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中广核矿业有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01164)

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF 19.99% EQUITY INTEREST IN FISSION**

Sole Financial Adviser to the Company



THE ACQUISITION

Reference is made to the announcement of the Company dated 21 December 2015. The Board is pleased to announce that on 11 January 2016, the Company (as subscriber) and Fission (as issuer) entered into the Share Subscription Agreement, pursuant to which Fission has agreed to issue and the Company has agreed to subscribe for 96,736,540 common shares and plus an additional number of common shares that is equal to approximately 24.98% of the number of common share to be issued by Fission prior to the Completion of the Acquisition pursuant to the exercise of outstanding convertible securities of Fission, at a price of CDN\$0.85 (equivalent to approximately HK\$4.66) per common share and for a total consideration equal to the product of CDN\$0.85 multiplied by the number of the Equity. The Subscription Price was determined upon arm's length negotiations between the Company and Fission with reference to the results of evaluation conducted by advisers and professionals engaged by the Company.

Following the Completion of the Acquisition, the Company will hold approximately 19.99% of the equity interest in Fission, and become the single largest shareholder of Fission. Fission will not become a subsidiary of the Company and its financial statements will not be consolidated into those of the Group.

The Directors are of the view that the terms of the Share Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the transaction contemplated under the Share Subscription Agreement will constitute a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Subscription Agreement. As such, the Share Subscription Agreement may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules. The Company intends to obtain written Shareholders' approval from China Uranium Development who holds 2,974,347,826 Shares, representing approximately 64.15% of the issued share capital of the Company as at the date of this announcement.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular is to be despatched to the Shareholders on or before 13 January 2016. As the Company requires additional time to finalise the information to be included in the circular, it has applied to the Stock Exchange for, and has been granted with, a waiver from the strict compliance with Rule 14.41(a) of the Listing Rules and the time for the despatch of the circular has been extended to on or before 7 March 2016.

As Completion is subject to the fulfilment (or if applicable, waiver) of certain conditions precedent set out in the sub-section headed "2. The Share Subscription Agreement – 2.6 Conditions precedent" in this announcement, the Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transactions under the Share Subscription Agreement will be completed. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

1. INTRODUCTION

Reference is made to the letter of intent entered into between the Company and Fission on 21 December 2015, details of which are announced in the announcement of the Company dated 21 December 2015. The Board is pleased to announce that, on 11 January 2016, the Company (as subscriber) and Fission (as issuer) entered into the Share Subscription Agreement, pursuant to which Fission has agreed to issue and the Company has agreed to subscribe for 96,736,540 common shares and plus an additional number of common shares that is equal to approximately 24.98% of the number of common share to be issued by Fission prior to the Completion of the Acquisition pursuant to the exercise of outstanding convertible securities of Fission, at a price of CDN\$0.85 (equivalent to approximately HK\$4.66) per common share and for a total consideration equal to the product of CDN\$0.85 multiplied by the number of the Equity.

At the date of this announcement, the Company and Fission also entered into the Off-take Agreement, pursuant to which the Company is entitled to acquire Off-take Quantity from Fission under the terms and conditions in the Off-take Agreement. Please see “3. Information of Fission – 3.3 Off-take arrangement and undertaking given by Fission” in this announcement for details.

Following the Completion of the Acquisition, the Company will hold approximately 19.99% of the equity interest in Fission, and become the single largest shareholder of Fission. Fission will not become a subsidiary of the Company and its financial statements will not be consolidated into those of the Group.

2. THE SHARE SUBSCRIPTION AGREEMENT

The major terms of the Share Subscription Agreement are set out as follows:

2.1 Date

11 January 2016

2.2 Parties

Issuer: Fission

Subscriber: the Company

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Fission and its ultimate beneficial owners are Independent Third Parties as at the date of the this announcement.

2.3 Assets to be acquired

Pursuant to the Share Subscription Agreement, Fission has agreed to issue and the Company has agreed to subscribe for 96,736,540 common shares and plus an additional number of common shares that is equal to approximately 24.98% of the number of common share issued by Fission prior to the Completion of the Acquisition pursuant to the exercise of outstanding convertible securities of Fission by way of private placement.

