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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations Three months ended March 31, 2024 (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 months ended March 31, 2024. (Stated in U.S. dollars, except as otherwise noted)

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The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of May 15, 2024. It should be read in conjunction with the condensed 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 months ended March 31, 2024 and the three months ended March 31, 2023, 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 27, 2024 on SEDAR+ at www.sedarplus.ca, 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 sedarplus.ca as well as Hong Kong Exchange News at hkexnews.hk.

Performance Highlights

Three months ended March 31, 2024

- Revenue decreased by 76% to US\$60.5 million from US\$252.8 million for the same period in 2023.
- Mine operating loss of US\$11.5 million, decreased by US\$114.2 million from mine operating earnings of US\$102.7 million for the same period in 2023.
- Net loss of US\$26.0 million decreased by US\$104.7 million from net income of US\$78.7 million for the same period in 2023.
- Cash flow from operation of US\$7.2 million, decreased from US\$127.7 million for the same period in 2023.
- Total gold production decreased by 61% to 20,714 ounces from 52,827 ounces for the same period in 2023.
- Total copper production was 4.6 million pounds (approximately 2,093 tonnes) as limited production at the Jiama mine resumed on December 15, 2023. Copper production was 44.1 million pounds (approximately 20,025 tonnes) for the same period in 2023.

The decrease in production and profit was mainly attributed to the suspension of operations of the Jiama Mine following the overflow at the Guolanggou tailings pond on March 27, 2023. Operations began to gradually recommence as of December 15, 2023.

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 suspended its operations while the Company conducted a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities.

The overflow occurred at the top 19th subsequent dyke of the Guolanggou Tailings Dam. However, other levels of subsequent dykes and the starter dyke were also damaged to varying degrees. The Company has conducted a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam and has made permanent repairs and reinforcements of the dam. Due to the uncertainty of the date of full resumption of production at Jiama Mine, the Company withdrew its annual production guidance for 2023 as set out in the announcement of the Company dated January 20, 2023. On December 15, 2023, certain operations began gradual resumption following the receipt of approval from the Lhasa Municipal Government. The resumption of operations includes the underground void management and the restart of the Phase I processing plant of the Jiama Mine with a daily processing capacity of 6,000 tonnes. The tailings produced from processing operations were backfilled to the underground voids through the backfilling system. The Company has carried out a plan for the full resumption of operations, and the restart of the Phase I processing plant is the first step in the overall plan. The repair and reinforcement work at the Guolanggou Tailings Dam has been fully completed, and the safety assessment report has been completed, awaiting acceptance and approval by the government. The review process of the subsequent tailings discharge plan is occurring simultaneously. The Company will continue to proceed towards the resumption of full production to its design capacity at the Jiama Mine.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the CSH pit's increased 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 Mine reduced the mining rate at the end of the third quarter and in the fourth quarter of 2023 in order to enhance the management and maintenance of open pit slopes. As of January 4, 2024, the works on slope maintenance have been completed and the mining activities, including mining, hauling, crushing and heaping, have returned to their normal operating level. The resumption of full mining activities at the CSH Mine has laid a solid foundation for enhancing the Company's financial and production performance in 2024.

The Jiama Mine has gradually resumed production starting from the Phase I processing plant on December 15, 2023, with a daily processing capacity of 6,000 tonnes of ore. As the resumption of the Phase II processing plant is subject to the results of the government's review of the tailings discharge scheme, the timing of resumption is uncertain. Against this backdrop, the Company reports separate production guidance for the two mines in 2024.

CSH Mine:

- It is expected that the gold production range will be 106,097 ounces to 112,528 ounces (approximately 3.3 tonnes to 3.5 tonnes) in 2024.

Jiama Mine:

- The Company expects to receive government's approval for the resumption of operations in May 2024. Upon receipt of the approval, Jiama Mine will resume production at the Phase II plant's designed processing capacity of approximately 34,000 tonnes per day (tpd). Given that the actual timing of the production resumption depends on the final date of government's approval, the annual production guidance is subject to uncertainty.
- It is expected that the copper production range will be 95.0 million pounds to 98.0 million pounds (approximately 43,200 tonnes to 44,500 tonnes) in 2024;
- It is expected that the gold production range will be 42,439 ounces to 45,333 ounces (approximately 1.32 tonnes to 1.41 tonnes) in 2024.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

	Quarter ended							
	2024	2023			2022			
<i>(US\$ in thousands except per share)</i>	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun
Revenue	60,543	71,315	62,325	73,016	252,778	253,904	255,030	291,994
Cost of sales	72,039	73,219	76,616	79,166	150,068	157,271	179,322	174,304
Mine operating (loss) earnings	(11,496)	(1,904)	(14,291)	(6,150)	102,710	96,633	75,708	117,690
General and administrative expenses	9,096	10,071	11,399	7,896	9,584	18,390	16,215	8,296
Exploration and evaluation expenses	92	393	271	45	35	102	81	256
Research and development expenses	787	867	1,756	1,442	4,642	6,659	7,357	5,470
(Loss) Income from operations	(21,471)	(13,235)	(27,717)	(15,533)	88,449	71,482	52,055	103,668
Foreign exchange (loss) gain	(157)	(579)	1,092	(11,679)	3,310	6,007	(16,085)	(11,542)
Finance costs	5,663	5,651	5,737	6,880	6,706	7,103	7,504	7,943
(Loss) profit before income tax	(26,410)	(20,476)	(32,440)	(52,907)	87,152	70,603	30,607	90,098
Income tax (credit) expense	(362)	(2,965)	(1,662)	432	8,493	22,083	7,251	8,374
Net (Loss) profit	(26,048)	(17,511)	(30,778)	(53,339)	78,659	48,520	23,356	81,724
Basic (loss) earnings per share (cents)	(6.63)	(4.51)	(7.99)	(13.55)	19.62	11.90	5.84	20.48
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 March 31,	
	2024	2023
Gold sales (US\$ million)	36.17	66.41
Realized average price (US\$) of gold per ounce	2,123	1,892
Gold produced (ounces)	17,276	35,291
Gold sold (ounces)	17,035	35,100
Total production cost (US\$ per ounce)	1,653	1,339
Cash production cost ⁽¹⁾ (US\$ per ounce)	996	712

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

The CSH Mine reduced the mining rate at the end of the third and fourth quarters of 2023 in order to enhance the management and maintenance of open pit slopes, which was the primary cause of lower gold production in the first quarter of 2024 compared to the respective 2023 period. Gold production at the CSH Mine decreased by 51% to 17,276 ounces for the three months ended March 31, 2024 compared to 35,291 ounces for the same period in 2023. The total production cost of gold for the three months ended March 31, 2024 increased by 23% to US\$1,653 per ounce compared to US\$1,339 for the same period in 2023. The cash production cost of gold for the three months ended March 31, 2024 increased by 40% to US\$996 per ounce from US\$712 for the same period in 2023.

Jiama Mine	Three months ended March 31,	
	2024	2023
Copper sales (US\$ in millions)	15.59	136.58
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	3.40	3.32
Copper produced (tonnes)	2,093	20,025
Copper produced (pounds)	4,614,747	44,146,826
Copper sold (tonnes)	2,080	18,662
Copper sold (pounds)	4,586,216	41,143,092
Gold produced (ounces)	3,438	17,536
Gold sold (ounces)	3,415	17,308
Silver produced (ounces)	135,503	720,142
Silver sold (ounces)	134,874	688,585
Moly produced (tonnes)	-	186
Moly produced (pounds)	-	410,787
Moly sold (tonnes)	-	178
Moly sold (pounds)	-	392,938
Total production cost ² (US\$) of copper per pound	11.54	2.83
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	9.70	1.67
Cash production cost ³ (US\$) of copper per pound	9.01	2.12
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	7.17	0.96

¹ A discount factor of 16.97% to 22.33% 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, silver, lead, zinc and moly during the corresponding period.

Due to the overflow of the tailings dam on March 27, 2023, production at the Jiama Mine was suspended during most of 2023. On December 15, 2023, certain operations began gradual resumption following the receipt of approval from the Lhasa Municipal Government. The resumption of operations includes the underground void management and the restart of the Phase I processing plant with a daily processing capacity of 6,000 tonnes.

During the three months ended March 31, 2024, The Jiama Mine produced 2,093 tonnes (approximately 4.6 million pounds) of

copper, a decrease of 90% compared with the three months ended March 31, 2023 (20,025 tonnes, or 44.1 million pounds). Total production cost of copper per pound after by-products and cash production cost of copper per pound after by-products increased as compared to the same period in 2023 due to lower production.

Review of Quarterly Data

Three months ended March 31, 2024 compared to three months ended March 31, 2023

Revenue of US\$60.5 million for the first quarter of 2024, decreased by US\$192.3 million from US\$252.8 million for the same period in 2023.

Revenue from the CSH Mine was US\$36.2 million, a decrease of US\$30.2 million from US\$66.4 million for the same period in 2023. The CSH Mine, which utilizes the heap leaching method, reduced the mining rate towards the end of the third quarter and continued through the fourth quarter of 2023 to enhance the management and maintenance of the open pit slopes. This reduction impacted the gold output for the current period. As of January 3, 2024, the CSH Mine has returned to full production operations. Realized average gold price increased by 12% from US\$1,892/oz in Q1 2023 to US\$2,123/oz in Q1 2024. Gold sold by the CSH Mine was 17,035 ounces (gold produced: 17,276 ounces), compared to 35,100 ounces (gold produced: 35,291 ounces) for the same period in 2023.

Revenue from the Jiama Mine was 24.4 million, a decrease of US\$162.0 million, compared to US\$186.4 million for the same period in 2023. The Jiama Mine had gradually resumed production starting from the Phase I processing plant on December 15, 2023, with a daily processing capacity of 6,000 tonnes of ore. Realized average price of copper increased by 2% from US\$3.32/pound in Q1 2023 to US\$3.40/pound in Q1 2024. Total copper sold was 2,080 tonnes (4.6 million pounds) for the three months ended March 31, 2024, a decrease of 89% from 18,662 tonnes (41.1 million pounds) for the same period in 2023.

Cost of sales of US\$72.0 million for the quarter ended March 31, 2024, a decrease of US\$78.1 million from US\$150.1 million for the same period in 2023, mainly due to the temporary suspension of the Phase II processing plant at the Jiama Mine and reduction of the mining rate at the CSH mine in the last two quarters of 2023.

Mine operating loss of US\$11.5 million for the three months ended March 31, 2024, a decrease of US\$114.2 million from mine operating earnings of US\$102.7 million for the same period in 2023, mainly due to the temporary suspension of the Phase II processing plant at the Jiama Mine and reduction of the mining rate at the CSH mine in the last two quarters of 2023.

General and administrative expenses slightly decreased by US\$0.5 million, from US\$9.6 million for the quarter ended March 31, 2023 to US\$9.1 million for the quarter ended March 31, 2024. The decrease was due to the Company's continuous implementation of an overall cost reduction program.

Other expense of US\$0.3 million was recognized in Q1 2024. 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 Hiatailong Mining Development Co. Ltd. Refer to Note 17 Contingencies of the condensed consolidated financial statements for the period of March 31, 2024 for details.

Research and development expenses of US\$0.8 million for the three months ended March 31, 2024, decreased from US\$4.6 million for the comparative 2023 period. The decrease in the first quarter of 2024 was due to the completion of several research projects in 2023.

Loss from operations of US\$21.5 million for the first quarter of 2024, decreased by US\$109.9 million, compared to an income of US\$88.4 million for the same period in 2023.

Finance costs of US\$5.7 million for the three months ended March 31, 2024, decreased by US\$1.0 million compared to US\$6.7 million for the same period in 2023. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange loss of US\$0.2 million for the three months ended March 31, 2024, decreased from a gain of US\$3.3 million for the same period in 2023. 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\$1.2 million for the three months ended March 31, 2024, decreased from US\$2.1 million for the same period in 2023, primarily due to lower interest income earned during the current quarter compared to the corresponding period last year.

Income tax credit of US\$0.4 million for the quarter ended March 31, 2024, increased by US\$8.9 million from an expense of US\$8.5 million for the comparative period in 2023. During the current quarter, the Company had US\$1.9 million of deferred tax credit compared to US\$2.6 million for the same period in 2023.

Net loss of US\$26.0 million for the three months ended March 31, 2024, decreased by US\$104.7 million from an income of US\$78.7 million for the three months ended March 31, 2023.

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 March 31,			
	2024		2023	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales ¹	28,157,089	1,653	46,991,600	1,339
Adjustment – Depreciation & depletion	(11,060,653)	(649)	(21,605,641)	(616)
Adjustment – Amortization of intangible assets	(142,809)	(8)	(371,240)	(11)
Total cash production cost	16,953,627	996	25,014,719	712
Total Gold sold ounces		17,035		35,100
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).

Jiama Mine (Copper with by-products credits)

	Three months ended March 31,			
	2024		2023	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	43,881,428	9.57	103,076,012	2.51
General and administrative expenses	8,277,610	1.80	8,682,170	0.21
Research and development expenses	786,941	0.17	4,641,849	0.11
Total production cost	52,945,979	11.54	116,400,031	2.83
Adjustment – Depreciation & depletion	(10,561,652)	(2.30)	(20,128,368)	(0.49)
Adjustment – Amortization of intangible assets	(1,032,562)	(0.23)	(9,070,489)	(0.22)
Total cash production costs	41,351,765	9.01	87,201,174	2.12
By-products credits	(8,435,946)	(1.84)	(47,546,797)	(1.16)
Total cash production costs after by-products credits	32,915,819	7.17	39,654,377	0.96
Total Copper sold pounds		4,586,216		41,143,092
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 tpd 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..

The Company continues to evaluate the potential for underground operations.

Production Update

CSH Mine	Three months ended March 31,	
	2024	2023
Ore mined and placed on pad (tonnes)	2,205,267	4,814,384
Average ore grade (g/t)	0.59	0.61
Recoverable gold (ounces)	25,170	56,379
Ending gold in process (ounces)	151,923	193,883
Waste rock mined (tonnes)	2,798,656	3,295,035

For the three months ended March 31, 2024, the total amount of ore placed on the leach pad was 2.2 million tonnes, with total contained gold of 25,170 ounces (783 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 56.12% at the end of March 31, 2024 from 56.26% at the end of December 31, 2023. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 53.74% at March 31, 2024, respectively.

Exploration

In 2023, a diamond drilling exploration program in the mining permit area was completed with the total meterage of 1,290.78 and 3 holes. The preparation of the mineral reserve update report is ongoing in 2024. 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 in 2024.

An exploration program focused on the deep section in the exploration permit area with the drilling meterage of 3,580 meters of 3 holes is planned for 2024. As of March 31, 2024, all preparations and quotations for the exploration program have been completed. The exploration program is ready to be started in May 2024.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2023 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	16,131	0.63	10.08	0.32
	Indicated	17,239	0.68	11.76	0.38
	M+I	33,370	0.65583	21.89	0.70
	Inferred	4,301	0.41	1.74	0.06
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, 2023 under NI 43-101 are summarized below:

Type	T (x 1,000)	Diluted Au g/t	Metal	
			Au t	Au Moz
Proven	16,131	0.63	10.08	0.32
Probable	17,239	0.68	11.76	0.38
Total	33,370	0.65	21.84	0.70

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 polymetallic 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 March 31,	
	2024	2023
Ore processed (tonnes)	330,512	4,236,835
Average copper ore grade (%)	0.90	0.56
Copper recovery rate (%)	71	85
Average gold grade (g/t)	0.49	0.20
Gold recovery rate (%)	66	63
Average silver grade (g/t)	21.85	9.42
Silver recovery rate (%)	58	56
Average Moly grade (%)	-	0.029
Moly recovery rate (%)	-	15.03

The Jiama Mine has gradually resumed production starting from the Phase I processing plant on December 15, 2023, with a daily processing capacity of 6,000 tonnes of ore. As the resumption of the Phase II processing plant is subject to the results of the government's review of the tailings discharge scheme, the timing of resumption is uncertain.

Exploration

In 2024, Tibet Huatailong Mining Development Co., Ltd. has planned two geological exploration projects, namely detailed exploration of copper and lead project surrounding 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, the temporary road construction for the geological prospecting program was started on March 20, 2024 and will be completed by the end of May 2024. The drilling program is planned to start in June 2024.

Mineral Resources Estimate

Jiama Mine resources by category as of December 31, 2023 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, 2023

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	91.66	0.38	0.04	0.04	0.02	0.07	5.04	348.91	33.62	33.5	16.8	0.21	14.84
Indicated	1311.73	0.40	0.03	0.05	0.03	0.10	5.48	5194.71	451.15	613.1	380.0	4.17	231.00
M+I	1403.39	0.40	0.03	0.05	0.03	0.10	5.45	5543.61	484.77	646.6	396.8	4.39	245.85
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1247.0	123.0	311.0	175.0	1.32	66.93

Note: Figures reported are rounded which may result in small tabulation errors.
The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively.
The Copper Equivalent basis for the reporting of resources has been compiled on the following basis:
CuEq Grade:
$$= (\text{Ag Grade} * \text{Ag Price} + \text{Au Grade} * \text{Au Price} + \text{Cu Grade} * \text{Cu Price} + \text{Pb Grade} * \text{Pb Price} + \text{Zn Grade} * \text{Zn Price} + \text{Mo Grade} * \text{Mo Price}) / \text{Copper Price}$$

The Mineral Resources include the Mineral Reserves
Original 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 as of December 31, 2023 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2023

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	17.54	0.60	0.05	0.02	0.02	0.19	7.66	104.93	8.83	4.0	2.7	0.11	4.32
Probable	338.43	0.60	0.03	0.13	0.07	0.16	10.38	2018.63	116.37	427.7	236.2	1.73	112.98
P+P	355.98	0.60	0.04	0.12	0.07	0.16	10.25	2123.57	125.21	431.7	238.9	1.83	117.30

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
- Original 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 March 31, 2024, the Company had an accumulated surplus of US\$353.0 million, working capital of US\$179.1 million and borrowings of US\$805.4 million. The Company's cash balance at March 31, 2024 was US\$102.7 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\$146.2 million of short term debt facilities with interest rates ranging from 1.85% to 6.27% per annum arranged through various banks. 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 March 31, 2024 the Company has drawn down RMB3.79 billion, approximately US\$534.2 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 Mozhugonka County Sub-branch of Agricultural Bank of China bearing interest at the 1.95% on June 26, 2023. The Company repaid its 2.8% unsecured bonds which matured on June 23, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$14.1 million, with China Construction Bank bearing interest at the 1.85% on November 9, 2023. The Company obtained a loan in the aggregate principal amount of RMB380 million, approximately US\$53.7 million, with CNG Finance bearing interest at the 2.45% on November 30, 2023. The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$42.3 million with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 1.85% on January 19, 2024.

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 condensed consolidated cash flow statements for the three months ended March 31, 2024 and March 31, 2023.

	Three months ended March 31,	
	2024	2023
	US\$'000	US\$'000
Net cash from operating activities	7,201	127,712
Net cash used in investing activities	(41,360)	(7,126)
Net cash from (used) in financing activities	39,726	(456)
Net increase in cash and cash equivalents	5,567	120,130
Effect of foreign exchange rate changes on cash and cash equivalents	(134)	4,458
Cash and cash equivalents, beginning of period	97,237	428,453
Cash and cash equivalents, end of period	102,670	553,041

Operating cash flow

For the three months ended March 31, 2024, net cash inflow from operating activities was US\$7.2 million which is primarily attributable (i) depreciation of property, plant and equipment of US\$24.4 million (ii) Increase in accounts payables and accrued liabilities of US\$16.6 million and (ii) finance cost of US\$5.7 million, partially offset by (i) decrease in inventory of US\$10.0 million (ii) interest paid of US\$5.1 million and (iii) income taxes paid of US\$1.5 million.

Investing cash flow

For the three months ended March 31, 2024, the net cash outflow from investing activities was US\$41.4 million which is primarily attributable to (i) payment for acquisition of land use rights of US\$18.9 million, and (ii) payment for acquisition of property, plant and equipment of US\$16.9 million and offset by interest received of US\$0.5 million.

Financing cash flow

For the three months ended March 31, 2024, the net cash inflow mainly from financing activities was US\$39.7 million which is primarily attributable to proceeds from borrowings of US\$40.0 million partially offset by dividend paid to a minority shareholder of US\$0.3 million.

Expenditures Incurred

For the three months ended March 31, 2024, the Company incurred mining costs of US\$10.5 million, mineral processing costs of US\$12.6 million and transportation costs of US\$0.7 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at March 31, 2024, the Company's total debt was US\$805.4 million and the total equity was US\$1,712.9 million. The Company's gearing ratio was therefore 0.47 as at March 31, 2024 compared to 0.44 as at December 31, 2023.

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

Other than as disclosed elsewhere in this MD&A or in the condensed consolidated financial statements for the three months ended March 31, 2024, 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 three months ended March 31, 2024. 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 condensed consolidated financial statements, none of the Company's assets were pledged as at March 31, 2024.

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, 2023.

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, 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	777,166	146,230	527,532	103,404
Entrusted loan payable	28,189	-	28,189	-

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, 2023 and March 31, 2024.

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\$36.2 million for the three months ended March 31, 2024 which decreased from US\$66.4 million for the three months ended March 31, 2023.

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 three months ended March 31, 2024, revenue from sales of copper concentrate and other products to CNG was US\$24.0 million compared to US\$173.6 million for the same period in 2023.

For the three months ended March 31, 2024, construction services of US\$6.2 million were provided to the Company by subsidiaries of CNG (US\$0.6 million for the three months ended March 31, 2023).

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 three months ended March 31, 2024.

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 three months ended March 31, 2024. 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, 2023.

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, 2023.

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 March 31, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2024, 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.

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 March 31, 2024 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 March 31, 2024 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 March 31, 2024, 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 December 31, 2023 and have concluded that these controls and procedures were effective as of March 31, 2024 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 three months ended March 31, 2024, 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.sedarplus.ca 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.

May 15, 2024

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three months ended March 31, 2024

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024

	<u>NOTES</u>	Three months ended March 31,	
		<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Revenue	3	60,543	252,778
Cost of sales		<u>(72,039)</u>	<u>(150,068)</u>
Mine operating (loss) earnings		<u>(11,496)</u>	<u>102,710</u>
Expenses			
General and administrative expenses	4	(9,096)	(9,584)
Exploration and evaluation expenditure		(92)	(35)
Research and development expenses		<u>(787)</u>	<u>(4,642)</u>
		<u>(9,975)</u>	<u>(14,261)</u>
(Loss) income from operations		<u>(21,471)</u>	<u>88,449</u>
Other (expenses) income			
Foreign exchange (loss) gain, net		(157)	3,310
Interest and other income		1,228	2,099
Other expenses	17	(347)	-
Finance costs	5	<u>(5,663)</u>	<u>(6,706)</u>
		<u>(4,939)</u>	<u>(1,297)</u>
(Loss) profit before income tax		(26,410)	87,152
Income tax credit (expenses)	6	<u>362</u>	<u>(8,493)</u>
(Loss) profit for the period		<u>(26,048)</u>	<u>78,659</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 equity instruments at fair value through other comprehensive income ("FVTOCI")		12,626	(2,891)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<u>(1,106)</u>	<u>10,716</u>
Other comprehensive income for the period		<u>11,520</u>	<u>7,825</u>
Total comprehensive (expenses) income for the period		<u><u>(14,528)</u></u>	<u><u>86,484</u></u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

		Three months ended March 31,	
	<u>NOTE</u>	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Profit (loss) for the period attributable to Non-controlling interests Owners of the Company		251 (26,299) <u>(26,048)</u>	880 77,779 <u>78,659</u>
Total comprehensive income (expenses) for the period attributable to Non-controlling interests Owners of the Company		251 (14,779) <u>(14,528)</u>	878 85,606 <u>86,484</u>
(Loss) earnings per share - Basic (US cents)	8	<u>(6.63)</u>	<u>19.62</u>
Weighted average number of common shares - Basic	8	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2024

	<u>NOTES</u>	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		102,670	97,237
Restricted balance		67,576	67,693
Trade and other receivables	9	16,344	17,076
Tax recoverable		2,336	2,286
Prepaid expenses and deposits		494	339
Inventories	10	301,462	291,553
		<u>490,882</u>	<u>476,184</u>
Non-current assets			
Prepaid expenses and deposits		16,276	768
Right-of-use assets	11	47,559	39,791
Equity instruments at FVTOCI	16	59,778	47,153
Property, plant and equipment	11	1,459,050	1,481,901
Mining rights	11	771,785	773,117
Other non-current assets		15,775	15,802
		<u>2,370,223</u>	<u>2,358,532</u>
Total assets		<u><u>2,861,105</u></u>	<u><u>2,834,716</u></u>
Current liabilities			
Accounts and other payables and accrued expenses	12	160,928	158,250
Contract liabilities		944	71
Borrowings	13	146,230	143,523
Lease liabilities		3,138	3,041
Tax liabilities		545	540
		<u>311,785</u>	<u>305,425</u>
Net current assets		<u>179,097</u>	<u>170,759</u>
Total assets less current liabilities		<u>2,549,320</u>	<u>2,529,291</u>
Non-current liabilities			
Borrowings	13	630,936	594,711
Entrusted loan payable		28,189	28,238
Lease liabilities		919	937
Deferred tax liabilities		99,807	101,721
Deferred income		19	19
Environmental rehabilitation		76,513	75,924
		<u>836,383</u>	<u>801,550</u>
Total liabilities		<u><u>1,148,168</u></u>	<u><u>1,106,975</u></u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		109,976	97,422
Retained profits		353,042	380,375
		<u>1,692,079</u>	<u>1,706,858</u>
Non-controlling interests		20,858	20,883
		<u>1,712,937</u>	<u>1,727,741</u>
Total owners' equity		<u>1,712,937</u>	<u>1,727,741</u>
Total liabilities and owners' equity		<u>2,861,105</u>	<u>2,834,716</u>

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on May 15, 2024 and are signed on its behalf by:

(Signed by) Junhu Tong

Junhu Tong
Director

(Signed by) Yingbin Ian He

Yingbin Ian He
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

	Attributable to owners of the Company							Subtotal US\$'000	Non - controlling interests US\$'000	Total owners' equity US\$'000
	Number of shares	Share capital US\$'000	Equity reserve US\$'000	Investment revaluation reserve US\$'000	Exchange reserve US\$'000	Statutory reserve US\$'000	Retained profits US\$'000			
At January 1, 2023	396,413,753	1,229,061	11,179	16,499	(47,108)	103,122	571,226	1,883,979	19,451	1,903,430
Profit for the period	-	-	-	-	-	-	77,779	77,779	880	78,659
Fair value loss on equity instruments at FVTOCI	-	-	-	(2,891)	-	-	-	(2,891)	-	(2,891)
Exchange difference arising on translation	-	-	-	-	10,718	-	-	10,718	(2)	10,716
Total comprehensive (expenses) income for the period	-	-	-	(2,891)	10,718	-	77,779	85,606	878	86,484
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,072	(1,072)	-	-	-
Dividends distribution (note 7)	-	-	-	-	-	-	(146,673)	(146,673)	-	(146,673)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(428)	(428)
At March 31, 2023 (unaudited)	396,413,753	1,229,061	11,179	13,608	(36,390)	104,194	501,260	1,822,912	19,901	1,842,813
At January 1, 2024	396,413,753	1,229,061	11,179	26,318	(61,875)	121,800	380,375	1,706,858	20,883	1,727,741
(Loss) profit for the period	-	-	-	-	-	-	(26,299)	(26,299)	251	(26,048)
Fair value gain on equity instruments at FVTOCI	-	-	-	12,626	-	-	-	12,626	-	12,626
Exchange difference arising on translation	-	-	-	-	(1,106)	-	-	(1,106)	-	(1,106)
Total comprehensive income (expenses) for the period	-	-	-	12,626	(1,106)	-	(26,299)	(14,779)	251	(14,528)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,034	(1,034)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(276)	(276)
At March 31, 2024 (unaudited)	396,413,753	1,229,061	11,179	38,944	(62,981)	122,834	353,042	1,692,079	20,858	1,712,937

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Three months ended March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Net cash from operating activities	<u>7,201</u>	<u>127,712</u>
Investing activities		
Interest income received	449	1,620
Payment for acquisition of property, plant and equipment	(16,855)	(9,851)
Deposits paid for water treatment project	(6,096)	-
Payment for land use right	(18,858)	-
Release of restricted balances	-	1,105
Net cash used in investing activities	<u>(41,360)</u>	<u>(7,126)</u>
Financing activities		
Proceeds from borrowings	40,031	-
Dividend paid to a non-controlling shareholder of a subsidiary	(276)	(428)
Repayments of lease liabilities	(29)	(28)
Net cash from (used in) financing activities	<u>39,726</u>	<u>(456)</u>
Net increase in cash and cash equivalents	<u>5,567</u>	<u>120,130</u>
Cash and cash equivalents, beginning of period	97,237	428,453
Effect of foreign exchange rate changes on cash and cash equivalents	(134)	4,458
Cash and cash equivalents, end of period	<u><u>102,670</u></u>	<u><u>553,041</u></u>
Cash and cash equivalents are comprised of cash and bank deposits	<u>102,670</u>	<u>553,041</u>

1. 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 International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"), which should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

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 Phase II processing plant of Jiama Copper-Gold Polymetallic Mine ("Jiama Mine")

Subsequent to the tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group's Jiama Mine on March 27, 2023 (the "Overflow") and the resumption of Phase I processing plant of the Jiama Mine on December 15, 2023, as at March 31, 2024 and up to the date these condensed consolidated financial statements are authorised for issue, the resumption of Phase II processing plant of the Jiama Mine is subject to the government regulators' decision on when to grant permission to resume production, the Group is continuing to proceed towards the resumption of full production on its design capacity at the Jiama Mine.

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

1.2 *Significant event during the current period - continued*

Going concern assessment

The Group recorded a net loss of US\$26 million for the three months ended March 31, 2024, notwithstanding that the net operating cash inflows amounted to US\$7 million for the three months ended March 31, 2024 and as at March 31, 2024, the Group's current assets exceeded current liabilities by approximately US\$179 million. The suspension of Jiama Mine's operation in response to the Overflow and the litigations with a series of frozen assets as detailed in note 17 have negative impacts on the financial performance and operating cash flows of the Group.

Taking into account the Group's cash flow projection with impact of Jiama Mine's suspension, the expected resumption of operations and effects of litigations as detailed in note 17, the Group's existing borrowings and entrusted loan payable, its future capital expenditure and the sensitivity analysis of possible installment payments arising from the mining right of Jiama 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. ACCOUNTING POLICIES AND APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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 three months ended March 31, 2024 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2023.

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement

The application of the 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.

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 March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
<u>At a point in time</u>		
Gold doré bars	36,166	66,415
Copper	15,585	136,585
Other by-products	8,792	49,778
Total revenue	<u>60,543</u>	<u>252,778</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 of 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 three months ended March 31, 2024

	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	36,166	24,377	60,543	-	60,543
Cost of sales	<u>(28,158)</u>	<u>(43,881)</u>	<u>(72,039)</u>	-	<u>(72,039)</u>
Mining operating earnings (loss)	<u>8,008</u>	<u>(19,504)</u>	<u>(11,496)</u>	-	<u>(11,496)</u>
Income (loss) from operations	7,917	(28,568)	(20,651)	(820)	(21,471)
Foreign exchange loss	(120)	(32)	(152)	(5)	(157)
Interest and other income	885	367	1,252	(24)	1,228
Other expenses	-	(347)	(347)	-	(347)
Finance costs	<u>(101)</u>	<u>(4,310)</u>	<u>(4,411)</u>	<u>(1,252)</u>	<u>(5,663)</u>
Profit (loss) before income tax	<u>8,581</u>	<u>(32,890)</u>	<u>(24,309)</u>	<u>(2,101)</u>	<u>(26,410)</u>

For the three months ended March 31, 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	66,415	186,363	252,778	-	252,778
Cost of sales	<u>(46,992)</u>	<u>(103,076)</u>	<u>(150,068)</u>	-	<u>(150,068)</u>
Mining operating earnings	<u>19,423</u>	<u>83,287</u>	<u>102,710</u>	-	<u>102,710</u>
Income (loss) from operations	19,388	69,963	89,351	(902)	88,449
Foreign exchange gain (loss), net	954	2,495	3,449	(139)	3,310
Interest and other income	503	1,589	2,092	7	2,099
Finance costs	<u>(339)</u>	<u>(3,956)</u>	<u>(4,295)</u>	<u>(2,411)</u>	<u>(6,706)</u>
Profit (loss) before income tax	<u>20,506</u>	<u>70,091</u>	<u>90,597</u>	<u>(3,445)</u>	<u>87,152</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit (loss) before income tax without allocation of certain general and administrative expenses, foreign exchange gain (loss), other expenses, 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 three months ended March 31, 2024 and 2023.

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 the 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 March 31, 2024 (unaudited)					
Total assets	561,871	2,231,079	2,792,950	68,155	2,861,105
Total liabilities	39,315	1,028,194	1,067,509	80,659	1,148,168
As of December 31, 2023 (audited)					
Total assets	551,635	2,226,003	2,777,638	57,078	2,834,716
Total liabilities	34,891	991,898	1,026,789	80,186	1,106,975

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

- all assets are allocated to operating segments other than certain cash and cash equivalents, other receivables, prepaid expenses and deposits, right-of-use assets, property, plant and equipment and equity instruments at FVTOCI; 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 March 31,	
	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)
Administration and office	1,247	1,367
Depreciation of property, plant and equipment	1,900	1,929
Depreciation of right-of-use assets	25	25
Professional fees	1,461	350
Salaries and benefits	3,554	3,459
Others	909	2,454
Total general and administrative expenses	9,096	9,584

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

5. FINANCE COSTS

	Three months ended March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Interests on borrowings	5,123	5,742
Interests on lease liabilities	17	24
Accretion on environmental rehabilitation	705	972
	<u>5,845</u>	<u>6,738</u>
Less: Amounts capitalised to property, plant and equipment	<u>(182)</u>	<u>(32)</u>
Total finance costs	<u><u>5,663</u></u>	<u><u>6,706</u></u>

6. INCOME TAX (CREDIT) EXPENSES

	Three months ended March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	1,577	10,407
Overprovision in prior year - PRC EIT	(24)	-
PRC withholding income tax on profit earned from PRC subsidiaries	-	693
	<u>1,553</u>	<u>11,100</u>
Deferred tax:		
PRC Enterprise Income Tax ("EIT")	(1,915)	(1,914)
PRC withholding income tax on profit earned from PRC subsidiaries	-	(693)
	<u>(1,915)</u>	<u>(2,607)</u>
Total income tax (credit) expenses	<u><u>(362)</u></u>	<u><u>8,493</u></u>

7. DIVIDEND

During the three months ended March 31, 2023, a special dividend in respect of the year ended December 31, 2022 of US\$0.37 per share amounting to US\$146,673,000 was declared to the shareholders of the Company.

During the three months ended March 31, 2024, no dividend was declared 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 March 31,	
	<u>2024</u> (unaudited)	<u>2023</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>(26,299)</u>	<u>77,779</u>
Weighted average number of common shares, basic	<u>396,413,753</u>	<u>396,413,753</u>
Basic (loss) earnings per share (US cents)	<u>(6.63)</u>	<u>19.62</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2024 and 2023 and during the periods ended March 31, 2024 and 2023. Therefore, no diluted earnings per share is presented.

9. TRADE AND OTHER RECEIVABLES

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Trade receivables	1,617	1,466
Less: allowance for credit losses	<u>(104)</u>	<u>(105)</u>
	1,513	1,361
Amounts due from related companies (note 15(a)) ⁽¹⁾	599	654
Other receivables ⁽²⁾	<u>14,232</u>	<u>15,061</u>
Total trade and other receivables	<u>16,344</u>	<u>17,076</u>

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

(2) Included in the balance as at March 31, 2024 are US\$7,748,000 value-added tax (“VAT”) recoverable (December 31, 2023: US\$8,837,000) and Tax and Other Surcharge (as defined in note 17) of US\$3,217,000 (December 31, 2023: US\$3,223,000), net of allowance for credit losses, to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. (“Zhongxinfang”), an independent third party property developer. Details of the 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.

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Less than 30 days	78	60
31 to 90 days	124	17
91 to 180 days	63	49
Over 180 days	<u>1,248</u>	<u>1,235</u>
Total trade receivables	<u><u>1,513</u></u>	<u><u>1,361</u></u>

10. INVENTORIES

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Gold in process	230,310	221,656
Gold doré bars	25,888	24,842
Consumables	15,920	15,356
Copper concentrates	230	606
Spare parts	<u>29,114</u>	<u>29,093</u>
Total inventories	<u><u>301,462</u></u>	<u><u>291,553</u></u>

Inventories totalling US\$44 million for the three months ended March 31, 2024 (three months ended March 31, 2023: US\$150 million) was recognised in cost of sales.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

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

During the three months ended March 31, 2024, the Group incurred US\$1.4 million on construction in progress (for the three months ended March 31, 2023: US\$1.5 million) and US\$1 million on mineral assets (for the three months ended March 31, 2023: US\$1.5 million), respectively.

Depreciation of property, plant and equipment was US\$24.4 million for the three months ended March 31, 2024 (for the three months ended March 31, 2023: US\$44.5 million). The depreciation amount was partly recognized in cost of sales and general and administrative expenses and partly capitalized in inventory.

No addition of mining rights was incurred during the three months ended March 31, 2024 and 2023. Amortisation of mining rights was US\$1.2 million for the three months ended March 31, 2024 (for the three months ended March 31, 2023: US\$9.5 million). The amortisation amounts were recognised in cost of sales.

During the three months ended March 31, 2024, the Group paid farmland use tax in relation to leasehold lands and recognised right-of-use assets of US\$8.9 million (three months ended March 31, 2023: nil) and lease liabilities of nil (three months ended March 31, 2023: nil)

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, 2024 US\$'000 (unaudited)	December 31, 2023 US\$'000 (audited)
Accounts payable	22,403	18,866
Bills payable	5,093	-
Construction cost payables	87,052	100,769
Mining cost accrual	6,751	-
Payroll and benefit payables	304	257
Other accruals	2,042	1,606
Other tax payable	2,094	1,543
Payable for litigation compensation (note 17)	23,136	22,828
Other payables	8,484	8,806
Payable for acquisition of a mining right	3,569	3,575
Total accounts and other payables and accrued expenses	<u>160,928</u>	<u>158,250</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

13. BORROWINGS

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Bank loans	695,418	656,344
Loans payable to a CNG's subsidiary (note 15)	81,748	81,890
	<u>777,166</u>	<u>738,234</u>

The borrowings are repayable as follows:

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Carrying amount repayable within one year	146,230	143,523
Carrying amount repayable within one to two years	69,203	66,500
Carrying amount repayable within two to five years	458,329	424,627
Carrying amount repayable over five years	103,404	103,584
	<u>777,166</u>	<u>738,234</u>
Less: Amounts due within one year (shown under current liabilities)	<u>(146,230)</u>	<u>(143,523)</u>
Amounts shown under non-current liabilities	<u>630,936</u>	<u>594,711</u>

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

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
Mining rights	<u>769,414</u>	<u>770,542</u>

Borrowings carry interest at effective interest rates ranging from 1.85% to 6.27% (December 31, 2023: 1.85% to 6.32%) per annum.

13. BORROWINGS - continued

In respect of a bank loan with a carrying amount of US\$124,545,000 as at March 31, 2024 (December 31, 2023: US\$124,762,000), the Group has breached the term of the syndicated loan that the carrying amount of frozen assets of Huatailong (as details in note 17(i)) has exceeded RMB200,000,000. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at March 31, 2024 and December 31, 2023, the lender has agreed to waive its right to demand immediate payment for the next twelve month from the end of the reporting period, therefore the syndicated loan has been classified as non-current liabilities as at March 31, 2024 and December 31, 2023 based on the instalments repayment schedule set out in the loan agreement. Except for this, the Group has complied with all other covenants throughout the reporting period.

14. SHARE CAPITAL

Common shares

(i) Authorized - 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, 2023 (audited),		
December 31, 2023(audited) and		
March 31, 2024(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, 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 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 months ended March 31, 2024 and 2023, and related party balances as at March 31, 2024 and December 31, 2023.

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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

	March 31, <u>2024</u> %	December 31, <u>2023</u> %
	(unaudited)	(audited)
CNG	<u>40.01</u>	<u>40.01</u>

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended March 31, <u>2024</u> US\$'000	<u>2023</u> US\$'000
	(unaudited)	(unaudited)
Gold doré bars sales by the Group	<u>36,166</u>	<u>66,415</u>
Copper and other by-product sales by the Group	<u>24,021</u>	<u>173,633</u>
Other income	<u>712</u>	<u>-</u>
Provision of transportation services by the Group	<u>34</u>	<u>685</u>
Construction, stripping and mining services provided to the Group	<u>6,166</u>	<u>5,734</u>
Accrued property management fee	<u>114</u>	<u>118</u>
Commitment fee	<u>157</u>	<u>167</u>
Interest income	<u>233</u>	<u>1,486</u>
Interest expense on loans payable to a CNG's subsidiary and entrusted loan payable	<u>623</u>	<u>-</u>
Interest expense on lease liabilities	<u>16</u>	<u>21</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:

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
<u>Assets</u>		
Amounts due from related companies (Note 9)	599	654
Cash and cash equivalents held in a CNG's subsidiary	-	78,264
Restricted balance held in a CNG's subsidiary	<u>67,576</u>	<u>67,693</u>
Total amounts due from CNG and its subsidiaries	<u><u>68,175</u></u>	<u><u>146,611</u></u>

Other than the cash and cash equivalents and restricted balance held in a CNG's subsidiary, the remaining amounts due from CNG and its subsidiaries as at March 31 2024 and December 31, 2023, which are included in trade and other receivables are non-interest bearing, unsecured and repayable on demand.

	March 31, <u>2024</u> US\$'000 (unaudited)	December 31, <u>2023</u> US\$'000 (audited)
<u>Liabilities</u>		
Entrusted loan payable	28,189	28,238
Loans payable to a CNG's subsidiary	81,748	81,890
Construction costs payable to CNG's subsidiaries	1,652	6,893
Trade payable to CNG's subsidiaries	4,239	4,742
Amounts due to CNG	2,833	2,574
Contract liabilities with a CNG's subsidiary	941	68
Leased liabilities to a CNG's subsidiary	<u>1,347</u>	<u>1,334</u>
Total amounts due to CNG and its subsidiaries	<u><u>120,949</u></u>	<u><u>125,739</u></u>

With the exception of the entrusted loan payable to CNG, loans payable to a CNG's subsidiary, lease liabilities to a CNG's subsidiary and contract 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 March 31,	
	<u>2024</u> US\$'000 (unaudited)	<u>2023</u> US\$'000 (unaudited)
Salaries and other benefits	82	108
Post-employment benefits	<u>7</u>	<u>7</u>
	<u>89</u>	<u>115</u>

16. FINANCIAL INSTRUMENTS

As at March 31, 2024 and December 31, 2023, 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\$58,955,000 (December 31, 2023: US\$46,328,000) is measured based on the unadjusted quoted price available on the Stock Exchange (Level 1 fair value measurement). The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals registered in Hong Kong, PRC.

In addition, investment in two unlisted companies incorporated in the PRC of US\$823,000 (December 31, 2023: US\$825,000) 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

Except as described below, there has been no significant update of the contingencies as detailed in the Group's annual financial statements for the year ended December 31, 2023.

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

(a) *Litigations with Huaxin Construction Group Co., Ltd. ("Huaxin") and Zhongxinfang for the construction costs*

Pursuant to the final instance adjudication dated June 5, 2023 (the "June 2023 Huaxin Final Instance Adjudication") on construction contract dispute entered by the High People's Court of Lhasa City, Tibet ("Tibet High Court"), the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong") recognised additional interest charge on the unsettled litigation compensation to Huaxin of US\$347,000 during the three months ended March 31, 2024 (three months ended March 31, 2023: nil). Accordingly, Huatailong recognised RMB164 million (equivalent to US\$23,136,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at March 31, 2024 (December 31, 2023: RMB159 million (equivalent to US\$22,828,000)).

As at March 31, 2024 and up to the date these condensed consolidated financial statements are authorised for issue, the payable to Huaxin amounting to US\$23,136,000 is not settled by Huatailong and Huatailong is actively seeking other measures to protest against the June 2023 Huaxin Final Instance Adjudication and is not yet come up with a result.

(b) *Litigations with Zhongxinfang for the delivery of a block of the buildings and twenty car parks (the "New Premises") and recovery of all related tax exposures including but not limited to land appreciation tax, EIT and other surcharge (the "Tax and Other Surcharge") related to the land exchange whereby the Group agreed to transfer the land use right for the development of a composite project and Zhongxinfang agreed to compensate the Group by the New Premises*

As at March 31, 2024 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 still not delivered to Huatailong. Based on legal advice, the enforcement of the adjudication that Zhongxinfang should pay penalty of RMB9 million to Huatailong that was applied by Huatailong in March 2023 is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

Based on Group's assessment on the status of the New Premises and taking into account the valuation of the New Premises, no impairment loss (for the three months ended March 31, 2023: nil) has been made during the three months ended March 31, 2024 and the carrying amount of the other non-current assets are RMB111,924,000 (equivalent to US\$15,775,000) as at March 31, 2024 (December 31, 2023: RMB111,924,000 (equivalent to US\$15,802,000)).

17. CONTINGENCIES - continued

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

- (b) *Litigations with Zhongxinfang for the delivery of the New Premises and recovery of the Tax and Other Surcharge related to the land exchange whereby the Group agreed to transfer the land use right for the development of a composite project and Zhongxinfang agreed to compensate the Group by the New Premises* - continued

Based on the best available information to the Group and the credit risk assessment of Zhongxinfang as of March 31, 2024, no additional expected credit loss (for the three months ended March 31, 2023: nil) for the Tax and Other Surcharge from Zhongxinfang are recognised during the three months ended March 31, 2024, and the accumulated allowance for credit losses is RMB22,827,000 (equivalent to US\$3,217,000) as of March 31, 2024 (December 31, 2023: RMB22,827,000 (equivalent to US\$3,223,000)).

(ii) **Litigation with an independent supplier of Huatailong**

During the period from February 28 to March 2, 2024, the Tibet High Court has held a trial on the dispute between Huatailong and an independent supplier of Huatailong for the loss of work stoppage and slowdown resulting from the suspension of Jiama Mine's south pit and on April 10, 2024, the Tibet High Court rescinded the first instance adjudication dated November 27, 2023 by the Intermediate People's Court of Lhasa City, Tibet ("Tibet Intermediate Court") and remand the case to the Tibet Intermediate Court for retrial.

Up to the date these condensed consolidated financial statements are authorised for issue, the retrial is not yet been held, the Group concludes that it is not probable that an outflow of economic benefits will be required by taking into account the legal advice. Accordingly, no provision is made in the condensed consolidated financial statements in regard to this litigation as of March 31, 2024 (December 31, 2023: nil).
