is more than 6 months:
 - (i) in the event that the relevant Drawdown Date is between 21 December to 20 June (both dates inclusive), the first interest period shall commence from the relevant Drawdown Date until 20 June; if the relevant Drawdown Date is between 21 June to 20 December (both dates inclusive), the first interest period shall commence from the relevant Drawdown Date until 20 December, as the case may be (the "**First Interest Period**");
 - (ii) thereafter, each interest period shall count from 21 June and 21 December, i.e. an interest period shall commence from 21 December to 20 June and another interest period shall commence from 21 June to 20 December ("**Other Interest Period**"). If the Single Loan Due Date falls within the abovementioned interest period, the interest period shall end on the Single Loan Due Date ("**Final Interest Period**").

LETTER FROM THE BOARD

Interest Payment

- (a) If the Single Loan Period is less than or equal to 6 months, all interest accrued shall be paid in a lump sum on the Single Loan Due Date.

- (b) If the Single Loan Period is more than 6 months:
 - (i) depending on actual circumstances, in the event that the Drawdown Date of that Single Loan falls between 21 December to 20 June (both dates inclusive), all interest accrued during the First Interest Period shall be paid on 21 June; in the event that the Drawdown Date of that Single Loan falls between 21 June to 20 December (both dates inclusive), all interest accrued during the First Interest Period shall be paid on 21 December; and

 - (ii) after the First Interest Period, depending on actual circumstances, all interest accrued during Other Interest Period shall be paid on 21 June and 21 December of each year. However, all interest accrued during the Final Interest Period shall be paid on the Single Loan Due Date.

Default interest for any outstanding interest shall be charged at the applicable interest rate of that Single Loan plus 2%, calculated from the due date the payment as stipulated in (a) or (b) above until the date of actual payment in full and on a daily basis.

Repayment

Subject to the paragraph “Interest Payment” above, each Single Loan together with interest accrued shall be repaid to the Company in one lump sum in the same currency on the Single Loan Due Date. Each Single Loan Due Date must be within the Availability Period.

If China Uranium Development cannot fully repay any Single Loan on the Single Loan Due Date, the Company has the right to charge default interest on the outstanding parts at the applicable interest rate of that Single Loan plus 2%, calculated from the Single Loan Due Date until the date of actual payment in full and on a daily basis.

Early Repayment

China Uranium Development shall have the right at any time to repay prior to the due date all or part of all outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 7 Business Days’ prior written notice to the Company.

The Company shall have the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days’ prior written notice to China Uranium Development.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

As disclosed in the Company's interim report for the six months ended 30 June 2012, the Group had its cash and cash equivalents of approximately HK\$1,309 million, of which approximately HK\$979,000,000 was the net proceeds from the Share Subscription and the CB Subscription. As stated in the Company's circular dated 23 May 2011, the Company intends to use the proceeds from the Share Subscription and the CB Subscription to finance any future business opportunities or investment of the Group. As at the Latest Practicable Date, the Company has not identified suitable investment targets or investment opportunities.

The Company has assessed different investment options such as providing loans to independent third parties and has obtained relevant information from banks for comparison purposes. However, since the Company may need short-term cash anytime for securing investment opportunities, it is very difficult to negotiate a flexible repayment schedule together with high interest rates with other independent third parties. In addition, the Directors consider that it is risky to make other short-term investment under the current unstable financial market and such investment may reduce the financial flexibility of the Company.

After considering other integrated factors such as repayment terms and default risk, the Company considers the terms of the Revolving Loan Facility Agreement provided by China Uranium Development are most suitable to the Company's investment strategy.

As at the Latest Practicable Date, the prevailing interest rate for a 12-month term HK\$ fixed deposit announced by The Hongkong and Shanghai Banking Corporation, being 0.2% per annum, is substantially lower than the interest rates offered by China Uranium Development for the provision of the Revolving Loan. Therefore, the provision of the Revolving Loan will enable the Company to enhance the return on investment on its surplus cash resources. At the same time, the Company shall have the right at any time to demand China Uranium Development to repay prior to the due date of each Single Loan so that the flexibility of cash flow is maintained, without affecting any future business development or investment opportunities of the Group.

The terms of the Revolving Loan Facility Agreement, including the Cap Amount and interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices.