The Equity will be listed on the TSX upon its acceptance while it may not be traded for a period of four months plus one day from the Completion.

Please refer to the section headed “3. Information on Fission” below in this announcement for further information.

Following the Completion of the Acquisition, the Company will hold approximately 19.99% of the equity interest in Fission, and will become the single largest shareholder of Fission. Subject to certain conditions provided in the Share Subscription Agreement (including the Company maintaining a certain significant share ownership in Fission), the Company will be entitled to nominate up to two directors to the Fission’s board of directors and will have anti-dilution rights in future equity financings of Fission. Fission will not become a subsidiary of the Company and its financial statements will not be consolidated into those of the Group.

2.4 Subscription Price

The Subscription Price for the Acquisition is equal to the product of CDN\$0.85 (equivalent to approximately HK\$4.66) multiplied by the number of the Equity. The Subscription Price was determined upon arm’s length negotiations between the Company and Fission with reference to the results of evaluation conducted by advisers and professionals engaged by the Company. For the purpose of determining the Subscription Price, the Company has (i) engaged independent technology adviser to review the major technology parameters of Fission; (ii) engaged independent financial adviser to appraise the value of Fission based on the parameters reviewed by the independent technology adviser; (iii) reviewed and estimated the major technology and financial parameters of Fission based on the Company’s own proficiency; and (iv) evaluated the value of Fission based on the estimated supplies and demands, as well as the developing trend of the global natural uranium market.

2.5 Payment

The Company has paid an amount of CDN\$3,000,000 (equivalent to approximately HK\$16,440,000) to Fission’s legal counsel to be held pursuant to the Escrow Agreement which will be released to Fission pursuant to the Escrow Agreement and Fission shall apply such deposit as partial satisfaction of the Subscription Price to be paid upon Completion.

The Subscription Price, less the deposit stated above, shall be paid by the Company at Completion to a separate and designated account of Fission by wire transfer or in any other manner agreed upon by the parties.

All of the Subscription Price will be funded by the Company by its internal resources taking into account the sufficiency of its working capital.

2.6 Conditions precedent

Completion is subject to the satisfaction or waiver by the Company and Fission of certain conditions precedent, including, among others:

- (i) each of the representations and warranties of Fission contained in the Share Subscription Agreement being accurate in all material respects, and all covenants and agreements of Fission contained in the Share Subscription Agreement to be completed prior to the Completion having been performed or completed in all material respects;
- (ii) all applicable shareholder approval from the Company and Fission in accordance with applicable laws having been obtained;
- (iii) all approvals and consents from the competent authorities in the PRC, Hong Kong and Canada with respect to the Share Subscription under the Share Subscription Agreement having been obtained;
- (iv) conditional acceptance of the issuance and listing of the Equity on the TSX having been provided by Fission on terms and evidence satisfactory to the Company, acting reasonably;
- (v) no governmental order in effect that temporarily or permanently prohibits the completion of the transactions contemplated by any Transaction Agreements; and
- (vi) other customary conditions for transaction of a similar kind, including the provision by legal counsel to Fission, of a favourable legal opinion, in form and substance satisfactory to the Company.

Fission and the Company undertake to each other to use all reasonable endeavours to ensure that the above conditions are fulfilled by the Completion Date (or such other date as may be agreed by both parties). In the event that any of the above conditions precedents shall not have been fulfilled or waived (as the case may be) on or before the Completion Date (or such other date as may be agreed by both parties), the Company or Fission shall not be bound to proceed with the Share Subscription. The Company currently has no intention of waiving those conditions precedent that are waivable.

2.7 Completion

Subject to the fulfilment or waiver (as the case may be) of the relevant conditions precedent set out above, Completion shall take place on the Completion Date.

In the event Fission fails to fulfil its obligations under the Share Subscription Agreement on the Completion Date, the Company shall not be bound to proceed with the Share Subscription or pay any of the Subscription Price and may in its absolute discretion (in addition and without prejudice to any other right or remedy available to it) by written notice to Fission:

- (i) defer the completion by extending the time for compliance with, any of the terms and conditions of the Share Subscription Agreement;
- (ii) waive all or any of the requirements contained or referred to Fission's obligations at Completion at its discretion and proceed to Completion so far as practicable; or
- (iii) terminate the Share Subscription Agreement without liability on its part if Completion has not occurred by the Outside Date.

2.8 Termination

The Share Subscription Agreement may be terminated under the following circumstances:

- (i) upon mutual agreement by both parties;
- (ii) by either Fission or the Company, if the Completion shall not have occurred on or before the Outside Date, except that the right to terminate the Share Subscription Agreement shall not be available to either party whose failure to perform any of its covenants or agreements or breach any of its representations and warranties under the Share Subscription Agreement has been the cause of, or resulted in, the failure of the Completion to occur by the Outside Date; or
- (iii) by either Fission or the Company, upon written notice to the counterparty, if there has been a material violation, breach or inaccuracy of any representation, warranty or covenant of the counterparty contained in the Share Subscription Agreement.

3. INFORMATION ON FISSION

Fission is a junior resource company incorporated on 13 February 2013 under the laws of Canada specializing in uranium exploration and development in Saskatchewan's Athabasca Basin in Western Canada. Fission's common shares are listed on the TSX under the symbol "FCU", the OTCQX marketplace in the U.S. under the symbol "FCUUF" and on the Frankfurt Stock Exchange under the symbol "2FU".

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Fission and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

3.1 Mineral assets of Fission

Fission's only mineral asset is the PLS Property, in which Fission owns 100% interest. PLS Property hosts the Triple R deposit – the largest undeveloped uranium deposit in Canada's Athabasca Basin District. The PLS Property comprises 17 contiguous claims totaling 31,039 hectares and is located in the south west margin of Saskatchewan's Athabasca Basin, home of the richest producing uranium mines in the world. Fission intends to use the proceeds of the Share Subscription to develop the PLS Property, pay advisor fees and costs in relation to certain approved transactions and for general administrative expenses consistent with past practice.

3.2 Financial information of Fission

According to the audited consolidated financial statements of Fission for the years ended 30 June 2015 prepared in accordance with IFRSs, the net asset value of Fission as at 30 June 2015 was approximately CDN\$264.86 million (equivalent to approximately HK\$1,451.43 million).

The net profit/(loss) before and after tax of Fission for the three financial years ended 30 June 2013, 2014, 2015 and the three months ended 30 September 2015 is summarized as below:

	For the year ended 30 June			For the three months ended 30 September 2015
	2013	2014	2015	2015
	(audited)	(audited)	(audited)	(unaudited)
	<i>(CDN\$ million)</i>	<i>(CDN\$ million)</i>	<i>(CDN\$ million)</i>	<i>(CDN\$ million)</i>
Net profit/(loss) before taxation	(6.10) (equivalent to approximately HK\$(33.43) million)	(4.09) (equivalent to approximately HK\$(22.41) million)	(8.37) (equivalent to approximately HK\$(45.87) million)	(3.57) (equivalent to approximately HK\$(19.56) million)
Net profit/(loss) after taxation	(6.45) (equivalent to approximately HK\$(35.35) million)	(4.75) (equivalent to approximately HK\$(26.03) million)	(9.87) (equivalent to approximately HK\$(54.09) million)	(2.81) (equivalent to approximately HK\$(15.40) million)

3.3 Off-take arrangement and undertaking given by Fission

The Company has entered into the Off-take Agreement with Fission concurrently with the Share Subscription Agreement. Pursuant to the Off-take Agreement, contingent on the Company maintaining a certain significant share ownership in Fission, the Company is entitled to acquire Off-take Quantity from Fission under the terms and conditions in the Off-take Agreement, details of which are as below:

- (i) Product: U_3O_8
- (ii) Volume: 20% of the annual production from Fission, and, at the Company's option, an additional 15% of the production from Fission
- (iii) Price: at 5% discount on average of TT and UxC spot price indexes at the time of delivery

Pursuant to the Off-take Agreement, Fission undertook to the Company that it would use commercially reasonable efforts to obtain any and all licenses or other authorizations that may be lawfully required by any agency of any government in order that Fission can legally sell and deliver the U_3O_8 to the Company as provided in the Off-take Agreement.

4. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board primarily considers the following reasons and benefits in determining the Acquisition:

4.1 Long-term demand of natural uranium market

The global increasing demands for clean energy in large scale will promote more and more countries to develop nuclear energy. Natural uranium is a key element to nuclear power production. In the long run, it is expected that the increase in nuclear power plants in the world will further instigating the natural uranium demands.

4.2 Favourable market opportunity for the Acquisition

Fission has seen continuous breakthrough in its exploration businesses and high quality resources (high in quality and shallowly buried) explored by it have been increasing. While ever since the Fukushima event in Japan, the stagnancy in building nuclear power plants resulted in a continuing decrease in natural uranium price, affected by which, the stock price of Fission is currently at a relatively low point. The current market value of Fission is far lower than the net present value estimated for its mineral assets in the Preliminary Economic Assessment published by it in September 2015. Therefore, the Board believes that the estimated value of Fission is appealing for the Acquisition as compared with other comparable companies in the market.

4.3 Joint willingness in cooperation

Both the Company and Fission have strong wills to cooperate because the cooperation is complementary for both sides and can achieve synergy between the two companies. From the perspective of Fission, the Acquisition will enable it to introduce its first strategic investor, to lay a solid foundation for the development and financing of its future projects, and to acquire a stable sales channel according to the Off-take Agreement. From the perspective of the Company, the Acquisition will enable the Company to share the benefits of future development of Fission, and to acquire 20% of its annual production, and, at the Company's option, an additional 15% of the production from Fission at a discount price, which provides the Company a stable product supply channel.

4.4 Facilitating the Company's sustainable development

Fission's primary asset-the PLS Property, is the world third largest high quality uranium deposit and the world largest undeveloped uranium deposit. As of the date of this announcement, the Company only owns one uranium deposit under production-the Semizbay Mine in the Republic of Kazakhstan. It is expected that the Company will control another uranium deposit at the exploration stage through the Acquisition, which can help the Company to build a consummate project-developing team, and lay a more solid foundation for the Company's sustainable development.

4.5 Investments in Canada

Canada is one of four biggest uranium-rich region, through the Acquisition, the Company will get involved in high quality uranium project in Canada.

Considering the above, the Directors are of the view that the terms of the Share Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the transaction contemplated under the Share Subscription Agreement will constitute a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Subscription Agreement. As such, the Share Subscription Agreement may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules.

The Company intends to obtain written Shareholders' approval from China Uranium Development who holds 2,974,347,826 Shares, representing approximately 64.15% of the issued share capital of the Company as at the date of this announcement. Accordingly, no general meeting for the Shareholders' approval of the Acquisition will be held. Further announcement(s) in this regard will be published in due course.

6. GENERAL INFORMATION

6.1 Information of the Group

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 since 2011.

Upon completion of the disposal of the entire interest in Yugofoil Holdings Limited and the acquisition of Beijing Sino-Kazakh Uranium Resources Investment Company Limited in 2015, the Group has completed the exit plan for its investment in the pharmaceutical and food businesses and transformed into a group of resources development with high-quality assets and a clear direction in its major businesses.

6.2 Other information

China International Capital Corporation Limited has been appointed as the financial adviser to the Company in connection with the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular is to be despatched to the Shareholders on or before 13 January 2016. As the Company requires additional time to finalise the information to be included in the circular, it has applied to the Stock Exchange for, and has been granted with, a waiver from the strict compliance with Rule 14.41(a) of the Listing Rules and the time for the despatch of the circular has been extended to on or before 7 March 2016.

As Completion is subject to the fulfilment (or if applicable, waiver) of certain conditions precedent set out in the sub-section headed "2. The Share Subscription Agreement– 2.6 Conditions precedent" in this announcement, the Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transactions under

the Share Subscription Agreement will be completed. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

7. DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Acquisition”	the proposed acquisition of the Equity under the Share Subscription Agreement
“Board”	the board of Directors of the Company
“CDN\$”	Canadian dollars, the lawful currency of Canada
“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 64.15% equity interest in the Company as at the date of this announcement
“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: 01164)
“Completion”	the completion of the issuance and subscription of the Equity pursuant to the Share Subscription Agreement
“Completion Date”	means (1) 29 January 2016 (Vancouver, BC time), provided that there is no requirement for Fission to obtain its shareholders’ approval and on or before 22 January 2016 (being the fifth (5th) business day before 29 January 2016), the relevant conditions set out in the Share Subscription Agreement have been satisfied; or (2) if there is any requirement for Fission to obtain its shareholders’ approval or the relevant conditions set out in the Share Subscription Agreement cannot be satisfied on or before 22 January 2016 for reasons outside the control of the Company or Fission, then the Completion Date shall be the earlier of: (i) 29 February 2016; and (ii) the date which is the fifth (5th) business day after the satisfaction or waiver (subject to applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Completion Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Completion Date) set forth in the Share Subscription Agreement, or such other date as the Company and Fission may agree upon in writing

“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
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition immediately after the Completion
“Equity”	the 96,736,540 common shares and plus an additional number of common shares that is equal to approximately 24.98% of the number of common share of Fission prior to the Completion of the Acquisition pursuant to the exercise of outstanding convertible securities of Fission to be issued by way of a private placement at a price of CDN\$0.85 per share
“Escrow Agreement”	the agreement for the escrow arrangement of the deposits as described in the letter of intent entered into among the Company, Fission and their respective legal counsels as of the date of the letter of intent
“Fission”	Fission Uranium Corp., a Canadian-based resource company of which common shares are listed on the TSX under the symbol “FCU”, the OTCQX marketplace in the U.S. under the symbol “FCUUF” and on the Frankfurt Stock Exchange under the symbol “2FU”
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRSs”	International Financial Reporting Standards
“Independent Third Party”	third party independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Off-take Agreement”	the agreement entered into concurrently with the Share Subscription Agreement between the Company and Fission on the basic principles of marketing (sale) policy with respect to the products of Fission pursuant to which the Company shall be entitled to acquire the Off-take Quantity from Fission

“Off-take Quantity”	20% of Fission’s total annual triuranium octoxide (U ₃ O ₈) production and, at the Company’s option, an additional 15% of the U ₃ O ₈ production which the Company is entitled to acquire pursuant to the Off-take Agreement
“Outside Date”	being the date 29 February 2016 (Vancouver, BC Time)
“percentage ratio”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“PLS Property”	Patterson Lake South project, Fission’s primary and wholly-owned asset
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Share Subscription”	the subscription of the Equity by the Company pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the agreement for the issuance and subscription of the Equity to be entered into between the Company (as subscriber) and Fission (as issuer) on or before 11 January 2016
“Shareholders”	the shareholder(s) of the Company
“Share(s)”	the ordinary share(s) of the Company with a par value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the product of CDN\$0.85 (equivalent to approximately HK\$4.66) multiplied by the number of the Equity, being the consideration payable by the Company for the subscription of the Equity under the Share Subscription Agreement
“subsidiaries”	has the same meaning as ascribed to it under the Listing Rules
“Transaction Agreements”	the Share Subscription Agreement and the Off-take Agreement
“TSX”	Toronto Stock Exchange
“TT”	TradeTech (or its successor), who publishes the month-end spot U ₃ O ₈ price indicator as Exchange Value of Spot Price Indicators in its Nuclear Market Review

“U ₃ O ₈ ”	triuranium octoxide having a U-235 (the isotope of uranium with the atomic weight of 235) assay of 0.711 weight percent as it occurs in nature and which has not been altered) (i.e. neither previously enriched, depleted nor irradiated).
“UxC”	Ux Consulting Company (or its successor), who publishes the month-end spot price indicator as Month-end U ₃ O ₈ Spot in its Ux Weekly
“%”	per cent

By Order of the Board
CGN Mining Company Limited
Zhou Zhenxing
Chairman

Hong Kong, 11 January 2016

As at the date of this announcement, the board of Directors of the Company comprises two executive Directors: Mr. Yu Zhiping (chief executive officer) and Mr. Xing Jianhua, three non-executive Directors: Mr. Zhou Zhenxing (chairman), Mr. Chen Qiming and Mr. Yin Engang and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis.

* *For identification purpose only*

For the purpose of this announcement, unless otherwise indicated, the exchange rates at CND\$1.00 = HK\$5.48 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate.