



**China Gold International  
Resources Corp. Ltd.**

中国黄金国际资源有限公司

# China Gold International Sustainable Profitability and Growth

TSX: CGG | HKSE: 2099

February 5, 2014



# FORWARD LOOKING STATEMENTS



China Gold International  
Resources Corp. Ltd.

中国黄金国际资源有限公司

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# Agenda



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- ❖ Company Overview
- ❖ Financial Highlights
- ❖ CSH Gold Mine Overview and Expansion Update
- ❖ Jiama Polymetallic Mine Overview and Expansion Update
- ❖ Growth Plan (Organic Growth and M&A)
- ❖ Social Responsibility
- ❖ Industry Trends

# ABOUT CHINA GOLD INTERNATIONAL



China Gold International  
Resources Corp. Ltd.

中国黄金国际资源有限公司



## ❖ Consistent Profitability:

6<sup>th</sup> year of growing revenues and profit

## ❖ Rapid Growth:

7<sup>th</sup> year of growing production

## ❖ Effective Cost Management:

29% reduction in cash cost per oz. gold in 2013

## ❖ Unique Corporate Model:

International company supported by largest Chinese gold producer

# ABOUT CHINA GOLD INTERNATIONAL



China Gold International  
Resources Corp. Ltd.

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- ❖ Dual listed, profitable and growing gold and copper producer
- ❖ Operating two producing mines in China:
  - **CSH Gold Mine** - Inner Mongolia Region
  - **Jiama Copper-Polymetallic Mine** (Cu-Mo-Au-Ag-Pb-Zn) - Tibet Region
- ❖ The ONLY overseas listing vehicle of China National Gold (CNG) which is the largest gold producer in China
- ❖ 2 part Growth Strategy:
  - expanding Jima Mine, completed expansion of CSH Mine ramp-up in progress
  - strategic acquisitions



# ABOUT CHINA NATIONAL GOLD GROUP (CNG)



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## China National Gold Group (CNG) owns 39% of CGG

- ❖ **Largest gold producer in China**
  - Produced 1.1million ounce gold in 2012
  - USD 16.5Bn revenues in 2012
  - USD 800 Million profit in 2012
- ❖ **#4 largest copper producer in China**
- ❖ **The only central SOE in Chinese Gold Industry**
- ❖ **Expertise:**
  - Exploration / mining / processing
  - Research with patents
  - Jewelry design and sales
  - Engineering, procurement and construction (EPC)
- ❖ **Listed in**
  - Shanghai Stock Exchange: ZhongJin Gold (600489)
  - TSX and HK Stock Exchanges: China Gold International(CGJ) / 2099
- ❖ **Employment: 46,000 people**
- ❖ **Resources:**
  - Gold: #1 in China (56 Million oz.)
  - Copper: #5 in China (24 Bn.lbs)
  - Molybdenum: #3 in China
- ❖ **49 producing mines, 5 smelters, design and research institutions**



# OUR UNIQUE CORPORATE MODEL



China Gold International  
Resources Corp. Ltd.

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## In China

- Viewed as a local Chinese miner
- Full support of China National Gold Group – our 39% shareholder
- Local and state government support
- Access to the preferential rights for acquisition targets
- Local management, technical and operating expertise
- Financing capabilities – ability to raise low-interest, sizable loans from local banks
- Improved materials procurement



Think Global  
Act Local

## Internationally

- Full TSX and HK listing allows access to global capital markets
- Solidifying local and international corporate and government relationships
- Optimal acquisition vehicle for international targets
- Global management, technical and operating expertise

# EXPERIENCED BOARD AND MANAGEMENT TEAM



China Gold International Resources Corp. Ltd.

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## Top management of both China National Gold and China Gold International



**Zhaoxue Sun**  
Chairman and Executive Director

~30 years experience



**Xin Song**  
CEO and Executive Director

~30 years experience



**Bing Liu**  
Non-Executive Director

Over 30 years experience



**Zhanming Wu**  
Senior Executive VP and Executive Director

~13 years experience



**Ian He Ying Bin**  
Independent Non-Executive Director

~28 years experience



**Yunfei Chen**  
Independent Non-Executive Director

~20 years experience



**John King Burns**  
Independent Non-Executive Director

~35 years experience



**Greg Hall**  
Independent Non-Executive Director

~36 years experience



**Xiangdong Jiang**  
Executive Director  
VP of Exploration

~30 years experience



**Jerry Xie**  
Executive VP and  
Corporate Secretary

~28 years experience



**Songlin Zhang**  
VP of Operations and  
Chief Engineer

~28 years experience



**Lisheng Zhang**  
Vice President

~30 years experience



**Derrick Zhang**  
Chief Financial  
Officer

~22 years experience

# HIGHLIGHTS – RESOURCES/RESERVES, PRODUCTION



China Gold International Resources Corp. Ltd.

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## Combined Gold Reserve / Resource

CSH and Jiama Gold	Contained Gold (M oz)
Proven / Probable Reserve	6.8
Measured / Indicated Resource <sup>(1)</sup>	10.4

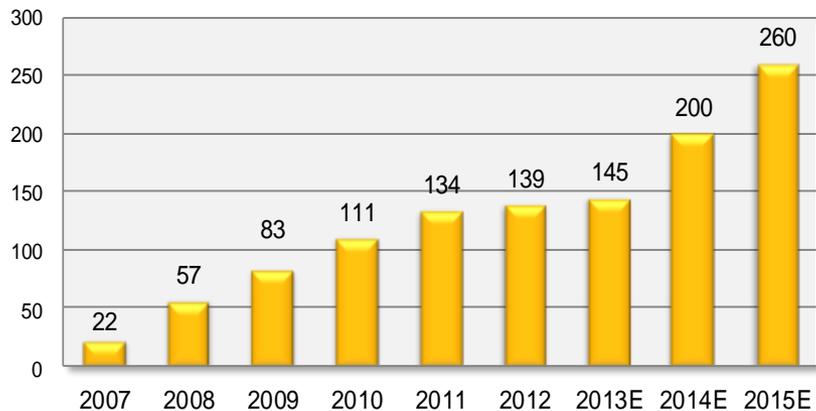
## Copper Reserve / Resource

Jiama's Copper	Contained Copper (Billion lbs)
Proven / Probable Reserve	6.0
Measured / Indicated Resource <sup>(1)</sup>	13.5

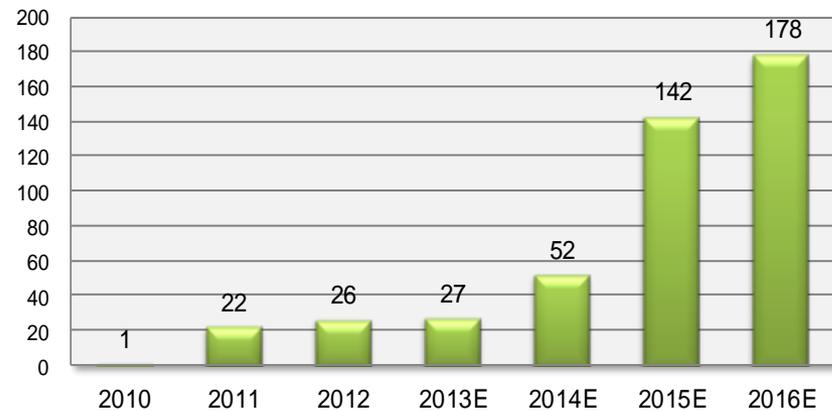
(1) Inclusive of Mineral Reserves

## Steady increase of production

### Annual Gold Production from CSH ('000 oz)



### Annual Copper Production from Jiama (M lbs)



# HIGHLIGHTS – STRONG FINANCIAL RESULTS



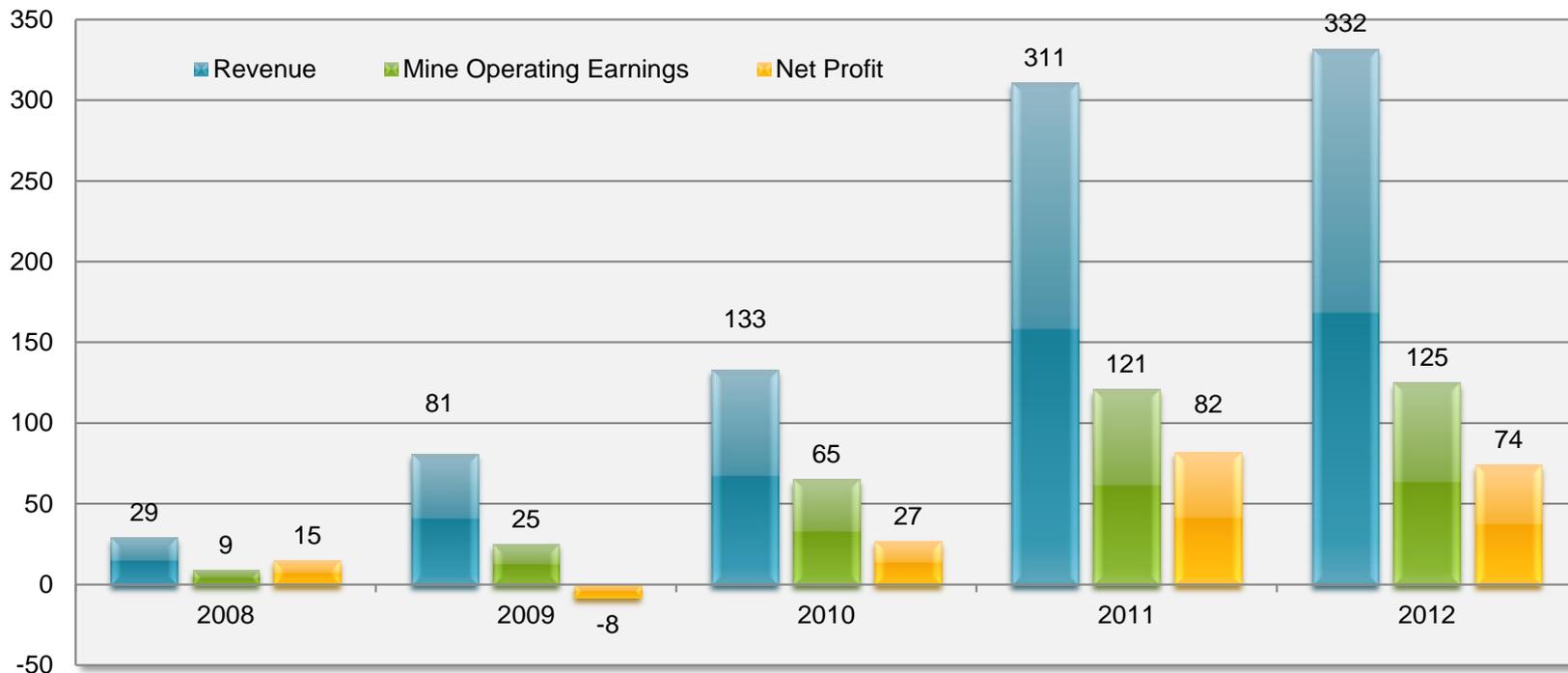
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Business in Vancouver named China Gold International as **the fastest growing enterprise in British Columbia, Canada**, by percentage growth in revenue between 2007 and 2011.

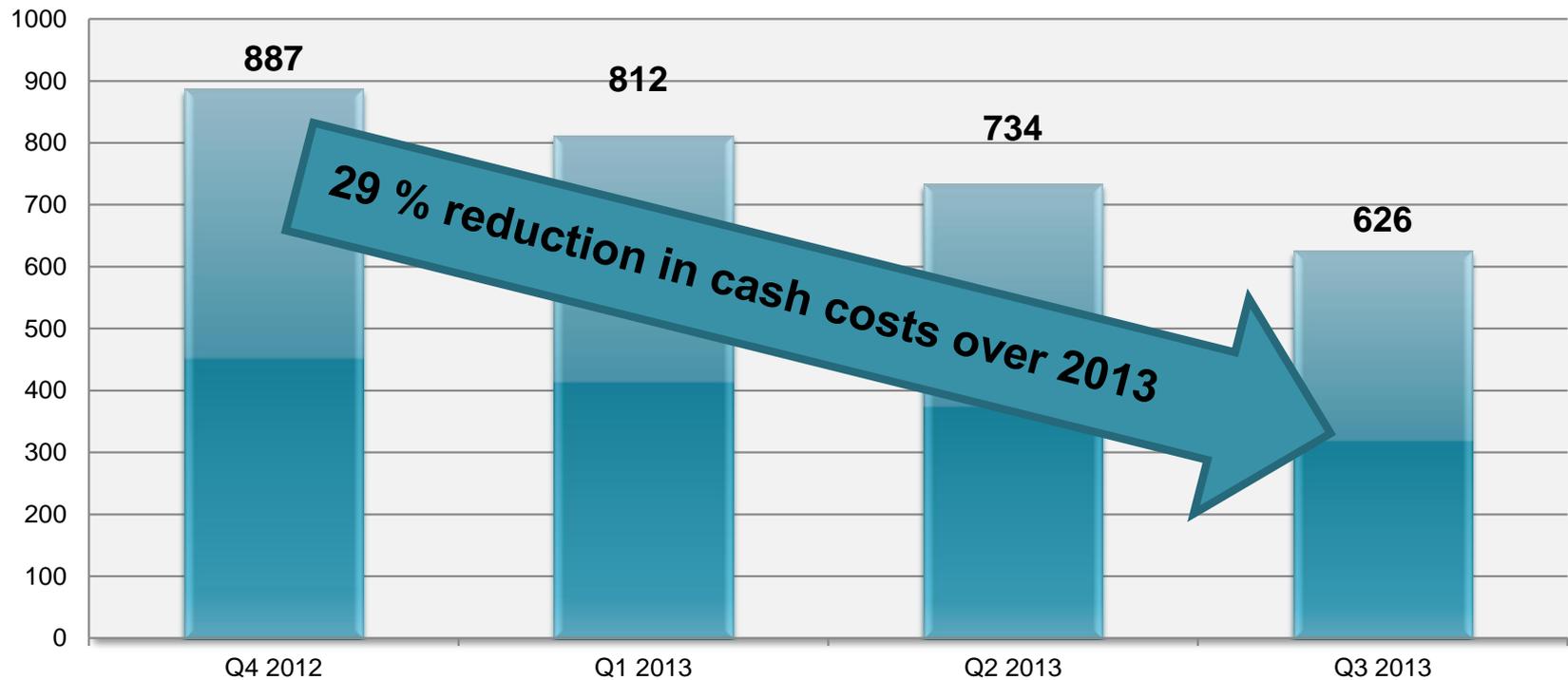
## Revenues, Mine Operating Earnings, Net Profit





## Company-Wide Cost Reduction Strategy Implemented

Cash Costs (\$ per oz. gold)



# HIGHLIGHTS – Q3 2013 AND YEAR END 2012 FINANCIAL RESULTS



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- The Company is in its 6<sup>th</sup> year of production and revenue growth
- Last 2 years have been exceptionally strong

	3 <sup>rd</sup> Quarter ended Sept. 30, 2013	Year ended Dec 31, 2012
Revenues (MM USD)	\$75.7	\$332.4
Gross Profit (MM USD)	\$27.3	\$124.9
Net Profit (MM USD)	\$15.9	\$73.5
Net Operating Cash Flow (MM USD)	\$17.4	\$90.8
Earning per share (US cents)	3.84 cents	18 cents
Cash Costs – CSH	\$626/oz Au	\$825/oz Au
Cash Costs – *Jiama	\$1.68/lb Cu	\$1.49/lb Cu
Gold Produced CSH (oz)	35,536	139,443
Copper produced Jiama (lbs)	8,398,059	25,820,417

\*Cash cost per pound of copper after by-product credits

# CSH GOLD MINE – OVERVIEW

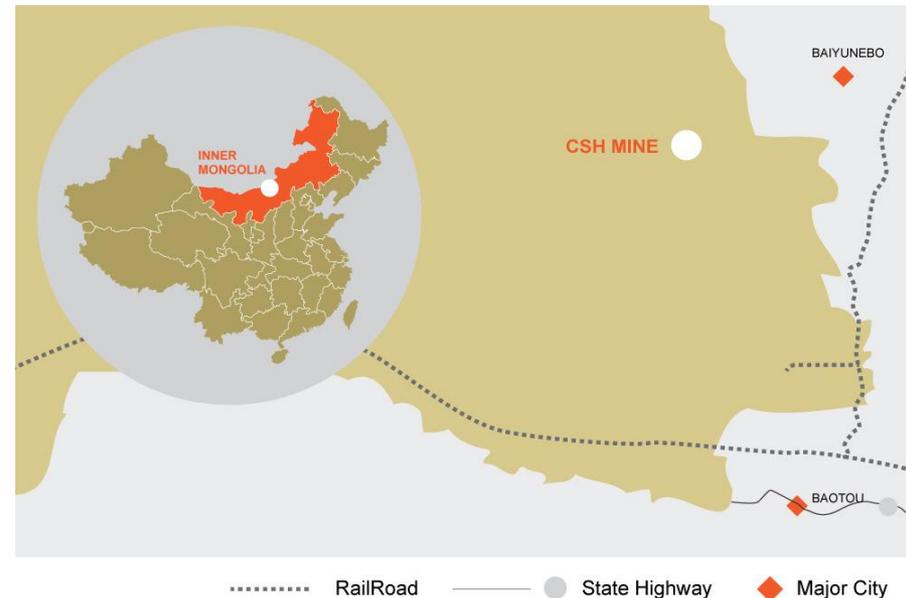


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## One of China's largest gold mines

- ❖ Located in Inner Mongolia of China, approximately 210km northwest of the city of Baotou
- ❖ Principal product: Gold dore bars with silver as a by-product
- ❖ Well-established basic infrastructure:
  - excellent access to roads
  - sufficient power
  - sufficient water and local labor force
- ❖ Open pit, heap leach
- ❖ Expansion construction from 30,000 to 60,000 tpd completed in 2013 on time
- ❖ Production ramp-up is in progress



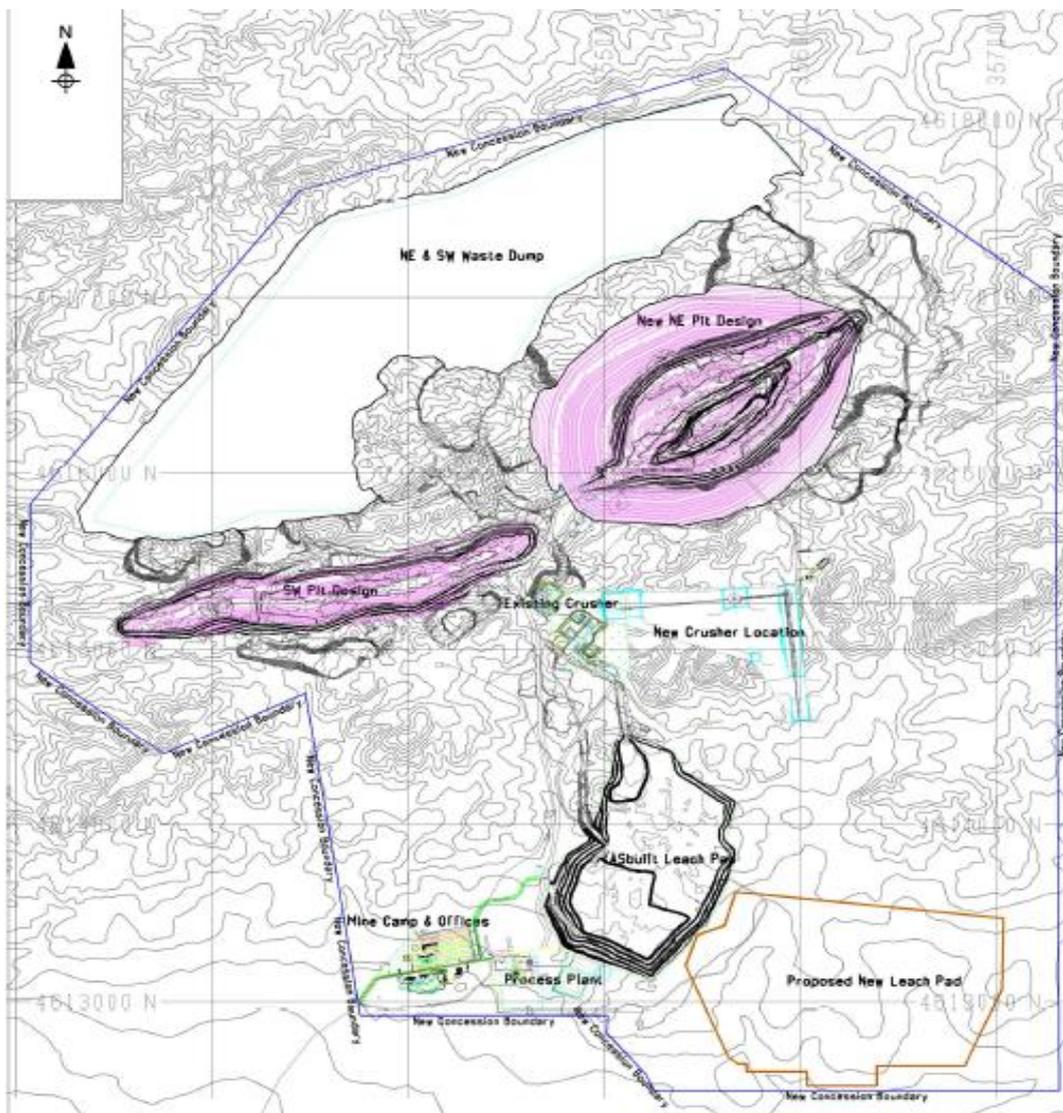
# CSH GOLD MINE – GEOLOGY



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## CSH Site Plan



### CSH Mine Resources

Resources	Tonnage (mt)	Grade (g/t)	Gold Content (koz)
Measured	90.4	0.63	1,831
Indicated	172.2	0.58	3,211
Total M&I	262.6	0.60	5,066
Inferred	132.8	0.49	2,092

### CSH Mine Reserves

Reserves	Tonnage (mt)	Grade (g/t)	Gold Content (koz)
Proved	89.0	0.62	1,767
Probable	124.3	0.58	2,315
<b>Total</b>	<b>213.5</b>	<b>0.59</b>	<b>4,083</b>

# CSH GOLD MINE – EXPANSION COMPLETED



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Expansion feasibility study approved Q4, 2012

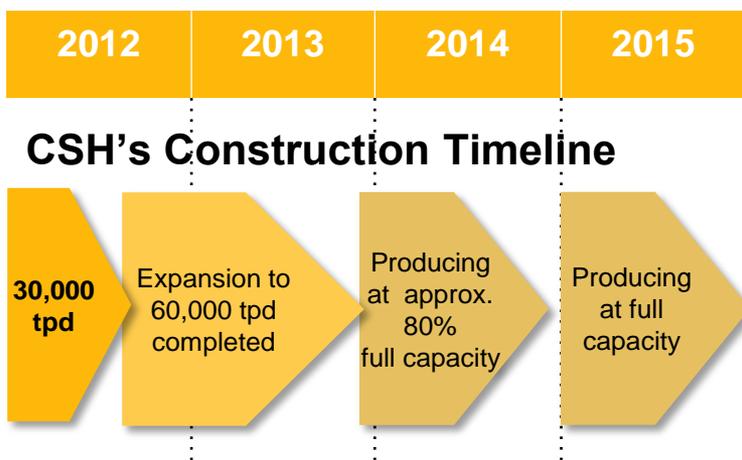
Expansion from 30,000 tpd to 60,000 tpd completed on time in 2013:

- August 1, 2013 New 30,000 tpd crusher and ADR Plant Completed
- New 80 kilometers long 110 KV power line construction completed in November of 2013
- Equipment installation, earth work and heap leaching pad completed

By 2015 annual gold production is expected to increase to ~260,000 oz. from current 139,443 oz.



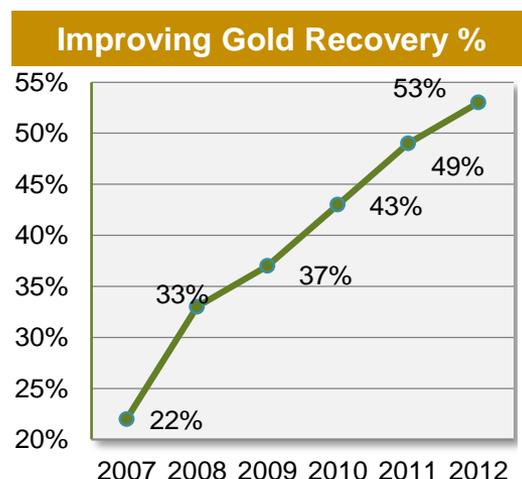
Panorama of the newly completed 30,000 tpd crushing system



## CSH's Construction Timeline



Crushing plant opening ceremony



# CSH'S ROBUST ECONOMICS SUPPORTS EXPANSION



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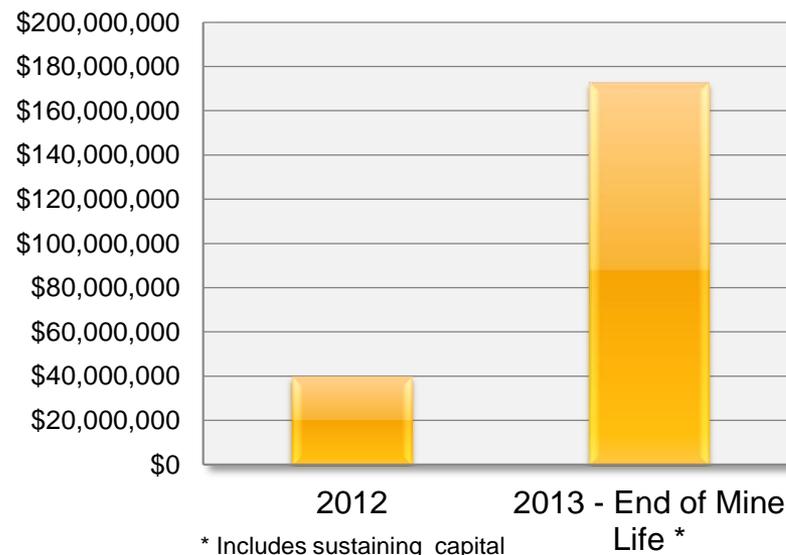
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- ❖ Positive NPV and Strong Cash flows
- ❖ Updated resource model supported expansion to 60 ktpd by the end of 2013

## Expansion Capital Cost Summary

Capital Cost	
Initial Capital to Expand Process Facilities	\$184,306
<b>Total Capital</b>	<b>\$212,923</b>
Total Capital per tonne of ore	\$0.99
Operating Costs per tonne of ore	
Ore Mining	\$1.52
Waste Mining	\$5.19
Processing	\$2.40
Management	\$0.72
<b>Total Operating Cost</b>	<b>\$9.83</b>
<b>Total Cash Operating Cost per oz.</b>	<b>\$713.61</b>

## CSH Capital Cost Timing



Additional value is expected from accelerated production for 11 years vs. 16 previously  
**Shorter mine life = Higher degree of confidence in gold price assumptions, revenues and costs projections**

## NPV of Free Unlevered Cash Flows (base case 9% discount)

Short Term Gold Price	\$1,600 - \$1,440
Long Term Gold Price	\$1,380
<b>After Tax NPV (9%)</b>	<b>\$642 MM</b>
<b>Internal Rate of Return</b>	<b>30.5%*</b>

\* As per the feasibility study of October, 2012

# CSH'S ROBUST ECONOMICS SUPPORTS EXPANSION



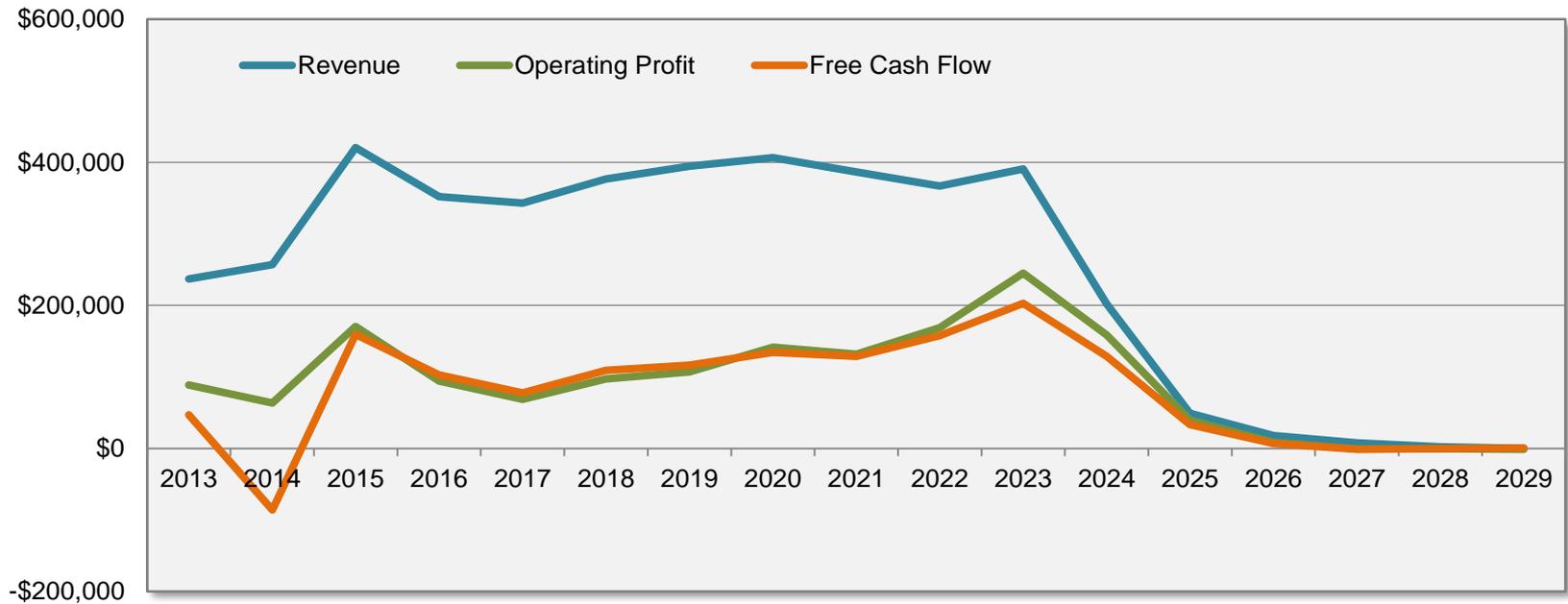
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\$4.2 Bn LOM (Life of Mine) Revenue Expectations

\$1.6 Bn LOM Operating Profit Expectations

\$1.25 Bn Undiscounted Total LOM Cash Flow Expectation



Note: strong positive cash flows (except Year 2) due to Capex  
As of December 31, 2012. Cut-off grade for the gold reserve estimate is 0.28 g/t

# JIAMA POLYMETALLIC MINE – OVERVIEW

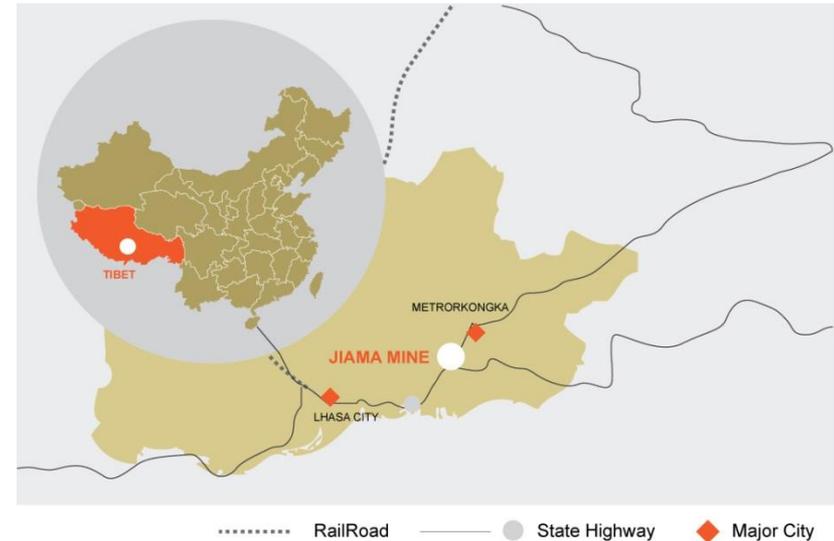


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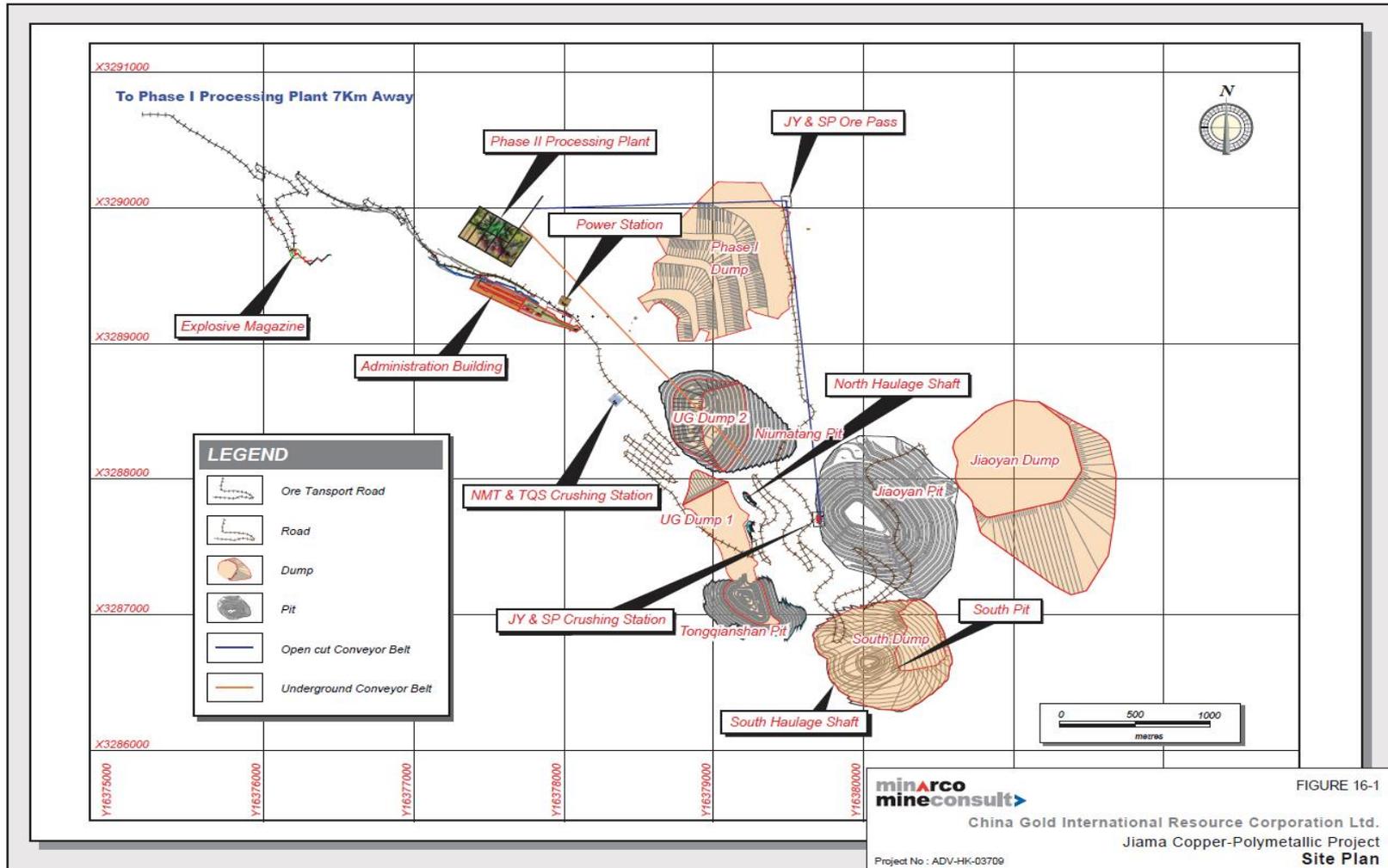
## One of China's largest Cu-Mo-Au-Ag-Pb-Zn mines

- ❖ Located 68 kilometers northeast of Lhasa, Tibet
- ❖ Commercial production began in September 2010
- ❖ **Phase I Operation successfully completed and included:**
  - open-pit and underground mining operation
  - processing plant
  - underground ore transportation system with
  - 1.8 Mtpa ROM processing capacity
- ❖ **Phase II expansion feasibility study completed and construction is in progress**





## Well Designed Infrastructure Supports Phase II Operations



# JIAMA POLYMETALLIC MINE – GEOLOGY



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## Current Reserves and Resources

### Jiama Resources

Category	Grade							Contained Metal					
	Ore (mt)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (kt)	Mo (kt)	Au (M oz)	Ag (M oz)	Pb (kt)	Zn (kt)
Measured	100	0.41	0.035	0.11	6.53	0.04	0.02	415	36	0.35	21.04	43	24
Indicated	1,386	0.41	0.034	0.11	6.11	0.05	0.03	5,772	468	4.99	272.35	751	470
<b>Total M&amp;I</b>	<b>1,486</b>	<b>0.41</b>	<b>0.034</b>	<b>0.11</b>	<b>6.14</b>	<b>0.05</b>	<b>0.03</b>	<b>6,138</b>	<b>503</b>	<b>5.3</b>	<b>293.39</b>	<b>794</b>	<b>495</b>
Inferred	406	0.31	0.030	0.10	5.13	0.08	0.04	1,247	124	1.3	66.9	312	174

### Jiama Reserves

Category	Grade							Contained Metal					
	Ore (Mt)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (kt)	Mo (kt)	Au (Moz)	Ag (Moz)	Pb (kt)	Zn (kt)
Proved	25	0.64	0.04	0.35	11.35	0.05	0.03	160	10	0.2	9.1	12	8
Probable	416	0.61	0.03	0.21	11.52	0.13	0.08	2,548	133	2.5	154.1	551	319
<b>Total</b>	<b>441</b>	<b>0.61</b>	<b>0.03</b>	<b>0.22</b>	<b>11.51</b>	<b>0.13</b>	<b>0.07</b>	<b>2,708</b>	<b>143</b>	<b>2.7</b>	<b>163.2</b>	<b>563</b>	<b>327</b>

Note: The Mineral Reserve as of 20th November 2013.

Reserves reported at 0.3% Cu-eq for open cut and 0.45% for underground mining methods

# JIAMA POLYMETALLIC MINE – EXPANSION



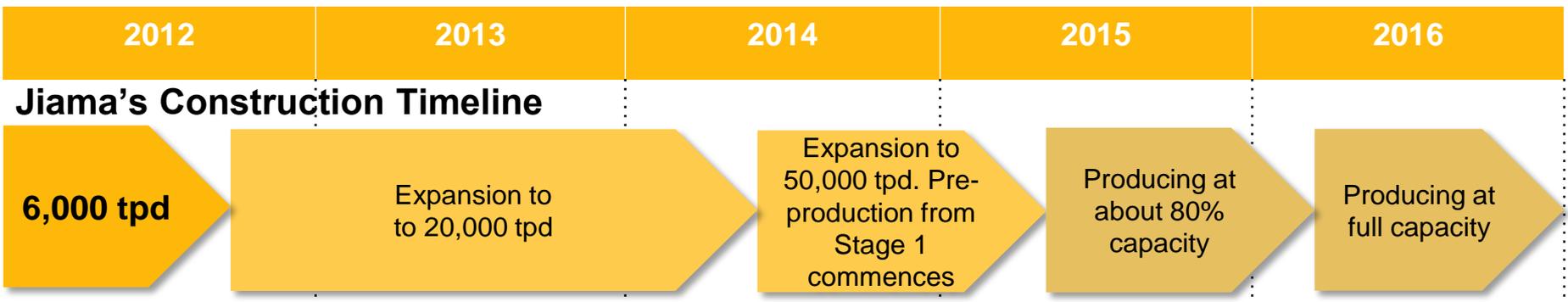
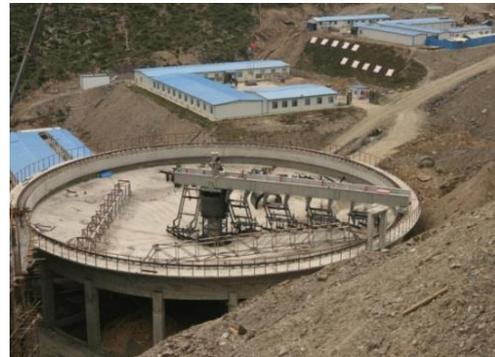
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## Expanding Operations

### ❖ Phase II Expansion

- Feasibility released January 2014
- 8 times growth processing capacity from 6,000 tpd of ore to 50,000 tpd
- By 2015 capacity expected to reach 20,000 tpd (stage 1 of expansion) and then 50,000 tpd (stage 2 of expansion) by the first half of 2015
- Increased annual production: 176,000,000 lbs Cu by 2016
- 4 open pits + 2 underground mining areas





## Expansion to 20,000 tpd (stage 1) will be finished in 1<sup>st</sup> half of 2014

- ❖ Completed 2/3 of development:
  - ventilation shafts
  - ore haulage levels
  - ore hoisting shaft
  - conveyor declines
  - initial mining area preparation
- ❖ Started pre-stripping
- ❖ Crushing System nearly completed
- ❖ Nearly completed construction of the flotation plant and started mill equipment installation
- ❖ Ore storage construction almost completed
- ❖ Construction of tailing management facility, including tailing dam, watering diverting channels and tunnels is more than half completed
- ❖ Expected to start pre-production from the Phase II expansion in 2014



❖ future crushing plant



❖ major equipment installed



❖ construction of ore storage nearly completed



❖ new thickening ponds

# JIAMA POLYMETALLIC MINE – EXPANSION



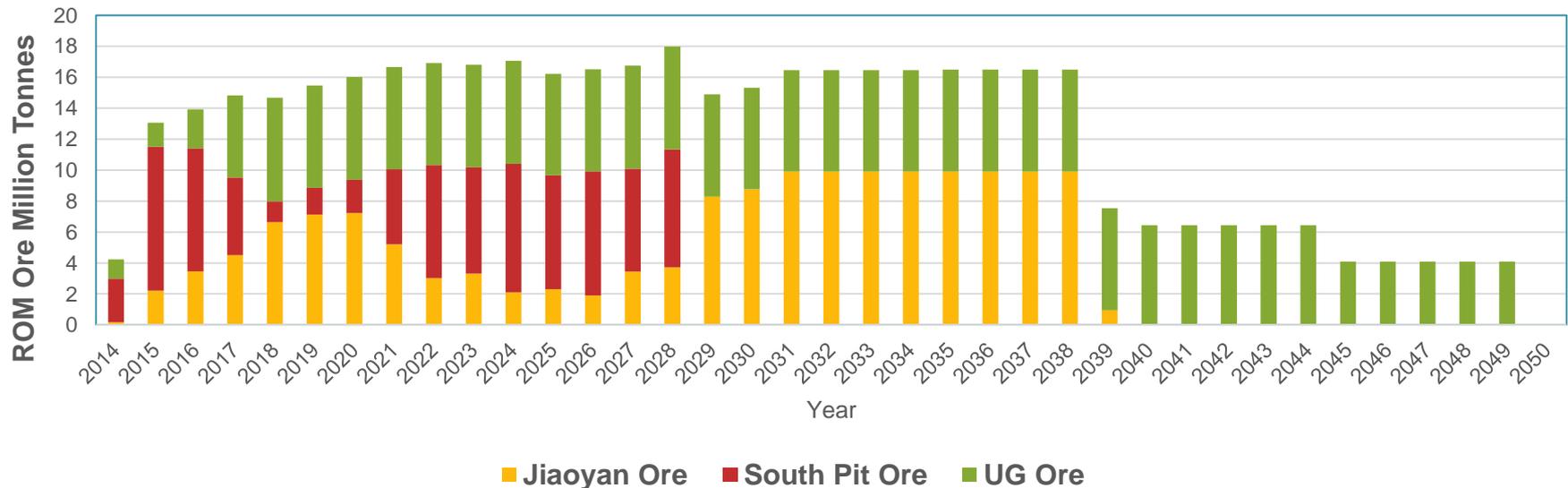
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## Mining and Production Highlights of Phase II

- ❖ **Open cut mining annual production: 9.9 Mt of ROM**
  - ❖ **Underground mining annual production: 6.6 Mt of ROM**
  - ❖ **Overall project processing capacity: 16.5 Mt per annum for Cu-Mo ores**
  - ❖ **2 additional flotation circuits to achieve 50,000 tpd ore processing capacity**
  - ❖ **Expected life of mine: 35 years**
- ❖ **Expected annual production:**
    - 67 thousand tonnes of copper
    - 2.4 thousand tonnes of molybdenum
    - 2.8 million ounces of silver
    - 42 thousand ounces of gold
    - 10.4 thousand tonnes of lead
    - 4.0 thousand tonnes of zinc

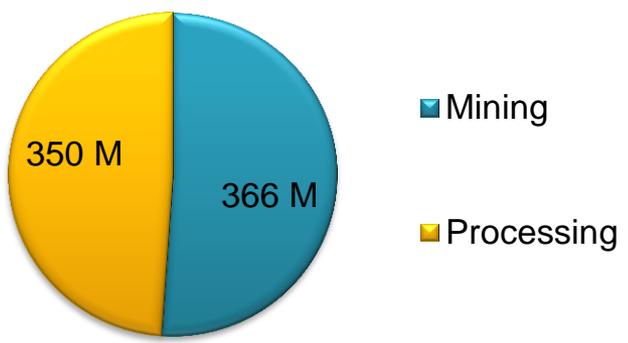
Mining Schedule for Phase II Open Pits and Underground





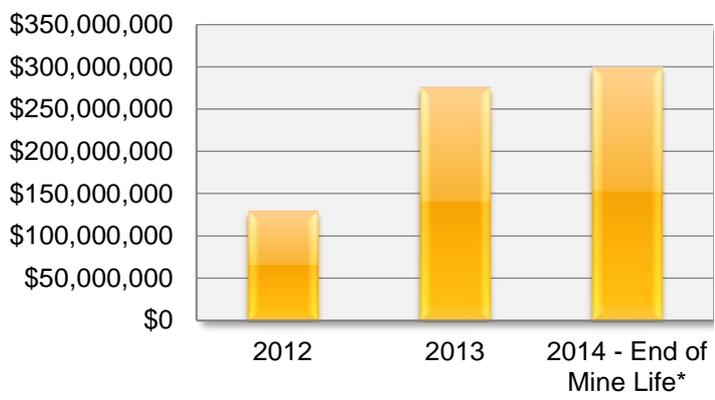
## Robust Economics Support Phase II Development

### Life of Mine Capital Costs Distribution

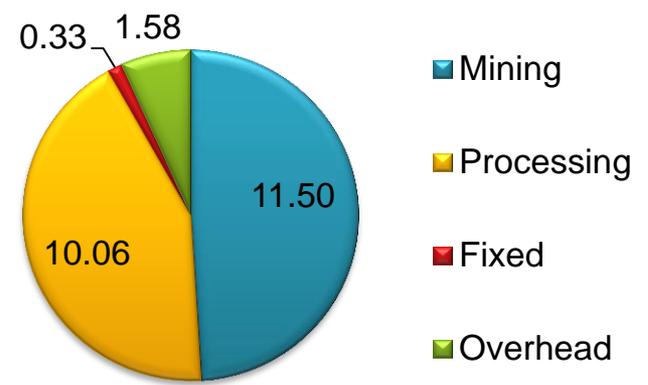


**Total Capital Costs = \$716 Million**

### Life of Mine Capital Costs Timing



### Operating Costs



**Total Operating Costs = \$23.48 tonne**

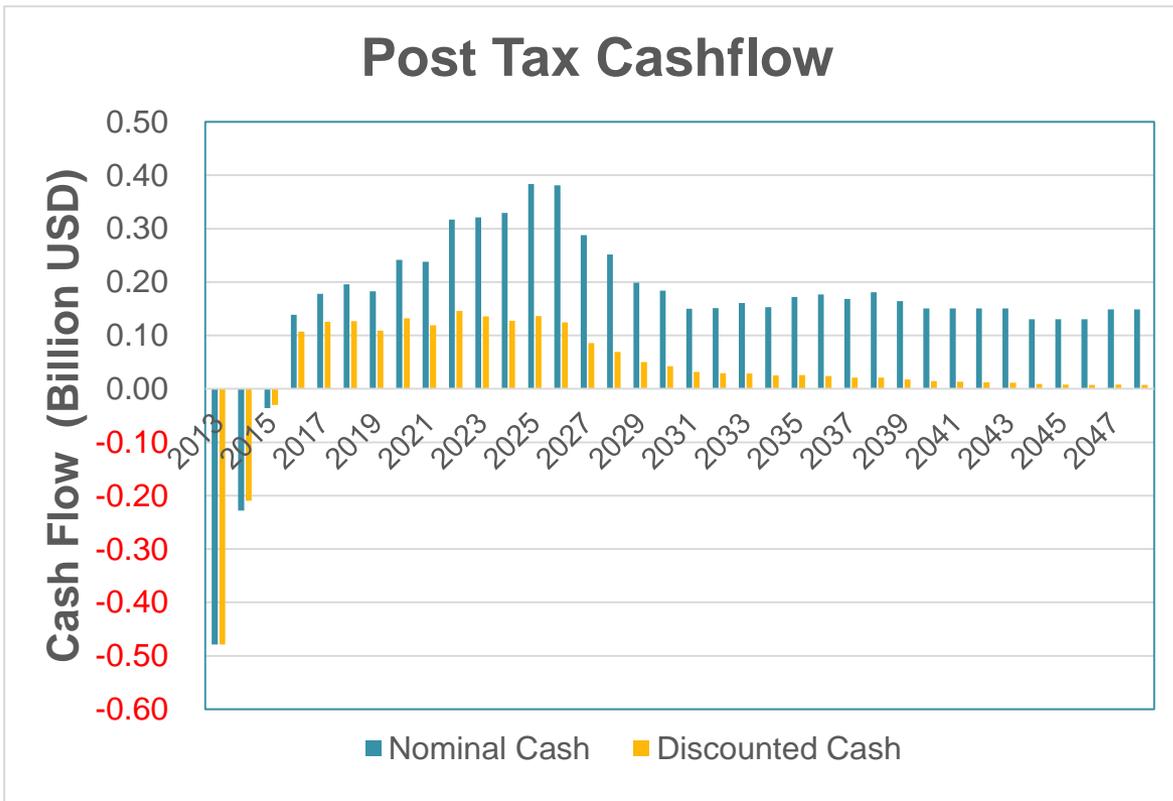


## Robust Economics Support Phase II Development

\$23.5 Bn LOM (Life of Mine) Revenue Expectations

\$1.3 Bn Net Present Value (9%)

\$5.8 Bn LOM Undiscounted Free Cash Flow Expectation



- ❖ **Metal Prices Assumptions:**
  - \$2.90/lb copper
  - \$15.5/lb molybdenum
  - \$0.98/lb lead
  - \$0.95/lb zinc
  - \$1,300/oz gold
  - \$20/oz silver

# JIAMA “GREEN MINE” NAMED BY CHINESE CENTRAL GOVERNMENT



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- ❖ The Tibet Autonomous Region Government has determined that any new mine operators entering the region must follow the high HSE standards set and implemented at the Jiama Mine site by CGG
- ❖ Jiama Mine is covered by major medias in China and won many exceptional awards

**National Level Green Mine**  
*by the Ministry of Land and Resources*



**Outstanding Award of National Science and Technology Development** *by the Ministry of Science and Technology*

2012

**Project of National "Twelfth Five-Year" Plan for Science & Technology Support** *by the Ministry of Science and Technology*

**Project of National "Twelfth Five-Year" Plan for Non Ferrous Industry** *by the Ministry of Industry and Information Technology*

**First batch of advanced mines in China's development and integration of mineral resources** *by the Ministry of Land and Resources*



2011

**“the pioneer worker banner”** *by China Federation of Trade Unions*

**“Top 10 Scientific & Technological Progresses”** *by Chinese Academy of Geological Sciences*



2010

**First batch of 29 scientific research bases** *by the Ministry of Science and Technology and Ministry of Land and Resources*

**“Top 10 Geological Prospecting Findings”** *by the Geological Society of China*

# CSH RECEIVES PRESTIGIOUS AWARD



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**“China’s Top 10 Major Mineral  
Exploration Achievements”**

*by Geological Society of China*



2013

# 5 YEAR GROWTH VISION:

CHINA NATIONAL GOLD: FORTUNE 500 MEMBER

CHINA GOLD INTERNATIONAL: ORGANIC EXPANSION + M&A



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Accretive Acquisition

GOAL

AU 500,000 oz/year  
CU 330 MM lbs/year  
PRODUCER

Organic Growth

2012

2013

2014

2015

2016

CSH

30,000 tpd

Expansion construction to 60,000 tpd

Producing at about 80% capacity

Producing at full capacity

Jiama

6,000 tpd

Development and construction to 20,000 tpd

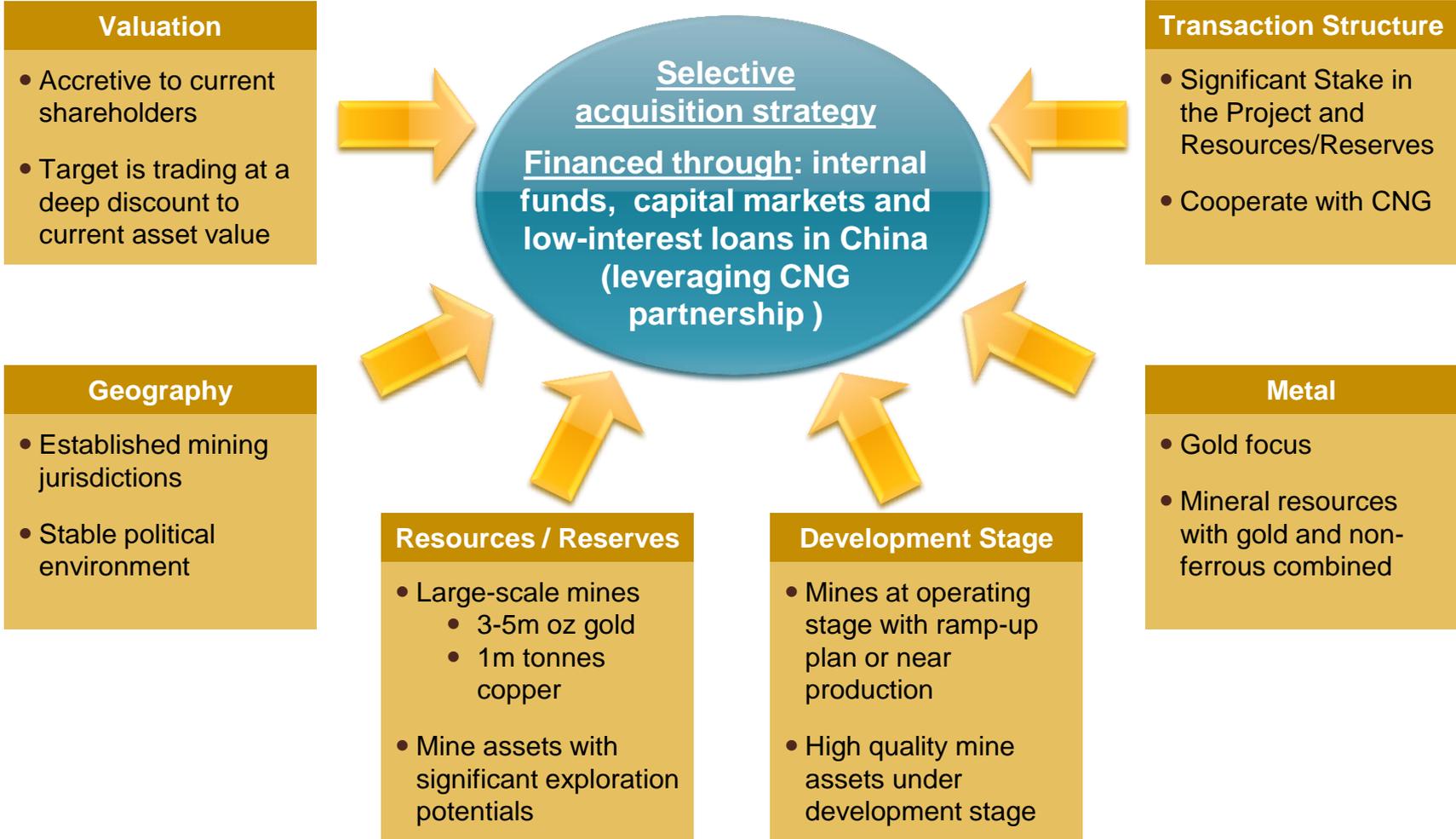
Development and construction to 50,000 tpd

Producing at about 80% capacity

Producing at full capacity



## Property Acquisition Criteria



# STRATEGY – SOCIAL RESPONSIBILITY, HARMONIC DEVELOPMENT, HIGHEST HSE STANDARDS



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- ❖ Respecting local culture and religion
- ❖ Economic contribution to local communities (portable water supply, schools, infrastructure)
- ❖ Hiring and training local people (35% of Jiama Mine's employees are locals. Will employ more after training.)
- ❖ Land reclamation and vegetation recovery



Jiama Industry and Trade distributed bonus to the shareholders who are local herdsman before the Tibetan New Year,



Huatailong's modernized thickening pond has realized zero emission of industrial sewage

# SHARE INFORMATION



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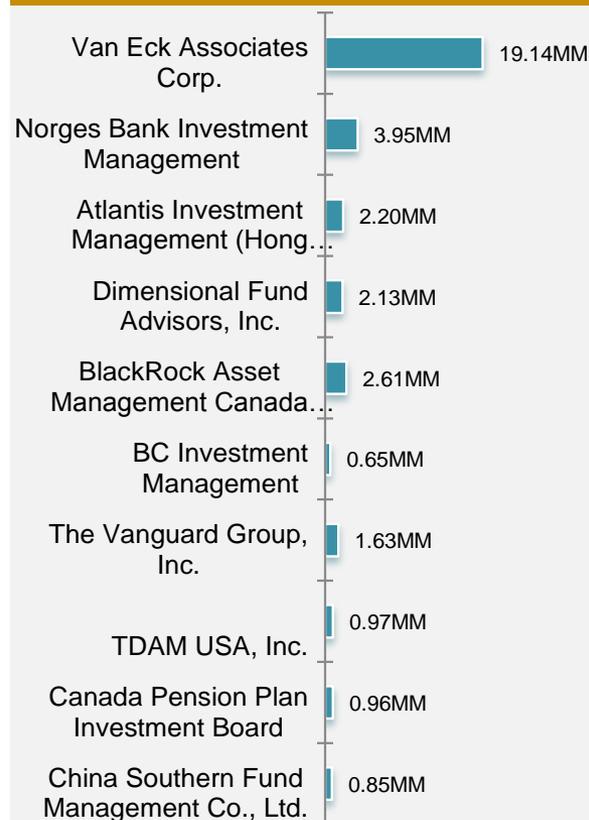
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## TSX: CGG – HKSE: 2099

### Capital Structure and Share Info (As of February 5, 2014)

Issued and Outstanding	396.4 M
Fully Diluted	396.8 M
Options	0.4 M
Cash	\$96.8 M USD
Short-Term Debt	\$171.9 M USD
Long-Term Debt	\$233.6 M USD
Share Price	\$3.29 CND
Market Cap	\$1.3 Bn
52 Week Range	\$2.36 – \$4.28 CND

### Top 10 Institutional Holders (As of February 5, 2014)





**China Gold International  
Resources Corp. Ltd.**

中国黄金国际资源有限公司

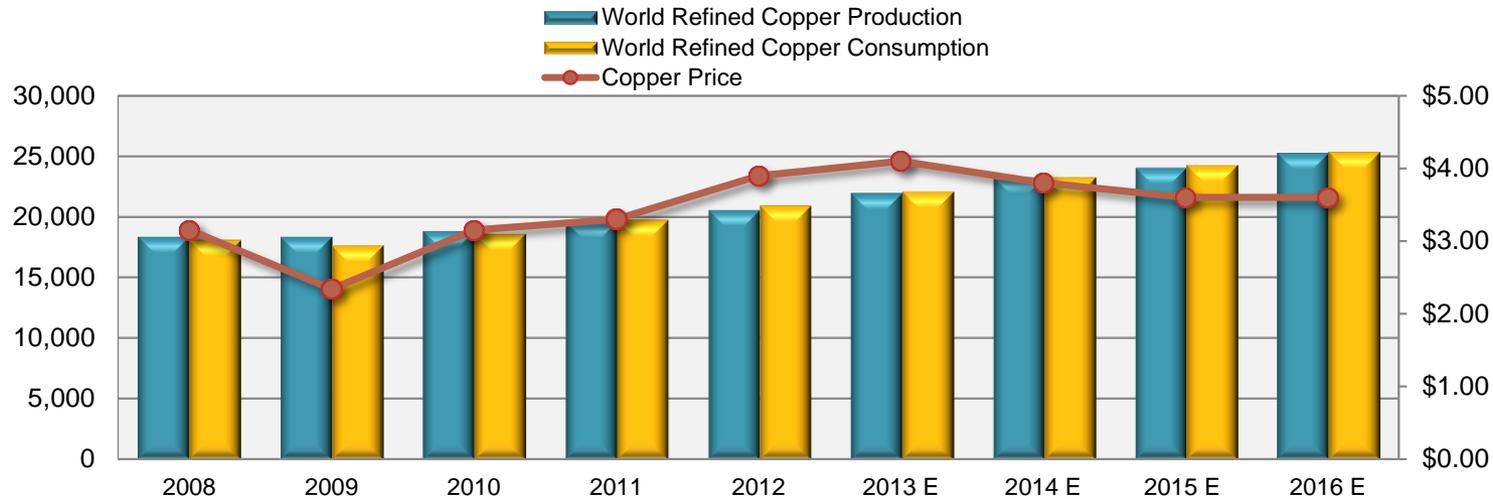


# ❖ Industry Trends

# GROWING COPPER DEMAND



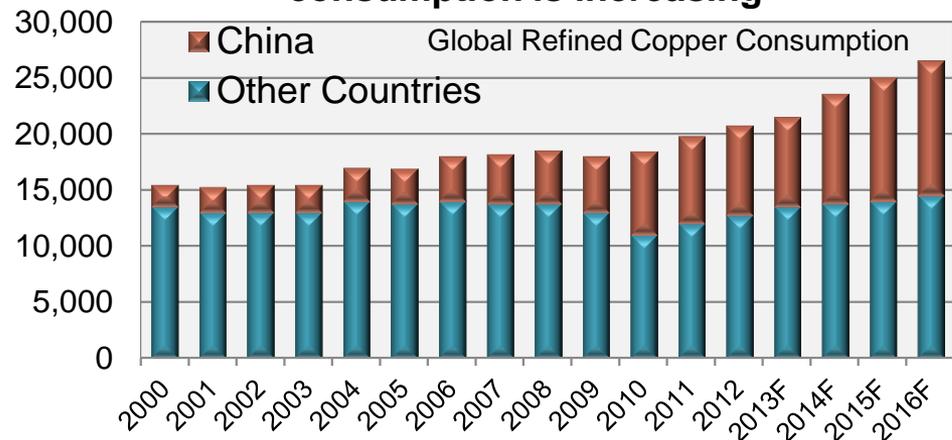
## ❖ We believe in growing Copper consumption trend



## ❖ China is world's largest consumer of copper



## ❖ China's share of world's copper consumption is increasing



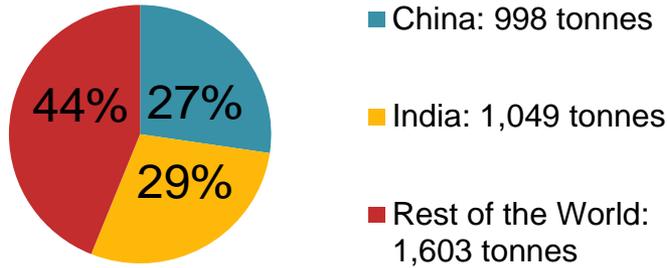
\*Source: PWC Reports, Bloomberg

# GOLD DEMAND TRENDS



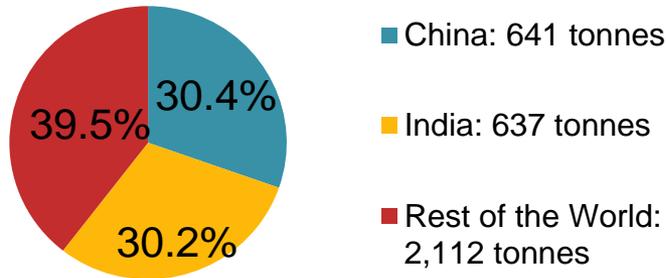
❖ China is expected to surpass India to become the world's top gold consumer

12 Month Gold Demand to Q2, 2013



❖ “Chinese Dama” investor – largest gold jewelry consumer

12 Month Gold Jewelry Demand to Q2, 2013



❖ US quantitative easing policy is not slowing down yet



\*Source: Bloomberg, World Gold Council

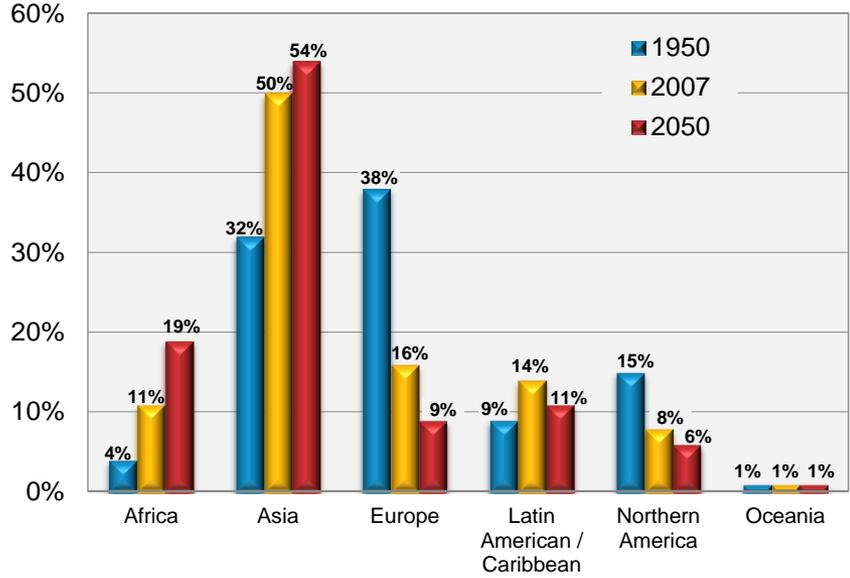


- ❖ Surge of protectionism and nationalization of the resources
- ❖ High-grade deposits are getting mined out
- ❖ New developments and new capital expenditure are largely on hold
- ❖ Exploration by juniors is slower

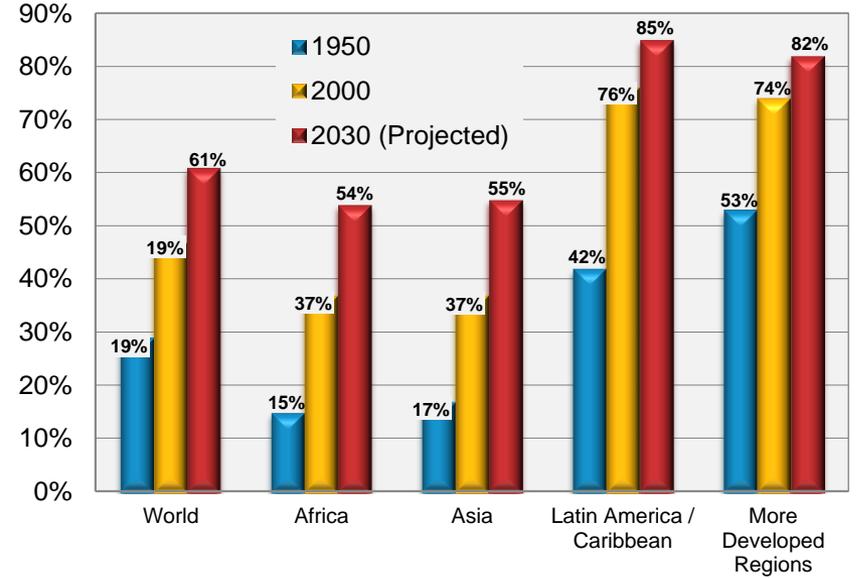
# INDUSTRY TRENDS: DEMAND SIDE

❖ **Urbanization (China's Policy) = growing demand for resources**

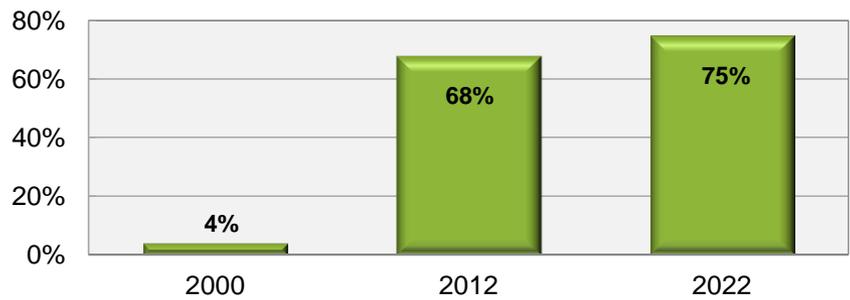
**Distribution of World's Urban Population: 1950, 2007, and 2050**



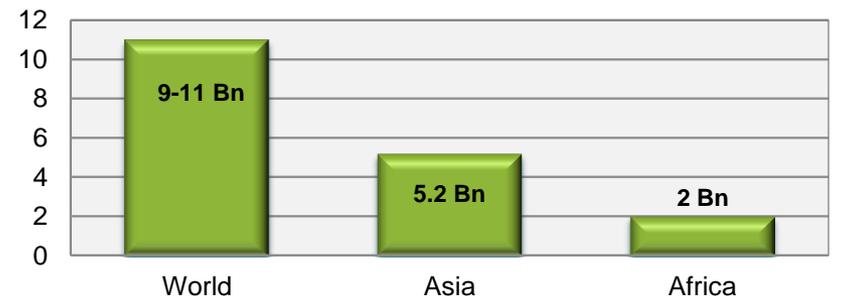
**Trends in Urbanization, by Region Urban Population**



❖ **Growing middle class of consumers in China**



❖ **World Population growth by 2050 (Bn)**



\*Source: United Nations, McKinsey&Company