Taken into consideration the creditworthiness of China Uranium Development, its financial conditions after reviewing the available financial information and that the interest rate for the provision of the Revolving Loan under the Revolving Loan Facility Agreement is more favourable to the Company, the Directors (including the independent non-executive Directors after considering the opinion of Guangdong Securities) consider that the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE REVOLVING LOAN FACILITY AGREEMENT

As disclosed in the Company's interim report for the six months ended 30 June 2012, the Group had its cash and cash equivalents of approximately HK\$1,309 million. Assuming that the entire amount of the Revolving Loan will be drawn by China Uranium Development during the Availability Period, the Group will still have cash and cash equivalents of approximately HK\$529 million, of which approximately HK\$70 million will be allocated to the Group's existing pharmaceutical business, approximately HK\$260 million will be allocated to the Group's trading of natural uranium and approximately HK\$199 million will be allocated to future uranium ore investment or other new business opportunities in the future. The Directors consider that such remaining cash and cash equivalents would be sufficient for the business operations of the Group. Moreover, the Company shall have the right at any time to terminate the Revolving Loan by serving written notice to China Uranium Development or demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' notice in writing, therefore there will not be adverse effect on the flexibility of cash flow of the Group. The Group can utilise surplus cash resources to enhance return on investment, which in turn produces a positive earnings of the Group in the short run.

RISK ASSOCIATED WITH THE PROVISION OF THE REVOLVING LOAN

Set out below are the risk factors which may be associated with the provision of the Revolving Loan:

Fluctuation in market interest rate

The interest rates under the Revolving Loan Facility Agreement may be too low when comparable interest rates in the market increase sharply. The Directors consider that the adjustable interest rates linked to LIBOR is the best arrangement for the Company to deal with fluctuation in market interest rate.

Credit risk

In the unlikely event that the PRC's nuclear power industry slows down, China Uranium Development may not be able to or willing to repay the Revolving Loan, or to honor other contractual commitments. As aforementioned in the section "Risk Control Measures", the Directors will closely communicate with China Uranium Development to ensure that all interests and outstanding principals accrued under the Revolving Loan Facility Agreement will be repaid upon demand.

LETTER FROM THE BOARD

The PRC government regulations on nuclear power industry

The nuclear power industry is subject to various government policies and regulations, including but not limited to development, production, taxation, construction of nuclear power plants, environment monitoring, operation management and other issues. Any changes to those policies may affect the operation of China Uranium Development which in turn affects its financial status. Since CGNPC is under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of China, the Directors have confidence in the business operation of China Uranium Development.

INFORMATION ON THE GROUP AND CHINA URANIUM DEVELOPMENT

The Group's original principal business used to be selling, distributing and manufacturing of pharmaceutical and food products and property investment. The Group has repositioned itself as a platform for uranium resources investment and trading after successful completion of China Uranium's Development's Share Subscription and CB Subscription on 18 August 2011.

China Uranium Development is a wholly-owned subsidiary of CGNPC-URC, which is a subsidiary of CGNPC. Based in Shenzhen of the PRC, CGNPC is a state-owned nuclear power producer with material interests in nuclear fuels procurement and production. CGNPC-URC's core business activities are to (i) manage the supply of nuclear fuels of CGNPC; (ii) establish an interest in and support development of commercial resources and reserves of natural uranium; and (iii) deal with the import and export trade of PRC and overseas natural uranium and related products.

LISTING RULES IMPLICATIONS

China Uranium Development is a connected person of the Company and therefore the entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of provision of the Revolving Loan exceed 25% but less than 75%, the entering into of Revolving Loan Facility Agreement and the provision of the Revolving Loan also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. He Zuyuan, an executive Director and chief executive officer of the Company and Ms. Jin Yunfei, a non-executive Director, have abstained from voting to approve the Revolving Loan Facility Agreement in the Board meeting due to the fact that they are the directors of China Uranium Development and are regarded as not independent to make any recommendation to the Board.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong, being the three independent non-executive Directors has been formed to (i) advise the Independent Shareholders as to the fairness and reasonableness of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan, and whether such transactions are in the interests of the Company and its Shareholders as a whole and (ii) advise the Independent Shareholders on how to vote in respect of such transactions taking into account the recommendation of Guangdong Securities.

Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan.

EGM

A notice of the EGM which will be held at Queensway and Victoria Room, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 November 2012 (Thursday) at 10:00 a.m. is set out on pages 35 to 36 of this circular. Ordinary resolutions will be proposed at the EGM to seek Independent Shareholders' approval for the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

China Uranium Development and its associates, which have interests in the Revolving Loan Facility Agreement, will abstain from voting on the resolutions concerning the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM. The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or other arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third part, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan are fair and reasonable and in the interests of the Group. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in Appendices I and II to this circular.

