



中國黃金國際資源有限公司

China Gold International Resources Corp. Ltd.

(Incorporated in British Columbia, Canada with limited liability)

HK Stock Exchange Stock Code: 2099

Toronto Stock Exchange Stock Code: CGG



2023
INTERIM
REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2023. (Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of August 14, 2023. It should be read in conjunction with the consolidated financial statements and notes thereto of China Gold International Resources Corp. Ltd. (referred to herein as “China Gold International”, the “Company”, “we” or “our” as the context may require) for the three and six months ended June 30, 2023 and the three and six months ended June 30, 2022, respectively. Unless the context otherwise provides, references in this MD&A to China Gold International or the Company refer to China Gold International and each of its subsidiaries collectively on a consolidated basis.

The following discussion contains certain forward-looking statements relating to the Company's plans, objectives, expectations and intentions, which are based on the Company's current expectations and are subject to risks, uncertainties and changes in circumstances. Readers should carefully consider all of the information set out in this MD&A, including the risks and uncertainties outlined further in the Company's Annual Information Form (“Annual Information Form” or “AIF”) dated March 30, 2023 on SEDAR at www.sedar.com, www.chinagoldintl.com and www.hkex.com.hk. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled “Forward-Looking Statements” and “Risk Factors” and to discussions elsewhere within this MD&A. China Gold International's business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

Certain statements made herein, other than statements of historical fact relating to the Company, represent forward-looking information. In some cases, this forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “contemplates”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to”, “should” or the negative of these terms, or other similar expressions intended to identify forward-looking information. This forward-looking information includes, among other things; China Gold International's production estimates, business strategies and capital expenditure plans; the development and expansion plans and schedules for the CSH Mine and the Jiama Mine; China Gold International's financial condition; the regulatory environment as well as the general industry outlook; general economic trends in China; and statements respecting anticipated business activities, planned expenditures, corporate strategies, participation in projects and financing, and other statements that are not historical facts.

By their nature, forward-looking information involves numerous assumptions, both general and specific, which may cause the actual results, performance or achievements of China Gold International and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Some of the key assumptions include, among others, the absence of any material change in China Gold International's operations or in foreign exchange rates, the prevailing price of gold, copper and other non-ferrous metal products; the absence of lower-than-anticipated mineral recovery or other production problems; effective income and other tax rates and other assumptions underlying China Gold International's financial performance as stated in the Company's technical reports for its CSH Mine and Jiama Mine; China Gold International's ability to obtain regulatory confirmations and approvals on a timely basis; continuing positive labor relations; the absence of any material adverse effects as a result of political instability, terrorism, natural disasters, pandemics such as COVID-19, litigation or arbitration and adverse changes in government regulation; the availability and accessibility of financing to China Gold International; and the performance by counterparties of the terms and conditions of all contracts to which China Gold International and its subsidiaries are a party. The forward-looking information is also based on the assumption that none of the risk factors identified in this MD&A or in the AIF that could cause actual results to differ materially from the forward-looking information actually occurs.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-looking information contained herein as of the date of this MD&A is based on the opinions, estimates and assumptions of management. There are a number of important risks, uncertainties and other factors that could cause actual actions, events or results to differ materially from those described as forward-looking information. China Gold International disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates, opinions or assumptions, future events or results, or otherwise except to the extent required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking information in this MD&A is expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on forward-looking information.

THE COMPANY

Overview

China Gold International is a gold and base metal mining company registered in British Columbia Canada. The Company's main business involves the operation, acquisition, development and exploration of gold and base metal properties.

The Company's principal mining operations are the Chang Shan Hao Gold Mine ("CSH Mine" or "CSH"), located in Inner Mongolia, China and the Jiama Copper-Gold Polymetallic Mine ("Jiama Mine" or "Jiama"), located in Tibet, China. China Gold International holds a 96.5% interest in the CSH Mine, while its Chinese joint venture ("CJV") partner holds the remaining 3.5% interest. The Company owns a 100% interest in the Jiama Mine, which hosts a large scale copper-gold polymetallic deposit containing copper, gold, molybdenum, silver, lead and zinc metals.

China Gold International's common shares are listed on the Toronto Stock Exchange ("TSX") and The Stock Exchange of Hong Kong Limited ("HKSE") under the symbol CGG and the stock code 2099, respectively. Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR at sedar.com as well as Hong Kong Exchange News at hkexnews.hk.

Performance Highlights

Three months ended June 30, 2023

- Revenue decreased by 75% to US\$73.0 million from US\$292.0 million for the same period in 2022.
- Mine operating loss of US\$6.2 million, decreased by 105% from mine operating earnings of US\$117.7 million for the same period in 2022.
- Net loss of US\$53.3 million decreased by 165% or US\$135.0 million from net income of US\$81.7 million for the same period in 2022.
- Cash flow used in operation of US\$73.5 million, decreased by 168% from cash flow from operation of US\$107.6 million for the same period in 2022.
- Total gold production decreased by 44% to 36,490 ounces from 65,527 ounces for the same period in 2022.
- Total copper production was nil as all production was halted at the Jiama mine during Q2 2023. Copper production was 47.1 million pounds (approximately 21,356 tonnes) for the same period in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Six months ended June 30, 2023

- Revenue decreased by 45% to US\$325.8 million from US\$596.0 million for the same period in 2022.
- Mine operating earnings decreased by 57% to US\$96.6 million from US\$223.2 million for the same period in 2022.
- Net income of US\$25.3 million decreased by 84% or US\$128.2 million from US\$153.5 million for the same period in 2022.
- Cash flow from operation decreased by 80% to US\$54.2 million from US\$268.4 million for the same period in 2022.
- Total gold production decreased by 28% to 89,317 ounces from 124,110 ounces for the same period in 2022.
- Total copper production decreased by 54% to 44.1 million pounds (approximately 20,019 tonnes) from 95.4 million pounds (approximately 43,279 tonnes) for the same period in 2022.

The decrease in production and profit was mainly attributed to the suspension of operations of the Jiama Mine as of March 27, 2023 due to the overflow at the Guolanggou tailings pond. As a result of the suspension, the Company did not record any product sales from the Jiama Mine during Q2 2023, with the exception of a minor amount of molybdenum.

Outlook

On March 27, 2023, an overflow occurred at the Guolanggou Tailings Dam at Jiama Mine (the “overflow”). The Company quickly contained and repaired the breach to ensure no damage to the environment or neighbouring communities. Subsequent to the overflow, Jiama Mine has suspended its operations while the Company takes the opportunity to conduct a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities. The Company does not have an exact timeline for the re-start of production.

The overflow occurred at the top 19th subsequent dyke of the Guolanggou Tailings Dam. However, other levels of subsequent dykes and the starter dyke were also damaged to varying degrees. The Company is conducting a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam and is making permanent repairs and reinforcements of the dam. As at the date of this MD&A, the overall progress is on schedule. The dam's repair and major reinforcement works have been completed and some reinforcement works are still in the final stage. The Company is working towards submitting a safety assessment report to the regulatory authority on or around the end of August 2023. The Company is adopting various active measures to promote the resumption of production of the Jiama Mine.

Due to the uncertainty of the date of resumption of production at Jiama Mine, the Company has withdrawn its annual production guidance for 2023 as set out in the announcement of the Company dated January 20, 2023. Once the impact of the overflow on the operation can be more clearly evaluated, the Company will re-issue the production guidelines. However, the Company notes that production operations at the Company's CSH gold mine remain normal and stable.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

(US\$ in thousands except per share)	2023		Quarter ended				2021	
	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec	30-Sep
Revenue	73,016	252,778	253,904	255,030	291,994	304,021	312,016	248,326
Cost of sales	79,166	150,068	157,271	179,322	174,304	198,493	200,210	165,681
Mine operating (loss) earnings	(6,150)	102,710	96,633	75,708	117,690	105,528	111,806	82,645
General and administrative expenses	7,896	9,584	18,390	16,215	8,296	9,949	16,165	9,462
Exploration and evaluation expenses	45	35	102	81	256	40	358	260
Research and development expenses	1,442	4,642	6,659	7,357	5,470	5,885	10,347	6,619
(Loss) Income from operations	(15,533)	88,449	71,482	52,055	103,668	89,654	84,936	66,304
Foreign exchange (loss) gain	(11,679)	3,310	6,007	(16,085)	(11,542)	1,673	2,071	(161)
Finance costs	6,880	6,706	7,103	7,504	7,943	8,188	8,296	8,670
(Loss) profit before income tax	(52,907)	87,152	70,603	30,607	90,098	83,956	81,198	57,885
Income tax expense	432	8,493	22,083	7,251	8,374	12,155	22,422	5,650
(Loss) net profit	(53,339)	78,659	48,520	23,356	81,724	71,801	58,776	52,235
Basic (loss) earnings per share (cents)	(13.55)	19.62	11.90	5.84	20.48	17.97	14.76	13.11
Diluted earnings per share (cents)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Selected Quarterly Production Data and Analysis

CSH Mine	Three months ended June 30,		Six months ended June 30	
	2023	2022	2023	2022
Gold sales (US\$ million)	71.33	72.17	137.75	141.90
Realized average price (US\$) of gold per ounce	1,977	1,868	1,935	1,870
Gold produced (ounces)	36,069	38,607	71,360	75,884
Gold sold (ounces)	36,079	38,636	71,179	75,902
Total production cost (US\$ per ounce)	1,354	1,442	1,346	1,489
Cash production cost ⁽¹⁾ (US\$ per ounce)	913	798	814	878

(1) Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

Gold production at the CSH Mine decreased by 7% to 36,069 ounces for the three months ended June 30, 2023 compared to 38,607 ounces for the same period in 2022 due to lower grades of ore. The total production cost of gold for the three months ended June 30, 2023 decreased by 6% to US\$1,354 per ounce compared to US\$1,442 for the same period in 2022. The decrease in total production cost was due to a decrease in depreciation and amortization as compared to Q2 2023. The cash production cost of gold for the three months ended June 30, 2023 increased by 14% to US\$913 per ounce from US\$798 for the same period in 2022. The increase in cash production cost is mainly due to higher stripping ratio and waste ore mined in order to ensure the stability of the open pit slope in Q2 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Copper sales (US\$ in millions)	–	159.11	134.40	337.78
Realized average price 1(US\$) of copper per pound after smelting fee discount	–	3.72	3.27	3.68
Copper produced (tonnes)	–	21,356	20,019	43,279
Copper produced (pounds)	–	47,080,848	44,133,380	95,412,864
Copper sold (tonnes)	–	19,860	18,656	41,638
Copper sold (pounds)	–	43,782,721	41,129,646	91,795,712
Gold produced (ounces)	–	26,920	17,957	48,226
Gold sold (ounces)	–	24,369	17,729	45,473
Silver produced (ounces)	–	890,888	740,652	1,696,631
Silver sold (ounces)	–	824,791	709,096	1,635,158
Lead produced (tonnes)	–	–	–	–
Lead produced (pounds)	–	–	–	–
Lead sold (tonnes)	–	–	–	–
Lead sold (pounds)	–	–	–	–
Zinc produced (tonnes)	–	–	–	–
Zinc produced (pounds)	–	–	–	–
Zinc sold (tonnes)	–	–	–	–
Zinc sold (pounds)	–	–	–	–
Moly produced (tonnes)	–	253	232	466
Moly produced (pounds)	–	558,541	510,760	1,026,403
Moly sold (tonnes)	69	210	247	475
Moly sold (pounds)	152,004	463,477	544,942	1,046,553
Total production cost ² (US\$) of copper per pound	–	3.00	4.32	3.13
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	–	1.66	3.09	1.91
Cash production cost ⁴ (US\$) per pound of copper	–	2.28	3.26	2.43
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	–	0.94	2.03	1.21

1 A discount factor of 13.5% to 24.4% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyers. The discount factor is higher if the grade of copper in copper concentrate is below 18%. The industry standard of copper in copper concentrate is between 18-20%.

2 Production costs include expenditures incurred at the mine sites for the activities related to production including mining, processing, mine site G&A and royalties etc.

3 Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

4 By-products credit refers to the sales of gold and silver during the corresponding period.

Due to the overflow of the tailings dam on March 27, 2023, production at the Jiama Mine was suspended during Q2 2023.

Review of Quarterly Data

Three months ended June 30, 2023 compared to three months ended June 30, 2022

Revenue of US\$73.0 million for the second quarter of 2023, decreased by US\$219.0 million from US\$292.0 million for the same period in 2022.

Revenue from the CSH Mine was US\$71.3 million, a slight decrease of US\$0.9 million from US\$72.2 million for the same period in 2022. Realized average gold price increased by 6% from US\$1,868/oz in Q2 2022 to US\$1,977/oz in Q2 2023. Gold sold by the CSH Mine was 36,079 ounces (gold produced: 36,069 ounces), compared to 38,636 ounces (gold produced: 38,607 ounces) for the same period in 2022.

Revenue from the Jiama Mine was US\$1.7 million, a decrease of US\$218.1 million, compared to US\$219.8 million for the same period in 2022. No production occurred during Q2 2023 due to the operational suspension from the tailings dam overflow, with a minor amount of molybdenum sales.

Cost of sales of US\$79.2 million for the quarter ended June 30, 2023, a decrease of US\$95.1 million from US\$174.3 million for the same period in 2022, mainly due to the suspension of operations at the Jiama Mine.

Mine operating loss of US\$6.1 million for the three months ended June 30, 2023, a decrease of US\$123.8 million from mine operating earnings of US\$117.7 million for the same period in 2022, mainly due to the suspension of operations at the Jiama Mine.

General and administrative expenses decreased by US\$0.4 million, from US\$8.3 million for the quarter ended June 30, 2022 to US\$7.9 million for the quarter ended June 30, 2023.

Research and development expenses of US\$1.4 million for the three months ended June 30, 2023, decreased from US\$5.5 million for the comparative 2022 period. The decrease in the second quarter of 2023 was mainly due to suspension of operations at the Jiama Mine.

Loss from operations of US\$15.5 million for the second quarter of 2023, decreased by US\$119.2 million, compared to an income of US\$103.7 million for the same period in 2022.

Finance costs of US\$6.9 million for the three months ended June 30, 2023, decreased by US\$1.0 million compared to US\$7.9 million for the same period in 2022. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange loss of US\$11.7 million for the three months ended June 30, 2023, increased from US\$11.5 million for the same period in 2022. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Interest and other income of US\$3.8 million for the three months ended June 30, 2023, decreased from US\$5.9 million for the same period in 2022, primarily due to the less dividends received from China Nonferrous Mining Corporation Limited in the current quarter compared to last year.

Other expense of US\$22.6 million was recognized in Q2 2023. In the current quarter, the Company recognized estimated litigation compensation of US\$22.6 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. Refer to Note 17 Contingencies of the condensed consolidated financial statements for details.

Income tax expense of US\$0.4 million for the quarter ended June 30, 2023, decreased by US\$8.0 million from US\$8.4 million for the comparative period in 2022. During the current quarter, the Company had US\$15.1 million of deferred tax credit compared to US\$7.5 million for the same period in 2022.

Net loss of US\$53.3 million for the three months ended June 30, 2023, decreased by US\$135.0 million from an income of US\$81.7 million for the three months ended June 30, 2022.

Six months ended June 30, 2023 compared to six months ended June 30, 2022

Revenue of US\$325.8 million for the first half of 2023, decreased by US\$270.2 million from US\$596.0 million for the same period in 2022.

Revenue from the CSH Mine was US\$137.7 million, a decrease of US\$4.2 million from US\$141.9 million for the same period in 2022. Realized average gold price increased by 4% from US\$1,870/oz in the first six months of 2022 to US\$1,935/oz in 2023. Gold sold by the CSH Mine was 71,179 ounces (gold produced: 71,360 ounces), compared to 75,902 ounces (gold produced: 75,884 ounces) for the same period in 2022.

Revenue from the Jiama Mine was US\$188.0 million, a decrease of US\$266.1 million, compared to US\$454.1 million for the same period in 2022. Realized average price of copper decreased by 11% from US\$3.68/pound in the first six months of 2022 to US\$3.27/pound in 2023. Total copper sold was 18,656 tonnes (41.1 million pounds) for the six months ended June 30, 2023, a decrease of 55% from 41,638 tonnes (91.8 million pounds) for the same period in 2022. The Jiama mine did not have product sales during the second quarter of 2023 as production halted due to the tailing dam overflow, with a minor amount of molybdenum sales.

Cost of sales of US\$229.2 million for the six months ended June 30, 2023, a decrease of US\$143.6 million from US\$372.8 million for the same period in 2022. Cost of sales as a percentage of revenue for the Company increased from 63% to 70% for the six months ended June 30, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

Mine operating earnings of US\$96.6 million for the six months ended June 30, 2023, a decrease of 57%, or US\$126.6 million, from US\$223.2 million for the same period in 2022. Mine operating earnings as a percentage of revenue decreased from 37% to 30% for the six months ended June 30, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

General and administrative expenses decreased by US\$0.7 million, from US\$18.2 million for the six months ended June 30, 2022 to US\$17.5 million for the six months ended June 30, 2023. In the second quarter of 2023.

Research and development expenses of US\$6.1 million for the six months ended June 30, 2023, decreased from US\$11.4 million for the comparative 2022 period, mainly due to the suspension of operations at the Jiama Mine.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Income from operations of US\$72.9 million for the six months ended June 30, 2023, decreased by US\$120.4 million, compared to US\$193.3 million for the same period in 2022.

Finance costs of US\$13.6 million for the six months ended June 30, 2023, decreased by US\$2.5 million compared to US\$16.1 million for the same period in 2022. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange loss of US\$8.4 million for the six months ended June 30, 2023, decreased from US\$9.9 million for the same period in 2022. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$5.9 million for the six months ended June 30, 2023, decreased from US\$6.7 million for the same period in 2022, mainly due to the less dividends received from China Nonferrous Mining Corporation Limited in the second quarter of 2023 compared to last year.

Other expense of US\$22.6 million was recognized in Q2 2023. In the current quarter, the Company recognized estimated litigation compensation of US\$22.6 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. Refer to Note 17 Contingencies of the condensed consolidated financial statements for details.

Income tax expense of US\$8.9 million for the six months ended June 30, 2023, decreased by US\$11.6 million from US\$20.5 million for the comparative period in 2022. During the period, the Company had US\$17.8 million of deferred tax credit compared to US\$8.6 million for the same period in 2022.

Net income of US\$25.3 million for the six months ended June 30, 2023, decreased by US\$128.2 million from US\$153.5 million for the six months ended June 30, 2022.

NON-IFRS MEASURES

The cash cost of production, cash cost after by-product credits and cash cost per ounce and per pound are measures that are not in accordance with IFRS.

The Company has included these metrics to supplement its consolidated financial statements, which are presented in accordance with IFRS. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance, operating results or financial condition prepared in accordance with IFRS. The Company has included cash production cost per ounce and per pound data because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flow. The measures are not necessarily indicative of operating results, cash flow from operations, or financial condition as determined under IFRS.

The following tables provide a reconciliation of cost of sales to the cash costs of production in total dollars and in dollars per gold ounce for the CSH Mine or per copper pound for the Jiama Mine:

Cash production cost for gold is calculated as total cost of sales adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of gold per ounce is calculated as total cash production cost divided by total gold sold (ounces).

MANAGEMENT'S DISCUSSION AND ANALYSIS

CSH Mine (Gold)	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	US\$		US\$		US\$		US\$	
	US\$	Per ounce	US\$	Per ounce	US\$	Per ounce	US\$	Per ounce
Total Cost of sales ¹	48,850,423	1,354	55,729,581	1,442	95,842,023	1,346	112,993,791	1,489
Adjustment – Depreciation & depletion	(15,646,311)	(434)	(24,405,716)	(632)	(37,251,952)	(523)	(45,474,215)	(599)
Adjustment – Amortization of intangible assets	(264,987)	(7)	(469,635)	(12)	(636,227)	(9)	(886,243)	(12)
Total cash production costs	32,939,125	913	30,854,230	798	57,953,844	814	66,633,333	878
Total Gold sold ounces		36,079		38,636		71,179		75,902

Cash production cost of gold US\$ per ounce calculated as total cash production cost divided by total gold sold ounces

Cash Production cost for copper is calculated as production costs (total cost of sales adjusted by General and administrative expenses and Research and development expenses) adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of copper pound is calculated as total cash production cost divided by total copper sold (pounds). Note that production and cash costs were not calculated for Q2 2023 as production was halted at the Jiama mine during this period.

Jiama Mine (Copper with by-products credits)	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	US\$		US\$		US\$		US\$	
	US\$	Per Pound	US\$	Per Pound	US\$	Per Pound	US\$	Per Pound
Total Cost of sales	30,315,573	–	118,575,000	2.71	133,391,585	3.24	259,803,450	2.83
General and administrative expenses	6,779,160	–	7,230,471	0.17	15,461,330	0.38	16,216,993	0.18
Research and development expenses	1,442,235	–	5,470,289	0.12	6,084,084	0.15	11,355,013	0.12
Total production cost	38,536,968	–	131,275,760	3.00	154,936,999	3.77	287,375,456	3.13
Adjustment – Depreciation & depletion	(13,922,110)	–	(21,592,060)	(0.49)	(34,050,478)	(0.83)	(43,730,305)	(0.48)
Adjustment – Amortization of intangible assets	(432,947)	–	(10,100,897)	(0.23)	(9,503,436)	(0.23)	(20,173,129)	(0.22)
Total cash production costs	24,181,911	–	99,582,803	2.28	111,383,085	2.71	223,472,022	2.43
By-products credits	(717,537)	–	(58,719,227)	(1.34)	(50,446,098)	(1.23)	(112,415,527)	(1.22)
Total cash production costs after by-products credits	23,464,374	–	40,863,576	0.94	60,936,987	1.48	111,056,495	1.21
Total Copper sold pounds		–		43,782,721		41,129,646		91,795,712

Cash production cost of copper US\$ per pound calculated as total cash production cost divided by total copper sold pounds

MINERAL PROPERTIES

The CSH Mine

The CSH Mine is located in Inner Mongolia Autonomous Region of China (Inner Mongolia). The property hosts two low-grade, near surface gold deposits, along with other mineralized prospects. The main deposit is called the Northeast Zone (the "Northeast Zone"), while the second, smaller deposit is called the Southwest Zone (the "Southwest Zone").

The CSH Mine is owned and operated by Inner Mongolia Pacific Mining Co. Limited, a Chinese Joint Venture in which the Company holds a 96.5% interest and Ningxia Nuclear Industry Geological Exploration Institution holds the remaining 3.5%.

The CSH Mine is an open-pit mining operations with a designed mining and processing capacity of 60,000 tpd. In July 2019, CSH updated its mine plan based on a result of latest ultimate limit optimization, in which the production rate was reduced to 40,000 t/d with a life of mine ("LoM") of seven years as of 2019. The run-of-mine ore is heap leached with cyanide solution to extract gold and electro-wonned to produce a gold dore which is sold to refiners. In June 2020, the operation of southwest pit ended.

The major new contracts entered into during the six months ended June 30, 2023:

Item No.	Contract Name	Counterpart	Subject amount (US\$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	2023-2025 Open-pit Mining and Striping Engineering Contract of Inner Mongolia Pacific Mining Co., Ltd.	China National Gold Engineering Corporation	Estimated: 128.3	2023.1.1-2025.12.31	2023.4.26
2	Supply Agreement of 10,800 tons of liquid Sodium Cyanide in 2023	Inner Mongolia Chengxin Yong' an Chemicals Co., Ltd.	Estimated: 6.3	2023.2.19-2023.5.19	2023.2.19
3	Supplementary Contract for Open-pit Mining and Stripping Engineering of CSH Gold Mine Expansion Project of Inner Mongolia Pacific Mining Co., Ltd.	China Railway 19TH Bureau Group Mining Investment Co.,Ltd.	Estimated: 6.8	2023.1.1-1.31	2023.3.3
4	Supply Agreement of 10,800 tons of liquid Sodium Cyanide in 2023	Inner Mongolia Chengxin Yong' an Chemicals Co., Ltd.	Estimated: 5.1	2023.6.19-2023.9.19	2023.6.18

MANAGEMENT'S DISCUSSION AND ANALYSIS

Production Update

CSH Mine	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Ore mined and placed on pad (tonnes)	3,459,258	4,344,499	8,273,642	7,930,782
Average ore grade (g/t)	0.49	0.65	0.56	0.63
Recoverable gold (ounces)	33,072	54,097	89,450	96,362
Ending gold in process (ounces)	190,674	180,718	190,674	180,718
Waste rock mined (tonnes)	8,726,411	5,506,015	12,021,446	9,058,907

For the three months ended June 30, 2023, the total amount of ore placed on the leach pad was 3.5 million tonnes, with total contained gold of 33,072 ounces (1,029 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 55.09% at the end of June 30, 2023 from 54.95% at the end of March 31, 2023. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 52.11% at June 30, 2023, respectively.

Exploration

As of June 2023, CSH Mine has completed three drill holes with the total meterage of 3,261.53m in its exploration program which takes up 77.66% of the annual drilling plan of 4,200m on June 15, 2023. A verification report of the mineral resources and reserves of the CSH Mine (the MRR Report) has passed the preliminary review and was continually approved by the Reserve Evaluation Center of the Geology and Survey Institute of Inner Mongolia Autonomous Region. The preparation of the final approval of the evaluation to the amended MRR Report is undergoing currently. The Evaluation and Achieving Prove of the Mineral Resources and Reserves of CSH Mine will be issued next.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2022 under NI 43-101 are listed below:

Location	Mineral Resource Category	Tonnage (x1000 t)	Metal		
			Au (g/t)	Au (t)	Au (Moz)
Remaining within the open pit limit at a cut-off grade of 0.28 g/t Au	Measured	17,088	0.64	10.96	0.35
	Indicated	19,990	0.68	13.56	0.44
	M+I	37,078	0.67	24.52	0.79
	Inferred	5,395	0.42	2.28	0.07
Underground at a cut-off grade of 0.30 g/t Au	Measured	88,200	0.67	58.66	1.89
	Indicated	89,850	0.58	52.07	1.67
	M+I	178,050	0.62	110.73	3.56
	Inferred	62,090	0.49	30.68	0.99

MANAGEMENT'S DISCUSSION AND ANALYSIS

Note:

Mineral Resources are reported in relation to a conceptual open-pit mining and underground block caving mining. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Raw assays have been capped. Mineral Resources include Mineral Reserves.

Mineral Resources are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters; the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD1,980 per ounce. Additional Mineral Resources are reported at a cut-off grade of 0.30 g/t Au for underground block caving mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD1,980 per ounce. USD1.0000=RMB6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams.

Resource Estimate by CGME Consulting Limited on August 19, 2022 and updated by Gerald Guo, P.Eng., a qualified person as defined by NI 43-101.

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2022 under NI 43-101 are summarized below:

Type	T (x 1,000)	Diluted Au g/t	Metal	
			Au t	Au Moz
Proven	17,088	0.62	10.52	0.34
Probable	19,990	0.65	13.02	0.42
Total	37,078	0.63	23.54	0.76

Note:

Mineral Reserves are reported based on the optimized ultimate open pit limit. All figures are rounded to reflect the relative accuracy of the estimate. Mineral Reserves are included in Mineral Resources.

Mineral Reserves are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD1,568 per ounce. USD1.0000=RMB6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams

Reserve Estimate by CGME Consulting Limited on August 19, 2022 and updated by Gerald Guo, P.Eng., a qualified person as defined by NI 43-101.

The Jiama Mine

Jiama is a large copper-gold polymetallic deposit containing copper, gold, silver, molybdenum, lead and zin, located in the Gandise metallogenic belt in Tibet Autonomous Region of China.

The Jiama Mine has both underground mining and open-pit mining operations. Phase I of the Jiama Mine commenced operation in the latter half of 2010 and reached its design capacity of 6,000 tpd in early 2011. Phase II of the Jiama Mine commenced mining operations in 2018 with 44,000 tpd design capacity. The combined mining and processing capacity at the Jiama Mine is 50,000 tpd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The major new contracts entered into during the six months ended June 30, 2023:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Sodium hydrosulfide Purchase Contract	Shandong Xingtai Chemical Co., Ltd	Estimated: 3.0	2023.5-2024.5	2023.5
2	Contract for loans of working capital	Industrial Bank Corporation Lhasa Branch	Estimated: 26.6	2023.6-2026.6	2023.6
3	Contract for Ecological Restoration Project (Section III) in 2022	The Second Geological Brigade of Tibet Autonomous Region Geological and Mineral Development Bureau	Estimated: 4.2	2023.4-2024.4	2023.4
4	Contract for Underground Drilling Engineering Project in Jiama Mining Area from 2023 to 2025	Qinhuangdao Huakan Geoprosessions#Geological engineering Co., Ltd	Estimated: 4.3	2023.4-2026.2	2023.4
5	Mechanical Equipment Rental Project Contract	Sichuan Haotianyu Construction Machinery Leasing Co., Ltd	Estimated: 11.9	2023.2-2025.1	2023.2
6	Contract for loans of working capital	Tibet Autonomous Region Branch of China Construction Bank Corporation	Estimated: 55.4	2023.6-2026.6	2023.6
7	Contract for loans of working capital	Lhasa Chengguan District Sub branch of Agricultural Bank of China Co., Ltd	Estimated: 41.5	2023.6-2026.6	2023.6
8	Ecological Restoration Project (Section 1)	China National Gold Group Corporation Construction Co., Ltd	Estimated: 4.7	2023.3-2024.3	2023.3
9	Tripartite Cooperation Agreement for [Factoring e-Finance] Business	Tibet Autonomous Region Branch of Agricultural Bank of China Co., Ltd	Estimated: 6.9	2023.1-2025.1	2023.1
10	Contract for loans of working capital	China Gold Finance	Estimated: 55.4	2023.6-2026.6	2023.6
11	Contract for Niumatang Heavy Metal Ion Acid Water Treatment Project	Henan Tianfang Construction Engineering Co., Ltd	Estimated: 3.5	2023.4-2023.6	2023.4
12	Contract for loans of working capital	Mozhugonka County Sub branch of Agricultural Bank of China Co., Ltd	Estimated: 13.8	2023.6-2026.6	2023.6
13	Contract for Ecological Restoration Project (Section 2) in 2022	North China Nonferrous Engineering Survey Institute Co., Ltd	Estimated: 4.4	2023.4-2024.4	2023.4

MANAGEMENT'S DISCUSSION AND ANALYSIS

Production Update

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Ore processed (tonnes)	–	4,291,104	4,236,835	8,739,722
Average copper ore grade (%)	–	0.58	0.56	0.58
Copper recovery rate (%)	–	85	85	85
Average gold grade (g/t)	–	0.26	0.20	0.24
Gold recovery rate (%)	–	74	63	71
Average silver grade (g/t)	–	9.49	9.42	9.19
Silver recovery rate (%)	–	68	56	66
Average Moly grade (%)	–	0.027	0.029	0.025
Moly recovery rate (%)	–	22.11	15.03	21.58

Production was halted during the Q2 2023 period at the Jiama Mine.

Exploration

In 2023, Tibet Huatailong Mining Development Co., Ltd. plans to implement two geological exploration projects, namely detailed exploration of copper and lead project outside the current mining area of the Jiama Mine and prospecting of copper project in Bayi Farm, with a designed workload of 15,370 m of 20 holes for surface drilling, 37.31 km² for geological prospecting, 26 km² for soil sampling and 26 km² for rock sampling with an estimated total budget of RMB34.47 million. The temporary land usage permit for geology prospecting has been issued, however, the geological prospecting program has been temporarily suspended due to the impact of the tailings dam overflow.

Mineral Resources Estimate

Jiama Mine resources by category at December 31, 2022 under NI 43-101:

Jiama Project – Cu, Mo, Pb, Zn, Au, and Ag Mineral Resources under NI 43-101 Reported at a 0.3% Cu Equivalent Cut off grade*, as of December 31, 2022

Class	Quantity						Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
	Mt	Cu %	Mo %	Pb %	Zn %	Au g/t							
Measured	91.94	0.38	0.04	0.04	0.02	0.07	5.05	350.6	33.7	33.5	16.8	0.216	14.921
Indicated	1315.48	0.40	0.03	0.05	0.03	0.10	5.48	5216.8	451.9	613.1	380.0	4.197	232.005
M+I	1407.42	0.40	0.03	0.05	0.03	0.10	5.46	5567.4	485.6	646.6	396.8	4.412	246.926
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1247.0	123.0	311.0	175.0	1.317	66.926

Note: Figures reported are rounded which may result in small tabulation errors.

The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively.

The Copper Equivalent basis for the reporting of resources has been compiled on the following basis:

CuEq Grade: = (Ag Grade * Ag Price + Au Grade * Au Price + Cu Grade * Cu Price + Pb Grade * Pb Price + Zn Grade * Zn Price + Mo Grade * Mo Price)/Copper Price

The Mineral Resources include the Mineral Reserves

Resource Estimate by Runge Pincock Minarco on 12th November of 2012 and updated by Gerald Guo, P.Eng, a Qualified Person as defined by NI 43-101.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mineral Reserves Estimate

Jiama Mine reserves by category at December 31, 2022 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2022

Class	Quantity						Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz	
	Mt	Cu %	Mo %	Pb %	Zn %	Au g/t							Ag g/t
Proven	17.70	0.60	0.05	0.02	0.02	0.19	7.60	105.9	8.9	4.0	2.7	0.108	4.324
Probable	341.46	0.60	0.03	0.13	0.07	0.16	10.29	2037.3	117.1	427.7	236.2	1.726	113.005
P+P	359.16	0.60	0.04	0.12	0.07	0.16	10.16	2143.2	126.0	431.7	238.9	1.834	117.329

Notes:

- All Mineral Reserves have been estimated in accordance with the JORC code and have been reconciled to CIM standards as prescribed by the NI 43-101.
- Mineral Reserves were estimated using the following mining and economic factors:

Open Pits:

 - 5% dilution factor and 95% recovery were applied to the mining method;
 - an overall slope angles of 43 degrees;
 - The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively
 - an overall processing recovery of 88 – 90% for copper

Underground:

 - 10% dilution added to all Sub-Level Open Stopping;
 - Stope recovery is 87% for Sub-Level Open Stopping;
 - An overall processing recovery of 88 – 90% for copper.
- The cut-off grade for Mineral Reserves has been estimated at copper equivalent grades of 0.3% Cu (NSR) for the open pits and 0.45% Cu (NSR) for the underground mine.
- The Mineral Reserves are inclusive of the Mineral Resources
- Reserve Estimate by Mining One Consultants on 20th November 2013, and updated by Gerald Guo, P.Eng, a qualified person as defined by NI 43-101.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for financing its mining and mineral processing operations, exploration activities and acquisition of exploration and mining rights. The Company's principal sources of funds have been proceeds from borrowings from commercial banks, corporate bonds financing, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At June 30, 2023, the Company had an accumulated surplus of US\$451.5 million, working capital of US\$211.1 million and borrowings of US\$722.0 million. The Company's cash balance at June 30, 2023 was US\$139.5 million.

Management believes that its forecast operating cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures and current debt repayments. The Company's borrowings are comprised of US\$132.3 million of short term debt facilities with interest rates ranging from 1.05% to 6.30% per annum arranged through various banks overseas. In addition, on November 3, 2015, the Company entered into a Loan Facility agreement with a syndicate of banks, led by Bank of China. The lenders agreed to lend an aggregate principal amount of RMB3.98 billion, approximately US\$613 million with the interest rate of 2.83% per annum. The People's Bank of China Lhasa Center Branch's interest rate serves as a local benchmark for the interest on the drawdowns. The bank's interest rate is then discounted by 7 basis points (or 0.07%) to calculate the interest on the drawdowns. The loan interest rate was adjusted from benchmark interest rate minus 7 basis points to 5 year loan prime rate ("LPR") less 2% (LPR-2%) in second quarter of 2020. The interest rate of 2.45% shall be applied for the current year. The proceeds from the Loan Facility are to be used for the development of the Jiama Mine. The loan is secured by the mining rights for the Jiama Mine. As of June 30, 2023 the Company has drawn down RMB3.79 billion, approximately US\$564.7 million under the Loan Facility. On April 29, 2020, the Company entered into a Loan Facility agreement with a syndicate of banks. The lenders agreed to lend an aggregate principal amount of RMB1.4 billion, approximately US\$197.8 million with the interest rate of 2.65% per annum currently, maturing on April 28, 2034. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$61.7 million, with China Development Bank bearing interest at the People's Bank of China Loan Market Quote Rate (1 year) minus 2.65% on April 30, 2020. The current interest rate of the loan is 1.05% per annum.

The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$41.5 million, with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with China National Gold Group Finance Corporation bearing interest at the 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of US\$44.0 million with China Construction Bank (Asia) Corporation Limited bearing floating interest with term SOFR on June 8, 2023. The Company obtained a loan in the aggregate principal amount of US\$35.0 million with DBS Bank Ltd bearing floating interest with term SOFR on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with Tibet Autonomous Region Branch of China Construction Bank bearing interest at the 2.05% on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB192 million, approximately US\$26.6 million, with Industrial Bank Corporation Lhasa Branch bearing interest at the 1.95% on June 25, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$13.8 million, with Mozhugonka County Sub-branch of Agricultural Bank of China bearing interest at the 1.95% on June 26, 2023. The Company repaid its 2.8% unsecured bonds which matured on June 22, 2023.

The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future. The Company continues to review and assess its assets for impairment as part of its financial reporting processes. To date, the assessment carried out by the Company support the carrying values of the Company's assets and no impairment has been required. However, the management of the Company continues to evaluate key assumptions on estimates and management judgements in order to determine the recoverable amount of the CSH Mine and the Jiama Mine.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CASH FLOWS

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the three and six months ended June 30, 2023 and June 30, 2022.

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Net cash (used in) from operating activities	(73,537)	107,618	54,175	268,384
Net cash used in investing activities	(84,416)	(16,321)	(91,542)	(28,657)
Net cash used in financing activities	(234,294)	(124,724)	(234,750)	(125,194)
Net (decrease) increase in cash and cash equivalents	(392,247)	(33,427)	(272,117)	114,533
Effect of foreign exchange rate changes on cash and cash equivalents	(21,344)	(2,748)	(16,886)	(4,742)
Cash and cash equivalents, beginning of period	553,041	354,094	428,453	208,128
Cash and cash equivalents, end of period	139,450	317,919	139,450	317,919

Operating cash flow

For the three months ended June 30, 2023, net cash outflow from operating activities was US\$73.6 million which is primarily attributable to (i) depreciation of property, plant and equipment of US\$30.5 million (ii) finance cost of US\$6.8 million and (iii) unrecognized foreign exchange loss of US\$6.5 million, partially offset by (i) loss before income tax of US\$52.9 million (ii) income taxes paid of US\$24.6 million and (iii) decrease in contract liability of US\$17.6 million.

For the six months ended June 30, 2023, net cash inflow from operating activities was US\$54.2 million which is primarily attributable to (i) profit before income tax of US\$34.2 million (ii) depreciation of property, plant and equipment of US\$75.1 million (iii) finance cost of US\$13.6 million and (iv) amortization of mining rights of US\$10.3 million, partially offset by (i) increase in inventory of US\$21.2 million (ii) income taxes paid of US\$31.7 million and (iii) interest paid of US\$11.3 million.

Investing cash flow

For the three months ended June 30, 2023, the net cash outflow from investing activities was US\$84.4 million which is primarily attributable to (i) placement of restricted deposits of US\$66.4 million and (ii) payment for acquisition of property, plant and equipment of US\$20.2 million, partially offset by (i) interest received of US\$1.6 million and (ii) release of restricted bank deposits of US\$0.5 million.

For the six months ended June 30, 2023, the net cash outflow from investing activities was US\$91.5 million which is primarily attributable to (i) placement of restricted deposits of US\$66.4 million and (ii) payment for acquisition of property, plant and equipment of US\$30.1 million, partially offset by (i) interest received of US\$3.3 million and (ii) release of restricted bank deposits of US\$1.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financing cash flow

For the three months ended June 30, 2023, the net cash outflow mainly from financing activities was US\$234.3 million which is primarily attributable to proceeds from borrowings of US\$279.9 million partially offset by (i) repayment of borrowings of US\$366.8 million (ii) dividend paid to shareholders of US\$146.7 million and (iii) dividend paid to a minority shareholder of US\$0.7 million.

For the six months ended June 30, 2023, the net cash outflow mainly from financing activities was US\$234.8 million which is primarily attributable to proceeds from borrowings of US\$279.9 million partially offset by (i) repayment of borrowings of US\$366.8 million (ii) dividend paid to shareholders of US\$146.7 million and (iii) dividend paid to a minority shareholder of US\$1.1 million.

Expenditures Incurred

For the six months ended June 30, 2023, the Company incurred mining costs of US\$34.4 million, mineral processing costs of US\$46.9 million and transportation costs of US\$1.7 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at June 30, 2023, the Company's total debt was US\$722.0 million and the total equity was US\$1,748.9 million. The Company's gearing ratio was therefore 0.41 as at June 30, 2023 compared to 0.46 as at March 31, 2023.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLAN FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

Other than as disclosed elsewhere in this MD&A or in the condensed consolidated financial statements for the six months ended June 30, 2023, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2023. Other than as disclosed in this MD&A, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this MD&A.

CHARGE ON ASSETS

Other than as disclosed elsewhere in this MD&A and consolidated financial statements, none of the Company's assets were pledged as at June 30, 2023.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Refer to Note 33, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMITMENTS

Commitments include principal payments on the Company's bank loans and syndicated loan facility, corporate bonds, and capital commitments in respect of the future acquisition of property, plant and equipment and construction for both the CSH Mine and the Jiama Mine.

The Company's capital commitments relate primarily to the payments for purchase of equipment and machinery for both mines and payments to third-party contractors for the provision of mining and exploration engineering work and mine construction work for both mines. The Company has entered into contracts that prescribe such capital commitments; however, liabilities relating to them have not yet been incurred. Refer to Note 34, Commitments, in the annual consolidated financial statements for the year ended December 31, 2022.

On June 24, 2020, the Company, through its wholly owned subsidiary Skyland Mining (BVI) Limited, issued bonds denominated in U.S. dollar, with an aggregate principal amount of US\$300 million. The Bonds were issued at a price of 99.886%, bearing a coupon of 2.8% per annum with a maturity date of June 23, 2023. Interest is payable in semi-annual installments on December 23 and June 23 of each year. The bonds are listed on HKSE and Chongwa (Macao) Financial Asset Exchange ("MOX"). The Bonds were fully repaid on June 23, 2023.

The following table outlines payments for commitments for the periods indicated:

	Total	Within One year	Within Two to five years	Over five years
	US\$'000	US\$'000	US\$'000	US\$'000
Principal repayment of bank loans	721,996	132,281	450,746	138,869

In addition to the table set forth above, the Company has entered into service agreements with third-party contractors such as China Railway for the provision of mining and exploration engineering work and mine construction work for the CSH Mine. The fees for such work performed and to be performed each year varies depending on the amount of work performed. The Company has similar agreements with third party contractors for the Jiama Mine.

RELATED PARTY TRANSACTIONS

China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) ("CNG") owned 40.01 percent of the outstanding common shares of the Company as at December 31, 2022 and June 30, 2023.

The Company had major related party transactions with the following companies related by way of shareholders or shareholder in common:

The Company's subsidiary, Inner Mongolia Pacific is a party to a non-exclusive contract for the purchase and sale of doré with CNG (the "Dore Sales Contract") pursuant to which Inner Mongolia Pacific sells gold doré bars to CNG. The pricing is based on the monthly average price of gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of silver as quoted on the Shanghai Huatong Platinum & Silver Exchange prevailing at the time of each relevant purchase order during the contract period. The Dore Sales Contract has been in effect since October 24, 2008 and was renewed for a new term that commenced on January 1, 2018 and expired on December 31, 2020, which renewal was approved by the Company's shareholders on June 28, 2017. On June 16, 2020, the third Supplemental Contract for Purchase and Sale of Dore was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. On June 29, 2023, The fourth supplemental Contract for Purchase and Sale of Dore was approved by the Company's Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026.

Revenue from sales of gold doré bars to CNG was US\$137.7 million for the six months ended June 30, 2023 which decreased from US\$141.9 million for the six months ended June 30, 2022.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company is also a party to a Product and Service Framework Agreement with CNG, pursuant to which CNG provides construction, procurement and equipment financing services to the Company and also purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms may be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. On June 28, 2017, the Supplemental Product and Service Framework Agreement was approved and extended to expire on December 31, 2020. On June 16, 2020, the third Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. On June 29, 2023, the fourth Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026. For the six months ended June 30, 2023, revenue from sales of copper concentrate and other products to CNG was US\$172.0 million compared to US\$431.9 million for the same period in 2022.

For the six months ended June 30, 2023, construction services of US\$29.1 million were provided to the Company by subsidiaries of CNG (US\$3.9 million for the six months ended June 30, 2022).

In addition to the aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business, including a Loan Agreement and a Deposit Services Agreement entered into on March 25, 2019, December 31, 2019, December 22, 2020 and a Financial Service Agreement on May 5, 2021 among the Company and China Gold Finance. As part of the 2021 Financial Service Agreement, approved by the Company's Shareholders at the Company's 2021 Annual General Meeting, China Gold Finance agreed to provide the Company with a range of financial services including (a) Deposit Services, (b) Lending Services, (c) Settlement Services and (d) Other Financial Services effective until December 31, 2023.

Refer to Note 15 of the condensed consolidated financial statements for details of significant related party transactions during the six months ended June 30, 2023.

2023 Annual Cap for 2021 Financial Services Agreement Exceeded

Reference is made to the announcement of the Company dated May 6, 2021 (the "CCT Announcement") in relation to, among other things, the provision of deposit services to the Company and its PRC subsidiaries under the financial services agreement between the Company and China Gold Finance from the date of approval by the Independent Shareholders (i.e. June 30, 2021) to December 31, 2023. Unless otherwise defined, capitalised terms in this sub-section shall have the same meanings as defined in the CCT Announcement.

In the course of preparing the condensed consolidated financial statements for the six months ended June 30, 2023, it came to the Company's attention that the daily deposit balance under the Deposit Services exceeded the Deposit cap of RMB3,000 million from February 23, 2023 to April 26, 2023, with the highest daily deposit balance during such period being approximately RMB562 million over the Deposit Cap (the "Exceeding of the Cap"). The Exceeding of the Cap was due to an increase in operating cash flow.

As soon as the Company became aware of the Exceeding of the Cap, the Company took steps to reduce deposits placed with China Gold Finance to a level within the Deposit Cap. Since April 27, 2023, the daily deposit balance has been kept within the Deposit Cap and the Company will ensure that the daily deposit balance remains within the Deposit Cap for the rest of the term of the 2021 Financial Services Agreement. The Company has discussed the Exceeding of the Cap with China Gold Finance and will continue to maintain regular communication with China Gold Finance going forward. The Company does not intend to revise the Deposit Cap for the year ending December 31, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Company did not have any material acquisition and disposal of subsidiaries and associated companies for the six months ended June 30, 2023. The Company continues to review possible acquisition targets.

CRITICAL ACCOUNTING ESTIMATES

In the process of applying the Company's accounting policies, the Directors of the Company have identified accounting judgments and key sources of estimation uncertainty that have a significant effect on the amounts recognized in the audited annual consolidated financial statements.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 4 of the audited annual consolidated financial statements for the year ended December 31, 2022.

CHANGE IN ACCOUNTING POLICIES

A summary of new and revised IFRS standards and interpretations are outlined in Note 2 of the audited annual consolidated financial statements as at December 31, 2022.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are equity securities, accounts receivables, accounts payables, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet. The Company did not have any financial derivatives or outstanding hedging contracts as at June 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2023, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company is committed to providing sustainable returns to its shareholders. The Board of Directors determine dividends on an annual basis based on, among other things, the results of operations, cash flows and financial conditions, operating and capital requirements, the rules promulgated by the regulators affecting dividends in both Canada and China and at both the TSX and HKSE, and the amount of distributable profits and other relevant factors.

Subject to the British Columbia Business Corporations Act, the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable, including the amount thereof and the time and method of payment provided that the record date for the purpose of determining shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than two months.

A dividend may be paid wholly or partly by the distribution of cash, specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways. No dividend may be declared or paid in money or assets if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.



MANAGEMENT'S DISCUSSION AND ANALYSIS

In connection with the Company's financial results for the year ended December 31, 2022, the Company declared a special dividend of US\$0.37 per common share which was paid on June 15, 2023 to shareholders of record as of April 20, 2023. This special dividend qualifies as an "eligible dividend" for Canadian income tax purposes while dividends paid to shareholders outside Canada (non-resident investors) will be subject to Canadian non-resident withholding taxes.

The Board of Directors will determine any future dividends and dividend policy on the basis of earnings, financial requirements and other relevant factors.

OUTSTANDING SHARES

As of June 30, 2023 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the Company's DC&P and ICFR as of June 30, 2023 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of June 30, 2023, and provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the Company's ICFR as of June 30, 2023 and have concluded that these controls and procedures were effective as of June 30, 2023 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the six months ended June 30, 2023, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

There are certain risks involved in the Company's operations, some of which are beyond the Company's control. Aside from risks relating to business and industry, the Company's principal operations are located within the People's Republic of China and are governed by a legal and regulatory environment that in some respects differs from that which prevails in other countries. Readers of this MD&A should give careful consideration to the information included in this document and the Company's audited annual consolidated financial statements and related notes. Significant risk factors for the Company are metal prices, government regulations, foreign operations, environmental compliance, the ability to obtain additional financing, risk relating to recent acquisitions, dependence on management, title to the Company's mineral properties, natural disasters, pandemics such as COVID-19 and litigation. China Gold International's business, financial condition or results of operations could be materially and adversely affected by any of these risks. For details of risk factors, please refer to the Company's annual audited consolidated financial statements, and Annual Information Form filed from time to time on SEDAR at www.sedar.com and www.hkex.com.hk.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUALIFIED PERSON

Disclosure of scientific or technical information in this MD&A was reviewed and approved by Mr. Tony Guo, P.Ge., the Company's Qualified Person ("QP") as defined by National Instrument 43-101.

ADDITIONAL INFORMATION

Additional information as required by the Hong Kong Stock Exchange in the half-year interim report and not shown elsewhere in this report is as follows:

A1. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.

A2. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as of June 30, 2023, the Company's directors were not aware of any other person (other than a director or chief executive of the Company who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO"):

Name	Nature of interest	Number of Shares held	Approximate percentage of outstanding shares
China National Gold Group Co., Ltd. ⁽¹⁾	Indirect	158,588,330 ⁽²⁾	40.01%
China National Gold Group Hong Kong Limited	Registered Owner	158,588,330	40.01%

Note:

1. China National Gold Group Co., Ltd. directly and wholly owns the entire issued share capital of China National Gold Group Hong Kong Limited. Therefore, the interest attributable to China National Gold Group Co., Ltd. represents its indirect interest in the Company's shares through its equity interest in China National Gold Group Hong Kong Limited
2. Information relating to registered and indirect ownership of the Company's shares is provided by China National Gold Group Co., Ltd.

A3. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND STOCK OPTIONS

As of June 30, 2023, the interests of the directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer, were as follows:

SHARES

Name	Position	Company	Number of shares held	Nature of interest	Approximate percentage of interest in the Company
Yingbin Ian He	Director	China Gold International Resources Corp. Ltd.	150,000	Personal	0.0378%

Other than as disclosed above, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as of June 30, 2023.

A4. STOCK OPTION PLAN

The Company adopted an incentive stock option plan with approval from its shareholders and pursuant to the policies of the Toronto Stock Exchange dated May 9, 2007. All options expired on June 1, 2015 and the 2007 Stock Option Plan has ceased to be in effect.

A5. EMOLUMENT POLICY

The Company's executive emolument policy and compensation program is administered by the Compensation and Benefits Committee which consists solely of independent directors. The Compensation and Benefits Committee reviews levels of cash compensation as needed and at least annually, and makes recommendations to the Board to adjust cash compensation in light of merit, qualifications and competence. The Compensation and Benefits Committee also reviews the corporate goals and objectives relevant to the compensation of the senior executive officers as needed and at least annually and based on recommendations from the Chief Executive Officer and other members of the management team. The Compensation and Benefits Committee makes its determinations as to overall compensation levels on the basis of both available third party data regarding comparable compensation at similar size companies as well as their own industry experience and the Company's hiring and retention needs. Decisions relating to executive compensation are reported by the Compensation and Benefits Committee to the Board for approval.

The Company's director emolument policy is administered by the Compensation and Benefits Committee with regard to comparable market statistics. Decisions relating to the compensation of directors are reported by the Compensation and Benefits Committee to the Board for approval.

As of June 30, 2023, the Company had 2,121 employees working at various locations. The emolument policy for the Company's employees is determined on a department by department basis with the Chief Executive Officer determining the emoluments for employees and managers based on merit, qualifications and the Company's hiring and retention needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A6. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, throughout the six months ended June 30, 2023, applied the principles and complied with the requirements of its corporate governance practices as defined by the Board and all applicable statutory, regulatory and stock exchange listings standards, in particular, the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing Securities of The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

A7. COMPLIANCE WITH MODEL CODE ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted policies regarding directors' securities transactions in its Corporate Disclosure, Confidentiality and Securities Trading Policy that has terms which are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules.

After specific enquiry with all members of the Board, the Board confirms that all of the directors of the Company have complied with the required policies in the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy throughout the six months ended June 30, 2023.

A8. INTERIM DIVIDEND

The Board did not recommend the payment of interim dividends in respect of the six months ended June 30, 2023.

A9. AUDIT COMMITTEE

Pursuant to the requirements under the Hong Kong Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all the existing Independent Non-executive Directors, namely Ian He (chairman of the Audit Committee), Wei Shao, Bielin Shi and Ruixia Han. The Audit Committee has reviewed and discussed with the Company's auditors the unaudited interim results of the Group for the three and six months ended June 30, 2023.

August 14, 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Three and Six Months Ended June 30, 2023 (unaudited)

NOTES	Three months ended June 30,		Six months ended June 30,		
	2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	
Revenue	3	73,016	291,994	325,794	596,015
Cost of sales		(79,166)	(174,304)	(229,234)	(372,797)
Mine operating (loss) earnings		(6,150)	117,690	96,560	223,218
Expenses					
General and administrative expenses	4	(7,896)	(8,296)	(17,480)	(18,244)
Exploration and evaluation expenditure		(45)	(256)	(80)	(296)
Research and development expenses		(1,442)	(5,470)	(6,084)	(11,355)
		(9,383)	(14,022)	(23,644)	(29,895)
(Loss) income from operations		(15,533)	103,668	72,916	193,323
Other (expenses) income					
Foreign exchange loss, net		(11,679)	(11,542)	(8,368)	(9,869)
Interest and other income		3,799	5,915	5,898	6,732
Other expenses	17	(22,614)	–	(22,614)	–
Finance costs	5	(6,880)	(7,943)	(13,586)	(16,131)
		(37,374)	(13,570)	(38,670)	(19,268)
(Loss) profit before income tax		(52,907)	90,098	34,246	174,055
Income tax expenses	6	(432)	(8,374)	(8,925)	(20,529)
(Loss) profit for the period		(53,339)	81,724	25,321	153,526
Other comprehensive (expenses) income for the period					
Item that will not be reclassified to profit or loss:					
Fair value (loss) gain on investment in an equity security		(309)	(2,965)	(3,200)	4,501
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation		(39,563)	(46,186)	(28,846)	(43,845)
		(39,872)	(49,151)	(32,046)	(39,344)
Total comprehensive (expenses) income for the period		(93,211)	32,573	(6,725)	114,182

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Three and Six Months Ended June 30, 2023 (unaudited)

	NOTES	Three months ended June 30,		Six months ended June 30,	
		2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)
(Loss) profit for the period attributable to					
Non-controlling interests		357	530	1,237	1,104
Owners of the Company		(53,696)	81,194	24,084	152,422
		<u>(53,339)</u>	<u>81,724</u>	<u>25,321</u>	<u>153,526</u>
Total comprehensive (expenses) income					
for the period attributable to					
Non-controlling interests		361	540	1,240	1,111
Owners of the Company		(93,572)	32,033	(7,965)	113,071
		<u>(93,211)</u>	<u>32,573</u>	<u>(6,725)</u>	<u>114,182</u>
(Loss) earnings per share – Basic					
(US cents)	8	<u>(13.55)</u>	<u>20.48</u>	<u>6.08</u>	<u>38.45</u>
Weighted average number of common					
shares – Basic	8	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2023 (unaudited)

	NOTES	June 30, 2023 US\$'000 (unaudited)	December 31, 2022 US\$'000 (audited)
Current assets			
Cash and cash equivalents		139,450	428,453
Restricted bank balance	17	66,353	1,572
Trade and other receivables	9	14,531	8,718
Dividends receivables		1,989	–
Prepaid expenses and deposits		2,290	810
Inventories	10	312,967	293,089
		<u>537,580</u>	<u>732,642</u>
Non-current assets			
Prepaid expenses and deposits		1,179	735
Right-of-use assets	11	40,075	42,487
Equity instruments at fair value through other comprehensive income	16	34,118	37,348
Property, plant and equipment	11	1,463,184	1,579,245
Mining rights	11	772,181	784,470
Other non-current assets	17	17,334	17,984
		<u>2,328,071</u>	<u>2,462,269</u>
Total assets		<u>2,865,651</u>	<u>3,194,911</u>
Current liabilities			
Accounts and other payables and accrued expenses	12	187,055	218,058
Contract liabilities		1,707	6,255
Borrowings	13	132,281	399,567
Tax liabilities		4,917	14,239
Lease liabilities		518	516
		<u>326,478</u>	<u>638,635</u>
Net current assets		<u>211,102</u>	<u>94,007</u>
Total assets less current liabilities		<u>2,539,173</u>	<u>2,556,276</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2023 (unaudited)

	NOTES	June 30, 2023 US\$'000 (unaudited)	December 31, 2022 US\$'000 (audited)
Non-current liabilities			
Borrowings	13	589,715	433,501
Lease liabilities		1,424	1,501
Deferred tax liabilities		107,887	125,373
Deferred income		66	186
Environmental rehabilitation		91,158	92,285
		<u>790,250</u>	<u>652,846</u>
Total liabilities		<u>1,116,728</u>	<u>1,291,481</u>
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		48,762	83,692
Retained profits		451,518	571,226
		<u>1,729,341</u>	<u>1,883,979</u>
Non-controlling interests		19,582	19,451
Total owners' equity		<u>1,748,923</u>	<u>1,903,430</u>
Total liabilities and owners' equity		<u>2,865,651</u>	<u>3,194,911</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 14, 2023 and are signed on its behalf by:

(Signed by) Junhu Tong

Junhu Tong
Director

(Signed by) Yingbin Ian He

Yingbin Ian He
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Three and Six Months Ended June 30, 2023 (unaudited)

	Attributable to owners of the Company							Non-controlling interests	Total owners' equity	
	Number of shares	Share capital US\$'000	Equity reserve US\$'000	Investment revaluation reserve US\$'000	Exchange reserve US\$'000	Statutory reserve US\$'000	Retained profits US\$'000			Subtotal US\$'000
At January 1, 2022	396,413,753	1,229,061	11,179	8,031	16,943	68,538	482,170	1,815,922	17,470	1,833,392
Profit for the period	-	-	-	-	-	-	152,422	152,422	1,104	153,526
Fair value gain on investment in an equity security	-	-	-	4,501	-	-	-	4,501	-	4,501
Exchange difference arising on translation	-	-	-	-	(43,852)	-	-	(43,852)	7	(43,845)
Total comprehensive income (expenses) for the period	-	-	-	4,501	(43,852)	-	152,422	113,071	1,111	114,182
Transfer to statutory reserve – safety production fund	-	-	-	-	-	1,517	(1,517)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At June 30, 2022 (unaudited)	396,413,753	1,229,061	11,179	12,532	(26,909)	70,055	533,972	1,829,890	18,141	1,848,031
At January 1, 2023	396,413,753	1,229,061	11,179	16,499	(47,108)	103,122	571,226	1,883,979	19,451	1,903,430
Profit for the period	-	-	-	-	-	-	24,084	24,084	1,237	25,321
Fair value loss on investment in an equity security	-	-	-	(3,200)	-	-	-	(3,200)	-	(3,200)
Exchange difference arising on translation	-	-	-	-	(28,849)	-	-	(28,849)	3	(28,846)
Total comprehensive (expenses) income for the period	-	-	-	(3,200)	(28,849)	-	24,084	(7,965)	1,240	(6,725)
Release from statutory reserve – safety production fund	-	-	-	-	-	(2,881)	2,881	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(146,673)	(146,673)	-	(146,673)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(1,109)	(1,109)
At June 30, 2023 (unaudited)	396,413,753	1,229,061	11,179	13,299	(75,957)	100,241	451,518	1,729,341	19,582	1,748,923

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Three and Six Months Ended June 30, 2023 (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)
Net cash (used in) from operating activities	(73,537)	107,618	54,175	268,384
Investing activities				
Interest income received	1,662	1,267	3,282	2,247
Payment for acquisition of property, plant and equipment	(20,200)	(1,530)	(30,051)	(13,537)
Payment for acquisition of right-of-use assets	–	(18,385)	–	(21,573)
Placement of restricted bank deposits	(66,353)	(801)	(66,353)	(2,097)
Release of restricted bank deposits	475	3,128	1,580	6,303
Net cash used in investing activities	(84,416)	(16,321)	(91,542)	(28,657)
Financing activities				
Proceeds from borrowings	279,891	–	279,891	–
Repayment of borrowings	(366,819)	(25,603)	(366,819)	(25,603)
Dividends paid to a non-controlling shareholder	(681)	–	(1,109)	(440)
Dividends paid to shareholders	(146,655)	(99,091)	(146,655)	(99,091)
Payment for lease	(30)	(30)	(58)	(60)
Cash used in financing activities	(234,294)	(124,724)	(234,750)	(125,194)
Net (decrease) increase in cash and cash equivalents	(392,247)	(33,427)	(272,117)	114,533
Cash and cash equivalents, beginning of period	553,041	354,094	428,453	208,128
Effect of foreign exchange rate changes on cash and cash equivalents	(21,344)	(2,748)	(16,886)	(4,742)
Cash and cash equivalents, end of period	139,450	317,919	139,450	317,919
Cash and cash equivalents are comprised of cash and bank deposits	139,450	317,919	139,450	317,919

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2023 (unaudited)

1. GENERAL AND BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD

China Gold International Resources Corp. Ltd., (the “Company”) is a publicly listed company incorporated in British Columbia, Canada on May 31, 2000 with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company together with its subsidiaries (collectively referred to as the “Group”) is principally engaged in the acquisition, exploration, development and mining of mineral resources in the People’s Republic of China (the “PRC”). The Group considers that China National Gold Group Co., Ltd. (“CNG”), a state owned company registered in Beijing, the PRC, which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

The head office, principal address and registered and records office of the Company are located at Suite 660, One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M4.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange as well as International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board, which should read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

The condensed consolidated financial statements are presented in United States Dollars (“US\$”), which is the functional currency of the Company.

On March 27, 2023, a tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group’s Jiama Copper-Gold Polymetallic Mine (“Jiama Mine”) (the “overflow”). In response to the overflow, the Group quickly contained and repaired the breach to ensure no damage to the environment or neighboring communities. Subsequent to the overflow, Jiama Mine has suspended its operations and the Group takes the opportunity to conduct a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities.

Up to the date these condensed consolidated financial statements are authorised for issue, the Group does not have an exact timeline for the re-start of production. However, the Group has conducted a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam. The Group is adopting various active measures to promote the resumption of production of the Jiama Mine and the repair and major reinforcement construction have been completed and some reinforcement works are still in the final stage. Following the completion of the construction, the Group will conduct a safety assessment of the entire tailings pond and submit an assessment report to the regulatory authority by the end of August 2023. The government regulators will decide when to grant permission to resume production based on the assessment report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

1. GENERAL AND BASIC OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD (Cont'd)

During the three months ended June 30, 2023, the Group recorded a net loss of US\$53 million and net operating cash outflows of US\$74 million although the Group recorded an accumulated profit of US\$25 million and net operating cash inflows of US\$54 million for the six months ended June 30, 2023 and the Group's current assets exceeded its current liabilities by approximately US\$211 million as at June 30, 2023. In view of overflow and aforementioned circumstances, the suspension of Jiama Mine's operation have had negative impact on the financial performance of the Group, generate less operating cash flow than normal operation and effects of litigations as detailed in Note 17, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection with impact of Jiama Mine's suspension, the expected resumption of operations and effects of litigations as detailed in Note 17, including the Group's ability to obtain the new financing and the Group's future capital expenditure in respect of its non-cancellable capital commitments and the renewal of mining right of Jima Mine, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

During the six months ended June 30, 2023, as described in Note 17 to the condensed consolidated financial statements, the Group involved in several lawsuits and disputes with third parties for a construction contract dispute and breach of contract actions incidental to the normal course of business operations of the Group. As at June 30, 2023, provisions of US\$23 million are recognised in relation to a construction contract dispute which the Group has joint obligation for the construction costs. In addition, the Group is currently involved in litigation pending legal proceedings and no provisions are recognised in the condensed consolidated financial statements when, after assessing the information available, the Group concludes that it is not probable that a loss has been incurred in any of the pending litigation. Details of litigation involved are set out in Note 17.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

In the current interim period, the Group has applied the following new and amendments to International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group will apply Amendments to IFRS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 December 2023.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

The following is an analysis of the Group’s revenue from its major products and services:

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
At a point in time				
Gold doré bars	71,334	72,168	137,749	141,903
Copper	–	159,115	134,403	337,784
Other by-products	1,682	60,711	53,642	116,328
Total revenue	<u>73,016</u>	<u>291,994</u>	<u>325,794</u>	<u>596,015</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Revenue (Cont'd)

(ii) *Performance obligations for contracts with customers*

The Group sells gold doré bars, copper and other by-products directly to customers. Revenue is recognised at a point in time when control of the gold doré bars, copper and other by-products is passed to customers, i.e. when the products are delivered and titles have passed to customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company. The CODM has identified two operating and reportable segments as follows:

- (i) The mine-produced gold segment – the production of gold doré bars through the Group's integrated processes, i.e., mining, metallurgical processing, production and selling of gold doré bars to external clients.
- (ii) The mine-produced copper concentrate segment – the production of copper concentrate including other by-products through the Group's integrated processes, i.e., mining, metallurgical processing, production and selling copper concentrate including other by-products to external clients.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

Information regarding the above segments is reported below:

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the six months ended June 30, 2023

	Mine-produced gold US\$'000	Mine-produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue – external and segment revenue	137,749	188,045	325,794	–	325,794
Cost of sales	(95,842)	(133,392)	(229,234)	–	(229,234)
Mining operating earnings	41,907	54,653	96,560	–	96,560
Income (loss) from operations	41,827	33,108	74,935	(2,019)	72,916
Foreign exchange loss, net	(1,232)	(4,158)	(5,390)	(2,978)	(8,368)
Interest and other income	948	2,650	3,598	2,300	5,898
Other expenses	–	(22,614)	(22,614)	–	(22,614)
Finance costs	(528)	(7,930)	(8,458)	(5,128)	(13,586)
Profit (loss) before income tax	41,015	1,056	42,071	(7,825)	34,246

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(a) Segment revenue and results (Cont'd)

For the six months ended June 30, 2022

	Mine-produced gold US\$'000	Mine-produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue – external and segment revenue	141,903	454,112	596,015	–	596,015
Cost of sales	<u>(112,994)</u>	<u>(259,803)</u>	<u>(372,797)</u>	<u>–</u>	<u>(372,797)</u>
Mining operating earnings	<u>28,909</u>	<u>194,309</u>	<u>223,218</u>	<u>–</u>	<u>223,218</u>
Income (loss) from operations	28,614	166,736	195,350	(2,027)	193,323
Foreign exchange (loss) gain, net	(2,520)	(10,459)	(12,979)	3,110	(9,869)
Interest and other income	664	3,360	4,024	2,708	6,732
Finance costs	<u>(877)</u>	<u>(10,403)</u>	<u>(11,280)</u>	<u>(4,851)</u>	<u>(16,131)</u>
Profit (loss) before income tax	<u>25,881</u>	<u>149,234</u>	<u>175,115</u>	<u>(1,060)</u>	<u>174,055</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit (loss) before income tax, without allocation of certain general and administrative expenses, foreign exchange gain (loss), interest and other income and finance costs, attributable to the respective segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There are no inter-segment sales for the six months ended June 30, 2023 and 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment representing assets/liabilities directly attributable to respective segment:

	Mine-produced gold US\$'000	Mine-produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of June 30, 2023					
Total assets	540,481	2,276,561	2,817,042	48,609	2,865,651
Total liabilities	49,725	986,033	1,035,758	80,970	1,116,728
As of December 31, 2022					
Total assets	649,547	2,498,742	3,148,289	46,622	3,194,911
Total liabilities	66,669	924,126	990,795	300,686	1,291,481

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain of cash and cash equivalents, other receivables, prepaid expenses and deposits, right-of-use assets, property, plant and equipment and equity instruments at fair value through other comprehensive income; and
- all liabilities are allocated to operating segments other than other payables and accrued expenses, lease liabilities, deferred income and certain borrowings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Administration and office	1,114	1,106	2,481	3,042
Depreciation of property, plant and equipment	1,885	1,555	3,814	3,230
Depreciation of right-of-use assets	25	26	50	53
Professional fees	491	630	841	1,365
Salaries and benefits	3,444	2,589	6,903	5,899
Others	937	2,390	3,391	4,655
	<u>7,896</u>	<u>8,296</u>	<u>17,480</u>	<u>18,244</u>
Total general and administrative expenses				

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Interests on borrowings	5,938	6,533	11,680	13,331
Interests on lease liabilities	23	31	47	63
Accretion on environmental rehabilitation	947	1,357	1,919	2,773
	<u>6,908</u>	<u>7,921</u>	<u>13,646</u>	<u>16,167</u>
Less: Amounts capitalised to property, plant and equipment	(28)	22	(60)	(36)
Total finance costs	<u>6,880</u>	<u>7,943</u>	<u>13,586</u>	<u>16,131</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

6. INCOME TAX EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current tax:				
PRC Enterprise Income Tax	(1,881)	5,039	8,526	18,302
PRC withholding income tax on profit earned from PRC subsidiaries	19,040	10,939	19,733	10,939
Overprovision of PRC Enterprise Income Tax in prior year	(1,581)	(123)	(1,581)	(123)
	<u>15,578</u>	<u>15,855</u>	<u>26,678</u>	<u>29,118</u>
Deferred tax:				
PRC Enterprise Income Tax	1,520	2,937	(394)	1,829
PRC withholding income tax on profit earned from PRC subsidiaries	(16,666)	(10,418)	(17,359)	(10,418)
	<u>(15,146)</u>	<u>(7,481)</u>	<u>(17,753)</u>	<u>(8,589)</u>
Total income tax expenses	<u>432</u>	<u>8,374</u>	<u>8,925</u>	<u>20,529</u>

7. DIVIDEND

During the six months ended June 30, 2023, a dividend in respect of the year ended December 31, 2022 of US\$0.37 (for the six months ended June 30, 2022: US\$0.25) per share amounting to US\$146,673,000 (for the six months ended June 30, 2022: US\$99,103,000) was declared and paid to the shareholders of the Company.

8. (LOSS) EARNINGS PER SHARE

(Loss) profit used in determining (loss) earnings per share are presented below:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US\$'000)	<u>(53,696)</u>	<u>81,194</u>	<u>24,084</u>	<u>152,422</u>
Weighted average number of shares, basic	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>
Basic (loss) earnings per share (US cents)	<u>(13.55)</u>	<u>20.48</u>	<u>6.08</u>	<u>38.45</u>

The Group has no outstanding potential dilutive instruments issued as at June 30, 2023 and 2022 and during the three and six months ended June 30, 2023 and 2022. Therefore, no diluted (loss) earnings per share is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

9. TRADE AND OTHER RECEIVABLES

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Trade receivables	2,527	1,112
Less: Allowance for credit loss	(103)	(106)
	2,424	1,006
Amounts due from related companies (note 15(a)) ⁽¹⁾	914	965
Other receivables ⁽²⁾	11,193	6,747
	14,531	8,718

(1) The amounts are unsecured, interest free and repayable on demand.

(2) Included in the balance as at June 30, 2023 are US\$3,472,000 value-added tax recoverable (December 31, 2022: nil) and tax and other surcharges of US\$4,733,000 (December 31, 2022: US\$4,911,000) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang"). Details of impairment assessment of the receivable amount from Zhongxinfang are set out in note 17.

The Group allows an average credit period of 30 days and 180 days to its trade customers.

Below is an aged analysis of trade receivables (net of allowance for credit losses) presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Less than 30 days	121	24
31 to 90 days	776	347
91 to 180 days	821	595
Over 180 days	706	40
	2,424	1,006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

10. INVENTORIES

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Gold in process	238,222	221,807
Gold doré bars	21,084	22,110
Consumables	15,851	17,409
Copper concentrates	10,916	5,613
Spare parts	26,894	26,150
	<hr/>	<hr/>
Total inventories	312,967	293,089

Cost of inventory sold totaling US\$49 million and US\$199 million for the three and six months ended June 30, 2023, respectively (three and six months ended June 30, 2022: US\$174 million and US\$372 million, respectively) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS

During the six months ended June 30, 2023, the Group incurred approximately US\$2.0 million on construction in progress (for the six months ended June 30, 2022: approximately US\$2.3 million) and approximately US\$1.8 million on mineral assets (for the six months ended June 30, 2022: approximately US\$14.9 million), respectively.

Depreciation of property, plant and equipment was US\$30.6 million and US\$75.1 million for the three and six months ended June 30, 2023, respectively (for the three and six months ended June 30, 2022: US\$46.3 million and US\$89.3 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses, research and development expenses and partly capitalised in inventory.

No addition of mining rights was incurred during the six months ended June 30, 2023 and 2022. Amortisation of mining rights was US\$0.8 million and US\$10.3 million for the three and six months ended June 30, 2023, respectively (for the three and months ended June 30, 2022: US\$10.6 million and US\$21.1 million, respectively). The amortisation amounts were recognised in cost of sales.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Accounts payable	22,103	38,808
Bills payable	21,611	31,523
Construction cost payables	96,039	118,123
Mining cost accrual	7,746	1,512
Payroll and benefit payables	453	324
Other accruals	2,098	1,323
Other tax payable	3,066	15,329
Payable for litigation compensation (Note 17)	21,686	–
Other payables	7,580	6,268
Payable for acquisition of a mining right	4,673	4,848
	<u>187,055</u>	<u>218,058</u>
Total accounts and other payables and accrued expenses		

The following is an aged analysis of the accounts payable presented based on invoice date at the end of the reporting period:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Less than 30 days	6,344	18,452
31 to 90 days	3,231	7,520
91 to 180 days	4,923	2,864
Over 180 days	7,605	9,972
	<u>22,103</u>	<u>38,808</u>
Total accounts payable		

The credit period for bills payable is 180 days from the issue date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES (Cont'd)

The following is an ageing analysis of bills payable, presented based on bills issue date at the end of the reporting period:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Less than 30 days	586	7,604
31 to 60 days	5,000	2,050
61 to 90 days	1,532	5,599
91 to 180 days	14,493	16,270
	<hr/>	<hr/>
Total bills payable	21,611	31,523

13. BORROWINGS

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Bank loans	666,639	533,722
Loans payable to a CNG's subsidiary (Note 15(a))	55,357	–
Bonds	–	299,346
	<hr/>	<hr/>
	721,996	833,068

The borrowings are repayable as follows:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Carrying amount repayable within one year	132,281	399,567
Carrying amount repayable within one to two years	62,830	57,433
Carrying amount repayable within two to five years	387,916	201,017
Carrying amount repayable over five years	138,969	175,051
	<hr/>	<hr/>
	721,996	833,068
Less: Amounts due within one year (shown under current liabilities)	(132,281)	(399,567)
	<hr/>	<hr/>
Amounts shown under non-current liabilities	589,715	433,501
	<hr/>	<hr/>
Analysed as:		
Secured	325,986	352,570
Unsecured	396,010	480,498
	<hr/>	<hr/>
	721,996	833,068

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

13. BORROWINGS (Cont'd)

The carrying values of the pledged assets to secure borrowings by the Group are as follows:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Mining rights	<u>769,451</u>	<u>780,978</u>

Borrowings carry interest at effective interest rates ranging from 1.05% to 6.30% (December 31, 2022: 1.05% to 3.80%) per annum.

14. SHARE CAPITAL

Common shares

- (i) Authorised – Unlimited common shares without par value
- (ii) Issued and outstanding

	Number of shares	Amount US\$'000
Issued and fully paid:		
At January 1, 2022, December 31, 2022 and June 30, 2023	<u>396,413,753</u>	<u>1,229,061</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. CNG, a state owned company registered in Beijing, PRC, which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

In accordance with IAS 24 “Related party disclosures”, the management believes that information relating to related party transactions have been adequately disclosed in conformity of the IFRSs.

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three and six months ended June 30, 2023 and 2022.

Name and relationship with related parties during the period/year is as follows:

CNG owned the following percentages of outstanding common shares of the Company:

	June 30, 2023 %	December 31, 2022 %
CNG	<u>40.01</u>	<u>40.01</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

15. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions/balances with CNG and its subsidiaries

The Group had the following transactions with CNG and CNG's subsidiaries:

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Gold doré bars sales by the Group	71,334	72,168	137,749	141,903
Copper and other by-products sales by the Group	–	208,256	171,979	431,884
Provision of transportation services by the Group	71	274	756	715
Construction, stripping and mining services provided to the Group	28,461	3,310	29,056	3,854
Accrued rental expenses and property management fee for PRC office	233	–	233	–
Commitment fee	163	177	330	392
Interest income	1,388	1,184	2,874	2,099
Interest expenses on loans payable to a CNG's subsidiary	102	–	102	–
Interest expenses on lease liabilities	21	27	42	55

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

15. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions/balances with CNG and its subsidiaries (Cont'd)

The Group has the following significant balances with CNG and its subsidiaries at the end of each reporting period:

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Assets		
Amounts due from related companies (Note 9)	914	965
Cash and cash equivalents held in a CNG's subsidiary	116,274	385,143
Restricted bank balance held in a CNG's subsidiary (Note 17)	66,353	–
	<u>183,541</u>	<u>386,108</u>

Other than the cash and cash equivalents and restricted bank balance held in a CNG's subsidiary, the remaining amounts due from CNG and its subsidiaries as at June 30, 2023 and December 31, 2022, which are included in trade and other receivables are non-interest bearing, unsecured and recoverable on demand.

	June 30, 2023 US\$'000	December 31, 2022 US\$'000
Liabilities		
Construction costs payable to CNG's subsidiaries	5,755	198
Trade payable to CNG's subsidiaries	2,964	3,168
Amount due to CNG	888	727
Contract liabilities with CNG's subsidiaries	1,175	6,172
Loans payable to a CNG's subsidiary	55,357	–
Lease liabilities to a CNG's subsidiary	1,745	1,769
	<u>67,884</u>	<u>12,034</u>
Total amounts due to CNG's subsidiaries		

As at June 30, 2022, the loans payable to a CNG's subsidiary, which are included in borrowings, carry fixed interest rates at 2.05% per annum and are unsecured and repayable in three years and classified as non-current. With the exception of loans payable to a CNG's subsidiary and lease liabilities to a CNG's subsidiary, the amounts due to CNG and its subsidiaries which are included in other payables and construction costs payable, are non-interest bearing, unsecured and have no fixed terms of repayments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

15. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(b) Compensation of key management personnel

The Group has the following compensation to key management personnel during the period:

	Three months ended June 30,		Six months ended June 30,	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Salaries and other benefits	77	53	185	142
Post-employment benefits	3	1	10	6
	<u>80</u>	<u>54</u>	<u>195</u>	<u>148</u>

16. FINANCIAL INSTRUMENTS

As at June 30, 2023 and December 31, 2022, the Group's investments in equity securities include equity securities listed on the Stock Exchange and unlisted companies incorporated in the PRC.

Investment in equity securities listed on the Stock Exchange of US\$33,309,000 (December 31, 2022: US\$36,509,000) is measured based on the unadjusted quoted price available on the Stock Exchange (Level 1 fair value measurement). The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals registered in Hong Kong, PRC.

In addition, investment in an unlisted company incorporated in the PRC of US\$809,000 (December 31, 2022: US\$839,000) are measured at fair value based on Level 3 inputs.

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

17. CONTINGENCIES

(i) Litigation with Huaxin and Zhongxinfang

During the year ended December 31, 2020, there was a construction contract dispute between independent third parties including the constructor, Huaxin Construction Group Co., Ltd. (formerly named as "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin"), Zhongxinfang, and the Group's subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong"). The land use right of a composite project under the construction contract was transferred from Huatailong to Zhongxinfang in 2019 pursuant to the cooperation agreement (the "Cooperation Agreement") whereby the Group agreed to transfer the land use right for the development and Zhongxinfang agreed to compensate the Group by transferring a block of the buildings and twenty car parks (the "New Premises") to the Group within two years from the date of the Cooperation Agreement (the "Land Exchange").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

17. CONTINGENCIES (Cont'd)

(i) Litigation with Huaxin and Zhongxinfang (Cont'd)

(a) *Litigations with Huaxin and Zhongxinfang for the construction costs*

During the year ended December 31, 2020, Huaxin proceeded a lawsuit against the parties to the construction contract, Zhongxinfang and Huatailong, for the recovery of the construction costs of RMB149 million (equivalent to US\$21,319,000) and applied for pre-litigation preservation of assets from Huatailong. The Intermediate People's Court of Lhasa City, Tibet ("Tibet Intermediate Court"), adjudicated that the bank deposit of RMB140 million (equivalent to US\$19,775,000) of Huatailong to be frozen for one year from April 10, 2020 (the "First Adjudication"). Based on the adjudication of Tibet Intermediate Court after the First Adjudication on December 1, 2020 and related notice of execution effective from December 3, 2020, the related frozen bank deposit of US\$19,775,000 of Huatailong was released.

Based on the first instance adjudication dated July 23, 2020 (the "First Instance Adjudication"), the litigation ruling adjudicated that Zhongxinfang and Huatailong shall have the joint obligation for the construction costs of RMB140 million (equivalent to US\$20,070,000) to Huaxin. Pursuant to the Cooperation Agreement, Huatailong is not responsible for the construction and the related construction works and costs are the sole responsibilities of Zhongxinfang. Huatailong proceeded an appeal against the First Instance Adjudication on August 17, 2020. Subsequently, it was confirmed that Huatailong has no obligation for the aforesaid construction costs as the High People's Court of Lhasa City, Tibet ("Tibet High Court") entered the final instance adjudication dated November 20, 2020 (the "2020 Final Instance Adjudication") and rescinded the First Instance Adjudication.

During the year ended December 31, 2022, Huaxin filed a petition with the Supreme People's Court of the PRC for a retrial and request re-adjudicating 2020 Final Instance Adjudication, the Supreme People's Court of the PRC has formed a collegial panel pursuant to law to review this case and ordered Tibet High Court to retry the case. Pursuant to retrial, Tibet High Court entered the final instance adjudication dated June 5, 2023 (the "June 2023 Huaxin Final Instance Adjudication") and affirmed the First Instance Adjudication that Zhongxinfang and Huatailong shall have the joint obligation for the construction costs and should pay to Huaxin within 15 days from the effective date of this judgment. Accordingly, Huatailong recognised RMB157 million (equivalent to US\$21,686,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at June 30, 2023.

On July 24, 2023, Huaxin applied for an enforcement of the June 2023 Final Instance Adjudication (the "July 2023 Enforcement") and up to the date these condensed consolidated financial statements are authorised for issue, Huatailong has received the related enforcements notice which required Huatailong to declare its assets to Tibet Intermediate Court for assessment. In addition, certain bank accounts of Huatailong amounting to US\$6,000 as at June 30, 2023 have been frozen by the Tibet Intermediate Court, the July 2023 Enforcement is currently under proceeding and enforcement rulings is not finalised.

17. CONTINGENCIES (Cont'd)

(i) Litigation with Huaxin and Zhongxinfang (Cont'd)

(b) *Litigations with Zhongxinfang for the recovery of construction costs*

Pursuant to the First Instance Adjudication, Huatailong filed a lawsuit against Zhongxinfang for the recovery of the construction costs of RMB149 million (equivalents to US\$21,319,000) jointly borne by Huatailong on the First Instance Adjudication. Based on the first instance adjudication dated on September 23, 2020, the litigation ruling adjudicated that Zhongxinfang shall have obligation for the construction costs of RMB149 million (equivalents to US\$21,319,000) to Huatailong (the "September 2020 Adjudication"). In October 2020, Zhongxinfang proceeded an appeal against the September 2020 Adjudication and revoked subsequently. On June 20, 2023, Tibet High Court adjudicated that the September 2020 Adjudication sustained (the "June 2023 Zhongxinfang Final Instance Adjudication") and Zhongxinfang should pay relevant compensation to Huatailong within 15 days from the effective date of the June 2023 Zhongxinfang Final Instance Adjudication. As at June 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, Zhongxinfang does not pay the compensation to Huatailong.

(c) *Litigations with Zhongxinfang for the delivery of New Premises and recovery of tax and other surcharge*

On June 21, 2021, Huatailong applied for pre-litigation preservation of the New Premises from Zhongxinfang, the Tibet Intermediate Court, adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21 million), and the New Premises comprising a block of buildings and twenty car parks from Zhongxinfang were frozen for three and two years respectively (the "New Premises Pre-litigation Preservation"). On July 21, 2021, pursuant to the New Premises Pre-litigation Preservation, Huatailong proceeded a lawsuit against Zhongxinfang for the delivery of New Premises and the payment of penalty amounting to RMB5 million (equivalent to US\$773,000), and on April 20, 2022, Huatailong submitted alternation of claims application to the court and requested the delivery of New Premises and changing the penalty, charge to be RMB9 million (equivalent to US\$1,397,000). On November 5, 2022, Tibet Intermediate Court adjudicated that Zhongxinfang should pay penalty of RMB9 million (equivalent to US\$1,397,000) to Huatailong (the "November 2022 Adjudication") within 15 days from the effective date of the November 2022 Adjudication due to the overdue in delivery of the New Premises. In March 2023, Huatailong applied for an enforcement of the November 2022 Adjudication in March 2023 (the "March 2023 Enforcement"). Based on legal advice, the March 2023 Enforcement is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

As at June 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, the composite project is still suspended due to litigations against Zhongxinfang and the New Premises are not delivered to Huatailong on May 31, 2021, the original contractual delivery date. Based on Group's assessment on the status of the New Premises, there has been no significant market value decline of comparable properties during the current period and no impairment loss has been made on the other non-current assets as at June 30, 2023(December 31, 2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three and Six Months Ended June 30, 2022 (unaudited)

17. CONTINGENCIES (Cont'd)

(i) Litigation with Huaxin and Zhongxinfang (Cont'd)

(c) Litigations with Zhongxinfang for the delivery of New Premises and recovery of tax and other surcharge (Cont'd)

In addition, during the year ended December 31, 2020, Huatailong has paid the tax and other surcharges of RMB46 million (equivalent to US\$6,997,000) related to the Land Exchange (the “Tax and Other Surcharge”) and expects to recover such payments from Zhongxinfang in accordance with the Cooperation Agreement. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Tibet Intermediate Court adjudicated that the value of certain properties limited to RMB46 million (equivalent to US\$6,609,000) from Zhongxinfang was frozen for one year (the “Pre-litigation Preservation”). Based on the adjudication issued on November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recovery of the Tax and Other Surcharge, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge to Huatailong (the “November 2020 Adjudication”). As Zhongxinfang has not settled such amount within the due date, Huatailong applied for an enforcement of the November 2020 Adjudication in January 2021 (the “2021 Enforcement”). On June 24, 2021, the Tibet Intermediate Court adjudicated the 2021 Enforcement be suspended as all of the assets owned by Zhongxinfang have been sealed up or frozen and there are no executable properties from Zhongxinfang. Based on legal advice, the 2021 Enforcement is currently suspended and the Group’s first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. The result of aforementioned 2021 Enforcement is not ascertain as at June 30, 2023 and the date these condensed consolidated financial statements are authorised for issue.

Based on the best available information to the Group and the credit assessment as of June 30, 2023, no additional expected credit loss (for the six months ended June 30, 2022: nil) for other receivables is recognised during the three months ended June 30, 2023, and the accumulated allowance for credit losses is RMB11,452,000 (equivalent to US\$1,585,000) as of June 30, 2023 (December 31, 2022: RMB11,452,000 (equivalent to US\$1,644,000)).

(ii) Litigation with an independent supplier of Huatailong

In May 2023, a supplier of Huatailong proceeded a lawsuit against Huatailong for the loss of work stoppage and slowdown resulting from the suspension of Jiama Mine’s south pit which are required to remediate by local government from June 19, 2021, amounting RMB479 million (equivalent to US\$66,353,000), and applied for pre-litigation preservation of assets from Huatailong, for one year.

On May 24, 2023, the Tibet Intermediate Court adjudicated balance with same amount as aforementioned held by China National Gold Group Finance Company Limited (“China Gold Finance”), a subsidiary of CNG was frozen for one year. Accordingly, the frozen bank deposit of US\$66,353,000 was included in restricted bank balances as at June 30, 2023.

As at June 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, the court was in session on August 14, 2023 and the verdict is not delivered. The outcome of this legal proceeding was yet to be finalised. In the opinion of the directors of the Company, after consultation of the external legal counsel, there is no reasonable ground to support the arguments of the plaintiff, and accordingly, no provision is made in the condensed consolidated financial statements.

18. EVENT AFTER THE REPORTING PERIOD

The Group had no material event after the end of the reporting period.



中國黃金國際資源有限公司

China Gold International Resources Corp. Ltd.