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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations Three and nine months ended September 30, 2023 (Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FORWARD-LOOKING STATEMENTS	2
THE COMPANY	3
OVERVIEW	3
PERFORMANCE HIGHLIGHTS	3
OUTLOOK	3
RESULTS OF OPERATIONS	4
SELECTED QUARTERLY FINANCIAL DATA	4
SELECTED QUARTERLY PRODUCTION DATA AND ANALYSIS	4
REVIEW OF QUARTERLY DATA	6
NON-IFRS MEASURES	7
MINERAL PROPERTIES	9
THE CSH MINE	9
THE JIAMA MINE	10
LIQUIDITY AND CAPITAL RESOURCES	12
CASH FLOWS	13
OPERATING CASH FLOW	13
INVESTING CASH FLOW	13
FINANCING CASH FLOW	14
EXPENDITURES INCURRED	14
GEARING RATIO	14
SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLAN FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS	14
CHARGE ON ASSETS	14
EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES	14
COMMITMENTS	14
RELATED PARTY TRANSACTIONS	15
PROPOSED TRANSACTIONS	16
CRITICAL ACCOUNTING ESTIMATES	16
CHANGE IN ACCOUNTING POLICIES	16
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS	16
OFF-BALANCE SHEET ARRANGEMENTS	16
DIVIDEND AND DIVIDEND POLICY	16
OUTSTANDING SHARES	17
DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING	17
RISK FACTORS	17
QUALIFIED PERSON	17

The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of November 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 nine months ended September 30, 2023 and the three and nine months ended September 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.

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 September 30, 2023

- Revenue decreased by 76% to US\$62.3 million from US\$255.0 million for the same period in 2022.
- Mine operating loss of US\$14.3 million, decreased by US\$90.0 million from mine operating earnings of US\$75.7 million for the same period in 2022.
- Net loss of US\$30.8 million decreased by US\$54.2 million from net income of US\$23.4 million for the same period in 2022.
- Cash flow used in operation of US\$31.7 million, decreased by US\$121.5 million from cash flow from operation of US\$89.8 million for the same period in 2022.
- Total gold production decreased by 40% to 33,110 ounces from 54,734 ounces for the same period in 2022.
- Total copper production was nil as all production was halted at the Jiama mine during Q3 2023. Copper production was 46.9 million pounds (approximately 21,254 tonnes) for the same period in 2022.

Nine months ended September 30, 2023

- Revenue decreased by 54% to US\$388.1 million from US\$851.0 million for the same period in 2022.
- Mine operating earnings decreased by 72% to US\$82.3 million from US\$298.9 million for the same period in 2022.
- Net loss of US\$5.5 million decreased by US\$182.4 million from net income of US\$176.9 million for the same period in 2022.
- Cash flow from operation decreased by 94% to US\$22.5 million from US\$358.2 million for the same period in 2022.
- Total gold production decreased by 32% to 122,463 ounces from 178,844 ounces for the same period in 2022.
- Total copper production decreased by 69% to 44.0 million pounds (approximately 19,967 tonnes) from 142.3 million pounds (approximately 64,532 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 since 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 & Q3 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 Guolangou 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 repair and reinforcement work at the Guolangou tailing dam have been fully completed, and the mine is ready to resume production upon receipt of the government's review and acceptance. The Company has prepared several plans for the resumption of production, including using the tailings as underground mine backfilling and discharging the tailings into the tailings pond in line with the original design production capacity. At present, the plan for underground backfilling has been submitted to the Lhasa Municipal Emergency Management Bureau and is currently in the process of review and approval. Alternative tailings disposal plans are under the government's review for compliance with relevant standards before implementation. The construction of the Phase III tailing dam at the Jiama Mine is on schedule. 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.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With increased pit's depth, the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage are the Company's top priority to ensure safe and sustainable production. The CSH Gold Mine plans to reduce the mining rate at the end of the third quarter and in the fourth quarter in order to enhance the management and maintenance of slopes. Ore stripping, as well as heap leach and processing plant processes, will continue to operate as usual during the mining volume adjustment period.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

(US\$ in thousands except per share)	Quarter ended							
	2023			2022				2021
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec
Revenue	62,325	73,016	252,778	253,904	255,030	291,994	304,021	312,016
Cost of sales	76,616	79,166	150,068	157,271	179,322	174,304	198,493	200,210
Mine operating (loss) earnings	(14,291)	(6,150)	102,710	96,633	75,708	117,690	105,528	111,806
General and administrative expenses	11,399	7,896	9,584	18,390	16,215	8,296	9,949	16,165
Exploration and evaluation expenses	271	45	35	102	81	256	40	358
Research and development expenses	1,756	1,442	4,642	6,659	7,357	5,470	5,885	10,347
(Loss) Income from operations	(27,717)	(15,533)	88,449	71,482	52,055	103,668	89,654	84,936
Foreign exchange (loss) gain	1,092	(11,679)	3,310	6,007	(16,085)	(11,542)	1,673	2,071
Finance costs	5,737	6,880	6,706	7,103	7,504	7,943	8,188	8,296
(Loss) profit before income tax	(32,440)	(52,907)	87,152	70,603	30,607	90,098	83,956	81,198
Income tax (credit) expense	(1,662)	432	8,493	22,083	7,251	8,374	12,155	22,422
(Loss) net profit	(30,778)	(53,339)	78,659	48,520	23,356	81,724	71,801	58,776
Basic (loss) earnings per share (cents)	(7.99)	(13.55)	19.62	11.90	5.84	20.48	17.97	14.76
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 September 30,		Nine months ended September 30	
	2023	2022	2023	2022
Gold sales (US\$ million)	65.00	61.04	202.75	202.94
Realized average price (US\$) of gold per ounce	1,974	1,729	1,948	1,825
Gold produced (ounces)	33,110	34,146	104,470	110,030
Gold sold (ounces)	32,923	35,303	104,102	111,205
Total production cost (US\$ per ounce)	1,436	1,402	1,375	1,461
Cash production cost ⁽¹⁾ (US\$ per ounce)	988	809	869	856

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

Gold production at the CSH Mine decreased by 3% to 33,110 ounces for the three months ended September 30, 2023 compared to 34,146 ounces for the same period in 2022 due to lower grades of ore. The total production cost of gold for the three months ended September 30, 2023 increased by 2% to US\$1,436 per ounce compared to US\$1,402 for the same period in 2022. The increase in total production cost was due to the increase of waste ore mined as compared to Q3 2022. The cash production cost of gold for the three months ended September 30, 2023 increased by 22% to US\$988 per ounce from US\$809 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 Q3 2023.

Jiama Mine	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Copper sales (US\$ in millions)	-	148.28	134.40	486.06
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	-	3.03	3.28	3.40
Copper produced (tonnes)	-	21,254	19,967	64,532
Copper produced (pounds)	-	46,856,740	44,019,703	142,269,604
Copper sold (tonnes)	-	23,124	18,605	64,762
Copper sold (pounds)	-	50,979,084	41,015,970	142,774,796
Gold produced (ounces)	-	20,588	17,993	68,814
Gold sold (ounces)	-	23,085	17,764	68,559
Silver produced (ounces)	-	716,226	754,424	2,412,857
Silver sold (ounces)	-	763,457	722,867	2,398,615
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)	-	210	231	675
Moly produced (pounds)	-	461,956	509,327	1,488,359
Moly sold (tonnes)	-	124	247	598
Moly sold (pounds)	-	272,654	543,509	1,319,207
Total production cost ² (US\$) of copper per pound	-	2.99	4.79	3.08
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	-	2.12	3.57	1.98
Cash production cost ⁴ (US\$) per pound of copper	-	2.37	3.43	2.41
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	-	1.50	2.21	1.31

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 Q3 2023.

Review of Quarterly Data

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

Revenue of US\$62.3 million for the third quarter of 2023, decreased by US\$192.7 million from US\$255.0 million for the same period in 2022.

Revenue from the CSH Mine was US\$65.0 million, an increase of US\$4.0 million from US\$61.0 million for the same period in 2022. Realized average gold price increased by 14% from US\$1,729/oz in Q3 2022 to US\$1,974/oz in Q3 2023. Gold sold by the CSH Mine was 32,923 ounces (gold produced: 33,110 ounces), compared to 35,303 ounces (gold produced: 34,146 ounces) for the same period in 2022.

Revenue from the Jiama Mine was negative US\$2.7 million, a decrease of US\$196.7 million, compared to US\$194.0 million for the same period in 2022. No production occurred during Q3 2023 due to the operational suspension from the tailings dam overflow. The negative revenue figure in the current quarter was primarily the result of sales reconciliation with customers in previous months.

Cost of sales of US\$76.6 million for the quarter ended September 30, 2023, a decrease of US\$102.7 million from US\$179.3 million for the same period in 2022, mainly due to the suspension of operations at the Jiama Mine.

Mine operating loss of US\$14.3 million for the three months ended September 30, 2023, a decrease of US\$90.0 million from mine operating earnings of US\$75.7 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\$4.8 million, from US\$16.2 million for the quarter ended September 30, 2022 to US\$11.4 million for the quarter ended September 30, 2023. The decrease was primarily due to the suspension of operations at the Jiama Mine.

Research and development expenses of US\$1.8 million for the three months ended September 30, 2023, decreased from US\$7.4 million for the comparative 2022 period. The decrease in the third quarter of 2023 was mainly due to the suspension of operations at the Jiama Mine.

Loss from operations of US\$27.7 million for the third quarter of 2023, decreased by US\$79.8 million, compared to an income of US\$52.1 million for the same period in 2022.

Finance costs of US\$5.7 million for the three months ended September 30, 2023, decreased by US\$1.8 million compared to US\$7.5 million for the same period in 2022. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange gain of US\$1.1 million for the three months ended September 30, 2023, increased from a loss of US\$16.1 million for the same period in 2022. The gain was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income was roughly zero for the three months ended September 30, 2023, decreased from US\$2.1 million for the same period in 2022, primarily due to the lower interest income earned in the current quarter compared to the same period last year.

Other expense of US\$0.1 million was recognized in Q3 2023. During the quarter, the Company accrued interest on the estimated litigation compensation 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 credit of US\$1.7 million for the quarter ended September 30, 2023, increased by US\$9.0 million from an expense of US\$7.3 million for the comparative period in 2022. During the current quarter, the Company had US\$1.8 million of deferred tax credit compared to a deferred tax expense of US\$2.7 million for the same period in 2022.

Net loss of US\$30.8 million for the three months ended September 30, 2023, decreased by US\$54.2 million from an income of US\$23.4 million for the three months ended September 30, 2022.

Nine months ended September 30, 2023 compared to nine months ended September 30, 2022

Revenue of US\$388.1 million for the nine months ended September 30, 2023, decreased by US\$462.9 million from US\$851.0 million for the same period in 2022.

Revenue from the CSH Mine was US\$202.8 million, a slightly decrease of US\$0.1 million from US\$202.9 million for the same period in 2022. Realized average gold price increased by 7% from US\$1,825/oz in the first nine months of 2022 to US\$1,948/oz for the same period in 2023. Gold sold by the CSH Mine was 104,102 ounces (gold produced: 104,470 ounces), compared to 111,205 ounces (gold produced: 110,030 ounces) for the same period in 2022.

Revenue from the Jiama Mine was US\$185.4 million, a decrease of US\$462.7 million, compared to US\$648.1 million for the same period in 2022. Realized average price of copper decreased by 4% from US\$3.40/pound in the first nine months of 2022 to US\$3.28/pound for the same period in 2023. Total copper sold was 18,605 tonnes (41.0 million pounds) for the nine months ended September 30, 2023, a decrease of 71% from 64,762 tonnes (142.8 million pounds) for the same period in 2022. The Jiama mine did not have product sales during the second and third quarters of 2023 as production halted due to the tailing dam overflow, with a minor amount of molybdenum sales.

Cost of sales of US\$305.9 million for the nine months ended September 30, 2023, a decrease of US\$246.2 million from US\$552.1 million for the same period in 2022. Cost of sales as a percentage of revenue for the Company increased from 65% to 79% for the nine months ended September 30, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

Mine operating earnings of US\$82.3 million for the nine months ended September 30, 2023, a decrease of 72%, or US\$216.6 million, from US\$298.9 million for the same period in 2022. Mine operating earnings as a percentage of revenue decreased from 35% to 21% for the nine months ended September 30, 2022 and 2023, respectively, primarily due to the suspension of operations at the Jiama Mine.

General and administrative expenses decreased by US\$5.6 million, from US\$34.5 million for the nine months ended September 30, 2022 to US\$28.9 million for the nine months ended September 30, 2023. The decrease was primarily due to the suspension of operations at the Jiama Mine.

Research and development expenses of US\$7.8 million for the nine months ended September 30, 2023, decreased from US\$18.7 million for the comparative 2022 period, mainly due to the suspension of operations at the Jiama Mine.

Income from operations of US\$45.2 million for the nine months ended September 30, 2023, decreased by US\$200.2 million, compared to US\$245.4 million for the same period in 2022.

Finance costs of US\$19.3 million for the nine months ended September 30, 2023, decreased by US\$4.3 million compared to US\$23.6 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\$7.3 million for the nine months ended September 30, 2023, decreased from US\$26.0 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 nine months ended September 30, 2023, decreased from US\$8.9 million for the same period in 2022, mainly due to the fewer dividends received from China Nonferrous Mining Corporation Limited in the second quarter of 2023 compared to last year.

Other expense of US\$22.7 million was recognized in 2023. In the current year, the Company recognized estimated litigation compensation of US\$22.7 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\$7.3 million for the nine months ended September 30, 2023, decreased by US\$20.5 million from US\$27.8 million for the comparative period in 2022. During the period, the Company had US\$19.5 million of deferred tax credit compared to US\$5.8 million for the same period in 2022.

Net loss of US\$5.5 million for the nine months ended September 30, 2023, decreased by US\$182.4 million from an income of US\$176.9 million for the nine months ended September 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).

CSH Mine (Gold)

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales ¹	47,287,766	1,436	49,489,020	1,402	143,129,789	1,375	162,482,811	1,461
Adjustment – Depreciation & depletion	(14,541,819)	(442)	(20,570,757)	(583)	(51,793,771)	(498)	(66,044,972)	(594)
Adjustment – Amortization of intangible assets	(210,224)	(6)	(361,154)	(10)	(846,451)	(8)	(1,247,397)	(11)
Total cash production costs	32,535,723	988	28,557,109	809	90,489,566	869	95,190,442	856
Total Gold sold ounces		32,923		35,303		104,102		111,205

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 per pound is calculated as total cash production cost divided by total copper sold (pounds). Note that production and cash costs were not calculated for Q3 2023 as production was halted at the Jiama mine during this period.

Jiama Mine (Copper with by-products credits)

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	29,329,008	-	129,832,814	2.55	162,720,593	3.97	389,636,264	2.73
General and administrative expenses	10,338,423	-	15,275,557	0.30	25,799,753	0.63	31,492,550	0.22
Research and development expenses	1,756,276	-	7,357,055	0.14	7,840,360	0.19	18,712,068	0.13
Total production cost	41,423,707	-	152,465,426	2.99	196,360,706	4.79	439,840,882	3.08
Adjustment – Depreciation & depletion	(12,201,438)	-	(21,531,323)	(0.42)	(46,251,917)	(1.13)	(65,261,628)	(0.46)
Adjustment – Amortization of intangible assets	-	-	(10,055,078)	(0.20)	(9,494,068)	(0.23)	(30,228,207)	(0.21)
Total cash production costs	29,222,269	-	120,879,025	2.37	140,614,721	3.43	344,351,047	2.41
By-products credits	-	-	(44,193,320)	(0.87)	(50,030,731)	(1.22)	(156,608,846)	(1.10)
Total cash production costs after by-products credits	29,222,269	-	76,685,705	1.50	90,583,990	2.21	187,742,201	1.31
Total Copper sold pounds		-		50,979,084		41,015,970		142,774,796

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-winned to produce a gold dore which is sold to refiners. In June 2020, the operation of southwest pit ended.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the increase in the pit's depth, the height and exposed area of the pit wall have increased, and the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage is the Company's top priority to ensure safe and sustainable production. To ensure production safety, the Company plans to reduce the mining volume at the end of the third quarter and in the fourth quarter in order to enhance the management and maintenance of slopes. Ore stripping, as well as heap leach and processing plant processes, will continue to operate as usual during the mining volume adjustment period.

The Company continues to evaluate the potential for underground operations.

Production Update

CSH Mine	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Ore mined and placed on pad (tonnes)	1,695,999	3,077,874	9,969,641	11,008,656
Average ore grade (g/t)	0.42	0.63	0.53	0.63
Recoverable gold (ounces)	13,252	37,500	102,702	133,862
Ending gold in process (ounces)	169,506	180,281	169,506	180,281
Waste rock mined (tonnes)	6,282,938	2,981,726	18,304,384	12,040,633

For the three months ended September 30, 2023, the total amount of ore placed on the leach pad was 1.7 million tonnes, with total contained gold of 13,252 ounces (412.2 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 55.66% at the end of September 30, 2023 from 55.09% at the end of June 30, 2023. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 52.98% at September 30, 2023, respectively.

Exploration

As of September 30, 2023, a diamond drilling exploration program in the mining permit area has been completed with the total meterage of 1,290.78 and 3 holes. The preparation of the mineral reserve update report is ongoing. Additionally, a diamond drilling exploration program in the exploration permit area has been completed with the total meterage of 4,172.14 and 4 holes. The sample assay reports have been received. The exploration updated report preparation is ongoing.

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)	Au (g/t)	Metal	
				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

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 USD 1,980 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 USD 1,980 per ounce. USD 1.0000=RMB 6.3457 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 USD 1,568 per ounce. USD 1.0000=RMB 6.3457 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 poly metallic deposit containing copper, gold, silver, molybdenum, lead and zinc, 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.

Production Update

Jiama Mine	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Ore processed (tonnes)	-	4,501,614	4,236,835	13,241,336
Average copper ore grade (%)	-	0.55	0.56	0.57
Copper recovery rate (%)	-	85	85	85
Average gold grade (g/t)	-	0.23	0.20	0.24
Gold recovery rate (%)	-	63	63	69
Average silver grade (g/t)	-	8.11	9.42	8.82
Silver recovery rate (%)	-	61	56	64
Average Moly grade (%)	-	0.026	0.029	0.025
Moly recovery rate (%)	-	18.16	15.03	20.39

Production was halted during the Q3 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 RMB 34.47 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 Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
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:

$$\text{CuEq Grade} = (\text{Ag Grade} * \text{Ag Price} + \text{Au Grade} * \text{Au Price} + \text{Cu Grade} * \text{Cu Price} + \text{Pb Grade} * \text{Pb Price} + \text{Zn Grade} * \text{Zn Price} + \text{Mo Grade} * \text{Mo Price}) / \text{Copper Price}$$

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.

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 Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
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 September 30, 2023, the Company had an accumulated surplus of US\$419.7 million, working capital of US\$182.0 million and borrowings of US\$724.7 million. The Company's cash balance at September 30, 2023 was US\$99.8 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\$132.6 million of short term debt facilities with interest rates ranging from 1.05% to 6.36% 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 RMB 3.98 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 2.2% 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 September 30, 2023 the Company has drawn down RMB3.79 billion, approximately US\$527.9 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 2.3% 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 Mozhuogonka 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.

Cash flows

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Net cash (used in) from operating activities	(31,671)	89,836	22,504	358,220
Net cash used in investing activities	(9,880)	(8,095)	(101,422)	(36,752)
Net cash used in financing activities	(900)	(29)	(235,650)	(125,223)
Net (decrease) increase in cash and cash equivalents	(42,451)	81,712	(314,568)	196,245
Effect of foreign exchange rate changes on cash and cash equivalents	2,827	157	(14,059)	(4,585)
Cash and cash equivalents, beginning of period	139,450	317,919	428,453	208,128
Cash and cash equivalents, end of period	99,826	399,788	99,826	399,788

Operating cash flow

For the three months ended September 30, 2023, net cash outflow from operating activities was US\$31.7 million which is primarily attributable to (i) depreciation of property, plant and equipment of US\$21.9 million and (ii) finance cost of US\$5.7 million, partially offset by (i) loss before income tax of US\$32.4 million (ii) interest paid of US\$4.3 million and (iii) decrease in accounts payable and accrued liabilities of US\$27.1 million.

For the nine months ended September 30, 2023, net cash inflow from operating activities was US\$22.5 million which is primarily attributable to (i) profit before income tax of US\$1.8 million (ii) depreciation of property, plant and equipment of US\$96.9 million (iii) finance cost of US\$19.3 million and (iv) amortization of mining rights of US\$10.4 million, partially offset by (i) decrease in accounts payable and accrued liabilities of US\$32.5 million (ii) income taxes paid of US\$34.0 million and (iii) interest paid of US\$15.6 million.

Investing cash flow

For the three months ended September 30, 2023, the net cash outflow from investing activities was US\$9.9 million which is primarily attributable to (i) placement of restricted deposits of US\$2.0 million (ii) payment for acquisition of property, plant and equipment of US\$8.6 million and (iii) addition of a mining right of US\$1.3 million, partially offset by (i) dividend received of US\$2.0 million and (ii) interest received of US\$0.8 million.

For the nine months ended September 30, 2023, the net cash outflow from investing activities was US\$101.4 million which is primarily attributable to (i) placement of restricted deposits of US\$68.3 million and (ii) payment for acquisition of property, plant and equipment of US\$38.6 million, partially offset by (i) interest received of US\$4.1 million, (ii) dividend received of US\$2.0 million and (iii) release of restricted bank deposits of US\$1.6 million.

Financing cash flow

For the three months ended September 30, 2023, the net cash outflow mainly from financing activities was US\$0.9 million which is primarily attributable to the repayment of borrowings of US\$0.9 million.

For the nine months ended September 30, 2023, the net cash outflow mainly from financing activities was US\$235.7 million which is primarily attributable to proceeds from borrowings of US\$279.9 million partially offset by (i) repayment of borrowings of US\$367.7 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 nine months ended September 30, 2023, the Company incurred mining costs of US\$40.6 million, mineral processing costs of US\$61.1 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 September 30, 2023, the Company's total debt was US\$724.7 million and the total equity was US\$1,735.3 million. The Company's gearing ratio was therefore 0.42 as at September 30, 2023 compared to 0.41 as at June 30, 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 nine months ended September 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 nine months ended September 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 September 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.

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 were 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 US\$'000	Within One year US\$'000	Within Two to five years US\$'000	Over five years US\$'000
Principal repayment of bank loans	724,723	132,623	452,241	139,859

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 September 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\$202.8 million for the nine months ended September 30, 2023 which remained consistent with US\$202.9 million for the nine months ended September 30, 2022.

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 nine months ended September 30, 2023, revenue from sales of copper concentrate and other products to CNG was US\$169.5 million compared to US\$621.6 million for the same period in 2022.

For the nine months ended September 30, 2023, construction services of US\$44.0 million were provided to the Company by subsidiaries of CNG (US\$4.6 million for the nine months ended September 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 nine months ended September 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.

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 nine months ended September 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 September 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 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.

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 September 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 September 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 September 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 September 30, 2023 and have concluded that these controls and procedures were effective as of September 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 nine months ended September 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.

QUALIFIED PERSON

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

November 14, 2023

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2023

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)

<u>CONTENTS</u>	<u>PAGE(S)</u>
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1 & 2
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3 & 4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7 - 28

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)**

	NOTES	Three months ended September 30,		Nine months ended September 30,	
		2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2022 US\$'000 (unaudited)
Revenue	3	62,325	255,030	388,119	851,045
Cost of sales		<u>(76,616)</u>	<u>(179,322)</u>	<u>(305,850)</u>	<u>(552,119)</u>
Mine operating (loss) earnings		<u>(14,291)</u>	<u>75,708</u>	<u>82,269</u>	<u>298,926</u>
Expenses					
General and administrative expenses	4	(11,399)	(16,215)	(28,879)	(34,459)
Exploration and evaluation expenditure		(271)	(81)	(351)	(377)
Research and development expenses		<u>(1,756)</u>	<u>(7,357)</u>	<u>(7,840)</u>	<u>(18,712)</u>
		<u>(13,426)</u>	<u>(23,653)</u>	<u>(37,070)</u>	<u>(53,548)</u>
(Loss) income from operations		<u>(27,717)</u>	<u>52,055</u>	<u>45,199</u>	<u>245,378</u>
Other income (expenses)					
Foreign exchange gain (loss), net		1,092	(16,085)	(7,276)	(25,954)
Interest and other income		1	2,141	5,899	8,873
Other expenses	17	(79)	-	(22,693)	-
Finance costs	5	<u>(5,737)</u>	<u>(7,504)</u>	<u>(19,323)</u>	<u>(23,635)</u>
		<u>(4,723)</u>	<u>(21,448)</u>	<u>(43,393)</u>	<u>(40,716)</u>
(Loss) profit before income tax		(32,440)	30,607	1,806	204,662
Income tax credit (expenses)	6	<u>1,662</u>	<u>(7,251)</u>	<u>(7,263)</u>	<u>(27,780)</u>
(Loss) profit for the period		<u>(30,778)</u>	<u>23,356</u>	<u>(5,457)</u>	<u>176,882</u>
Other comprehensive income (expenses) for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value gain (loss) on investment in an equity security		12,001	(5,581)	8,801	(1,080)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		<u>5,144</u>	<u>(40,234)</u>	<u>(23,702)</u>	<u>(84,079)</u>
		<u>17,145</u>	<u>(45,815)</u>	<u>(14,901)</u>	<u>(85,159)</u>
Total comprehensive (expenses) income for the period		<u>(13,633)</u>	<u>(22,459)</u>	<u>(20,358)</u>	<u>91,723</u>
Profit (loss) for the period attributable to					
Non-controlling interests		900	200	2,137	1,304
Owners of the Company		<u>(31,678)</u>	<u>23,156</u>	<u>(7,594)</u>	<u>175,578</u>
		<u>(30,778)</u>	<u>23,356</u>	<u>(5,457)</u>	<u>176,882</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	Three months ended		Nine months ended	
		September 30,		September 30,	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total comprehensive income (expenses)					
for the period attributable to					
Non-controlling interests		906	208	2,146	1,319
Owners of the Company		<u>(14,539)</u>	<u>(22,667)</u>	<u>(22,504)</u>	<u>90,404</u>
		<u>(13,633)</u>	<u>(22,459)</u>	<u>(20,358)</u>	<u>91,723</u>
(Loss) earnings per share - Basic (US cents)	8	<u>(7.99)</u>	<u>5.84</u>	<u>(1.92)</u>	<u>44.29</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>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2023 (unaudited)

	<u>NOTES</u>	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		99,826	428,453
Restricted bank balance		66,778	1,572
Trade and other receivables	9	17,236	8,718
Tax recoverable		2,089	-
Prepaid expenses and deposits		1,222	810
Inventories	10	304,322	293,089
		<u>491,473</u>	<u>732,642</u>
Non-current assets			
Prepaid expenses and deposits		1,078	735
Right-of-use assets	11	40,692	42,487
Equity instruments at fair value through other comprehensive income	16	46,124	37,348
Property, plant and equipment	11	1,468,454	1,579,245
Mining rights	11	772,373	784,470
Other non-current assets	17	17,445	17,984
		<u>2,346,166</u>	<u>2,462,269</u>
Total assets		<u><u>2,837,639</u></u>	<u><u>3,194,911</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	12	170,675	218,058
Contract liabilities		615	6,255
Borrowings	13	132,623	399,567
Lease liabilities		525	516
Tax liabilities		4,989	14,239
		<u>309,427</u>	<u>638,635</u>
Net current assets		<u>182,046</u>	<u>94,007</u>
Total assets less current liabilities		<u>2,528,212</u>	<u>2,556,276</u>
Non-current liabilities			
Borrowings	13	592,100	433,501
Lease liabilities		1,422	1,501
Deferred tax liabilities		105,844	125,373
Deferred income		-	186
Environmental rehabilitation		93,556	92,285
		<u>792,922</u>	<u>652,846</u>
Total liabilities		<u>1,102,349</u>	<u>1,291,481</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		66,006	83,692
Retained profits		419,735	571,226
		<u>1,714,802</u>	<u>1,883,979</u>
Non-controlling interests		20,488	19,451
		<u>1,735,290</u>	<u>1,903,430</u>
Total owners' equity		<u>1,735,290</u>	<u>1,903,430</u>
Total liabilities and owners' equity		<u>2,837,639</u>	<u>3,194,911</u>

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

Junhu Tong
Director

Yingbin Ian He
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)**

	Number of common shares	Attributable to owners of the Company						Subtotal US\$'000	Non- controlling interests US\$'000	Total owners' equity US\$'000
		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			
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	-	-	-	-	-	-	175,578	175,578	1,304	176,882
Fair value loss on investment in an equity security	-	-	-	(1,080)	-	-	-	(1,080)	-	(1,080)
Exchange difference arising on translation	-	-	-	-	(84,094)	-	-	(84,094)	15	(84,079)
Total comprehensive (expenses) income for the period	-	-	-	(1,080)	(84,094)	-	175,578	90,404	1,319	91,723
Transfer to statutory reserve - safety production fund	-	-	-	-	-	662	(662)	-	-	-
Dividends distribution (Note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At September 30, 2022 (unaudited)	396,413,753	1,229,061	11,179	6,951	(67,151)	69,200	557,983	1,807,223	18,349	1,825,572
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
(Loss) profit for the period	-	-	-	-	-	-	(7,594)	(7,594)	2,137	(5,457)
Fair value gain on investment in an equity security	-	-	-	8,801	-	-	-	8,801	-	8,801
Exchange difference arising on translation	-	-	-	-	(23,711)	-	-	(23,711)	9	(23,702)
Total comprehensive income (expenses) for the period	-	-	-	8,801	(23,711)	-	(7,594)	(22,504)	2,146	(20,358)
Release from statutory reserve - safety production fund	-	-	-	-	-	(2,776)	2,776	-	-	-
Dividends distribution (Note 7)	-	-	-	-	-	-	(146,673)	(146,673)	-	(146,673)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(1,109)	(1,109)
At September 30, 2023 (unaudited)	396,413,753	1,229,061	11,179	25,300	(70,819)	100,346	419,735	1,714,802	20,488	1,735,290

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net cash (used in) from operating activities	<u>(31,671)</u>	<u>89,836</u>	<u>22,504</u>	<u>358,220</u>
Investing activities				
Interest income received	834	1,186	4,116	3,433
Payment for acquisition of property, plant and equipment	(8,566)	(10,049)	(38,617)	(23,586)
Dividends received from equity investment at fair value through other comprehensive income	1,992	2,695	1,992	2,695
Payment for acquisition of right-of-use assets	(823)	-	(823)	(21,573)
Payment for acquisition of a mining right	(1,321)	(1,864)	(1,321)	(1,864)
Placement of restricted bank deposits	(1,996)	(1,185)	(68,349)	(3,282)
Release of restricted bank deposits	-	1,122	1,580	7,425
Net cash used in investing activities	<u>(9,880)</u>	<u>(8,095)</u>	<u>(101,422)</u>	<u>(36,752)</u>
Financing activities				
Repayment of borrowings	(871)	-	(367,690)	(25,603)
Proceeds from borrowings	-	-	279,891	-
Dividends paid to a non-controlling shareholder	-	-	(1,109)	(440)
Dividends paid to shareholders	-	-	(146,655)	(99,091)
Payment for lease	(29)	(29)	(87)	(89)
Net cash used in financing activities	<u>(900)</u>	<u>(29)</u>	<u>(235,650)</u>	<u>(125,223)</u>
Net (decrease) increase in cash and cash equivalents	<u>(42,451)</u>	<u>81,712</u>	<u>(314,568)</u>	<u>196,245</u>
Cash and cash equivalents, beginning of period	139,450	317,919	428,453	208,128
Effect of foreign exchange rate changes on cash and cash equivalents	<u>2,827</u>	<u>157</u>	<u>(14,059)</u>	<u>(4,585)</u>
Cash and cash equivalents, end of period	<u>99,826</u>	<u>399,788</u>	<u>99,826</u>	<u>399,788</u>
Cash and cash equivalents are comprised of				
Cash and bank deposits	<u>99,826</u>	<u>399,788</u>	<u>99,826</u>	<u>399,788</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 (unaudited)

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

1.1 *Basis of preparation*

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.

1.2 *Significant event during the current period*

Suspension of Jiamia Copper-Gold Polymetallic Mine ("Jiamia Mine") and renewal of mining permit

On March 27, 2023, a tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group's Jiamia 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, Jiamia 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.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

1.2 *Significant event during the current period* - continued

Suspension of Jiama Copper-Gold Polymetallic Mine ("Jiama Mine") and renewal of mining permit - continued

The Group has completed the repair and reinforcement construction and works, conducted the safety assessment of the entire tailings pond and submitted an assessment report to the Lhasa Municipal Emergency Management Bureau (the "LMEMB") in September 2023. The Group has also prepared several plans for the resumption of production, including using the tailings as underground mine backfilling and discharging the tailings into the tailings pond in line with the original design production capacity. Up to the date these condensed consolidated financial statements are authorised for issue, these plans have been submitted to the LMEMB and are under its review for compliance with relevant standards before approval and implementation. The resumption of production of the Jiama Mine is subject to the government regulators' decision on when to grant permission to resume production based on the assessment report and the plans. The Group does not have an exact timeline for the re-start of production.

In addition, as the mining permit held by Jiama Mine has expired in October 2023 and considering the uncertainty on the resumption of production of the Jiama Mine, the Group applied to the Department of Natural Resources of Tibet Autonomous Region for the renewal of mining permit in September 2023. The Group expects that it will be able to renew the mining permit with the relevant government authority, notwithstanding that final approval is still pending up to the date these condensed consolidated financial statements are authorised for issue.

Litigation and contingency

During the nine months ended September 30, 2023, as described in Note 17 to the condensed consolidated financial statements, the Group was involved in several lawsuits and disputes with third parties related to a construction contract dispute and breach of contract which are incidental to its normal course of business. As at September 30, 2023, US\$22 million were recognised as "accounts and other payables and accrued expenses" as set out in Note 12 in relation to the construction contract dispute, which the court has ruled that the Group has joint obligation for the construction costs. In addition, the Group is currently involved in pending legal proceedings of US\$67 million in relation to the breach of contract with no provision being recognised in the condensed consolidated financial statements because there is no reasonable ground to support the arguments of the plaintiff. Details of litigations are set out in Note 17.

Going concern assessment

The Group recorded a net loss of US\$31 million and US\$5 million, net operating cash outflows of US\$32 million and net operating cash inflows of US\$23 million for the three and nine months ended September 30, 2023, respectively. As at September 30, 2023, the Group's current assets exceeded current liabilities by approximately US\$182 million. The aforementioned suspension of Jiama Mine's operation in response to the Overflow has negative impacts on the financial performance and operating cash flows of the Group. The Jiama Mine result is also affected by the litigations as detailed in Note 17.

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

1.2 *Significant event during the current period* - continued

Going concern assessment - continued

Taking into account the Group's cash flow projection with impact of Jima Mine's suspension, the expected resumption of operations and effects of litigations as detailed in Note 17, the Group's ability to obtain new financing, its future capital expenditure 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.

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 nine months ended September 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

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 September 30,		Nine months ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<u>At a point in time</u>				
Gold doré bars	65,004	61,040	202,753	202,943
Copper	-	148,279	134,403	486,063
Other by-products	(2,679)	45,711	50,963	162,039
Total revenue	<u>62,325</u>	<u>255,030</u>	<u>388,119</u>	<u>851,045</u>

(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.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

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 nine months ended September 30, 2023

	Mine - produced gold US\$'000 (unaudited)	Mine - produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	Unallocated US\$'000 (unaudited)	Consolidated US\$'000 (unaudited)
Revenue - external and segment revenue	202,753	185,366	388,119	-	388,119
Cost of sales	(143,130)	(162,720)	(305,850)	-	(305,850)
Mining operating earnings	<u>59,623</u>	<u>22,646</u>	<u>82,269</u>	-	<u>82,269</u>
Income (loss) from operations	59,272	(10,995)	48,277	(3,078)	45,199
Foreign exchange loss, net	(279)	(3,977)	(4,256)	(3,020)	(7,276)
Interest and other income	1,157	2,358	3,515	2,384	5,899
Other expenses	-	(22,693)	(22,693)	-	(22,693)
Finance costs	<u>(653)</u>	<u>(12,285)</u>	<u>(12,938)</u>	<u>(6,385)</u>	<u>(19,323)</u>
Profit (loss) before income tax	<u>59,497</u>	<u>(47,592)</u>	<u>11,905</u>	<u>(10,099)</u>	<u>1,806</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(a) Segment revenue and results - continued

For the nine months ended September 30, 2022

	Mine - produced gold US\$'000 (unaudited)	Mine - produced copper concentrate US\$'000 (unaudited)	Segment total US\$'000 (unaudited)	Unallocated US\$'000 (unaudited)	Consolidated US\$'000 (unaudited)
Revenue - external and segment revenue	202,943	648,102	851,045	-	851,045
Cost of sales	<u>(162,483)</u>	<u>(389,636)</u>	<u>(552,119)</u>	<u>-</u>	<u>(552,119)</u>
Mining operating earnings	<u>40,460</u>	<u>258,466</u>	<u>298,926</u>	<u>-</u>	<u>298,926</u>
Income (loss) from operations	40,084	208,261	248,345	(2,967)	245,378
Foreign exchange (loss) gain, net	(8,661)	(21,076)	(29,737)	3,783	(25,954)
Interest and other income	1,129	5,015	6,144	2,729	8,873
Finance costs	<u>(1,295)</u>	<u>(15,024)</u>	<u>(16,319)</u>	<u>(7,316)</u>	<u>(23,635)</u>
Profit (loss) before income tax	<u>31,257</u>	<u>177,176</u>	<u>208,433</u>	<u>(3,771)</u>	<u>204,662</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 (loss) gain, 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 nine months ended September 30, 2023 and 2022.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(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 September 30, 2023 (unaudited)					
Total assets	552,373	2,226,799	2,779,172	58,467	2,837,639
Total liabilities	45,843	975,435	1,021,278	81,071	1,102,349
As of December 31, 2022 (audited)					
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 equipments 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.

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administration and office	1,067	1,879	3,548	4,921
Depreciation of property, plant and equipment	1,844	2,711	5,658	5,941
Depreciation of right-of-use assets	25	26	75	79
Professional fees	1,423	676	2,264	2,041
Salaries and benefits	2,882	3,125	9,785	9,024
Others	4,158	7,798	7,549	12,453
Total general and administrative expenses	11,399	16,215	28,879	34,459

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

5. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
Interests on borrowings	4,841	6,183	16,521	19,514
Interests on lease liabilities	23	30	70	93
Accretion on environmental rehabilitation	931	1,312	2,850	4,085
	<u>5,795</u>	<u>7,525</u>	<u>19,441</u>	<u>23,692</u>
Less: Amounts capitalised to property, plant and equipment	<u>(58)</u>	<u>(21)</u>	<u>(118)</u>	<u>(57)</u>
Total finance costs	<u><u>5,737</u></u>	<u><u>7,504</u></u>	<u><u>19,323</u></u>	<u><u>23,635</u></u>

6. INCOME TAX (CREDIT) EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)	<u>2022</u> US\$'000 (unaudited)
Current tax:				
PRC Enterprise Income Tax	114	4,489	8,640	22,791
PRC withholding income tax on profit earned from PRC subsidiaries	-	-	19,733	10,939
Underprovision (Overprovision) of PRC Enterprise Income Tax in prior year	-	15	(1,581)	(108)
	<u>114</u>	<u>4,504</u>	<u>26,792</u>	<u>33,622</u>
Deferred tax:				
PRC Enterprise Income Tax	(1,776)	2,747	(2,170)	4,576
PRC withholding income tax on profit earned from PRC subsidiaries	-	-	(17,359)	(10,418)
	<u>(1,776)</u>	<u>2,747</u>	<u>(19,529)</u>	<u>(5,842)</u>
Total income tax (credit) expenses	<u><u>(1,662)</u></u>	<u><u>7,251</u></u>	<u><u>7,263</u></u>	<u><u>27,780</u></u>

7. DIVIDEND

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

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

8. (LOSS) EARNINGS PER SHARE

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u> (unaudited)	<u>2022</u> (unaudited)	<u>2023</u> (unaudited)	<u>2022</u> (unaudited)
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US\$'000)	<u>(31,678)</u>	<u>23,156</u>	<u>(7,594)</u>	<u>175,578</u>
Weighted average number of common 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>(7.99)</u>	<u>5.84</u>	<u>(1.92)</u>	<u>44.29</u>

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

9. TRADE AND OTHER RECEIVABLES

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Trade receivables	2,666	1,112
Less: Allowance for credit loss	<u>(103)</u>	<u>(106)</u>
	2,563	1,006
Amounts due from related companies (Note 15(a)) ⁽¹⁾	905	965
Other receivables ⁽²⁾	<u>13,768</u>	<u>6,747</u>
Total trade and other receivables	<u>17,236</u>	<u>8,718</u>

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

(2) Included in the balance as at September 30, 2023 are US\$7,582,000 value-added tax recoverable (December 31, 2022: nil) and tax and other surcharges of US\$3,179,000 (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.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

9. TRADE AND OTHER RECEIVABLES - continued

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:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Less than 30 days	64	24
31 to 90 days	93	347
91 to 180 days	918	595
Over 180 days	1,488	40
	<u>2,563</u>	<u>1,006</u>

10. INVENTORIES

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Gold in process	226,768	221,807
Gold doré bars	22,633	22,110
Consumables	16,829	17,409
Copper concentrates	10,985	5,613
Spare parts	27,107	26,150
Total inventories	<u>304,322</u>	<u>293,089</u>

Cost of inventory sold totalling US\$77 million and US\$306 million for the three and nine months ended September 30, 2023 respectively (three and nine months ended September 30, 2022: US\$179 million and US\$552 million, respectively) was recognised in cost of sales.

11. PROPERTY, PLANT AND EQUIPMENT / MINING RIGHTS / RIGHT-OF-USE ASSETS

During the nine months ended September 30, 2023, the Group incurred approximately US\$19.5 million on construction in progress (for the nine months ended September 30, 2022: approximately US\$2.7 million) and approximately US\$1.4 million on mineral assets (for the nine months ended September 30, 2022: approximately US\$21.0 million).

Depreciation of property, plant and equipment was US\$21.8 million and US\$96.9 million for the three and nine months ended September 30, 2023, respectively (for the three and nine months ended September 30, 2022: US\$41.4 million and US\$130.7 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 nine months ended September 30, 2023 and 2022. Meanwhile, as the mining permit held by Jiama Mine would expire in October 2023 and considering the uncertainty on the resumption of production of the Jiama Mine, the Group had applied to the Department of Natural Resources of Tibet Autonomous Region for [the renewal of mining permit in September 2023. The Group expects that it will be able to renew the mining rights with the relevant government authority, which final approval is still pending up to the date these condensed consolidated financial statements are authorised for issue]. Amortisation of mining rights was US\$0.1 million and US\$10.4 million for the three and nine months ended September 30, 2023, respectively (for the three and nine months ended September 30, 2022: US\$10.3 million and US\$31.4 million, respectively). The amortisation amounts were recognised in cost of sales.

During the nine months ended September 30, 2023, the Group leased two pieces of cultivated land from herdsmen and paid the related farmland usage tax, which the Group has recognised right-of-use assets of US\$1.8 million (nine months ended September 30, 2022: nil) and environmental rehabilitation of US\$0.9 million (nine months ended September 30, 2022: nil).

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Accounts payable	15,455	38,808
Bills payable	7,422	31,523
Construction cost payables	106,110	118,123
Mining cost accrual	3,619	1,512
Payroll and benefit payables	428	324
Other accruals	2,275	1,323
Other tax payable	1,956	15,329
Payable for litigation compensation (Note 17)	22,172	-
Other payables	7,711	6,268
Payable for acquisition of a mining right	3,527	4,848
Total accounts and other payables and accrued expenses	<u>170,675</u>	<u>218,058</u>

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

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Less than 30 days	3,013	18,452
31 to 90 days	1,839	7,520
91 to 180 days	2,442	2,864
Over 180 days	8,161	9,972
Total accounts payable	<u>15,455</u>	<u>38,808</u>

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

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

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Less than 30 days	111	7,604
31 to 60 days	-	2,050
61 to 90 days	-	5,599
91 to 180 days	7,311	16,270
Total bills payable	<u>7,422</u>	<u>31,523</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

13. BORROWINGS

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Bank loans	669,011	533,722
Loans payable to a CNG's subsidiary (Note 15(a))	55,712	
Bonds	-	299,346
	<u>724,723</u>	<u>833,068</u>

The borrowings are repayable as follows:

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Carrying amount repayable within one year	132,623	399,567
Carrying amount repayable within one to two years	61,840	57,433
Carrying amount repayable within two to five years	390,401	201,017
Carrying amount repayable over five years	139,859	175,051
	<u>724,723</u>	<u>833,068</u>
Less: Amounts due within one year (shown under current liabilities)	(132,623)	(399,567)
Amounts shown under non-current liabilities	<u>592,100</u>	<u>433,501</u>
Analysed as:		
Secured	328,075	352,570
Unsecured	396,648	480,498
	<u>724,723</u>	<u>833,068</u>

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

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
Mining rights	<u>769,799</u>	<u>780,978</u>

Borrowings carry interest at effective interest rates ranging from 1.05% to 6.36% (December 31, 2022: 1.05% to 3.80%) per annum.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

14. SHARE CAPITAL

Common shares

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

	<u>Number of shares</u>	<u>Amount US\$'000</u>
Issued and fully paid: At January 1, 2022 (audited), December 31, 2022 (audited) and September 30, 2023 (unaudited)	<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.

The management believes that information relating to related party transactions have been adequately disclosed in accordance with the requirements of IAS 24 "Related party disclosures".

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 nine months ended September 30, 2023 and 2022.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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:

	September 30, <u>2023</u> % (unaudited)	December 31, <u>2022</u> % (audited)
CNG	<u>40.01</u>	<u>40.01</u>

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)	US\$'000 (unaudited)
Gold doré bars sales by the Group	<u>65,004</u>	<u>61,040</u>	<u>202,753</u>	<u>202,943</u>
Copper and other by-products sales by the Group	<u>-</u>	<u>189,723</u>	<u>169,454</u>	<u>621,607</u>
Provision of transportation services by the Group	<u>49</u>	<u>210</u>	<u>805</u>	<u>925</u>
Construction, stripping and mining services provided to the Group	<u>14,931</u>	<u>716</u>	<u>43,987</u>	<u>4,570</u>
Accrued property management fee	<u>114</u>	<u>-</u>	<u>347</u>	<u>-</u>
Commitment fee	<u>166</u>	<u>173</u>	<u>496</u>	<u>565</u>
Interest income	<u>721</u>	<u>1,006</u>	<u>3,595</u>	<u>3,105</u>
Interest expenses on borrowings	<u>297</u>	<u>-</u>	<u>399</u>	<u>-</u>
Interest expenses on lease liabilities	<u>20</u>	<u>26</u>	<u>62</u>	<u>81</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(a) Transactions/balances with CNG and its subsidiaries - continued

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

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<u>Assets</u>		
Amounts due from related companies	905	965
Cash and cash equivalents held by a CNG subsidiary	78,813	385,143
Restricted bank balance held in a CNG's subsidiary (Note 17)	66,778	-
Total amounts due from CNG and its subsidiaries	<u>146,496</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 September 30, 2023 and December 31, 2022, which are included in trade and other receivables are non-interest bearing, unsecured and recoverable on demand.

	September 30, <u>2023</u> US\$'000 (unaudited)	December 31, <u>2022</u> US\$'000 (audited)
<u>Liabilities</u>		
Construction costs payable to CNG's subsidiaries	6,805	198
Trade payable to CNG's subsidiaries	3,565	3,168
Amount due to CNG	1,175	727
Contract liabilities with CNG's subsidiaries	-	6,172
Loans payable to a CNG's subsidiary	55,712	-
Lease liabilities to a CNG's subsidiary	1,776	1,769
Total amounts due to CNG and its subsidiaries	<u>69,033</u>	<u>12,034</u>

As at September 30, 2023, 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.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

(b) Compensation of key management personnel

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and other benefits	86	99	271	241
Post-employment benefits	4	-	15	6
	<u>90</u>	<u>99</u>	<u>286</u>	<u>247</u>

16. FINANCIAL INSTRUMENTS

As at September 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\$45,310,000 (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, equity investments in two unlisted companies incorporated in the PRC of US\$814,000 (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").

(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 RMB159 million (equivalent to US\$22,172,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at September 30, 2023. The payable to Huaxin amounting to US\$22,172,000 is not settled by Huatailong and Huatailong is actively seeking other measures to protest against the June 2023 Huaxin Final Instance Adjudication whereby a result has yet to be reached.

17. CONTINGENCIES - continued

(i) **Litigation with Huaxin and Zhongxinfang** - continued

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

On July 24, 2023, Huaxin applied for an enforcement of the June 2023 Final Instance Adjudication (the "July 2023 Enforcement") and Huatailong has submitted the declaration of its assets to the Tibet Intermediate Court for assessment. As at September 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, seven bank accounts of Huatailong amounting to US\$3,000, the New Premises (for which the Group's right to receive is recognised as non-current assets amounting to US\$17,445,000), the 51% equity interest in Metrorkongka County Jiama Industry and Trade Co., which is a subsidiary of the Company and directly held by Huatailong, the equity investments in two unlisted companies incorporated in the PRC that are recognised as equity instruments as at FVTOCI amounting to US\$814,000, and one piece of leasehold land that is recognised as right-of-use assets amounting to US\$1,045,000 as at September 30, 2023, have been frozen temporarily by the Tibet Intermediate Court without a clear freezing period, and valuation institutes have been selected to perform valuation assessment on the leasehold land held by Huatailong and yet to be finalised. Enforcement is currently under proceeding and enforcement rulings is not finalised.

(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. On 15 September 2023, Huatailong applied for an enforcement of the June 2023 Zhongxinfang Final Instance Adjudication (the "September 2023 Enforcement") and as there are no executable properties from Zhongxinfang, as at September 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, Zhongxinfang has not yet paid the compensation to Huatailong and the September 2023 Enforcement is not executed.

17. CONTINGENCIES - continued

(i) **Litigation with Huaxin and Zhongxinfang** - continued

(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\$21,207,000), 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 September 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, no impairment loss has been made on the other non-current assets as at September 30, 2023 (December 31, 2022: nil).

17. CONTINGENCIES - continued

(i) **Litigation with Huaxin and Zhongxinfang** - continued

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

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 September 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 September 30, 2023, US\$1,622,000 expected credit loss (for the nine months ended September 30, 2022: nil) for other receivables is recognised during the three months ended September 30, 2023, and the accumulated allowance for credit losses is RMB22,827,000 (equivalent to US\$3,266,000) as of September 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\$66,778,000), 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\$66,778,000 was included in restricted bank balances as at September 30, 2023.

17. CONTINGENCIES - continued

(ii) Litigation with an independent supplier of Huatailong – continued

As at September 30, 2023 and up to the date these condensed consolidated financial statements are authorised for issue, the court was in session for three times since August 14, 2023 and the verdict is not delivered. The outcome of this legal proceeding is 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.
