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YUE DA MINING HOLDINGS LIMITED
悦達礦業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 629)

Voluntary announcement:
Supplemental agreement to
the AAL Acquisition Agreement in respect of mining
and exploration rights of gold mines in the PRC

Reference is made to the Company's announcement dated 16 April 2010 and supplemental announcement dated 22 April 2010 in relation to the AAL Acquisition Agreement.

The Board announces that on 12 September 2011, Yue Da Mining entered into the AAL Supplemental Agreement with Bright Harvest, the Management Warrantors and the Shareholding Warrantor. Under the AAL Acquisition Agreement, the YDM Profit Entitlement Guarantee and the Output Guarantee have been given by the Management Warrantors and the Shareholder Warrantor for 12-month-periods ending 30 June 2011, 30 June 2012 and 30 June 2013. To enhance administrative convenience, the AAL Supplemental Agreement was made such that the YDM Profit Entitlement Guarantee and the Output Guarantee have been amended to be given for the six-month-period ending 31 December 2011, the 12-month-period ending 31 December 2012 and the six-month-period ending 30 June 2013.

The total sum covered under the YDM Profit Entitlement Guarantee and the total quantity of Output covered under the Output Guarantee for the entire 24-month period commencing 1 July 2011 and ending 30 June 2013 under the AAL Acquisition Agreement remain the same under the AAL Supplemental Agreement.

This announcement is made on a voluntary basis.

Reference is made to the Company's announcement dated 16 April 2010 and supplemental announcement dated 22 April 2010 (together the "2010 Announcements") in relation to the acquisition ("AAL Acquisition") of the entire share capital in, and the shareholder's loans to Absolute Apex Limited. Unless the context otherwise requires, capitalised terms used herein shall bear the same meanings as defined in the 2010 Announcements.

BACKGROUND

As mentioned in the 2010 Announcements, Yue Da Mining (as purchaser), Bright Harvest (as vendor), the Management Warrantors and the Shareholding Warrantor entered into an agreement (the “AAL Acquisition Agreement”) in relation to the Yue Da Mining’s acquisition of the equity and loan interest in the Target Company. The Target Company (namely, Absolute Apex Limited) is the sole shareholder of Ample Source Investment Limited (i.e. the Target HK Company) which in turn is the owner of 70% equity interest in Tong Ling Guan Hua Mining Company Limited* (i.e. the Target PRC Company).

Under the AAL Acquisition Agreement, upon Acquisition Completion and subject to the Target HK Company allowing the Management Warrantors to lead the operation of the Target PRC Company, the Vendor and the Management Warrantors agreed to, jointly and severally, give certain guarantee (“YDM Entitlement Guarantee”) in respect of the return to Yue Da Mining (which is measured in terms of the Distributable Profits distributable to Yue Da Mining (“YDM Entitlement”)) and the guarantee (“Output Guarantee”) of output of gold (“Output”) of the Target PRC Company. More particularly:

- (i) during the 12-month period (“Original First 12-month Period”) from 1 July 2010 to 30 June 2011, the YDM Entitlement shall not be less than RMB60 million, failing which the Management Warrantors shall pay the shortfall to the Target HK Company;
- (ii) during the 12-month period (“Original Second 12-month Period”) from 1 July 2011 to 30 June 2012, if the weighted average selling price (value added tax included) of the gold to be produced by the Target PRC Company:
 - (a) reaches RMB220/gram or more, the YDM Entitlement shall not be less than RMB70 million; in the event that the YDM Entitlement is less than RMB70 million, the Management Warrantors shall pay the shortfall to the Target HK Company; or
 - (b) is less than RMB220/gram, the Output of the Target PRC Company shall not be less than 800 kg, failing which the Management Warrantors shall pay compensation to the Target HK Company in accordance with the pre-agreed formula as set out in the 2010 Announcements;
- (iii) during the 12-month period (“Original Third 12-month Period”) from 1 July 2012 to 30 June 2013, if the weighted average selling price (value added tax included) of the gold to be produced by the Target PRC Company:
 - (a) reaches RMB220/gram or more, the YDM Entitlement shall not be less than RMB80 million; in the event that YDM Entitlement is less than RMB80 million, the Management Warrantors shall pay the shortfall to the Target HK Company; or
 - (b) is less than RMB220/gram, the Output of the Target PRC Company shall not be less than 1,000 kg, failing which the Management Warrantors shall pay compensation to the Target HK Company in accordance with the pre-agreed formula as set out in the 2010 Announcements.

For the Original First 12-month Period, as disclosed in the Company’s announcement on its interim results for the six-month period ended 30 June 2011, the actual YDM Entitlement is smaller than that guaranteed under the YDM Entitlement Guarantee. The shortfall is in the sum of about RMB44.2 million. Such shortfall arose mainly from an unanticipated temporary

suspension of mining operation for regional safety inspection by local government authority from March 2011 to May 2011. Such shortfall was settled by an offset against the Promissory Note issued in prior year as part of the consideration for the AAL Acquisition.

THE AAL SUPPLEMENTAL AGREEMENT

The AAL Acquisition Agreement was entered into in April 2010, which was then contemplated to be completed in the second quarter of 2010. Accordingly, the YDM Entitlement Guarantee and the Output Guarantee were given for periods ending 30 June. As mentioned in the 2010 Announcements, the YDM Entitlement and the Output provided under the AAL Acquisition Agreement are to be determined based on the audited accounts of the Target PRC Company to be audited or reviewed by the auditors of the Company.

As the financial year-end of both the Company and its subsidiaries (including the Target PRC Company) falls on 31 December, the determination of the YDM Entitlement and the Output in strict compliance with the AAL Acquisition Agreement caused administrative inconvenience as well as additional costs and expenses (in both financial and human resource terms) to the Company. Accordingly, after further discussions, the parties to the AAL Acquisition Agreement entered into, on 12 September 2011, the supplemental agreement to the AAL Acquisition Agreement (“AAL Supplemental Agreement”), so that the period-end dates of the Original Second 12-month Period and the Original Third 12-month Period for the YDM Entitlement Guarantee and the Output Guarantee under the AAL Acquisition Agreement have been amended to be changed to a six-month period ending 31 December 2011, a 12-month period ending 31 December 2012 and a six-month period ending 30 June 2013. More particularly:

- (i) during the six-month period from 1 July 2011 to 31 December 2011, if the weighted average selling price (value added tax included) of the gold to be produced by the Target PRC Company:
 - (a) reaches RMB220/gram or more, the YDM Entitlement shall not be less than RMB35 million; in the event that the YDM Entitlement is less than RMB35 million, the Management Warrantors shall pay the shortfall to the Target HK Company; or
 - (b) is less than RMB220/gram, the Output of the Target PRC Company shall not be less than 400 kg, failing which the Management Warrantors shall pay compensation to the Target HK Company in accordance with the pre-agreed formula as set out in the 2010 Announcements;
- (ii) during the 12-month period from 1 January 2012 to 31 December 2012, if the weighted average selling price (value added tax included) of the gold to be produced by the Target PRC Company:
 - (a) reaches RMB220/gram or more, the YDM Entitlement shall not be less than RMB75 million; in the event that the YDM Entitlement is less than RMB75 million, the Management Warrantors shall pay the shortfall to the Target HK Company; or
 - (b) is less than RMB220/gram, the Output of the Target PRC Company shall not be less than 900 kg, failing which the Management Warrantors shall pay compensation to the Target HK Company in accordance with the pre-agreed formula as set out in the 2010 Announcements;

(iii) during the six-month period from 1 January 2013 to 30 June 2013, if the weighted average selling price (value added tax included) of the gold to be produced by the Target PRC Company:

- (a) reaches RMB220/gram or more, the YDM Entitlement shall not be less than RMB40 million; in the event that YDM Entitlement is less than RMB40 million, the Management Warrantors shall pay the shortfall to the Target HK Company; or
- (b) is less than RMB220/gram, the Output of the Target PRC Company shall not be less than 500 kg, failing which the Management Warrantors shall pay compensation to the Target HK Company in accordance with the pre-agreed formula as set out in the 2010 Announcements.

The total sum covered under the YDM Profit Entitlement Guarantee and the total quantity of Output covered under the Output Guarantee for the entire 24-month period commencing 1 July 2011 and ending 30 June 2013 under the AAL Acquisition Agreement remain the same under the AAL Supplemental Agreement, i.e. RMB150 million and 1,800 kg respectively.

There is no cash consideration for the AAL Supplemental Agreement involved.

The AAL Supplemental Agreement is supplemental to the AAL Acquisition Agreement and, save as expressly amended above, all the provisions of the AAL Acquisition Agreement shall remain in full force and effect. Shareholders and other investors or potential investors are advised to refer to the 2010 Announcements for the principal terms of the AAL Acquisition Agreement.

The AAL Supplemental Agreement shall be effective immediately upon its execution.

GENERAL INFORMATION

This announcement is made on a voluntary basis.

By order of the Board
Yue Da Mining Holdings Limited
Chen Yunhua
Chairman

Hong Kong, 12 September 2011

As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr Dong Li Yong, Mr Liu Xiaoguang and Mr Hu Huaimin; (b) as non-executive Directors, Mr Chen Yunhua and Mr Qi Guang Ya; and (c) as independent non-executive Directors, Ms Leung Mei Han, Mr Cui Shu Ming, Mr Han Run Sheng and Dr Liu Yongping.

* *for identification purpose only*