



## PRESS RELEASE

August 27, 2012

TSX: ICI

### Inter-Citic to be Acquired by Western Mining Group Co., Ltd. for C\$2.05 per Share in Cash Representing a Transaction Value of Approximately C\$250 million

**Monday, August 27, 2012, Toronto, ON:** Inter-Citic Minerals Inc. (“Inter-Citic” or the “Corporation”) (TSX: ICI; OCTQX: ICMTF) today announced that it has entered into a definitive agreement (the “Arrangement Agreement”) pursuant to which Western Mining Group Co., Ltd. (“Western Mining”) will acquire all the outstanding common shares of Inter-Citic by way of a plan of arrangement (the “Arrangement”) for C\$2.05 per share in cash, valuing the Corporation at approximately C\$250 million. The cash consideration of C\$2.05 per share to be received by shareholders represents an implied premium of 41.4% to Inter-Citic’s closing share price on the Toronto Stock Exchange (“TSX”) of C\$1.45 on August 24, 2012, and an implied premium of 123% to Inter-Citic’s 20-day volume weighted average trading price of C\$0.9193 on the TSX prior to and including July 6, 2012, being the last trading day prior to the date on which Inter-Citic announced that it was in negotiations with a third party.

#### Highlights

- Unanimous recommendation of Inter-Citic’s Special Committee and Board of Directors
- Directors and senior officers have agreed to vote in favour of the Arrangement
- Implied premium of 123% to Inter-Citic’s 20 day volume weighted average trading price prior to and including July 6, 2012, being the last trading day prior to the announcement that Inter-Citic was in negotiations with a third party

Inter-Citic’s Board of Directors, after receiving the unanimous recommendation of its special committee of independent directors following an extensive review and analysis of the proposed Arrangement, and consulting with its financial and legal advisors, has unanimously determined that the Arrangement is in the best interests of the Corporation and its shareholders, and unanimously recommends that Inter-Citic shareholders vote in favour of the Arrangement. Inter-Citic’s Board of Directors has also received an opinion

from its financial advisor to the effect that, as of the date hereof, the consideration to be received by Inter-Citic shareholders under the Arrangement is fair, from a financial point of view, to Inter-Citic shareholders.

Directors and senior officers of the Corporation have entered into voting agreements with Western Mining pursuant to which they have all agreed to vote their common shares in favour of the Arrangement. These supporting shareholders beneficially own or exercise control or direction over, collectively, approximately 0.86% of the outstanding common shares of Inter-Citic.

James Moore, Chief Executive Officer of Inter-Citic commented: "I have been impressed by Chairman Wang and his team at Western Mining. Under his leadership Western Mining has recognized the opportunity which the Dachang project provides to make an aggressive step into the gold industry and at the same time provide Inter-Citic shareholders with the best proposal that management has considered. We look forward to continuing to work with the Western Mining team on this important transaction."

Mr. Xihong Pan, Vice President of Western Mining Group Co., Ltd., said: "Our acquisition of Inter-Citic and the Dachang Project is an important step in realizing our Chairman's strategic goal of expanding the gold division of Western Mining. We look forward to working with all stakeholders, from shareholders to employees, joint venture partners and relevant government parties, in concluding a successful transaction."

### **Details of the Transaction**

The Arrangement Agreement provides for, among other things, customary board support and non-solicitation covenants, a five business day right in favour of Western Mining to match any superior proposal, the payment to Western Mining of a break fee and the payment to the Corporation of a reverse break fee equal, in each case, to C\$7 million if the Arrangement is not completed in certain specified circumstances.

The terms and conditions of the Arrangement will be summarized in the Corporation's management proxy circular, which is expected to be filed and mailed to Inter-Citic shareholders in late September or early October 2012. The Arrangement will be subject, among other things, to the approval of at least 66-2/3% of the votes cast at a special meeting of Inter-Citic shareholders to be called to consider the Arrangement. In addition, the Arrangement will be subject to certain customary conditions, including approval of the Ontario Superior Court of Justice, relevant regulatory approvals and the absence of any material adverse change with respect to the Corporation. The transaction is expected to close in the fourth quarter of 2012, subject to the satisfaction or waiver of various customary closing conditions.

Pursuant to the Arrangement, each outstanding warrant to purchase common shares of Inter-Citic will be acquired by an affiliate of Western Mining and each option to purchase common shares of Inter-Citic will be acquired for cancellation by Inter-Citic in exchange for a cash payment equal to the product of (i) C\$2.05 less the exercise price per common share

of the relevant warrant or option, and (ii) the number of common shares underlying the relevant warrant or option, as applicable.

A copy of the Arrangement Agreement and the plan of arrangement relating thereto, the management proxy circular of Inter-Citic, the fairness opinion and other related documents will be filed with the Canadian securities regulatory authorities and will be available for viewing on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

## **Advisors**

Standard Chartered Bank (acting through its wholly owned subsidiary Gryphon Partners Canada Inc.) is sole financial advisor to Inter-Citic in connection with the proposed Arrangement. Miller Thomson LLP is acting as legal advisor to Inter-Citic. Riverstone Advisory Pty Ltd. is the sole financial advisor to Western Mining and Stikeman Elliot LLP is acting as legal advisor to Western Mining in connection with the Arrangement.

## **About Inter-Citic**

Toronto-based Inter-Citic Minerals Inc. is an exploration and development company advancing its Dachang Gold Project in the People's Republic of China. Inter-Citic is listed on the TSX under the symbol ICI. Inter-Citic's website is [www.inter-citic.com](http://www.inter-citic.com).

## **About Western Mining**

Western Mining Group Co., Ltd. is an integrated resources development company based in Qinghai Province, People's Republic of China. It has total assets of approximately C\$5.5 billion and is involved in geological exploration, mining, processing, smelting, scientific research and development, trade, investment and financing. There are approximately 40 companies within the Western Mining Group, including Western Mining Co., Ltd, which is listed on the Shanghai Stock Exchange.

## **For Further Information Please Contact:**

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*Investors are encouraged to review "Risk Factors" associated with the Dachang project as outlined in the Company's 2011 Financial Statements and Annual Information Form, along with updates, available on the SEDAR website at [www.sedar.com](http://www.sedar.com). The statements herein that are not historical facts are forward-looking statements. These statements address future events and conditions and so involve inherent risks and uncertainties, as disclosed under the heading "Risk Factors" in the company's periodic filings with Canadian securities regulators. Actual results could differ from those currently projected. The Company does not assume the obligation to update any forward-looking statement. The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release*