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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Siberian Mining Group Company Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE TO ALLOT AND ISSUE SHARES AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



WALLBANCK BROTHERS

華伯特證券(香港)有限公司

A letter from the Independent Board Committee (as defined in this circular) is set out on page 14 of this circular. A letter from Wallbanck Brothers, the independent financial adviser to the Independent Board Committee and the Independent Shareholders (as defined in this circular), is set out on pages 15 to 30 of this circular.

A notice convening an extraordinary general meeting of Siberian Mining Group Company Limited to be held at 11:00 a.m. on Tuesday, 20 August 2013 at The Jasmine Room of Ramada Hong Kong Hotel at 3rd Floor, 308 Des Voeux Road West, Hong Kong is set out on pages 31 to 33 of this circular. Whether or not you intend to attend the meeting, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event no less than 48 hours before the time appointed for holding such meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

This circular will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and the Company's website at <http://siberian.todayir.com>.

2 August 2013

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company held on 31 August 2012 in which the Shareholders had approved, among other things, the Existing General Mandate
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Siberian Mining Group Company Limited (Stock code: 1142), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules, and “connected” shall be construed accordingly
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 11:00 a.m. on Tuesday, 20 August 2013 at The Jasmine Room of Ramada Hong Kong Hotel at 3rd Floor, 308 Des Voeux Road West, Hong Kong for considering and, if thought fit, approving the grant of the New Issue Mandate
“Existing General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the AGM for the issue and allotment of up to 70,488,552 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the Refreshment of the Existing General Mandate by the grant of the New Issue Mandate

DEFINITIONS

“Independent Shareholder(s)”	any Shareholder(s) other than controlling Shareholders and their associates or, if there is no controlling Shareholder, the Directors (excluding Independent Non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Financial Adviser” or “Wallbanck Brothers”	Wallbanck Brothers Securities (Hong Kong) Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of the Existing General Mandate by the grant of the New Issue Mandate, and a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Latest Practicable Date”	29 July 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Issue Mandate”	the general mandate proposed to be granted to the Directors at the EGM to exercise the power of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of the relevant resolution
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Refreshment of the Existing General Mandate”	the proposed refreshment of the Existing General Mandate by the grant of the New Issue Mandate
“SFO”	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of par value of HK\$0.20 each in the issued share capital of the Company
“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	any subsidiary (from time to time) of the Company
“Subscription”	the issue of 70,000,000 new Shares under the Existing General Mandate by the Company to certain subscriber with net proceeds of approximately HK\$17,150,000 as announced by the Company on 5 December 2012 and 17 December 2012
“Third Supplemental Agreement”	the agreement entered into between the Company and Hani Securities (H.K.) Limited on 27 November 2012 in relation to the placing of convertible bonds of up to an aggregate principal amount of US\$30,000,000 (approximately HK\$234,000,000)
“US\$” or “US dollars”	the United States of America dollars, the lawful currency of the United States of America
“%”	per cent

In this circular, for illustration purposes only, unless otherwise stated, the conversion of US dollars into HK dollars is based on the approximate exchange rate of US\$1.00 to HK\$7.8.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LIM Ho Sok (*Chairman*)
Mr. CHOI Jun Ho

Non-executive Director:

Mr. PANG Ngoi Wah Edward

Independent non-executive Directors:

Mr. LIEW Swee Yean
Mr. TAM Tak Wah
Mr. YOUNG Yue Wing Alvin

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Room 2402, 24/F
Tower 2, Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong

2 August 2013

*To the Shareholders and, for information only,
the holder of the convertible notes
and the holders of the share options of the Company*

Dear Sir/Madam,

**(1) PROPOSED REFRESHMENT
OF THE EXISTING GENERAL MANDATE TO ALLOT AND ISSUE SHARES
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Company proposes to put forward the Refreshment of the Existing General Mandate by seeking approval from the Independent Shareholders for the grant of the New Issue Mandate at the EGM.

The purpose of this circular is to provide you with, among other things: (i) further information relating to the Refreshment of the Existing General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders with regards to the Refreshment of the Existing General Mandate; (iii) a letter of advice from Wallbanck Brothers to the Independent Board Committee and the Independent Shareholders with regards to the Refreshment of the Existing General Mandate; and (iv) a notice of the EGM to be convened and held for the purpose of considering and, if thought fit, approving the resolution to implement the proposal for the grant of the New Issue Mandate.

** For identification purpose only*

LETTER FROM THE BOARD

(1) PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE TO ALLOT AND ISSUE SHARES

At the AGM, the Shareholders have approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue, allot and otherwise deal with a maximum of up to 70,488,552 Shares, which is equivalent to 20% of the then issued share capital of the Company. As at the Latest Practicable Date, the Existing General Mandate has been utilized as to approximately 99.31% as a result of the Subscription, which involves the issue of 70,000,000 new Shares under the Existing General Mandate with net proceeds of approximately HK\$17,150,000. The net proceeds under the Subscription were used by the Group as general working capital and for repayment of liabilities.

The resolution to refresh the Existing General Mandate was not passed at the Company's extraordinary general meeting held on 28 February 2013 and therefore the Existing General Mandate has not been refreshed since the AGM. Therefore, as at the Latest Practicable Date, the Directors may only issue, allot and otherwise deal with up to a maximum of 488,552 Shares under the Existing General Mandate, representing approximately 0.10% of the Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company had an aggregate of 508,442,763 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the grant of the New Issue Mandate and assuming that no Shares will be issued or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed under the New Issue Mandate to allot and issue up to 101,688,552 Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date and the date of the EGM.

