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## **CNNC INTERNATIONAL LIMITED**

**中核國際有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2302)**

### **CLARIFICATION ANNOUNCEMENT**

This announcement is to clarify (1) the news article published by a local newspaper on 6 August 2009; and (2) the reasons for the suspension of all uranium exploration licenses held by WP Subsidiaries by MRAM.

This announcement is made at the request of the Stock Exchange of Hong Kong Limited.

Reference is made to (a) the announcement of the CNNC International Limited (the “**Company**”) dated 27 July 2009 (the “**Announcement**”) in relation to the update on suspension of all the uranium exploration licenses (“**Licenses**”) held by the subsidiaries (“**WP Subsidiaries**”) of Western Prospector Group Ltd. (“**Western Prospector**”), a company incorporated in Canada having its issued shares listed on the TSX Venture Exchange, and an indirect wholly-owned subsidiary of the Company, by the Mineral Resources Authority of Mongolia (“**MRAM**”); and (b) the news article (“**News Article**”) published by a local newspaper on 6 August 2009 in relation to, among other things, reasons for the suspension of the Licenses. Terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

The Board would like to clarify the reasons for the suspension of the Licenses. Pursuant to the 10 July Letters, the State Specialized Inspection Authority, a Regulatory Agency of the Government of Mongolia (“**SSIA**”) recommended suspension of all the Licenses for a period of three months because WP Subsidiaries are alleged to be in breach of Article 45.1 of Mongolia’s Law on Subsoil (“**Law on Subsoil**”), Articles 5.4 and 5.6 of Mongolia’s Minerals Law (“**Minerals Law**”) due to:

- (1) their alleged failure to discuss the results of exploration work with the Mineral Professional Council of the State Minerals Reserve Committee of the Mongolian government;
- (2) their alleged failure to register reserve of minerals with the state unified registry of the Mongolian government;
- (3) their alleged use of the deposit without execution of an agreement;

- (4) the issue of a reserve estimate report based on NI 43-101 standards in accordance with the requirements of an international stock exchange and the issue of 50 million shares through the initial public offering of Western Prospector; and
- (5) the transfer of mineral license no. 4974X to another company.

The Company, based on the advice from Logos Advocates, the Company's Mongolia legal advisers, is of the view that none of the above allegations is applicable to WP Subsidiaries as holders of exploration licenses.

With respect to the alleged breach of Article 45.1 of the Law on Subsoil for allegations (1) to (3), WP Subsidiaries had submitted the reserve estimate report which was prepared in accordance with Mongolian standards to the Geology Office of MRAM in June 2008, and has since been waiting for the MRAM to present the reserve estimate report for discussion and approval. Without having the reserve estimate report approved by the Minerals Professional Council, no registration of reserve of minerals can be made with the state unified registry of the Mongolian government nor can any agreement be concluded in relation to the use of the mining deposit. However, neither Western Prospector nor any of WP Subsidiaries has used the mining deposit other than for exploration purposes so far.

In general, as regards the alleged breaches of Articles 5.4 and 5.6 of the Minerals Law, Logos Advocates advised that Articles 5.4 and 5.6 are only applicable for mining of minerals deposit explored with state budget. In particular, as advised by Logos Advocates, allegation (4) and the grounds cited by SSIA are not applicable because Article 5.6 of the Minerals Law requires that no less than 10 per cent of the shares of a company that holds a mining license over a strategic deposit be listed on the Mongolian stock exchange. Article 5.6 of the Minerals Law only applies to holders of mining licenses. As WP Subsidiaries currently only hold some uranium exploration licenses but not any uranium mining licenses, Article 5.6 of the Minerals Law is not applicable to Western Prospector or any of WP Subsidiaries. Further, as advised by Logos Advocates, issuance and offering of the shares on any stock exchange is subject to the rules of that particular stock exchange. Currently, Mongolian law does not prohibit fund raising in international jurisdictions for mining activities in Mongolia.

As regards to allegation (5), pursuant to the Minerals Law, as a valid holder of exploration licenses, WP Subsidiaries have, among others, the right to transfer the exploration license or partial transfer of the area covered by the exploration license under the terms and conditions of the Minerals Law. One of WP Subsidiaries transferred certain part of the area covered by one of the Licences to another entity in 2007. The transferred area has already been registered under a new license number under the new license holder. As advised by Logos Advocates, such partial transfer was in accordance with the Minerals Law and had also been duly registered with the MRAM.

Based on the reasons aforesaid, WP Subsidiaries made an application to the MRAM in late July 2009 for the reinstatement of the Licenses.

The Board will issue further announcements if there are any material developments in the above matter in due course.

By order of the board of directors  
**CNNC International Limited**  
中核國際有限公司\*  
**Li Philip Sau Yan**  
*Company Secretary*

Hong Kong, 21 August 2009

*As of the date of this announcement, the board of directors of the Company comprises non-executive director and chairman, namely, Mr. Qiu Jiangang, executive directors, namely, Mr. Han Ruiping and Mr. Xu Hongchao, non-executive director, namely, Mr. Huang Mingang and independent non-executive directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguang and Mr. Zhang Lei.*

\* *For identification purpose only*