Yours faithfully,
For and on behalf of the Board of
CGN Mining Company Limited
Mr. He Zuyuan
Chief Executive Officer



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1164)

31 October 2012

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTION
REVOLVING LOAN FACILITY AGREEMENT**

We refer to the circular dated 31 October 2012 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan are in the interests of the Independent Shareholders as a whole. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 14 of the Circular which contains information of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan, as well as the “Letter from Guangdong Securities” set out on pages 17 to 27 of the Circular which contains its advice in respect of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of Guangdong Securities, we consider that the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Revolving Loan Facility Agreement and the transaction contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Ling Bing
*Independent non-executive
Director*

Mr. Qiu Xianghong
*Independent non-executive
Director*

Mr. Huang Jinsong
*Independent non-executive
Director*

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the provision of the Revolving Loan for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

31 October 2012

*To: The independent board committee and the independent shareholders
of CGN Mining Company Limited*

Dear Sirs,

MAJOR AND CONTINUING CONNECTED TRANSACTION REVOLVING LOAN FACILITY AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of the Revolving Loan, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 31 October 2012 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 15 October 2012 (after trading hours), the Company as lender and China Uranium Development as borrower entered into the Revolving Loan Facility Agreement pursuant to which the Company will provide the Revolving Loan of an amount not exceeding US\$100 million (equivalent to approximately HK\$780 million) to China Uranium Development which will be made available for the Availability Period for a term of one year commencing from the Effective Date.

According to the Board Letter, the provision of the Revolving Loan constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements. In addition, the provision of the Revolving Loan also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements.

An Independent Board Committee comprising Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Revolving Loan Facility Agreement (including the Cap Amount) are on normal commercial terms and are fair and

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reasonable so far as the Independent Shareholders are concerned; (ii) whether the provision of the Revolving Loan is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the provision of the Revolving Loan at the EGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CGNPC, CGNPC-URC, China Uranium Development or their respective subsidiaries or associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the provision of the Revolving Loan. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the provision of the Revolving Loan, we have taken into consideration the following principal factors and reasons:

(1) Background of the provision of the Revolving Loan

Information on the Group

As referred to in the Board Letter, the Group's original principal business used to be selling, distributing and manufacturing of pharmaceutical and food products and property investment. The Group has repositioned itself as a platform for uranium resources investment and trading after the successful completion of China Uranium Development's Share Subscription and CB Subscription on 18 August 2011.

Set out below are the financial information of the Group for the six months ended 30 June 2012 and the two years ended 31 December 2011 as extracted from the Company's interim report for the six months ended 30 June 2012 (the "**2012 Interim Report**") and the annual report for the year ended 31 December 2011 (the "**2011 Annual Report**"):

| | For the six months ended 30 June 2012 <i>HK\$'000</i> | For the year ended 31 December 2011 <i>HK\$'000</i> | For the year ended 31 December 2010 <i>HK\$'000</i> | % change from 2010 to 2011 % |
|--|---|---|---|--|
| Turnover | 458,422 | 372,726 | 328,120 | 13.59 |
| Profit/(Loss) attributable to owners of the Company | (11,808) | (229,858) | 36,610 | N/A |
| | As at 30 June 2012 <i>HK\$'000</i> | As at 31 December 2011 <i>HK\$'000</i> | As at 31 December 2010 <i>HK\$'000</i> | % change from 2010 to 2011 % |
| Short-term bank deposits | 1,221,271 | – | – | N/A |
| Bank balances and cash | 88,571 | 1,263,535 | 80,284 | 1,473.83 |
| Secured bank borrowings | – | – | 71,285 | (100.00) |
| Net asset value | 1,025,800 | 1,036,867 | 707,015 | 46.65 |

From the above table, we noted that the Group's turnover for the year ended 31 December 2011 had increased by approximately 13.59% as compared to the prior year. However, the Group recorded a loss attribute to owners of the Company of approximately HK\$229.86 million for the year ended 31 December 2011 as compared to a profit for the prior year. As advised by the Directors, the decline in profitability of the Group was primarily attributable to the effect of the change of industry regulations and internal

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integration on the pharmaceutical and food business of the Group. Nevertheless, the Group had managed to improve its loss making position after repositioning itself as a platform for uranium resources investment and trading. The Group recorded a loss attributable to owners of the Company of approximately HK\$11.81 million for the six months ended 30 June 2012.

As for the asset and liability position of the Group, the Group's aggregated amount of short-term bank deposits, bank balances and cash had substantially increased by over 15 times from approximately HK\$80.28 million as at 31 December 2010 to approximately HK\$1,309.84 million as at 30 June 2012. The Group also did not have any outstanding bank borrowing as at 30 June 2012. As advised by the Directors, the increase in the short-term bank deposits and bank balances and cash was mainly due to the Share Subscription, the CB Subscription and the disposal of assets during the period. As further advised by the Directors, the Group has maintained sufficient financial resources for business operation purpose and it has no seasonality of borrowing requirement. As at 30 September 2012, the Group's aggregated amount of short-term bank deposits, bank balances and cash was approximately HK\$1,276.06 million.

Information on China Uranium Development

As extracted from the Board Letter, China Uranium Development is a wholly-owned subsidiary of CGNPC-URC, which is a subsidiary of CGNPC. Based in Shenzhen of the PRC, CGNPC is a state-owned nuclear power producer with material interests in nuclear fuels procurement and production. CGNPC-URC's core business activities are to (i) manage the supply of nuclear fuels of CGNPC; (ii) establish an interest in and support the development of commercial resources and reserves of natural uranium; and (iii) deal with the import and export trade of PRC and overseas natural uranium and related products. As at the Latest Practicable Date, the Company is owned as to approximately 50.11% equity interest by China Uranium Development and accordingly China Uranium Development is the Controlling Shareholder.

(2) Reasons for the provision of the Revolving Loan

As advised by the Directors, the bank balances and cash of the Group as at 30 June 2012 amounted to approximately HK\$1,309.84 million, of which approximately HK\$979 million was the net proceeds from the Share Subscription and the CB Subscription. As stated in the Company's circular dated 23 May 2011, the Company intends to use the proceeds from the Share Subscription and the CB Subscription to finance any future business opportunities or investments of the Group. The Directors confirmed that as at the Latest Practicable Date, the Company had not identified suitable investment targets or investment opportunities to pursue for the abundant cash on hand and the only alternative available to the Group would be keeping such cash as bank deposits.

As at the date of the Revolving Loan Facility Agreement, the prevailing interest rate for a 12-month term HK\$ fixed deposit announced by The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), being 0.2% per annum, was substantially lower than the interest rates offered by China Uranium Development for the provision of the Revolving Loan. Therefore, Directors consider that the provision of the Revolving Loan will enable the Company to enhance the return on investment on its surplus cash resources.

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Furthermore, as the Revolving Loan Facility Agreement provides the Company (i) the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal amounts under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' prior written notice to China Uranium Development; and (ii) the right at any time to terminate the Revolving Loan under the Revolving Loan Facility Agreement by serving not less than 30 Business Days' notice in writing to China Uranium Development, the Group would also be able to enjoy financial flexibility when utilising the cash should any suitable investment targets or investment opportunities arises in the future.

We have enquired into the Directors as to whether the Company has considered other short-term investment (apart from fixed deposit). As advised by the Directors, the Directors consider that it is risky to make other short-term investment under the current unstable financial market and such investment may also reduce the financial flexibility of the Company.

We have also discussed with the Directors regarding the possible credit risks under the Revolving Loan Facility Agreement and were advised by the Directors that China Uranium Development is a private company and thus its credit rating is not publicly available. Alternatively, we have sought to assess the financial strength of China Uranium Development based on the unaudited consolidated statement of financial position of China Uranium Development as at 30 June 2012 as provided by the Company and noted that the unaudited net asset value attributable to the equity holders of China Uranium Development as at 30 June 2012 amounted to approximately RMB3,955 million (equivalent to approximately HK\$4,904 million), which is well above the maximum amount of the Revolving Loan of US\$100 million (equivalent to approximately HK\$780 million). The major assets of China Uranium Development include cash, receivables and long term equity investment. With reference to the Board Letter, the Directors considered that the relevant risk of default is extremely low and did not require China Uranium Development to provide any guarantee or charge any assets to the Company under the Revolving Loan Facility Agreement after taken into account the factors as detailed in the Board Letter (the "**Assessment Factors**"). Having considered the above (including the Assessment Factors), we are of the view that the possible credit risk and the default risk under the Revolving Loan Facility Agreement are acceptable.

As aforementioned, China Uranium Development is a wholly-owned subsidiary of CGNPC-URC, which is a subsidiary of CGNPC. CGNPC is a state-owned nuclear power producer with material interests in nuclear fuels procurement and production. CGNPC-URC's core business activities are to (i) manage the supply of nuclear fuels of CGNPC; (ii) establish an interest in and support the development of commercial resources and reserves of natural uranium; and (iii) deal with the import and export trade of the PRC and overseas natural uranium and related products. We have searched over the internet regarding the development of nuclear power in the PRC and noted from a report released by the World Nuclear Association in July 2012 (the "**Report**") that nuclear power has an important role in the PRC, especially in the coastal areas remote from the coalfields and where the economy is developing rapidly. As at the date of the Report, the PRC had 14 nuclear power reactors in operation and more than 25 further reactors were under construction. Those additional reactors are likely to lead to a five-or six-fold increase in nuclear capacity to at least 60 gigawatt electrical (GWe) by 2020, 200 GWe by 2030, and 400 GWe by 2050. Going forward and in the long run, the PRC's domestic manufacturing of nuclear plant and equipment is expected to increase, with self-reliance in design and management although international cooperation will continue to be encouraged.

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We understand that the nuclear crisis which happened in Fukushima city of Japan in March 2011 (the “Crisis”) has aroused worldwide concern on the safety use of nuclear power. In this relation, we noted from the Report that following the Crisis, the State Council of the PRC announced that it would suspend approvals for new nuclear power stations and conduct comprehensive safety checks of all nuclear projects in the PRC. However, notwithstanding the possible delay in the relevant governmental approval process for future nuclear projects in the PRC due to the Crisis, based on our research over the internet, we noted from several Chinese newspaper articles that the vice chairman of the National Development and Reform Commission of the PRC reaffirmed on 21 April 2011 that the PRC would continue to develop nuclear power while ensuring its safety. We also noted from the Report and a news release published by China Daily on 7 December 2011 that the PRC will make nuclear energy the foundation of its power-generation system in the next “10 to 20 years”. Given also the limited supply of power generating resources (such as oil and coal) without satisfactory and sufficient substitutes as well as the expected strong demand for energy in the long term for development of the PRC economy, it is anticipated that the nuclear power industry in the PRC, in which China Uranium Development is engaged, would be developing persistently in the future.

Having considered the aforesaid reasons for the provision of the Revolving Loan as well as the financial background of the Group, we are of the view that the provision of the Revolving Loan is in the interests of the Company and the Shareholders as a whole.

(3) Principal terms of the Revolving Loan Facility Agreement

On 15 October 2012 (after trading hours), the Company as lender and China Uranium Development as borrower entered into the Revolving Loan Facility Agreement pursuant to which the Company will provide the Revolving Loan of an amount not exceeding US\$100 million (equivalent to approximately HK\$780 million) to China Uranium Development which will be made available for the Availability Period for a term of one year commencing from the Effective Date.

The Revolving Loan

The Revolving Loan under the Revolving Loan Facility Agreement will not exceed US\$100 million (equivalent to approximately HK\$780 million) and will be made available for the Availability Period for a term of one year commencing from the Effective Date.

The Company shall have the right at any time to terminate the Revolving Loan under the Revolving Loan Facility Agreement by serving not less than 30 Business Days’ notice in writing to China Uranium Development. When the Revolving Loan is terminated, all outstanding principal and interest accrued shall become immediately payable.

Subject to China Uranium Development’s fulfilment of the conditions stated in the Revolving Loan Facility Agreement, the Company agrees to provide a Single Loan not exceeding the Effective Cap Amount to China Uranium Development on any Drawdown Date within the Availability Period. China Uranium Development shall submit the drawdown notice at least 10 Business Days prior to each Drawdown Date.

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Each drawdown notice shall include, among other things, (i) the amount of that Single Loan; (ii) the period of that Single Loan (which must be within the Availability Period); and (iii) the Drawdown Date.

China Uranium Development will not be required to provide any guarantee or charge any assets to the Company under the Revolving Loan Facility Agreement.

Interest rate

Interest on each Single Loan shall be calculated from the Drawdown Date until the full repayment date of the Single Loan, on the basis of 360 days per annum. Interest rate of each Single Loan shall be calculated as follows:

- (a) one-month LIBOR+6%, if the Single Loan Period is less than three months;
- (b) three-month LIBOR+6%, if the Single Loan Period is between three to six months; or
- (c) six-month LIBOR+6%, if the Single Loan Period is more than six months.

Default interest for any outstanding interest shall be charged at the applicable interest rate of that Single Loan plus 2%, calculated from the relevant due date of interest payment until the date of actual payment in full and on a daily basis.

Repayment

Subject to the paragraph headed “Interest payment” in the Board Letter, each Single Loan together with interest accrued shall be repaid to the Company in one lump sum in the same currency on the Single Loan Due Date. Each Single Loan Due Date must be within the Availability Period.

If China Uranium Development cannot fully repay any Single Loan on the Single Loan Due Date, the Company shall have the right to charge default interest on the outstanding parts at the applicable interest rate of that Single Loan plus 2%, calculated from the Single Loan Due Date as stipulated under the respective drawdown notice previously submitted to the Company until the date of actual payment in full and on a daily basis.

Early repayment

China Uranium Development shall have the right at any time to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than seven Business Days’ prior written notice to the Company.

The Company shall have the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days’ prior written notice to China Uranium Development.

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Further details of the Revolving Loan Facility Agreement are set out in the Board Letter.

As confirmed by the Directors, the terms of the Revolving Loan Facility Agreement (including the Cap Amount and the interest rate applicable) were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors considered that the terms of the Revolving Loan Facility Agreement (including the Cap Amount and the interest rate applicable) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the provision of the Revolving Loan is in the interests of the Company and the Shareholders as a whole.

