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SIBERIAN MINING GROUP COMPANY LIMITED

西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1142)

RESUMPTION GUIDANCE

Reference is made to the announcements of Siberian Mining Group Company Limited (the “**Company**”) dated:

- a. 23 October 2018, in relation to the trading halt in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”);
- b. 21 December 2018, in relation to, among other things, additional information in relation to the transfers of the convertible notes (the “**Transfers**”), the amendments of the terms and conditions of the convertible notes (the “**Amendments**”) and the partial conversion of the convertible notes (the “**Conversion**”);
- c. 30 January 2019, in relation to the resumption guidance received from the Stock Exchange for the Company; and
- d. 3 May 2019, in relation to an update on resumption of trading in shares of the Company.

The Company is making this announcement to disclose the following additional information:

- (1) the business operations of the Company and its subsidiaries (collectively the “**Group**”);
- (2) the Company’s resumption plan with details of actions that it has taken and intends to take to meet resumption conditions and to resume trading;
- (3) progress in implementing the resumption plan and satisfying applicable resumption conditions; and
- (4) details of any material change to the resumption plan and, in the case of delay, the reasons and impact of such delay.

BUSINESS OPERATIONS

The principal activities of the Group consist of two core business segments. The mining segment is engaged in the holding of mining rights and exploration rights of coal mines in the Russian Federation (“**Russia**”). The trading segment is engaged in the businesses of mineral resources, commodities and other trading. The Company continued its normal business operations since suspension of trading in the Company’s shares.

As disclosed in the Company’s interim report published on 28 December 2018, the Company is also developing its gasoline trading business, and continues to explore other areas of prospective revenue growth.

Mineral Resources, Commodities and Other Trading

Apart from trading of integration module, the Group established its new gasoline trading business in September 2018, and as a result, the Group experienced a remarkable growth in its turnover. The Group is now focusing on the further expansion of its gasoline trading business. Geographically speaking, the Korean market is still the Group’s sole market segment which accounts for 100% of its total revenue.

Coal Mining in Russia

Lot 1 and Lot 1 Extension underground mining and Lot 2 underground mining would be developed on an integrated basis due to their geographical proximity and also for the sake of achieving economy of scale. Since coal production on Lot 2 underground mining would be targeted only after 2020, naturally not much development was noted for Lot 1 and Lot 1 Extension, as there was no urgency to develop Lot 1 and Lot 1 Extension underground mining alone.

In respect of open pit mining in certain area of Lot 2, LLC “SibGeoProject”, a consulting firm engaged by the Group which is capable of providing geological exploration through to mine construction, continued to fine tune the technical proposals and work on the mine design. Technical specifications to develop open pit mining were developed. Airborne photographic surface survey covering all licensed areas including both Lot 1 and Lot 2 was completed in August 2018. In addition, LLC “SibGeoProject” has also been engaged to proceed with the State Environmental Expert Review (a certain kind of requested environmental impact assessment) and the preparation of TEO Conditions (TEO Conditions stands for Technical and Economic Justification of Conditions and is broadly equivalent to the Western prefeasibility study) and the geological report for subsequent submission to GKZ (which is the State Committee of Reserves under the Russian Federation Ministry of National Resources) for expert review. The Group also engaged LLC “Monitor 21” in July 2018 to conduct forestry survey using cameral interpretation method involving the acquisition of satellite images and analysis of specially protected forest areas and categories of protecting forests. The forestry survey will soon be completed in the next couple of months.

In respect of underground mining of Lot 2, the Group is proceeding with the preparation of detailed and well-supported TEO Conditions to enable the Group to obtain additional coal reserves approved by GKZ.

LLC “SibGeoProject” had also been engaged to prepare an integrated TEO Conditions and the geological report covering the underground mining of Lot 1 and Lot 1 Extension, and Lot 2 as a whole. All relevant data including borehole geophysical studies, laboratory tests, core samples and drilling data in respect of Lot 2 underground mining were transferred to LLC “SibGeoProject” to start the preparation work.

Joint Venture in Kindergarten Project

The Company has in early April 2018 completed its capital contribution of RMB4.0 million into the People’s Republic of China (“PRC”) joint venture company “上海惟奉教育科技有限公司”. The PRC joint venture partner has completed the required procedures and applications for the establishment of its kindergarten.

RESUMPTION PLAN

One of the primary obstacles preventing the resumption of trading in the shares of the Company is the uncertainty surrounding the validity and ownership of the convertible notes that were converted into shares on 22 October 2018 as a result of the Amendments and Conversion. The validity and ownership of the convertible notes is disputed by Daily Loyal Limited in two ongoing High Court actions (HCA 1071/2017 and HCA 2501/2017) which commenced in May 2017 and November 2017 respectively. Despite the best efforts of the Company to bring this ongoing litigation to trial as soon as possible in order that the issues of the validity and ownership of the convertible notes can be resolved, the Company’s legal advisors have advised that the litigation is likely to continue for at least another 12 months as a result of the persistent dilatory tactics of Daily Loyal Limited in conducting the litigation.

In the circumstances, the Company is of the view that it would be in the best interests of the shareholders to reverse the Amendments and Conversion, without prejudice to its position in the ongoing litigation or to its right to amend the terms and conditions of the convertible notes and effect similar conversions in the future. To this end, the Company is in discussions with the relevant parties to seek to reverse the Amendments and to cancel and annul the conversion shares issued under the Conversion.

PROGRESS OF IMPLEMENTING THE RESUMPTION PLAN

Following implementation of the actions described above, the Company intends to seek a resumption in trading of its shares, subject to clearance of a resumption announcement.

On 16 May 2019 the board of the Company approved a cancellation agreement reversing the Amendments and Conversion, and on the same day after trading hours, the Company entered into the cancellation agreement with the other parties to the Amendments. Upon completion of procedural matters in connection with the foregoing, the Company intends to obtain a resumption of trading in its shares.

DETAILS OF ANY MATERIAL CHANGE TO THE RESUMPTION PLAN

In the event of any material changes to the resumption plan described above, the Company will make timely public disclosures by way of further announcements.

IMPLICATIONS UNDER THE LISTING RULES

Under Rule 6.01A(1) of The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the Stock Exchange may cancel the Company’s listing if trading in the Company’s shares has remained suspended for 18 continuous months. In the case of the Company, the 18-month period expires on 22 April 2020. If the Company fails to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 22 April 2020, the Listing Department of the Stock Exchange will recommend the Listing Committee to proceed with the cancellation of the Company’s listing. The Stock Exchange also has the right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules where appropriate.

The Company will keep the shareholders and potential investors of the Company informed of further developments as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:53 a.m. on 23 October 2018. Trading in the shares will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing with the shares and other securities of the Company.

By Order of the Board
Siberian Mining Group Company Limited
Jo Sang Hee
Chairman

Hong Kong, 16 May 2019

As at the date of this announcement, the board of the Company consists of Mr. Jo Sang Hee as executive director, and Ms. Chen Dai, Mr. Kwok Kim Hung Eddie and Mr. Lee Sungwoo as independent non-executive directors.

** For identification purpose only*