

Brics Investors Tie Up For Siberian Gold Mine Project

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18 October 2016. BENAULIM, GOA: SUN Gold Limited ("SUN Gold"), China National Gold Group Corporation ("China National Gold" or "CG"), the Russian Sovereign Investment Fund, "Far East and Baikal Region Development Fund (FEDF), and partners from Brazil and South Africa Sunday announced that they have signed a Memorandum of Understanding ("BRICS Gold MOU") on the sidelines of the BRICS Summit to develop the Kluchevskoyegold deposit located in the Chita region of Russia in Eastern Siberia.

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The project, in the mining sector, is the first BRICS investment project.

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Representatives of all five BRICS countries are parties to this BRICS Gold MOU: Nand Khemka, Chairman of the Indian Khemka family owned SUN Group, Tong Junhu representing China National Gold, Alexey Chekunkov representing the Russian Far East and Baikal Region Development Fund (FEDF), Ivor Ichikowitz from South Africa's Trans AFRICA Capital, and investor Antonio de Moraes from Brazil.

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According to the feasibility study completed by Changchun Gold Design Institute, the proposed joint venture aims to develop the Kluchevskoye gold deposit into a significant open pit mine and heap leach operation with an expected production rate of 12 million tonnes of ore per year and gold doré production of over 6.5 tonnes per annum. The pre-production investment is expected to be \$ 400-500 million.

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Subject to all applicable Russian law requirements having been met, China National Gold will be the major shareholder with majority equity interest in the joint venture company, will provide management and development expertise, and will have responsibility for raising long-term favourable debt financing for the project. SUN Group has considerable long-term expertise working in Russia, while the FEDF will be an important shareholder in the joint venture company, acting within its mandate, to help support the project's growth, with a particular focus on gold and copper mining opportunities in the Russian Far East.

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Using the joint venture parties' combined expertise, the project will be developed in accordance with best international practices in engineering, environmental, governance and community standards. It will utilize innovative technologies, and create substantial local employment and skill transfer.

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The project will provide material benefit to the local and national economies over its lifetime in terms of industrial development, development of the supply chain, employment and payment of taxes and royalties.

This historic first mining project involving participants from all five BRICS countries can act as a roadmap for future cooperation within BRICS, drawing on the strengths of all members to execute challenging and mutually beneficial projects in each other's countries and around the world.

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Subject to the approval of the regulatory authorities in the People's Republic of

China and the Russian Federation (and other approvals as may be required), the parties intend to work together and implement the proposed joint venture at the earliest opportunity.

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"I am delighted to be part of this pioneering BRICS opportunity and to make my first foray into Russia with reliable world class partners," said Antonio de Moraes from Brazil on the occasion.

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"We welcome the joint effort undertaken by all of the BRICS nations to bring a new world class gold mine in the Far East of Russia into production. This is a fine example of multilateral cooperation to the benefit of all and we as a State-mandated Fund will do our best to support the project to successful completion," according to Alexei Chekunkov CEO FEDF from Russia.

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"We are delighted that SUN Group has managed to bring together world class strategic partners and investors for this historic first BRICS investment project in the Gold sector. We are grateful to President Putin, leaders of the Russian government, and the regional Chita Government for creating a favourable investment climate for us. We look forward to a very successful long term partnership, expanding the traditional strong friendship between Russia and India to the other BRICS partners," remarked Nand Khemka.

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"The Eastern region of Russia including Chita and the Far Eastern regions, offer tremendous opportunities for investment and growth and we believe that this BRICS Gold investment platform can grow to be one of the leading Gold companies in that part of the world with the support and complementary strengths of all partners," according to Shiv Khemka SUN Gold.

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"China Gold is proud to announce that we will take lead in the initiative of collaboratively developing the first gold mining project under the BRICS mechanism. We will contribute with our technical and managerial expertise and financing capacity to create value for all our BRICS partners and stakeholders," noted Tong Junhu.

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"I am honoured to be part of this first-ever, major industrial initiative bringing together our BRICS countries in a new partnership that will create economic benefits for the people of all five member states. This is an important step in the evolution of BRICS, and a concrete example of what our countries can achieve by pooling our resources and working together. We are proud to have the support of our respective Governments, and have all committed ourselves to the success of this huge project. As the South African partner, I salute my fellow participants, and wish to congratulate our Governments for making this achievement possible," according to Ivor Ichikowitz, Chairman of Trans AFRICA Capital.

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