Pursuant to the Revolving Loan Facility Agreement, the interest rates payable by China Uranium Development to the Company shall be (a) one-month LIBOR+6%, if the Single Loan Period is less than three months; (b) three-month LIBOR+6%, if the Single Loan Period is between three to six months; or (c) six-month LIBOR+6%, if the Single Loan Period is more than six months. As advised by the Directors and based on our understanding, it is a common practice for commercial banks in Hong Kong to charge interest at a rate with reference to the Hong Kong Interbank Offered Rate, LIBOR, or the Hong Kong dollar best lending rate on corporate loans. In addition, we found that according to the statistics from Bloomberg, the one-month LIBOR, three-month LIBOR and six-month LIBOR for US\$ ranged from approximately 0.21% to 0.30%, approximately 0.33% to 0.58% and approximately 0.60% to 0.81% per annum respectively from 17 October 2011 to 12 October 2012. Based on the above, the interest rates for the Revolving Loan would range from (a) approximately 6.21% to 6.30%, if the Single Loan Period is less than three months; (ii) approximately 6.33% to 6.58%, if the Single Loan Period is between three to six months; or (c) approximately 6.60% to 6.81%, if the Single Loan Period is more than six months.

With reference to the 2011 Annual Report, short-term bank deposits of the Group carried fixed interest rates ranging from approximately 1.85% to 2.45% per annum and bank balances of the Group carried interest at average market rate of approximately 0.42% per annum as at 31 December 2011. Upon our further enquiries, the Directors advised us that the Group receives an interest of approximately 2.27% per annum for its fixed deposit in banks denominated in US\$. As a result, although the risks associated with the Revolving Loan and deposits in banks are different, the interest rates for the Revolving Loan (associated with acceptable credit risk and default risk as illustrated under the above section headed "Reasons for the provision of the Revolving Loan") are well above the interest rates which the Group receives from its deposits in banks.

In light of all the foregoing, we consider that the terms of the Revolving Loan Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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(4) Basis of the Cap Amount

The Cap Amount of the Revolving Loan will be as follows:

| Period | Cap Amount |
|---|-------------------|
| One year commencing from the Effective Date | US\$100 million |

In assessing the fairness and reasonableness of the Cap Amount, we have discussed with the Directors regarding the basis for determining the Cap Amount. As advised by the Directors, the Cap Amount, i.e. the maximum amount of the Revolving Loan of US\$100 million (equivalent to approximately HK\$780 million), was determined with reference to the amount of the Group's existing idle cash, which is calculated as cash and cash equivalents and profit from natural uranium trading, net of working capital and other expected requirements. For our due diligence purpose, we have reviewed the relevant computation for the Cap Amount and we concur with the Directors that the Cap Amount was determined with the aforementioned basis.

Shareholders should note that as the Cap Amount is relating to future events and are estimated based on assumptions which may or may not remain valid for the entire term of the one year commencing from the Effective Date, they do not represent forecasts of cash balance of the Company. Consequently, we express no opinion as to how closely the actual cash balance of the Company will correspond with the Cap Amount.

Having considered the foregoing basis in determining the Cap Amount, together with (a) the Group's bank balances and cash of approximately HK\$1,276.06 million as at 30 September 2012; and (b) the fact that the Revolving Loan Facility Agreement provides the Company (i) the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal amounts under the Revolving Loan Facility Agreement by giving prior written notice to China Uranium Development; and (ii) the right at any time to terminate the Revolving Loan under the Revolving Loan Facility Agreement by serving notice in writing to China Uranium Development, thereby enabling the Group to enjoy financial flexibility when utilising the cash should any suitable investment opportunities arise in the future, we consider that the Cap Amount is fair and reasonable so far as the Independent Shareholders are concerned.

(5) Possible financial effects of the provision of the Revolving Loan

Effects on net asset value and gearing ratio

As extracted from the 2012 Interim Report, the net asset value and the gearing ratio (calculated as total borrowings to equity attributable to owners of the Company, net of intangible assets and goodwill) of the Group were approximately HK\$1,025.80 million and approximately 47% respectively as at 30 June 2012. According to the Directors, the Group's net asset value and gearing ratio would remain unchanged as a result of the provision of the Revolving Loan.

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Effects on earnings and working capital

As the Company will be entitled to the interest income on the Revolving Loan in the event that any amount is drawn down by China Uranium Development, the provision of the Revolving Loan would likely to have a positive impact on the future earnings of the Group. Since the Company intends to finance the provision of the Revolving Loan by its internal resources and the Revolving Loan to be provided will be classified as current assets of the Group, the Group's working capital (being calculated as current assets minus current liabilities) will remain unchanged as a result of the provision of the Revolving Loan.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be after the provision of the Revolving Loan.