The New Issue Mandate will, if granted at the EGM, remain effective until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) 30 November 2013, being the last day of the period within which the next annual general meeting of the Company is required by its articles of association or any applicable laws to be held; or
- (c) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

Trading of the Shares has been suspended since 22 April 2013. The Board understands that the Stock Exchange will not grant the listing approval for issue of new Shares until trading of the Shares has resumed.

LETTER FROM THE BOARD

Reasons for the grant of the New Issue Mandate

As stated above, the Existing General Mandate has almost been fully utilised since the date of the AGM.

The main reasons for the Refreshment of the Existing General Mandate are to (1) fund the exploration drilling in an approximate amount, (2) settle legal claims in Russia relating to the final 4th stage payment, and (3) fulfill the working capital requirements of the Group which are determined based on the Group's estimated yearly operating expenses and the need to support the liquidity of the Group.

As announced by the Company on 22 April 2013, 23 April 2013 and 25 April 2013, respectively, the Company received from the legal advisers to First Glory Limited ("**First Glory**", a creditor of the Company) a statutory demand in respect of the loans owed by the Company to First Glory (which were purported to be of an amount of HK\$15,146,986.29 representing the outstanding principal and accrued interest calculated up to 22 April 2013 in respect of such loans). Further, Cordia Global Limited ("**Cordia**", another creditor of the Company) via its legal advisers also sent the Company a notice of demand for full repayment of the convertible note of an outstanding principal amount of US\$443,070,000 (approximately HK\$3,455,946,000) issued by the Company to Cordia on 3 April 2013.

First Glory had indicated to the Board that if the Company is able to raise new funds and/or settle the loans owed by the Company to First Glory by end of September 2013, it will consider not to wind up the Company before that day. Cordia had also indicated that it would like to see the Company being able to raise new funds to fund its operations.

In accordance with the requirements of the New Mining License on Lot 2 of the Russian coal mines, for the second phase of exploration drilling, no less than 6,000 metres of boreholes drilling have to be completed by end of October 2013. The Group's contractor has commenced the exploration drilling since early May 2013 as planned and completion of drilling is expected in October 2013. As of 3 July 2013, a total length of approximately 2,657 metres has been drilling in a total of seven boreholes, and all the three coal seams have been discovered, namely, Kemerovsky coal seam, Volkovsky coal seam and Vladimirovsky coal seam.

The Company is of the opinion that it is crucial to pay the contractor on time to enable the completion of the second phase of exploration drilling in order to fulfill the requirements of the New Mining License. The estimated total cost for the exploration drilling is approximately US\$1,317,400 (approximately HK\$10,275,720).

LETTER FROM THE BOARD

As disclosed in the 2012 Interim Report of the Company, a former shareholder, Tannagashev Ilya Nikolaevich (the “**First Claimant**”), of the Group’s Russian subsidiary company, LLC “Shakhta Lapichevskaya” (“**Lapi**”), submitted a claim to the Russian Court in March 2012 for his share in the final 4th stage payment amounting to US\$673,400 (approximately HK\$5,252,520) in relation to the sale and purchase of 30% equity interest in Lapi in 2009. Partial settlement of US\$100,000 (approximately HK\$780,000) each was paid to the First Claimant in early May 2013 and early July 2013. In March 2013, the other two former shareholders of Lapi, namely, Demeshonok Konstantin Yur’evich (the “**Second Claimant**”) and Kochkina Ludmila Dmitrievna (the “**Third Claimant**”) also submitted their claims to the Russian Court for their respective shares in the final 4th stage payment in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Second Claimant and the Third Claimant are claiming US\$288,600 (approximately HK\$2,251,080) and US\$338,000 (approximately HK\$2,636,400), respectively.

It is imminent for the Group to settle the legal claims from the First Claimant, the Second Claimant, and the Third Claimant as soon as practicable, otherwise the Group might be exposed to the extreme to the risks of foreclosure on the shareholdings in Lapi. As at the Latest Practicable Date, the total outstanding final 4th stage payment is US\$1,100,000 (approximately HK\$8,580,000).

The Board considers that the New Issue Mandate will provide the Company with flexibility and ability to capture any appropriate capital raising. Furthermore, the Board considers that the New Issue Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. The funds raised from issue of new Shares will allow the Company to ease First Glory’s and Cordia’s concerns, to fund the second phase exploration drilling and to settle legal claims of the three former shareholders of Lapi.

Any Shares issued under the New Issue Mandate will be allotted to persons other than connected persons of the Company.

Although (i) the proposed Refreshment of the Existing General Mandate and (ii) other fund raising activities conducted by the Company in the past twelve-month period as listed on pages 10 to 11 in this circular will cause/have caused dilution to the shareholding interests of existing Shareholders, the Directors (including the independent non-executive Directors) have considered the following factors in determining that the Refreshment of the Existing General Mandate, which includes the grant of the New Issue Mandate, is fair and reasonable as far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole:

- (a) the Company may need additional funds to satisfy its working capital or other financial requirements and the Company will not convene the next annual general meeting until October or November this year;
- (b) the Board wishes to ease the concerns of First Glory and Cordia, and avoid them from winding up the Company; and

LETTER FROM THE BOARD

- (c) the financial position of the Company will be strengthened as the gearing ratio will be reduced.

As disclosed in the Company's 2012 Interim Report, the Company had obtained a written undertaking from a director of a subsidiary of the Company and the Chairman of the Board to provide continuous financial support to the Group by way of a loan facility of up to HK\$50 million, which shall be repayable on or before 20 February 2014. Although the undertaking is still valid, the Company believes that issuing new Shares under the New Issue Mandate is a more preferable means of fund raising since obtaining further loans would increase the gearing of the Company, in addition to incurring further loan interest expenses. The issuance of new Shares under the New Issue Mandate will broaden the shareholders base and at the same time increasing the liquidity of the Company at a relatively lower cost of funding.

The Company has also considered other alternative fund raising methods which will not dilute the interests of current Shareholders, such as raising bank loans and asking for certain existing Shareholders to advance loans to the Company. However, no banks are willing to advance loans at a reasonable interest rate when the Company is under the threat of being wound up, and those existing Shareholders who had previously indicated to provide financial support to the Company were no longer willing or able to do so.

If the grant of the New Issue Mandate is approved at the EGM, the Company will be in a better position to seek investors when new Shares can be issued speedily under the New Issue Mandate. The Company is still looking for investors, and will make an announcement as soon as new Shares are issued under the New Issue Mandate.

In addition, the Company is also considering to issue new Shares and/or other securities to First Glory under a specific mandate from the Shareholders to discharge the Company's outstanding debts due to First Glory. It will issue separate announcement and circular for that purpose if it enters into any agreement with First Glory.

LETTER FROM THE BOARD

Shareholding structure of the Company and the potential dilution effect to shareholding interests of the existing public Shareholders by the New Issue Mandate

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and, for illustration purpose, the potential dilution effect on the shareholding interests of the existing public Shareholders immediately after full utilisation of the New Issue Mandate:

Name of Shareholders	Shareholding interest in the Company as at the Latest Practicable Date		Shareholding interest in the Company upon full utilization of the New Issue Mandate (assuming no other Shares are issued and/or repurchased by the Company)	
	Number of shares	% (approx.)	Number of shares	% (approx.)
Goldwyn Management Limited (Note 1)	11,400,000	2.24%	11,400,000	1.87%
Pang Ngoi Wah Edward, a non-executive Director	175,000	0.04%	175,000	0.03%
Sub-total	11,575,000	2.28%	11,575,000	1.90%
Existing Public Shareholders				
ACME Perfect Limited	70,000,000	13.77%	70,000,000	11.47%
Master Impact Inc.	62,036,055	12.20%	62,036,055	10.17%
Skyline Merit Limited	41,357,370	8.13%	41,357,370	6.78%
Wonang Industries Co., Ltd (Note 2)	13,800,000	2.71%	13,800,000	2.26%
Kim Chul	28,200,000	5.55%	28,200,000	4.62%
Keystone Global Co., Ltd	53,000,000	10.42%	53,000,000	8.69%
Other public Shareholders	228,474,338	44.94%	228,474,338	37.44%
Sub-total	496,867,763	97.72%	496,867,763	81.43%
Shares to be issued under the New Issue Mandate	—	0.00%	101,688,552	16.67%
Total	508,442,763	100.00%	610,131,315	100.00%

Note:

- Goldwyn Management Limited is wholly and beneficially owned by Mr. Lim Ho Sok, an executive Director and the Chairman of the Company.
- These Shares are registered in the name of Wonang Industries Co., Ltd, which is wholly-owned by Kim Chul who is deemed to be interested in all the Shares in which Wonang Industries Co., Ltd is interested by virtue of the SFO.

LETTER FROM THE BOARD

Fund raising activities of the Company in the past twelve-month period

The Company has conducted the following fund raising activities in the past 12 months immediately preceding the date of this circular.

Date of announcement	Event	Net proceeds	Intended use of proceeds as stated in the announcement	Actual use of proceeds/ Remarks
27 November 2012	The execution of the Third Supplemental Agreement relating to the placing of convertible bonds of up to an aggregate principal amount of US\$30,000,000 (approximately HK\$234,000,000)	No net proceeds raised, since the placing of convertible bonds was terminated on 30 May 2013	(i) Approximately US\$10,000,000 (approximately HK\$78,000,000) for financing the exploration drilling and geological and hydrological surveys and the development of Lot 2 of the coal mines in Russia; (ii) approximately US\$2,435,900 (approximately HK\$19,000,000) for repayment of two existing loans of the Company due to an Independent Third Party; (iii) approximately US\$13,500,000 (approximately HK\$105,300,000) for repayment of existing liabilities of the Group owed to Cordia Global Limited and (iv) approximately US\$3,866,000 (approximately HK\$30,154,800), representing the balancing amount, for general working capital purposes	Since the conditions precedent of the placing of convertible bonds had not been fulfilled at or before 5:00 pm on 29 May 2013, the placing was terminated on 30 May 2013

LETTER FROM THE BOARD

Date of announcement	Event	Net proceeds	Intended use of proceeds as stated in the announcement	Actual use of proceeds/ Remarks
5 December 2012	Subscription of 70,000,000 new Shares under the Existing General Mandate	Approximately HK\$17.15 million	General working capital of the Group and repayment of liabilities of the Group	All proceeds have been used as intended (approximately HK\$4.95 million has been used as general working capital of the Group and approximately HK\$12.2 million has been used for repayment of liabilities of the Group)
8 January 2013	Subscription of 84,000,000 new Shares under specific mandate	Approximately US\$2,800,000 (approximately HK\$21,840,000)	(i) Refunds of coal trading deposits of US\$1.90 million (approximately HK\$14.82 million); (ii) repayments of loans from Directors of approximately HK\$2.35 million; (iii) for funding the daily operations of the Russian subsidiary of US\$0.34 million (approximately HK\$2.65 million); (iv) for settlement of daily expenses of the Group of approximately HK\$1.78 million; and (v) the balancing amount of HK\$0.24 million would be reserved for general working capital purposes	All proceeds had been used as intended

Save as disclosed above, the Company has not conducted any fund raising activity in the previous 12 months.

LETTER FROM THE BOARD

(2) EGM AND VOTING ARRANGEMENT

The EGM will be held for considering and, if thought fit, passing the ordinary resolution to approve the grant of the New Issue Mandate.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be conducted by way of poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM in accordance with the articles of association of the Company. The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of the Stock Exchange and the Company after the EGM.

As the proposed Refreshment of the Existing General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the grant of the New Issue Mandate shall be subject to the Independent Shareholders' approval by way of poll at the EGM, where any controlling Shareholders and their associates or, where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the grant of the New Issue Mandate. As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the Listing Rules. As such, Mr. Pang Ngoi Wah Edward, a non-executive Director, and his associates, with an interest of 175,000 Shares, representing approximately 0.04% of the issued share capital of the Company as at the Latest Practicable Date, and Mr. Lim Ho Sok, an executive Director and the Chairman of the Company, and his associates, Goldwyn Management Limited, with an interest of 11,400,000 Shares, representing approximately 2.24% of the issued share capital of the Company as at the Latest Practicable Date shall abstain from voting for the resolution in relation to the grant of the New Issue Mandate to be proposed at the EGM in accordance with Rule 13.36(4) of the Listing Rules.

A notice convening the EGM to be held at 11:00 a.m. on Tuesday, 20 August 2013 at The Jasmine Room of Ramada Hong Kong Hotel at 3rd Floor, 308 Des Voeux Road West, Hong Kong is set out on pages 31 to 33 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at such meeting, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event no less than 48 hours before the time appointed for holding such meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

LETTER FROM THE BOARD

(3) RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

(4) RECOMMENDATION

The Company has appointed Wallbanck Brothers as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of the Existing General Mandate. The text of the letter of advice from Wallbanck Brothers to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 30 of this circular.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liew Swee Yean, Mr. Tam Tak Wah and Mr. Young Yue Wing Alvin, has been established to give advice to the Independent Shareholders in respect of the Refreshment of the Existing General Mandate. The letter from the Independent Board Committee, which contains its recommendation to the Independent Shareholders in respect of the transactions, is set out on page 14 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers the Refreshment of the Existing General Mandate, including the grant of the New Issue Mandate, is fair and reasonable as far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution in relation to the grant of the New Issue Mandate to be proposed at the EGM.

In the light of the above, the Directors believe that the proposals at the EGM are in the best interest of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution in relation to the grant of the New Issue Mandate to be proposed at the EGM.

Yours faithfully
By Order of the Board
Siberian Mining Group Company Limited
Lim Ho Sok
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

2 August 2013

To the Independent Shareholders

Dear Sir/Madam,

REFRESHMENT OF THE EXISTING GENERAL MANDATE

We refer to the circular of the Company dated 2 August 2013 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the Refreshment of the Existing General Mandate, including the grant of the New Issue Mandate, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 15 to 30 of the Circular and the letter from the Board as set out on pages 4 to 13 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinion of Wallbanck Brothers as stated in its letter of advice, we consider that the Refreshment of the Existing General Mandate, including the grant of the New Issue Mandate, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the grant of the New Issue Mandate to be proposed at the EGM.

Yours faithfully
For and on behalf of
Independent Board Committee of
Siberian Mining Group Company Limited
Liew Swee Yean
Tam Tak Wah
Young Yue Wing Alvin
Independent Non-Executive Directors

* For identification purpose only

LETTER FROM WALLBANCK BROTHERS

The following is the full text of a letter of advice from Wallbanck Brothers, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Refreshment of the Existing General Mandate which has been prepared for the purpose of incorporation in this circular:



WALLBANCK BROTHERS

1312, Tower 1, Lippo Centre,
89 Queensway, Central,
Hong Kong

2 August 2013

*To the Independent Board Committee and
the Independent Shareholders of
Siberian Mining Group Company Limited*

Dear Sirs,

PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of the Existing General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in this circular (the “**Circular**”) dated 2 August 2013 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board proposed the Refreshment of the Existing General Mandate for the Directors to allot and issue Shares not exceeding 20% of the share capital of the Company in issue as at the date of the EGM. Pursuant to Rule 13.36(4)(a) of the Listing Rules, the Refreshment of the Existing General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executives and their respective associates shall abstain from voting in favour of the grant of the New Issue Mandate.

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As at the Latest Practicable Date, the Company has no controlling Shareholder as defined under the Listing Rules. As such, Mr. Pang Ngoi Wah, Edward, a non-executive Director, and his associates, with an interest of 175,000 Shares, representing approximately 0.04% of the issued share capital of the Company as at the Latest Practicable Date, and Mr. Lim Ho Sok, an executive Director and the Chairman of the Company, and his associates, Goldwyn Management Limited, with an interest of 11,400,000 Shares, representing approximately 2.24% of the issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting for the resolution in relation to the grant of the New Issue Mandate to be proposed at the EGM in accordance with Rule 13.36(4) of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liew Swee Yean, Mr. Tam Tak Wah and Mr. Young Yue Wing Alvin, has been established to advise the Independent Shareholders in respect of the Refreshment of the Existing General Mandate. Wallbanck Brothers has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and management of the Company, and have assumed that all statements, information, opinions and representations contained or referred to in this Circular were true, accurate and not misleading or deceptive at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in this Circular were reasonably made after due enquiry. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate, misleading or deceptive. We hold the view that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this Circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in this Circular, including this letter, misleading or deceptive. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or be

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undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have not considered the taxation implications on the Independent Shareholders arising from the Refreshment of the Existing General Mandate as these are particular to the individual circumstances of each Shareholder. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her decision to the Refreshment of the Existing General Mandate. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of, the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention before and after the EGM.

Our opinions are based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Refreshment of the Existing General Mandate.

Our opinions are based on the Directors' confirmation of receipt of our advice that the Directors and the management of the Company are responsible to take all reasonable steps to ensure that the information and representations provided in any press announcement, circular and prospectus concerning the Refreshment of the Existing General Mandate are true, accurate, complete and not misleading or deceptive, and that no material information or facts have been omitted or withheld.

Our opinions and their validity are subject to the views of the Board concerning the Refreshment of the Existing General Mandate.

We take no responsibility for the contents of the Board Letter, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this letter.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Background of the Refreshment of the Existing General Mandate

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of coal mining, and mineral resources and commodities trading.

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to issue, allot and deal with a maximum of up to 70,488,552 Shares, which is equivalent to 20% of the then issued share capital of the Company. As at the Latest Practicable Date, the Existing General Mandate has been utilised as to approximately 99.31% as a result of the Subscription, which involves the issue of 70,000,000 new Shares under the Existing General Mandate with net proceeds of approximately HK\$17,150,000. The net proceeds under the Subscription were used by the Group as general working capital and for repayment of liabilities.

The resolution to refresh the Existing General Mandate was not passed at the Company's extraordinary general meeting held on 28 February 2013 and therefore the Existing General Mandate has not been refreshed since the AGM. Therefore, as at the Latest Practicable Date, the Directors may only allot, issue and otherwise deal with up to a maximum of 488,552 Shares under the Existing General Mandate, representing approximately 0.10% of the Shares in issue as at the Latest Practicable Date.

2. Reasons for the Refreshment of the Existing General Mandate

As stated in the Board Letter, the Existing General Mandate has almost been fully utilised since the date of the AGM.

According to the Board Letter, the main reasons for the Refreshment of the Existing General Mandate are to (1) fund the exploration drilling in an approximate amount, (2) settle legal claims in Russia relating to the final 4th stage payment, and (3) fulfill the working capital requirements of the Group which are determined based on the Group's estimated yearly operating expenses and the need to support the liquidity of the Group.

According to the Board Letter, as announced by the Company on 22 April 2013, 23 April 2013 and 25 April 2013, respectively, the Company received from the legal advisers to First Glory (a creditor of the Company) a statutory demand in respect of the loans owed by the Company to First Glory (which were purported to be of an amount of HK\$15,146,986.29 representing the outstanding principal and accrued interest calculated up to 22 April 2013 in respect of such loans). Further, Cordia (another creditor of the Company) via its legal advisers also sent the Company a notice of demand for full repayment of the convertible note of an outstanding principal amount of US\$443,070,000 (approximately HK\$3,455,946,000) issued by the Company to Cordia on 3 April 2013.

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According to the Board Letter, First Glory had indicated to the Board that if the Company is able to raise new funds and/or settle the loans owed by the Company to First Glory by end of September 2013, it will consider not to wind up the Company before that day. Cordia had also indicated that it would like to see the Company being able to raise new funds to its operations.

According to the Board Letter, in accordance with the requirements of the New Mining License on Lot 2 of the Russian coal mines, for the second phase of exploration drilling, no less than 6,000 metres of boreholes drilling have to be completed by end of October 2013. The Group's contractor has commenced the exploration drilling since early May 2013 as planned and completion of drilling is expected in October 2013. As of 3 July 2013, a total length of approximately 2,657 metres has been drilling in a total of seven boreholes, and all the three coal seams have been discovered, namely, Kemerovsky coal seam, Volkovsky coal seam and Vladimirovsky coal seam.

As stated in the Board Letter, the Company is of the opinion that it is crucial to pay the contractor on time to enable the completion of the second phase of exploration drilling in order to fulfill the requirements of the New Mining License. The estimated total cost for the exploration drilling is approximately US\$1,317,400 (approximately HK\$10,275,720).

As stated in the Board Letter, a former shareholder, Tannagashev Ilya Nikolaevich (the "First Claimant"), of the Group's Russian subsidiary company, LLC "Shakhta Lapichevskaya" ("Lapi"), submitted a claim to the Russian Court in March 2012 for his share in the final 4th stage payment amounting to US\$673,400 (approximately HK\$5,252,520) in relation to the sale and purchase of 30% equity interest in Lapi in 2009. Partial settlement of US\$100,000 (approximately HK\$780,000) each was paid to the First Claimant in early May 2013 and early July 2013.

According to the Board Letter, in March 2013, the other two former shareholders of Lapi, namely, Demeshonok Konstantin Yur'evich (the "Second Claimant") and Kochkina Ludmila Dmitrievna (the "Third Claimant") also submitted their claims to the Russian Court for their respective shares in the final 4th stage payment in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Second Claimant and the Third Claimant are claiming US\$288,600 (approximately HK\$2,251,080) and US\$338,000 (approximately HK\$2,636,400), respectively.

As stated in the Board Letter, the Company is of the opinion that it is imminent for the Group to settle the legal claims from the First Claimant, the Second Claimant, and the Third Claimant as soon as practicable, otherwise the Group might be exposed to the extreme to the risks of foreclosure on the shareholdings in Lapi. As at the Latest Practicable Date, the total outstanding final 4th stage payment is US\$1,100,000 (approximately HK\$8,580,000).

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According to the Board Letter, the Board considers that the New Issue Mandate will provide the Company with flexibility and ability to capture any appropriate capital raising. Furthermore, the Board considers that the New Issue Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. The funds raised from issue of new Shares will allow the Company to ease First Glory's and Cordia's concerns, to fund the second phase exploration drilling and to settle the legal claims of the three former shareholders of Lapi.

As stated in the Board Letter, any Shares issued under the New Issue Mandate will be allotted to persons other than connected persons of the Company.

As stated in the Board Letter, although (i) the proposed Refreshment of the Existing General Mandate and (ii) other fund raising activities conducted by the Company in the past twelve-month period as listed on pages 10 to 11 in this circular will cause/have caused dilution to the shareholding interests of existing Shareholders, the Directors (including the independent non-executive Directors) have considered the following factors in determining that the Refreshment of the Existing General Mandate, which includes the grant of the New Issue Mandate, is fair and reasonable as far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole:

- (a) the Company may need additional funds to satisfy its working capital or other financial requirements and the Company will not convene the next annual general meeting until October or November this year;
- (b) the Board wishes to ease the concerns of First Glory and Cordia, and avoid them from winding up the Company; and
- (c) the financial position of the Company will be strengthened as the gearing ratio will be reduced.

According to the Board Letter, as disclosed in the Company's 2012 Interim Report, the Company had obtained a written undertaking from a director of a subsidiary of the Company and the Chairman of the Board to provide continuous financial support to the Group by way of a loan facility of up to HK\$50 million, which shall be repayable on or before 20 February 2014. Although the undertaking is still valid, the Company believes that issuing new Shares under the New Issue Mandate is a more preferable means of fund raising since obtaining further loans would increase the gearing of the Company, in addition to incurring further loan interest expenses. The issuance of new Shares under the New Issue Mandate will broaden the shareholders base and at the same time increasing the liquidity of the Company at a relatively lower cost of funding.

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As stated in the Board Letter, the Company has also considered other financial alternative fund raising methods which will not dilute the interests of current Shareholders, such as raising bank loans and asking for certain existing Shareholders to advance loans to the Company. However, no banks are willing to advance loans at a reasonable interest rate when the Company is under the threat of being wound up, and those existing Shareholders who had previously indicated to provide financial support to the Company were no longer willing or able to do so.

As stated in the Board Letter, the Company is of the opinion that if the grant of the New Issue Mandate is approved at the EGM, the Company will be in a better position to seek investors when new Shares can be issued speedily under the New Issue Mandate. The Company is still looking for investors, and will make an announcement as soon as new Shares are issued under the New Issue Mandate.

As stated in the Board Letter, the Company is also considering to issue new Shares and/or other securities to First Glory under a specific mandate from the Shareholders to discharge the Company's outstanding debts due to First Glory. It will issue separate announcement and circular for that purpose if it enters into any agreement with First Glory.

3. Financial performance and business plan of the Group

(i) *For the years ended 31 March 2011 and 2012*

Set out below is a summary of the audited financial information of the Group for the years ended 31 March 2011 and 31 March 2012:

	For the year ended 31 March 2011 HK\$'000	For the year ended 31 March 2012 HK\$'000
Turnover	18,251	11,402
Loss for the year	(167,716)	(451,584)
	As at 31 March 2011	As at 31 March 2012
Net current liabilities	5,045	41,935
Current ratio	88.9%	14.9%
Gearing ratio	2.0%	2.95%

According to the annual report of the Group for the year ended 31 March 2012 ("AR2012"), the turnover of the Group for the year ended 31 March 2012 ("YE2012") was approximately HK\$11.4 million (31 March 2011: approximately HK\$18.3 million), representing a decrease of approximately 37.7%.

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The loss after income tax for the reporting year was HK\$451.6 million (2011: HK\$167.7 million), representing a 169.3% increase as compared to the same period last year. According to the AR2012, the substantial increase in loss was mainly attributable to the net effects of the following items, (i) impairment loss of HK\$253.0 million (2011: Nil) on the carrying amount of the mining rights of the Russian coal mines in YE2012 mainly due to decrease in international coal prices that impacted the valuation results; (ii) no impairment loss of customer base of the digital television technology services business in YE2012 since the customer base had already been fully impaired in last year ended 31 March 2011 (“LY2011”) (2011: impairment loss of HK\$34.7 million); (iii) no fair value gain on the conversion option of the Company’s convertible notes in YE2012 since all the convertible notes had been fully converted in LY2011 (2011: fair value gain of HK\$90.3 million); (iv) increase in impairment loss to HK\$8.0 million (2011: HK\$4.7 million) on technical know-how in vertical farming in YE2012; (v) reduction in selling and distribution costs to HK\$2.1 million (2011: HK\$5.5 million), which was in line with the reduction in turnover of digital television technology services business; (vi) reduction in administrative and other expenses to HK\$177.6 million (2011: HK\$182.9 million), due to cost control measures and less business activities from digital television technology services business and vertical farming; (vii) drop in finance costs to HK\$23.2 million (2011: HK\$32.1 million) mainly resulted from no imputed interest on the Company’s convertible notes in YE2012 (2011: imputed interest of HK\$7.4 million) as all convertible notes had been fully converted; and (viii) gain on disposal of subsidiaries of HK\$15.4 million (2011: Nil).

As for the asset and liability position of the Group as at 31 March 2012, the Group had net current liabilities of HK\$41.9 million (2011: HK\$5.0 million). The Group’s current ratio, being a ratio of current assets to current liabilities, was 14.9% (2011: 88.9%). The Group’s gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 2.95% (2011: 2.0%).

As quoted from the audit opinion on page 24 of the AR2012:

“Without qualifying our opinion, we draw attention to Note 3(b) to the consolidated financial statements which indicates that the Group incurred a net loss for the year from continuing operations of HK\$448,799,000 for the year ended 31 March 2012 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$41,935,000. These conditions, along with other matters as set forth in Note 3(b) indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern.”

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(ii) From the six months ended 30 September 2011 and 2012

Set out below is a summary of the unaudited financial information of the Group for the six months ended 30 September 2011 and 30 September 2012:

	For the six months ended 30 September 2011 HK\$'000	For the six months ended 30 September 2012 HK\$'000
Turnover	3,069	3,702
Loss for the period	119,226	287,116
	As at 31 March 2012	As at 30 September 2012
Net current liabilities	41,935	74,313
Current ratio	14.9%	14.2%
Gearing ratio	2.95%	5.69%

According to the interim report of the Group for the six months ended 30 September 2012 (“**IR2012**”), the Group recorded a turnover for the six months ended 30 September 2012 of approximately HK\$3,702,000 (2011: HK\$3,069,000), representing an increase of approximately 20.6% as compared to the corresponding period in last year.

The loss before income tax of the Group was approximately HK\$287,078,000 (2011: HK\$119,409,000), representing an increase of 140.4% as compared to the corresponding period in last year. According to the IR2012, the increase in loss was mainly attributable to the impairment loss of approximately HK\$215,577,000 (2011: Nil) on the carrying amount of the mining rights of the Russian coal mines primarily due to the decrease in international coal prices.

As for the asset and liability position of the Group as at 30 September 2012, the Group had net current liabilities of approximately HK\$74.3 million (31 March 2012: HK\$41.9 million). The Group’s current ratio, being a ratio of current assets to current liabilities, was approximately 14.2% (31 March 2012: 14.9%). The Group’s gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was approximately 5.69% (31 March 2012: 2.95%).

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As quoted from the audit review on page 2 of the IR2012:

“Without qualifying our conclusion, we draw attention to Note 2.1 to the interim financial information which indicates that the Group incurred a net loss of HK\$287,116,000 for the six months ended 30 September 2012 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$74,313,000. These conditions, along with other matters as set forth in Note 2.1 indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern.”

Having considered:

- (a) the Company may need additional funds to satisfy its working capital or other financial requirements and the Company will not convene the next annual general meeting until October or November this year;
- (b) the Board wishes to ease the concerns of First Glory and Cordia, and avoid them from winding up the Company;
- (c) the financial position of the Company will be strengthened as the gearing ratio will be reduced;
- (d) the loss position of the Group; and
- (e) the net current liabilities position of the Group;

we concur with the Directors’ view that the Refreshment of the Existing General Mandate to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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4. Fund raising activities in the past twelve months

Set out below are the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
27 November 2012	The execution of the Third Supplemental Agreement relating to the placing of convertible bonds of up to an aggregate principal amount of US\$30,000,000 (approximately HK\$234,000,000)	No net proceeds raised, since the placing of convertible bonds was terminated on 30 May 2013	(i) Approximately US\$10,000,000 (approximately HK\$78,000,000) for financing the exploration drilling and geological and hydrological surveys and the development of Lot 2 of the coal mines in Russia; (ii) approximately US\$2,435,900 (approximately HK\$19,000,000) for repayment of two existing loans of the Company due to an Independent Third Party; (iii) approximately US\$13,500,000 (approximately HK\$105,300,000) for repayment of existing liabilities of the Group owed to Cordia Global Limited and (iv) approximately US\$3,866,000 (approximately HK\$30,154,800), representing the balancing amount, for general working capital purposes	Since the conditions precedent of the placing of convertible bonds had not been fulfilled at or before 5:00 p.m. on 29 May 2013, the placing was terminated on 30 May 2013

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Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
5 December 2012	Subscription of 70,000,000 new Shares under the Existing General Mandate	Approximately HK\$17.15 million	General working capital of the Group and repayment of liabilities of the Group	All proceeds had been used as intended (approximately HK\$4.95 million has been used as general working capital of the Group and approximately HK\$12.2 million has been used for repayment of liabilities of the Group)
8 January 2013	Subscription of 84,000,000 new Shares under specific mandate	Approximately US\$2,800,000 (approximately HK\$21,840,000)	(i) Refunds of coal trading deposits of US\$1.90 million (approximately HK\$14.82 million); (ii) repayments of loans from Directors of approximately HK\$2.35 million; (iii) for funding the daily operations of the Russian subsidiary of US\$0.34 million (approximately HK\$2.65 million); (iv) for settlement of daily expenses of the Group of approximately HK\$1.78 million; and (v) the balancing amount of HK\$0.24 million would be reserved for general working capital purposes	All proceeds had been used as intended

Save as and except for the above, the Company has not conducted any fund raising activities in the twelve months immediately prior to the Latest Practicable Date.

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5. Financial flexibility

As advised by the Directors, the Group does not obviate the possibilities of further issuing capital should there be investors indicating interest in the business of the Group in the future. The Directors believe that the Refreshment of the Existing General Mandate will provide the Group with flexibility and ability to capture any appropriate capital raising or business opportunities when they arise. Furthermore, the Board considers that the New Issue Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. The Directors are therefore of the view that the Refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

As discussed in the foregoing, the Refreshment of the Existing General Mandate would provide the Company with the necessary flexibility to fulfill any possible funding needs for future business development. The Refreshment of the Existing General Mandate would also provide the Company with the flexibility as allowed under the Listing Rules to allot and issue new Shares for equity fund raising activities, such as placing of new Shares in the future as and when such opportunities arise. Given the financial flexibility available to the Company as discussed above, the Directors are of the opinion that the Refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

6. Other financing alternatives

Based on the representation of the Directors of the Company, the Directors confirmed that apart from equity financing, the Group will also consider debt financing, such as bank borrowings and issue of bonds, to be the other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with banks. Also, in light of debt financing will usually incur an interest burden on the Group, the Directors consider debt financing to be relatively uncertain and time-consuming as compared to equity financing, such as placing of new Shares, for the Group to obtain additional funding.

The Directors represented that the Company will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the New Issue Mandate. The Directors confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Group. With this being the case, along with the fact that the Refreshment of the Existing General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development, the Directors are of the view that the Refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

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7. Potential dilution to shareholding of the Independent Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) the potential dilution effect on the shareholding interests of the existing public Shareholders immediately after full utilisation of the New Issue Mandate, for illustrative purpose:

Name of Shareholders	Shareholding interest in the Company as at the Latest Practicable Date		Shareholding interest in the Company upon full utilization of the New Issue Mandate (assuming no other Shares are issued and/or repurchased by the Company)	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)
Goldwyn Management Limited (<i>Note 1</i>)	11,400,000	2.24%	11,400,000	1.87%
Pang Ngoi Wah Edward, a non-executive Director	175,000	0.04%	175,000	0.03%
Sub-total	11,575,000	2.28%	11,575,000	1.90%
Existing Public Shareholders				
ACME Perfect Limited	70,000,000	13.77%	70,000,000	11.47%
Master Impact Inc.	62,036,055	12.20%	62,036,055	10.17%
Skyline Merit Limited	41,357,370	8.13%	41,357,370	6.78%
Wonang Industries Co., Ltd (<i>Note 2</i>)	13,800,000	2.71%	13,800,000	2.26%
Mr. Kim Chul	28,200,000	5.55%	28,200,000	4.62%
Keystone Global Co., Ltd	53,000,000	10.42%	53,000,000	8.69%
Other public Shareholders	228,474,338	44.94%	228,474,338	37.44%
Sub-total	496,867,763	97.72%	496,867,763	81.43%
Shares to be issued under the New Issue Mandate	—	0.00%	101,688,552	16.67%
Total	<u>508,442,763</u>	<u>100.00%</u>	<u>610,131,315</u>	<u>100.00%</u>

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Note:

1. Goldwyn Management Limited is wholly and beneficially owned by Mr. Lim Ho Sok, an executive Director and the Chairman of the Company.
2. These Shares are registered in the name of Wonang Industries Co., Ltd, which is wholly-owned by Mr. Kim Chul, who is deemed to be interested in all the Shares in which Wonang Industries Co., Ltd is interested in by virtue of the SFO.

The table above illustrates that assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the EGM, the shareholdings of the existing public Shareholders would decrease from approximately 97.72% as at the Latest Practicable Date to approximately 81.43% upon full utilisation of the Issue Mandate, which represents a dilution of approximately 16.29% on the shareholding of existing public Shareholders.

As stated in the Board Letter, although the Refreshment of the Existing General Mandate and other fund raising activities of the Company in the past twelve-month period as listed on pages 10 to 11 in this Circular will cause/have caused dilution in the Shares, the Directors to their best knowledge consider the Refreshment of the Existing General Mandate to be fair and reasonable to the Shareholders as a whole, as the Directors have taken into account of the following factors:

- (a) the Company may need additional funds to satisfy its working capital or other financial requirements and the Company will not convene the next annual general meeting until October or November this year;
- (b) the Board wishes to ease the concerns of First Glory and Cordia, and avoid them from winding up the Company;
- (c) the financial position of the Company will be strengthened as the gearing ratio will be reduced; and
- (d) the shareholdings of all Shareholders will be diluted proportionally.

We hold the view that the said dilution effect to be acceptable having considered the advantages mentioned above as a result of the Refreshment of the Existing General Mandate.

LETTER FROM WALLBANCK BROTHERS

RECOMMENDATION

Having considered the above principal factors and reasons and Directors' representations, on balance and in general terms, we hold the view that in such circumstances of the Group and at this stage, the Refreshment of the Existing General Mandate is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned and the Refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and also recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Refreshment of the Existing General Mandate at the forthcoming EGM.

Yours faithfully,
For and on behalf of
WALLBANCK BROTHERS
Securities (Hong Kong) Limited
Phil Chan
Chief Executive Officer

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Siberian Mining Group Company Limited (the “**Company**”) will be held at 11:00 a.m. on Tuesday, 20 August 2013 at The Jasmine Room of Ramada Hong Kong Hotel at 3rd Floor, 308 Des Voeux Road West, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:** —

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and otherwise deal with additional shares (“**Shares**”) in the capital of the Company or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make, grant, sign or execute offers, agreements or options, deeds and other documents which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the mandate in paragraph (a) above shall authorize the Directors during the Relevant Period (as defined below) to make, grant, sign or execute offers, agreements or options, deeds and other documents which would or might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below); or
 - (ii) the exercise of rights of subscription or conversion attaching to any exercisable warrants of the Company or any existing securities which carry rights to subscribe for or are convertible into Shares; or

* For identification purpose only

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- (iii) the exercise of any option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to directors, officers, employees, agents, consultants or representatives of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares of the Company; or
- (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or
- (v) a specific mandate granted by the shareholders of the Company at the Company's general meeting,

shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said mandate shall be limited accordingly;

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares or issue of options, warrants, or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities), (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

By Order of the Board
Siberian Mining Group Company Limited
Lim Ho Sok
Chairman

Hong Kong, 2 August 2013

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Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:

Room 2402, 24/F
Tower 2, Admiralty Centre
18 Harcourt Road, Admiralty
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one, proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In the case of joint holders of shares, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, that one of such joint holders whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the aforesaid meeting or any adjournment thereof should they so wish.
5. The voting on the proposed resolution at the EGM will be conducted by way of poll.