(6) Listing Rules implication and internal control of the Group

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.37 to 14A.41 of the Listing Rules pursuant to which (i) the values of the Revolving Loan must be restricted by the Cap Amount for a term of one year commencing from the Effective Date; (ii) the terms of the Revolving Loan Facility Agreement (including the Cap Amount) must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Revolving Loan Facility Agreement (including the Cap Amount) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, that the provision of the Revolving Loan is carried out in accordance with the relevant agreement governing the provision of the Revolving Loan, and the Cap Amount is not being exceeded. In the event that the total amount of the Revolving Loan exceeds the Cap Amount, or that there is any material amendment to the terms of the Revolving Loan Facility Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the provision of the Revolving Loan (including the Cap Amount) and hence the interest of the Independent Shareholders would be safeguarded.

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RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that (i) the terms of the Revolving Loan Facility Agreement (including the Cap Amount) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the provision of the Revolving Loan is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the provision of the Revolving Loan and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2011, 2010 and 2009 are disclosed in the annual reports of the Company for the years ended 31 December 2011, 2010 and 2009 respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.irasia.com/listco/hk/cgnmining/index.htm).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2012, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had unsecured zero coupon convertible bonds in principal amount of HK\$600,000,000 due on 17 August 2016 with an initial conversion price of HK\$0.23 per convertible share.

Pledge of assets

At the close of business on 30 September 2012, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had the following assets pledged to secure the banking facilities granted to the Group:

Bank balances and cash (As at 30 September 2012: HK\$644,000)

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 September 2012.

Foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 30 September 2012.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the business prospects, the internal resources of the Group and the entire amount of the Revolving Loan drawn by China Uranium Development during the Availability Period, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group's original principal business used to be selling, distributing and manufacturing pharmaceutical and food products and property investment. The Group has repositioned itself as a platform for uranium resources investment and trading after the successful completion of China Uranium Development's Share Subscription and CB Subscription on 18 August 2011.

The Board is of the view that, in the foreseeable future, consolidation will be seen in the markets of food, pharmaceuticals and properties of the PRC, with substantial pressure existing in the operating environment. The Group will strengthen risk management and scale down the existing pharmaceutical and food business. On the other hand, the Group will expand the scale of trading of natural uranium and proactively identify uranium resources investment opportunities.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which the Directors and chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules were as follows:

Long positions in Shares and underlying Shares

(i) interests in the Shares

| Name of Director | Capacity | Number of Shares held | Approximate percentage of the total issued Share capital of the Company |
|--------------------|-------------------|-----------------------|---|
| Mr. Huang Jianming | Personal interest | 8,500,000 | 0.26% |

As at the Latest Practicable Date, none of the Directors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

(ii) other interests

As at the Latest Practicable Date,

- (i) none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, the date to which the latest published audited financial statement of the Group was made up;
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group taken as a whole; and
- (iii) saved as disclosed in this circular, none of the Directors or the Controlling Shareholders and their respective associates had any interest in a business which competes or may compete with the business of the Group or had any other conflict of interest with the Company.

(b) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executive of the Company, no other person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10 per cent (10%) or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group:

Long positions in Shares

| Name of Shareholder | Nature of interests | Number of Shares | Approximate percentage of the total issued Share capital of the Company |
|---|---------------------|------------------------|---|
| Perfect Develop Holding Inc. | Corporate | 522,526,940 (L) | 15.68% |
| | | 450,000,000 (S) | 13.50% |
| | | <i>(Note 1)</i> | |
| China Uranium Development Company Limited | Beneficial owner | 4,728,695,652 (L) | 141.89% |
| | | 550,354,609 (S) | 16.51% |
| | | <i>(Notes 3&5)</i> | |

| Name of Shareholder | Nature of interests | Number of Shares | Approximate percentage of the total issued Share capital of the Company |
|---|--------------------------------------|-----------------------------|---|
| CGNPC Uranium Resources Co., Ltd. (Note 2) | Interest in a controlled corporation | 4,728,695,652 (L) | 141.89% |
| | | 550,354,609 (S) (Note 2) | 16.51% |
| China Guangdong Nuclear Power Holding Corporation, Ltd. | Interest in a controlled corporation | 4,728,695,652 (L) | 141.89% |
| | | 550,354,609 (S) (Note 4) | 16.51% |
| Silver Grant International Industries Limited | Beneficial owner | 550,354,609 (L) (Note 5) | 16.51% |

Notes:

- The issued share capital of Perfect Develop Holding Inc. is beneficially owned as to 58.28% by Mr. Tao Lung, 30.67% by Mr. Huang Jianming and 11.05% by Mr. Liu James Jin. Mr. Tao Lung, Mr. Huang Jianming and Mr. Liu James Jin are founders of the Group. Mr. Tao Lung and Mr. Liu James Jin are former executive Directors of the Company. Mr. Huang Jianming is a founder of the Group and is currently a non-executive Director of the Company. Pursuant to the share charge dated 1 April 2011, Perfect Develop Holding Inc. charged 450,000,000 Shares in favour of China Uranium Development.
- CGNPC Uranium Resources Co., Ltd. (“CGNPC-URC”) (formerly known as “CGNPC Nuclear Fuel Co., Ltd.”) holds 100% of the issued share capital of China Uranium Development. Therefore, CGNPC-URC is deemed to be interested in 4,728,695,652 shares by virtue of its shareholding of China Uranium Development.
- The long position represents (i) the 1,670,000,000 shares held by China Uranium Development as stated in Note 2 above, (ii) the interests in the 2,608,695,652 conversion shares which may be issued under the Convertible Bonds and (iii) 450,000,000 Shares under the Share Charge as stated in Note 1 above.
- China Guangdong Nuclear Power Holding Corporation, Ltd. holds 100% of the equity interests of CGNPC-URC. Therefore, it is deemed to be interested in the interest held by CGNPC-URC.
- Pursuant to the subscription agreement dated 23 March 2012, China Uranium Development shall issue and Silver Grant International Limited (“Silver Grant”) shall subscribe for the exchangeable bond (the “Exchangeable Bond”) in the principal amount of HK\$776,000,000. Subject to the terms and conditions of the Exchangeable Bond, Silver Grant can exercise the exchange right to request China Uranium Development to transfer to it the shares of the Company held by China Uranium Development. Assuming that the exercise rights attaching to the Exchangeable Bond in the aggregate sum of HK\$776,000,000 at the exchange price of HK\$1.41 are exercised in full by Silver Grant, China Uranium Development will transfer an aggregate of 550,354,609 shares, representing approximately 16.51% of the existing issued share capital of the Company (assuming there has been no change to the existing issued share capital of the Company) to Silver Grant.
- The letter “L” denotes the person’s/entity’s long position in the shares.

The letter “S” denotes the person’s/entity’s short position in the shares.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing service contract or proposed service contract with any member of Group which will not expire or is not determinable by the Company within one (1) year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the Controlling Shareholder of the Company and their respective associates had an interest in a business which operates in or may operate in significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

5. EXPERT AND CONSENT

The following is the qualifications of the expert who has been named in this circular or has given opinion or advice contained in this circular:

| Name | Qualification |
|----------------------|--|
| Guangdong Securities | a licensed corporation to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO |

As at the Latest Practicable Date, Guangdong Securities did not have any interest, either direct or indirect, in any assets which have been, since 31 December 2011, the date to which the latest audited consolidated financial statements of the Company were published, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had any shareholding in any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and letter in the form and context in which they appear.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited accounts of the Company were made up.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of Li & Partners at 22nd Floor, World Wide House, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any business day for a period of 14 days from the date hereof:

- (1) the Revolving Loan Facility Agreement;
- (2) the letter from the Board, the text of which is set out on pages 5 to 14 of this circular;
- (3) the letter from Guangdong Securities, the text of which is set out on pages 17 to 27 of this circular;
- (4) the letter of advice from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this circular;
- (5) the consent letter from Guangdong Securities referred to in the paragraph headed “Expert and Consent” in this appendix;
- (6) the memorandum and articles of association of the Company; and
- (7) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1164)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of CGN Mining Company Limited (the “**Company**”) will be held at Queensway and Victoria Room, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 November 2012 (Thursday) at 10:00 a.m. for the following purposes:

AS ORDINARY RESOLUTIONS

1. “**THAT** the revolving loan facility agreement dated 15 October 2012 (the “**Agreement**”) entered into between the Company as lender and China Uranium Development Company Limited as borrower, a copy of which has been produced to the EGM marked “1” and signed by the chairman of the EGM for the purposes of identification, and the terms and conditions thereof and its proposed cap amount and the transaction contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed.”
2. “**THAT** any one of the directors be authorised for and on behalf of the Company, among other matters, to sign, seal, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering all such documents and deeds, to do or authorise doing all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the Agreement and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of the Agreement as they may in their discretion consider to be desirable and in the interests of the Company and all the director’s acts as aforesaid be hereby approved, ratified and confirmed.”

By Order of the Board of
CGN Mining Company Limited
Mr. He Zuyuan
Chief Executive Officer

Hong Kong, 31 October 2012

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business

in Hong Kong:
Suites 6706-6707, 67/F.,
Central Plaza, 18 Harbour Road,
Wanchai, Hong Kong

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, in the event of a poll, to vote in his place. A proxy need not be a member of the Company. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority) must be deposited at the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 48 hours before the appointed time for holding the meeting or any adjourned meeting.
- (2) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (3) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the board of Directors of the Company comprises two executive Directors: Mr. He Zuyuan (chief executive officer) and Mr. Li Xianli, four non-executive Directors: Mr. Yu Zhiping (chairman), Mr. Wei Qiyang, Ms. Jin Yunfei and Mr. Huang Jianming, and three independent non-executive Directors: Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong.