



中國黃金國際資源有限公司
China Gold International Resources Corp. Ltd.

2016中國黃金國際資源有限公司 環境、社會及管治報告

2016

中國黃金國際資源有限公司

China Gold International Resources Corp. Ltd.

環境、社會及管治報告

Environmental, Social and Governance Report



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China Gold International Resources Corp. Ltd.

Notice

This report is the seventh corporate social responsibility report published by China Gold International Resources Corp. Ltd. (the “**Company**”). It highlights efforts made by the Company over the past year, including responsible management, energy-conservation and environmental protection, safety production, rights and interests of employees, science and technology innovations, creation of harmonious communities and other initiatives with an aim to strengthen the communication and connection with all interested parties. For the convenience of expression and reading, China Gold International Resources Corp. Ltd. is also referred to as “**China Gold International**”, the “**Company**”, “**Company**” or “**we**”.

Basis of Preparation

This report is prepared based on the *Guideline on Fulfillment of Corporate Social Responsibility of Central Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council (“**SASAC**”), the *Environmental, Social and Governance Reporting Guide* issued by Hong Kong Stock Exchange and the *Guide on Preparation of Corporate Social Responsibility Reports of Chinese Enterprises* (CASS-CSR 3.0) published by the Research Center for Corporate Social Responsibility, Economics Division, Chinese Academy of Social Sciences with reference to the practices of the Company.

Time Period

This report mainly covers the calendar year 2016, and may refer to major milestones in our history where appropriate.

Subject Scope

This report covers the Company, which is headquartered in Vancouver, and its subsidiaries.

Source

This report is designed to give a true view of our proactive practice in economic, social and environmental responsibilities for overall coordinated and sustainable corporate development. All information and data are derived from our official documents, statistics reports and financial statements, as well as the corporate social responsibility practices of the business units that are pooled, summarized and reviewed by our functional departments. In case of any inconsistencies between the financial information and that in the annual report, the annual report shall prevail. Unless otherwise specified, all financial data stated in this report are denominated in Renminbi (RMB).

Rating Agency

This report has been rated by an independent third party – the Research Center for Corporate Social Responsibility, Economics Division, Chinese Academy of Social Sciences. The rating results are set out in the appendix hereto.

Availability

Requests for printed copies of this report should be addressed to the Board Secretary Department of China Gold International Resources Corp. Ltd. This report is also available in electronic version on our website.

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Message From The Chairman



In 2016, with the philosophy of innovation, coordination, environmentally-friendly green initiatives, and open and shared development, all members of China Gold International firmly grasped the working principle of "seeking truth in stability, seeking improvement in stability, seeking excellence in stability and efficiency coming first", developed a new management method, broadened development space, built crucial projects that positively impacted our Company, so as to enhance management and technical level as well as lay a solid foundation for the rapid development of our Company. With the theme of enhancing the Company's ability of cost control and core competitiveness, we made efforts to advance quality and efficiency, explore potential in production and management, optimize production process, encourage innovation in technology and management, promote equipment efficiency, and reduce procurement cost and staff. We completed the annual production target and made great progress in cost control and management, continuously making efforts to achieve the strategic objective of being the leading mining company in the world.

We always strive to uphold the concept of "build a mine to green the community; develop the economy to make the locals rich; promote the community harmony to build a monument". We keep the Company's mission in mind, take active responsibility, adhere to business development and social responsibility, create value for shareholders, protect shareholders' rights and interests, take care of our employees, protect the environment, increase the specialization level of social responsibility management, and try to achieve the harmony of enterprise development and social environment.

Since 2008, we have won nearly 100 awards, honors and recognitions issued by many Chinese and Canadian government and non-government organizations. The Company places significant emphasis on its environmental protection, employment and human rights practices. As a multi-cultural organization, our employees, including management, are from all over the world, including China, Canada, the United States and Ghana. Our employees come from different religious and cultural backgrounds, and we fundamentally believe that all persons are equal in dignity and human rights without regard to race, religion, color, national or ethnic origin, sex, sexual orientation, marital or family status, disability or age. At present, approximately 21% of the Company's employees are ethnic minorities. About 31.4% of the Company's employees at its Jiama Mine operation are local Tibetans. This represents approximately six times as much as the ratio of Canadian mining companies (according to the latest statistics of employment and social development from Canadian government, native Canadian working in the mining industry and natural gas exploitation has been up to 5%, a relatively stable employment proportion from 2007 to 2012). About 19% of our employees are women, a high proportion for a mining company. Although facing pressure of reducing costs sharply this year, we continue to participate in public welfare and charity activities organized in Chang Shan Hao Gold Mine, Jiama Mine and Canada. I hereby express our appreciation to all the employees, directors and the management team who have contributed to the Company's business development, and sincerely appreciate the community and shareholders, who we are expecting to grow together.

Mr. Song Xin
Chairman and Executive Director

Message From The CEO



The year of 2016 is the first year of “the 13th Five-year Plan” as well as an important year of strategic development for China Gold International. When looking back on the year, with the support of China National Gold Group Corporation (hereinafter referred to as “**CNG**”, or the “**Group**”), China Gold International strengthened the command of production and operation, enhanced key projects, improved management, further-analyzed dynamics of overseas markets, seized resource development opportunities, advanced the improvement of the Company's development quality, and focused on continuously creating value for its shareholders, employees and the communities in which the Company operates. The Jiama program of China Gold International won first place in the Awards of Science and Technology awarded by the Ministry of Land and Resources, and was nominated among “the Biggest Mining Company in British Columbia” in Business in Vancouver for four straight years. Its 2015 social responsibility report received 4.5 stars from the Chinese Academy of Social Sciences, becoming the leading company in social responsibility reporting. We also actively participated in and supported social welfare and charity causes, sponsoring a highly successful annual event with the Canadian Cancer Society, which was highly appraised by the Canadian government, all walks of society and the Chinese Embassy and Consulate.

The Company strives to raise red-line consciousness, strengthen safety systems, learn advanced management concepts and practices of safety, health and environmental protection, consolidate its foundation, enhance safety management in all aspects, strictly implement safety systems and prevent the occurrence of casualties. Meanwhile, we strive to implement the policy of “mechanization to substitute artificial labor, automation to reduce it” to improve

the intrinsic safety. The Inner Mongolia Pacific Mining Co. Ltd. (hereinafter referred to as “**Inner Mongolia Pacific**”) is working on a slope treatment project to ensure additional efforts engineering geology and slope treatment on the basis of regular production. With regard to high-altitude and complex working environment, Tibet Huatailong Mining Development Co., Ltd. (hereinafter referred to as “**Tibet Huatailong**” or “**Huatailong**”) formulates operational and binding evaluation mechanism of safety management. All employees fully implement the concept of occupational health, safety and environmental protection so as to make full use of the new technology to build green mine. We adhere to the high-level concept in environmental and ecological protection, and have invested a total of RMB 180 million to carry out the green mine construction and have also invested more than RMB 80 million in improving their community infrastructure as well as helping students; we regard it as a priority to recruit and train local talents. Currently, the local Tibet employees account for 31.4% of the Tibet Huatailong staff and the local minority employees of Inner Mongolia Pacific account for 12% of the total employees; Tibet Huatailong, as a model of harmonious mining district construction, gained the title of “Corporate Social Responsibility Demonstration Base” from the Chinese Academy of Social Sciences and the title of “Model Staff Home” from the ACFTU (All China Federation of Trade Unions); Inner Mongolia Pacific was also honored with the title of “Enterprise with Best Social Responsibility Practice” in the Inner Mongolia Autonomous Region.

The Company has attached great importance to scientific and technological innovation, which is the source of profits and benefits. The national key technology R&D programs of the Ministry of Science and Technology of China during the 13th Five-year Plan period, which was in the charge of Tibet Huatailong have been approved. We received Science and Technology Award for four of our scientific and technological achievements from China Gold Association. Tibet Huatailong signed an agreement with state key laboratory of Frozen Soil Engineering, Chinese Academy of Science, launching the research of climate and frozen soil in the Jiama Mine, so as to explore a high-efficient method to better develop mines in Tibetan Plateau. High frequency vibration isolation technology invented by the Inner Mongolia Pacific has been widely put into use and the recovery of fine-graded carbon has been significantly enhanced. The presplitting blasting technology has been successfully applied, which greatly promotes the blasting and mine production. In addition, Study on Impurity Ions in Leaching-piled Circulating Solution program has achieved periodic victory at current experimental stage and the test of its industrial application is underway.

Faced with fierce market competition, China Gold International has profoundly understood that, the optimization of “Five Ratios”, cost control and performance enhancement and total cost management are the fundamental initiatives to enhance competitiveness and respond to fluctuations of gold and copper prices. Proceeding from our Company, we explore the potential, encourage technological innovation, cultivate frugality and establish long-term mechanism of optimization of “Five Ratios”, cost reduction benefit improvement and cost control. Meanwhile, when it comes to Tibet Huatailong, the ore losses and quality reduction of ore grades have been greatly improved by strengthening geological prospecting, optimizing mining design and reinforcing management of mine wastes. The equipment availability has been enhanced to reduce production cost by inputting more scientific and technological research as well as strengthening equipment management, centralized bidding repairing and recycling. The financial costs have been decreased by lending and utilizing more financial instruments. In 2016, the total amounted to RMB 27.67 million in cost reduction and benefit improvement. When it comes to Inner Mongolia Pacific, cost reduction and benefit improvement have been advanced by strengthening internal control, reinforcing scientific and technological innovation, multilaterally trading in grid, launching procurement bidding of commodities, managing substation independently, repairing and recycling, carrying out small reforms. The total amounted to RMB 74.46 million in cost reduction and performance enhancement.

2017 will be a brand new start for the Company. With the new attitude and philosophy, we will further strengthen the organization and management of production, create low cost competitive advantages by delicacy management, drive the growth of value with high-quality and rapid growth. While completing the Company's annual production and operation targets, the Company will actively practice corporate social responsibility, to achieve the development blueprint of the “13th Five-year Plan”, to bring more benefits to employees and to create greater value for shareholders.

Mr. Liu Bing
CEO and Executive Director



Corporate Profile



China Gold International is a mining company focused on acquisition, exploration, mining and development of gold and other nonferrous resources. It is headquartered in Vancouver, British Columbia, Canada. China National Gold Group Corporation (hereinafter referred to "CNG" or the "Group") is a shareholder of the Company.

The Company's principal properties are the Chang Shan Hao Gold Mine ("CSH Gold Mine" or "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 Gold Mine. Phase I of the CSH Gold Mine commenced production in July 2007, and Phase II construction was completed in August, 2013. On December 1, 2010, the Company acquired a 100% interest in the Jiama Mine. Jiama hosts a large scale copper-gold polymetallic deposit consisting of copper, gold, molybdenum, silver, lead and zinc. Phase I of the Jiama Mine commenced production in September 2010, and Phase II is under commissioning.

China Gold International is listed on the main board of 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 relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com as well as Hong Kong Exchange News at www.hkexnews.hk.

The Company's future development vision is: harboring a high sense of responsibility, building itself into a large-scale mining company and a significant player in international capital markets and the global mining industry.

Key Economic Indicators

	Unit	2016	2015	2014	2013	2012	2011
Revenue	Million RMB	2,249	2,121	1,711	1,862	2,123	2,012
Net profit	Million RMB	-82	-43	258	352	470	530
Net profit attributable to shareholders of the Company	Million RMB	-88	-51	248	343	443	496
Basic earnings per share	Million RMB	-0.21	-0.13	0.62	0.85	1.14	1.29
Total assets at the end of the year	Million RMB	20,600	18,100	18,400	13,500	11,300	11,000



Social Responsibility Philosophy



Social Responsibility Vision

Our social responsibility vision: carry out all businesses in an ethic and sustainable way, protecting and advancing the interests, health, safety, benefit and individual development of employees directly and indirectly serving China Gold International; operate in an environmentally responsible manner, seeking to solve the technologic bottlenecks through innovative development; and become a part of the international community and take opportunities to promote the development concept of China Gold International so as to ensure a sound image as a dedicated performer of social responsibility in the global mining sector.



Social Responsibility Model

Aiming at "acting as a dedicated performer of social responsibility in the global mining sector", China Gold International takes initiatives covering accountability, risk control, compliance and business ethics to achieve core values such as environmental protection, energy conservation, safety production, employees' interests, technology progress, harmonious win-win and so on. The process is illustrated in the model below:



We keep in mind that an enterprise should effectively manage the impacts of its business on the stakeholders and natural environment in performing its core social function to pursue economic benefit, seeking to maximize corporate, social and environmental benefits for harmonious mutual development with its stakeholders.

Social Responsibility Values

1 Adhere to the fullest, rational and scientific principle for exploitation and utilization, to promote scale exploitation and comprehensive utilization of gold and nonferrous metallic mineral resources.

2 Never carry out gold production wherever compromising ecological environment

3 Create spiritual wealth as well as material wealth instead of merely pursuing gold as a monetary token, attach importance to environmental protection and reasonable exploitation and utilization of resources, and live up to social responsibility and obligations.

Core Responsibilities



Seek to establish a resource conservation and environment-friendly enterprise. Minimize the consumption of natural resources and environmental impact in efficiently exploiting and utilizing mineral resources.

01
Environmental protection and energy conservation



Seek to create a safe production and operation environment. Incorporate the safety production culture across all production and operation processes, strengthen the management framework and system construction for safety production, and build up a sound and longstanding safety production mechanism.

02
Safety production



Adhere to the "human-oriented and give full scope to the talents" concept to fully protect employees' interests, provide them a good platform for growth and inspire their enthusiasm and creativity, thus achieving mutual development between the Company and employees.

03
Employees' interests



Adhere to the concepts of "Science and technology are primary productive forces" and "Leveraging the leading technologies to serve the country", actively participate in the national researches on the difficulties in processing and refining of gold and complex polymetallic ore; and actively make industrialization attempts to tackle the technologic difficulties in processing and refining low-grade gold ore and increase the utilization efficiency of gold and nonferrous resources.

04
Technological progress



On the premise of "business integrity for win-win and multi-win" and the mutual respect and benefit principle, promote extensive cooperation with the stakeholders; continuously improve customer services, strengthen supplier management, and carry forward strategic cooperation with local government, suppliers, creditors, enterprises and public sectors and other entities; consider the interests of local people, create more employment opportunities, and strive to achieve win-win with the stakeholders.

05
Harmony and Win-win

Social Responsibility Performance Scorecard

Scope of responsibilities	Social responsibility targets for 2016	Completeness of target
Responsibility management	Set up an internal social responsibility management framework that covers all functions, tier-two business units and major production enterprises, as well as sound communication channels.	A
	Provide multi-level social responsibility training and workshops to improve social responsibility awareness of management personnel and employees.	A
	Publicize legal knowledge, provide anti-corruption training, deepen efficiency monitoring, and nurture the business concept of compliance	A
Economic performance	Benchmark to the domestic best-in-class practices, improve resource reserve system and marketing service system, and strive to achieve the strategic transformation.	A
	Strengthen business management and realize asset preservation and appreciation.	A
	Enhance the control over premium resources, increase resource acquisition capability and promote capital operation.	B
Safety performance	Strengthen safety production, and build up a sound management model of safety production to cater for strategic transformation.	A
	Advance the safety standardization management system construction, effective monitor major hazard sources, and improve the emergency rescue system, aiming at zero fatality in safety production and minimizing the occurrence of other accidents.	A
	Strengthen the safety management information system and the safety education and training framework to continuously improve safety performance.	A
	Accelerate safety-oriented technological renovations in processes and equipment, strengthen R&D, and leverage technological innovations to achieve safety management.	A
Caring to employees	Strictly follow the national laws and regulations to protect legitimate rights and interests of employees.	A
	Provide on-the-job training and reinforce the career ladder for employees.	A
	Build up a sound occupational safety and healthcare system for employees.	A
	Fulfill the responsibilities for employees, and gradually improve the compensation packages as planned.	A
	Assist the employees in need to overcome difficulties.	A
Environment performance	In respect of energy conservation and emission reduction, standardize fundamental management and target management, press forward monitoring, inspection and assessment to meet the preset goal.	A
	Increase environment investment, uplift innovation capability in environmental technologies, promote application of energy conservation technologies, and improve comprehensive utilization of renewable resources, aiming at the domestically leading and internationally advanced performance.	A
	Develop mineral resources in a scientific way, and improve comprehensive utilization of resources, recycling of remnant ore and reuse of wastes.	A
Social performance	Increase the support to public welfare, and help the impoverished areas through multiple means.	A
	Support community education, improve health survey and build up community infrastructure to achieve mutual development of the enterprise and the community.	A
	Increase local procurement and achieve employment localization to promote economic growth of the community.	A
	Observe business ethics and fight against commercial bribery to create a fair competitive market.	A

A: Target achieved (>98%) B: Proceed as scheduled C: Failed

Responsibility Management

Responsible System

Administrative authorities

The Company gradually builds up a sound corporate social responsibility management system. The social responsibility strategic issues are decided and managed by the Nominating and Corporate Governance Committee, Audit Committee, Compensation and Benefits Committee, and Health, Safety and Environmental Committee of the Board of Directors (the "Board") of the Company and its subsidiaries, and implemented by the management of the Company.

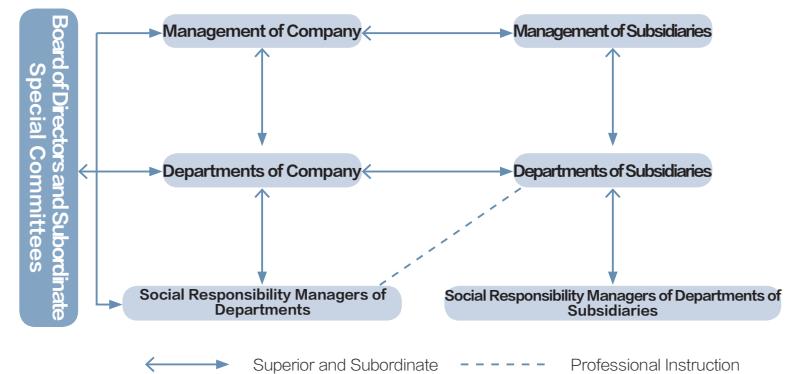
Social responsibility team, including major management from the subsidiaries, is responsible for decision-making and management of their social responsibility issues.

Daily management bodies

At relevant departments of the headquarters and the subsidiaries (branches), management bodies, posts and personnel are deployed covering safety management, energy conservation, emission reduction and environmental protection, compensation and benefits, occupational health, technological innovations and employees' interests, responsible for carrying out social responsibility work.

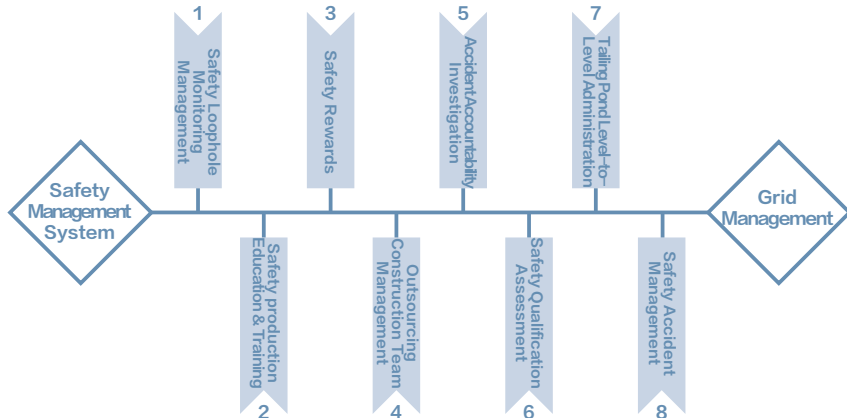
The Secretary to the Board Office is responsible for disclosure of corporate social responsibility information, as well as responses to enquiries of investors, regulatory authorities and other stakeholders on corporate social responsibility issues.

Organization structure



◆ Specific safety management system

China Gold International always puts safety, health and environmental protection first, continually increases the investment in safety and environmental protection in recent years, strictly follows safety and environmental protection provisions of the State and the Company, requires two subordinate mining enterprises to improve the establishment of regulatory system, to implement the responsibility and to improve the safe production capacity. In 2016, the two mines have strictly implemented the binding mechanism of management and assessment in safety, carried out the philosophy of occupational health, safety and environmental protection, continuously promoted intrinsic safety so as to apply new safety and environmental technology and build green mines.



◆ Specific environment management systems

Attaching great importance to environmental management systems, the Company has established the Health, Safety and Environmental Committee with organization and environmental professionals staffed at the headquarters and the subsidiaries under three well-established environmental management systems.

Organizational management system

The subsidiaries and branches are required to set up definite environmental administrative authorities, and establish corporate environmental management system consisting of persons in charge of the subsidiaries, environmental management departments, heads of workshops and workshop environmental officers. By strengthening the leadership, addressing project implementation and funding and exercising strict monitoring and management, the systems are designed to improve self-environmental management capabilities of the units, ensuring them to meet the emission reduction targets for major pollutants.

Statistic and monitoring system

The subsidiaries and branches are required to staff dedicated environmental monitoring inspectors, who are responsible for formulating and implementing the plans for regular monitoring of major and typical pollutants, ensuring normal operations of pollutant treatment facilities, and establish the pollution source monitoring database.

Reward & punishment system

Environmental management structure, environmental management systems, environmental records management and control for major pollutants in the subsidiaries and branches are included into performance evaluation. Environmental protection responsibility system has been established and implemented.

◆ Responsibility Topics

In order to fulfill its social responsibilities, the Company attaches importance to building a sound participation mechanism for its stakeholders. The Company draws upon the social responsibility standards and the best practices of other enterprises, with reference to its development goal and strategy, industrial characteristics and the expectation and requirements of the stakeholders, to identify the social responsibility topics in a rational manner.

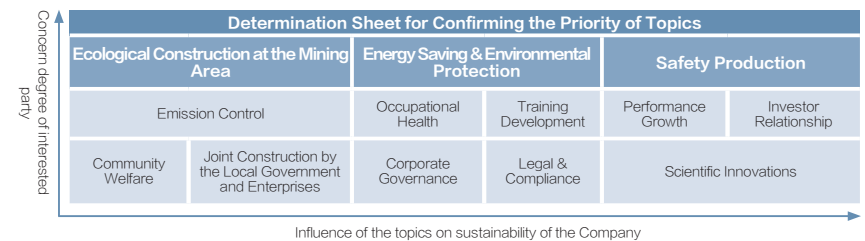
◆ Process to identify social responsibility topics

Confirm objective of social responsibility confirm social responsibility objective regarding the CSR standard and the best responsibility practice

Understand expectation of interested parties actively communicate with interested parties to understand the significant topics they care about

Select major topics formulate work plan and put into practice, draw up the action plan, confirm scope of participation and provide action resources

Formulate work plan and put into practice select and put in order the topics according to the concern of interested party and the influence of the topics on development of the Company



Feedback of interested party assess the implementation effect of the planning through internal and external communication

Summary and improvement summarize the experiences and improve continuously

◆ List of social responsibility topics

Category of responsibilities	Social responsibility topics
Responsibility management	Concept establishment, organization setting, strategic planning, the integration of concept into operations, communications and surveys in respect of social responsibility
Market performance	Financial performance, investor relations management, customer relationship management, product quality management, responsibility for procurement, business integrity and fair competition
Social performance	Compliance with laws and regulations, implementation of national policies, protection of employees' interests, equal employment, occupational health management, employee training and development, production safety, localized operations, charity and public welfare, volunteer activities
Environmental performance	Environmental management system, responses to climate change, development and application of environmental technologies and equipment, energy and water conservation, development of circular economy, remnant ore recovery, emission reduction of waste gas, water and slag, tailings treatment and ecological protection at mining area, conservation of land resources, reduction of waste emission

Responsibility Enhancement

Effective social responsibility management is a cornerstone for corporate sustainable, steady and harmonious development. To proactively improve its social responsibility enhancement management system, China Gold International communicates with the stakeholders through a range of means to continuously improve its social responsibility performance.

1

Formulation of management system

With the system, regulations and processes for corporate social responsibility management in place, the Company has established a longstanding mechanism for corporate social responsibility management and practices. Preparation and publishing of annual reports on corporate social responsibility have effectively ensured the implementation of our social responsibility work. Through preparing and publishing this report, we deepened our understanding of social responsibility indicator system based on better comparison of information and statistics, and the identification of “weakness” in social responsibility management will play a vital role in improving our social responsibility management system and capabilities.



2

Specific training programs

The Company continues to enhance training for its employees on safety, legal issues and human rights and environmental management, laying a solid foundation for specific social responsibility management.



3









Upgrading of specific work

Pushing ahead its social responsibility management, the Company seeks to focus on thematic practices as a breakthrough, where appropriate, to infiltrate the social responsibility concept into all functions and business units for upgrading and optimization of the existing working model.



Communications on Responsibilities

◆ Participation of Interested Parties

Interested Parties	Description	To the expectation of the Company	Communication means	Key indicators
 Governments	Chinese and local governments	Proactively implement the state's macro control, promote consolidation under the national industrial reviving plan, strengthen supervision on safety production, protect the environment	Plans and proposals, meetings, special reports, statistic statements and visits	Total tax, headcount
 SASAC	An investor on behalf of the state	Achieve preservation and addition of state-owned assets, improve corporate governance, focus on principal business, uplift competitiveness, proactively implement the state's energy conservation and emission reduction policies, achieve green operations	Rules and regulations, business targets, assessment criteria, work reports, statistic statements	Principal operating revenue, total profit, return on net assets, preservation and addition ratios of state-owned assets
 Employees	All members in the Company's organizational structure	Protect employees' interests, assure stable employment opportunities and compensation, improve career path, provide safe and healthy work environment	Labor unions at various levels, regular employee representative conferences, smooth internal communication channels	Employment contract signing ratio, social insurance coverage ratio, employee loss ratio, training investment, number of proposals at employee representative conferences
 Customers	Customers that purchase products or services	Keep promise, provide cost-efficient products and quality services, achieve mutual benefits	Close communications with customers, strict execution of contracts, extensive information about products and services	Execution of contracts and agreements
 Business partners	Suppliers, contractors, financial institutions, research institutions, consulting agencies, etc.	Observe business ethics and laws and regulations, establish long-term cooperation to achieve mutual benefit and win-win	Negotiations on strategic cooperation, high-level meetings, biddings, day-to-day business relationship, regular visits	Execution of contracts and agreements
 Investors and creditors	Holders of shares and bonds of the Company and its subsidiaries	Continuously enhance corporate value, reduce risk, continue as a going concern, satisfy debt service as scheduled, pay dividends	Accurate and timely information disclosure, regular visits, annual reports, general meetings	Credit rating, minority interests
 Community and the public	Local community where we operate	Promote sustainable development of community economy, support public welfare, protect the community's environment, achieve common prosperity	Agreement on co-development, participation in community projects, regular communications, joint celebration events	Investment in community development, total donation to community welfare
 Non-government organizations	International organizations, industry associations and local groups	Support social groups and organizations, fulfill the charters, improve disclosure of operational information, support environmental and other public welfare undertakings	Active participation in meetings, continuous improvements, advice and suggestions	Attendance to relevant meetings, investment in public welfare

◆ Internal communication

To promote internal communication on social responsibility, the Company has identified liaisons in its subsidiaries to keep informed of and provide timely feedbacks of social responsibility progress as an effective bridge for information communication.



Song Xin, the Chairman, was inspecting Inner Mongolia Pacific Mining Co., Ltd.



Mr. Sun Lianzhong, the vice president of the Group, was inspecting Tibet Huatailong Mining Development Co., Ltd.

◆ External communication

The Company effectively communicates with its stakeholders through many ways to satisfy their needs for information disclosure.



The Board of Supervisors of SASAC was inspecting and instructing the work in Tibet Huatailong



Mr. Hu Hong, the Deputy Secretary of Lhasa City was guiding the work in Tibet Huatailong



Mr. Duan Zhiqiang, Secretary of Bayannaer City of Inner Mongolia Autonomous Region, was visiting the Inner Mongolia Pacific.



Mr. Dong Shukui, President of the Board of Supervisors of SASAC was investigating Inner Mongolia Pacific

Social Recognitions

Rooted in the society to create economic benefit, China Gold International continues to deepen its understanding of its social responsibility and earnestly fulfills its corporate social responsibility, and has received positive recognition from the public.



Tibet Huatailong has been honored as the first prize of Second China Equipment Management Innovation.



Inner Mongolia Pacific has won the Best Development Award.

Honors for China Gold International from 2014 to 2016

Company	Year	Honors	Granting unit
China Gold International	2016	Biggest Mining Companies in British Columbia (Ranked No. 13) Note: Ranking is based on the revenue in 2015.	Business in Vancouver
China Gold International	2016	Fast Growing Companies in British Columbia (Ranked No. 100)	Business in Vancouver
China Gold International	2016	Canada's 500 Biggest Companies (Ranked No. 478)	Financial Post

Honors for China Gold International from 2014 to 2016

Company	Year	Honors	Granting unit
China Gold International	2016	Biggest Companies in British Columbia (Ranked No. 80) Note: Ranking is based on the revenue in 2015.	Business in Vancouver
China Gold International	2016	Canada's 40 Best Mining Companies (Ranked No. 37)	Canadian Mining Journal
China Gold International	2015	Top 100 Most Profitable Companies (Ranked No. 32) Note: Rankings are based on the net income in 2014.	Business in Vancouver
China Gold International	2015	Fastest-growing Companies in British Columbia (Ranked No. 41)	Business in Vancouver
China Gold International	2015	One of 40 Best Manufacturers in Canada (Ranked 40) Note: Rankings are based on the net income in 2014.	Canadian Mining Journal
China Gold International	2015	Largest Companies in British Columbia (Ranked No. 95) Note: Based on 2014 Revenues	BC Business Magazine
China Gold International	2015	Top 100 Public Companies in British Columbia (Ranked No. 41) Note: Based on 2014 Revenues	Business in Vancouver
China Gold International	2015	Biggest Mining Companies in British Columbia (Ranked No. 14) Note: Based on 2014 Revenues	Business in Vancouver
China Gold International	2014	Biggest Mining Companies in British Columbia (Ranked No. 10)	Business in Vancouver
China Gold International	2014	Top 100 Public Companies in British Columbia (Ranked No. 34)	Business in Vancouver
China Gold International	2014	Fastest-Growing Companies in British Columbia (Ranked No. 26)	Business in Vancouver
Tibet Huatailong	2016	First Prize of 2016 Good News of Enterprise Press in China Gold Industry	China Gold News
Tibet Huatailong	2016	Third Prize of Scientific and Technological Award (application of solar heating to plateau and alpine mining areas)	China Gold Association
Tibet Huatailong	2016	Second Prize of Economic Model and Optimizing S&T in Hornfel Orebody of Jiama Copper Polymetallic Mine	China Gold Association
Tibet Huatailong	2016	Second Prize of Automation Design and Applied Science and Technology of Jima 40,000 tons Processing in High Altitude	China Gold Association
Tibet Huatailong	2016	First Prize of Safety Knowledge Contest in Maizhokunggar County	Trade Union of Maizhokunggar County, Administration of Work Safety Supervision of Maizhokunggar County
Tibet Huatailong	2016	Outstanding Management in National Integration of Industrialization and IT Application	National Federation of Integration of Industrialization and IT Application
Tibet Huatailong	2016	Nomination Award of Third Moral Model in Lhasa City	The Committee of Civilization in Lhasa City
Tibet Huatailong	2016	National Model Family	All-China Federation of Trade Unions
Tibet Huatailong	2016	Management Innovation of State-enterprise of China (2016) Level: Second	The Chinese Institute of Business Administration, Editorial Board of State Enterprise Management
Tibet Huatailong	2016	Outstanding Contribution Unit for the 25 Anniversary of China Gold News	China Gold News
Tibet Huatailong	2016	The Excellent Group in Science and Technology of China Gold Industry during 12th Five-year Plan	China Gold Association

Honors for China Gold International from 2014 to 2016

Company	Year	Honors	Granting unit
Tibet Huatailong	2016	The Excellent Group in Science and Technology of China Gold Industry during 12th Five-year Plan	China Gold Association
Tibet Huatailong	2016	First Prize of Science and Technology Award	China Gold Association
Tibet Huatailong	2016	First Prize of Equipment Management	China Association of Plant Engineering
Tibet Huatailong	2016	First Prize of Science and Technology Award	China Non-Ferrous Metals Industry Association
Tibet Huatailong	2015	Outstanding Contributions to Public Welfare	Lhasa Charity Federation of Trade Unions
Tibet Huatailong	2015	Ankang Cup Winning Unit	All China Federation of Trade Unions
Tibet Huatailong	2015	Social Responsibility Demonstration Base	Chinese Academy of Social Sciences
Tibet Huatailong	2015	National Advanced Equipment Management Unit	Chinese Association of Plant Engineering
Tibet Huatailong	2015	New High-tech Enterprise	Department of Science and Technology, Department of Finance, the State Administration of Taxation of Tibet Autonomous Region
Tibet Huatailong	2015	"Excellent Organization Unit for strengthening the base and benefiting the people" Autonomous Region	CPC Tibet Autonomous Region Committee, Tibet Autonomous Region People's Government
Tibet Huatailong	2015	"Excellent Village-based Work Team for strengthening the base and benefiting the people" in Gyangze County	Gyangze County People's Government, Gyangze County CPC Committee
Tibet Huatailong	2014	2012--2015 Annual "Four Industries Construction" Advanced Group in Lhasa	Lhasa Municipal People's Government
Tibet Huatailong	2014	2013-2014 Excellent Organization Unit of "Creating Excellence Strong Foundation and Benefiting People's Livelihood" Activity	Shigatse Prefectural Party committee, Administrative Office
Inner Mongolia Pacific	2016	Best Development Award of 2016 China Gold Congress	Committee of China Gold Congress
Inner Mongolia Pacific	2016	2015 Top 10 Mines of Gold Production	China Gold Association
Inner Mongolia Pacific	2016	2016 Employee Innovation Workshop of Urat Middle Banner	Trade Union of Urat Middle Banner County
Inner Mongolia Pacific	2016	Excellent Group for Law-based Governance in Wulate Middle Banner from 2011 to 2015	Committee of Wulate Middle Banner, Government of Wulate Middle Banner
Inner Mongolia Pacific	2016	Model Unit of Safety Production	Safety Production Committee of Bayannaer City
Inner Mongolia Pacific	2016	Youth Civilization Unit	China National Gold Group Corporation
Inner Mongolia Pacific	2016	Water-saving Enterprise	Leading Group of Water-saving of Urat Middle Banner
Inner Mongolia Pacific	2016	2015 Top 10 Mines of Gold Production	China Gold Association

Honors for China Gold International from 2014 to 2016

Company	Year	Honors	Granting unit
Inner Mongolia Pacific	2016	Model Unit of Safety Production	Safety Production Committee of Bayannaer City
Inner Mongolia Pacific	2015	Enterprise with Best Social Responsibility in the Second Session in Inner Mongolia Autonomous Region	Autonomous Region Committee Propaganda Department, the Federation of Trade Unions, Chamber of Industry and Commerce, State-owned Assets Supervision and Administration Commission
Inner Mongolia Pacific	2015	2015 Excellent Group of National Unity and Progress in Wulate Middle Banner	Wulate Middle Banner committee, the Government
Inner Mongolia Pacific	2015	Excellent Unit of 14th Building Professional Ethics in China	Guidance and Coordination Team of National Staff's Professional Ethics Construction Guidance (composed of the National Federation of Trade Unions, the Propaganda Department of the Central Committee of the CPC, the Central Civilization Office, Ministry of Industry and Information Technology (MIIT), SASAC)
Inner Mongolia Pacific	2015	2014 Top Ten Mines of China Gold Economic Performance	China Gold Association
Inner Mongolia Pacific	2015	2014 Top Ten Mines of China Gold Production	China Gold Association
Inner Mongolia Pacific	2015	Youth League Branch of May 4 Red Flag	Youth League of Bayannaer City Committee
Inner Mongolia Pacific	2014	2013 Top Ten Mines of China Gold Production	China Gold Association
Inner Mongolia Pacific	2014	2013 Top Ten Mines of China Gold Economic Performance	China Gold Association
Inner Mongolia Pacific	2014	First Prize of Science and Technology of China Gold Association	China Gold Association
Inner Mongolia Pacific	2014	Second Prize of Science and Technology of China Gold Association	China Gold Association
Inner Mongolia Pacific	2014	Excellent Collective of "Tian Gong" Financing Project	CNG
Inner Mongolia Pacific	2014	Enterprise R&D Center of Inner Mongolia Autonomous Region	Inner Mongolia Autonomous Region Science and Technology Agency
Inner Mongolia Pacific	2014	Top 10 Mines of China Gold Production in 2013	China Gold Association
Inner Mongolia Pacific	2014	2013 Top 10 Economic Performance Gold Mines in China	China Gold Association



Environmental Protection and Energy Conservation

With a commitment to safety-based, clean, conservation-oriented and harmonious development, the Company insists on pursuing mutual development between environmental protection and economic growth. We dedicate ourselves in environmental protection and treatment activities, focusing on treatment of waste gas, water and slag, energy conservation and emission reduction, greening and landscaping. Great efforts have been taken in promoting low-carbon economy under a green development model featuring low energy consumption, pollution and emissions. In 2016, the Company invested a total of RMB 283 million in tailings treatment, dust removal, sewage treatment, environmental monitoring and land reclamation.



Energy Conservation and Emission Reduction

Global climate change has become an important concern worldwide. In its production and business activities, the Company actively responds to the country's calls to fulfill its corporate social responsibility. Targeting "low consumption, low emissions and high efficiency", the Company leverages technological innovations to vigorously develop circular economy and improve development and utilization of resources in a scientific and efficient manner, seeking to maximize the benefits from resource consumption.

In 2016, the chemical oxygen demand and sulfur dioxide emission of Company were respectively 11.46 tons and 31.76 tons, a decrease of 4.88% and 26.08% respectively compared with that in the previous year. The pollutant discharge control continuously stands to be in the leading place in the same industry in China. The mining waste rocks are all stored in the waste rock field according to the plan with the aim to build the field to cut off the ditches and drain water, which are effective to prevent soil and water erosion.

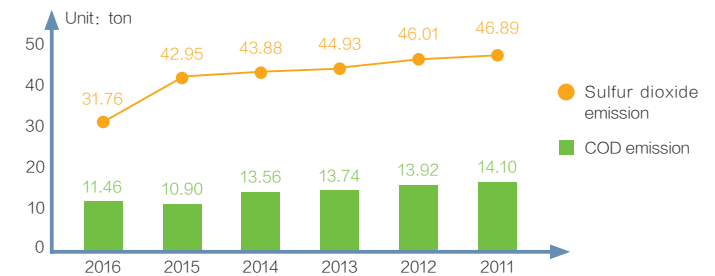
Illustrative case

Located in plateau, Tibet has a fragile ecological environment because of oxygen deficiency, arid climate and cold weather. With a focus on Building a mine, Greening the community, Huatailong strives to create a green, environmental and technological modern mine in large-scale. From the beginning of this project, Huatailong sticks to the sustainable development concept of environmental protection and energy conservation and devotes to the application of energy saving and emission reduction. As of 2016, the Company has invested 15,490,000 yuan into solar heating system. The cumulative heating area reached 12,000 square meters, which ensures that nearly 1200 company employees can gain heating in winter and hot water supply all year.

Over the last few years, the solar heating system has reduced the emissions of dust, noxious gas and greenhouse gas effectively, which is the most direct environmental benefit produced by solar heating system. By the analysis on solar heater system, every 100 square meters of it is able to reduce dust emissions by 2.5 tons a year, sulfur dioxide by 0.25 tons a year and carbon dioxide by 0.9 tons a year. By using solar heating system, the emissions of carbon dioxide and harmful gas are reduced about 2,500 tons every year, saving nearly 12million RMB every year. This saved 180 million RMB in total according to the 15-year-life of collector tubes.

Inner Mongolia Pacific tests the four boilers in the living area and the three boilers in the producing area twice regularly during heating period every year; ensures boilers maintenance and repairs during suspending period and strictly controls the emission of waste gas pollution. The Company started to add wet desulfurization dust scrubber facilities to these four boilers in living area in 2015. The emission of carbon dioxide in 2016 was reduced by 26.09% in comparison to 2015.

Environmental Performance of the Company



Extensively adopting of advanced equipment and technique

Both of the Company's mines have been developed in recent years, following the principle of "high standard, high starting point and strict requirements" during construction, and each mine has adopted the most advanced equipment and technologies nowadays to realize high efficiency of energy conservation and emission reduction.

Illustrative case

Tibet Huatailong utilizes 43-meter deep-cone thickener in the second treating phase of tailings, and makes the flow velocity of pulp increase rapidly by optimizing the feed end. The feed system that lie in the center can not only make the pulp distribute evenly around the central pillar but also provide appropriate flocculating time so as to let pulp and flocculant mixed effectively. Thus tailing with 64-66% high concentration can be obtained, which creates a better prerequisite to tailing transportation and recycling water utilization. This is vital to saving water resource and high concentration tailing stockpiling and reducing the influence on ecological balance. Meanwhile, with concentration of base flow increasing, the total volume of tailing pulp reduced, which greatly improves the efficiency of tailings transportation capacity and decreases the consumption of electric power.

As for tailing transportation, the Company employs a large diaphragm pump with a transportation capacity of 550 cubic meters per hour and 9MPa discharge pressure, which can deliver the tailing with 66% concentration to the tailing dam 6.2km away. Now it has been put into practice.

The successful application of this system and the realization of energy-saving and reduction of costs will provide a vital guideline significant for the research, production and application of the tailing turbidness and transportation system in high altitude area. At the same time, it will accumulate valuable experience for the massive mine design and production.



Large equipment excavator was working in mines of Inner Mongolia Pacific

The domestic water of Huatailong confluences through sewerage network and glides into the main well of pipe network. After passing through the white trash of more than 200mm size and some solids such as vegetable offal in grille separation pipe network, the domestic water then comes into the balance tank of sewage treatment station. The balance tank adjusts the quantity and quality of water and controls its PH and temperature in order to reduce the impacts caused by the peak flood or concentration changes of the waste water in living area. After the balance tank's adjustment of the quantity and quality, the waste water is lifted in lift pump and then comes into the facultative reaction tank where aerobic reaction and anaerobic reaction takes place, then toxic ingredients in experimental wastewater are neutralized and decomposed to reduce the effects to the later reactor and to provide aerobic bacteria that have strong tolerance to poison for the aerobic reactor so as to improve the treatment efficiency. After 6-hour reaction, roots blower add oxygen, pressure and lift pump lifted it into double layer filter, active carbon filter and ultraviolet sterilizer. During adding oxygen and pressure, the aerobic bacteria groups that have strong tolerance to poison in waste water are impacted, dispersed and its surface area also increased, which is easy to absorb the filling in aerobic reactor and avoid effectively the impact caused by roots blower's oxygen-adding to bacteria colonization in the aerobic reactor. When the pump is lifting, waste water flows into the aerobic reactor, where remains the high air pressure of Tibet because of adding oxygen and pressure by roots blower, and raises dissolution of oxygen concentration as well as improves the effectiveness of aerobic reaction. After 12-hour aerobic reaction, the number of waste water BOD (biochemical oxygen demand) and COD (chemical oxygen demand) has reached national sewage first level discharge standard and flow automatically into the secondary sedimentation tank. Then it comes into the clean-water reservoir after precipitation and flows into the greenbelts of Tibet Huatailong for irrigation through lift pump. The rest precipitated sludge will be disposed through residual sludge backflow and removal system.



Equipment in newly built wastewater treatment plant of Tibet Huatailong

◆ Awareness campaigns for energy conservation and emission reduction

Responding to the energy conservation calls of the government and its parent, the Company staged its campaign with a slogan of "Save our energy in a low-carbon lifestyle", to carry forward the Company-wide energy conservation goals. The practical energy conservation technologies were earnestly promoted to carry out the Company's energy conservation and emission reduction.

In 2016, the goal that all-round implementation of zero-discharge of wastewater was reached by utilizing the technique of a research group from Guangdong University of Technology that purifying and reusing floatation wastewater and pressure filtration and dry heaping of tails. It plays a vital role in protecting the rare water resources in Tibet, reducing water costs and minimizing the wastewater's effects to underground water and the surrounding pastures. Our company invested more than 8 million yuan in these two techniques, which wholly changed the mining enterprises' negative image of "focusing on benefit, causing more pollution, neglecting people's well-being and paying no attention to responsibility"; thus, carrying out the promise that "we want both golden, silver hill and clean water, green mountains as well". Thanks to all actions above, our Company is honored as an example and benchmark of creating green conservation and achieving sustainable development among plateau mining industries.

💡 Recycling of Water Resource

Indicator		2016	2015	2014	2013	2012	2011
Water consumption	Total consumption (in 10,000 ton)	208.63	156.76	184.44	129.8	95.4	23.2
	Circulating water (in 10,000 ton)	6,974	8,602	4,355	3,416	3,232	131
Water consumption per RMB10,000 output		26.33	27.63	37.83	28.61	28.61	10.96
Water consumption per ton of ore (ton)		0.24	0.25	0.28	0.47	0.47	0.13

Adhering to the guiding principle that headstream control and end-of-pipe treatment, Tibet Huatailong dedicates great human and material resources to analyze the acidic bottom water of mountain spring in Serbo village. With the help of Beijing General Research Institute of Mining and Metallurgy and Changchun Gold Design Institute, Huatailong spent a year to accomplish the construction of acidic sewage treatment plant in Serbo village. The total amount of investment reached nearly 80 million RMB. The acidic water treatment project of Serbo village adopts the method that called sustained release vulcanization +HDS (including adjust and lift system, iron-removal and copper deposition system, vulcanization and copper deposition system, HDS(multimedia command and dispatch system), storage, dispensing and dosing system, sludge treatment system). Its treatment is 500 cubic meters per hour, which ensures all wastewater in wet season can be treated and the quality of the treated water reaches top level of secondary standard according to the Integrated Wastewater Discharge Standard (GB8978-1996).

The daily sewage treatment capacity of the buried domestic sewage treatment station of Inner Mongolia Pacific has increased to 720 cubic meters. The domestic sewage will be treated in line with the process of biological contact oxidation (hypoxia--aerobic (A/O) treatment), in which biological membrane, the purified subject, gives full play to strong durability against pollution, low power consumption, stable operation and convenient maintenance that are featured by this kind of bio-membrane reactor including anaerobic bio-filter and contacting oxidative reactor. The maximum capacity of sewage treatment station is 30 cubic meters per hour and the quality of all its treated water meets the secondary requirement of the Integrated Wastewater Discharge Standard. : Domestic sewage, once treated, can be used to reduce dust, green factories and etc.



Reservoir in Inner Mongolia Pacific Mining Co Ltd.

Environmental Protection

Given the profound impact that global climate changes have had on human in recent years, the Company, as a responsible corporate citizen, has an in-depth understanding of the challenging and urgent issue of environmental concerns. Therefore, the Company takes initiatives to push forth the environmental information and promote green operations, seeking to minimize the negative environmental impact from its operations.

In 2016, Huatailong planted and replanted 200,000 sea-buckthorns and 100 willows, which contributed 25,000 square meters of afforested area. Besides, the sprinkler irrigation lawn and Tibetan flowers Zang Darrell have reached 15,000 square meters. The afforested area totals 40,000 square meters. Tibet Huatailong always sticks to the sustainable development and steps up publicity efforts constantly. As for the fragile ecological environment, Huatailong has been working on the experiments of the technique on soil fertilization over the years, steadily carrying out



Afforested mining area of Inner Mongolia Pacific Mining Co Ltd.

the technique of water and soil conservation and water saving drip irrigation, the technique of reclaimed water re-irrigation, the technique of second transplantation of stripped turf, the technique of covering reclamation soil, the technique of artificial fertilization and drop irrigation and dust reduction, the technique of soil fertilization, the technique of nursery stock trial planting and tree, grass and flower planting and other series of projects in the ecological fragile zone of plateau. Experimenting with the selected grass from Inner Mongolia, Beijing's poplars, hippophae, hemerocallis, Tibetan flowers, highland barley, rape flower and other 22 kinds of plants in different attitude, the green area in mine area has reached to 185,000 square meters in a few years with 56,104,500 investment. Now the green coverage rate in mine area has become 95%, which greatly improves the mine ecological environment and offered a large amount of data to the reclamation and greening project of plateau mine industry.

◆ Implement level-to-level administration for environmental protection

The Company implements level-to-level administration for environmental protection. The production, operation and technology department of the Company takes charge of environmental protection, and uniformly supervises and manages the environmental protection work. All departments of the Company, according to respective duties, take charge of environmental protection by division of labor. The subsidiaries take charge of the environmental problems in the area where it operate. The environmental protection work of the company is managed uniformly.

◆ Strengthen the environmental awareness

The Company attaches great importance to environmental awareness, formulating and implementing annual environmental initiatives and training programs to publicize environmental knowledge and advocate the environmental culture. Through such initiatives and training programs, the Company strives to improve the environmental awareness, work ethic and methodology of the heads of subsidiaries and branches, standardize environmental management, fulfill environmental responsibilities of corporate undertakers, and play its leading role in the micro environmental management.

In 2016, the Company set a bulletin board in their culture corridor, writing the following contents: Environmental Protection Law of the PRC; the definition of environment; main sources of environmental pollution; environmental conventions; environmental concepts; ten requirements of environmental behaviors (saving water, saving electricity, saving papers, arguing for green consumption, cherishing flowers and trees, caring wild animals, maintaining ecological balance, increasing the knowledge of environmental protection, publicizing environmental protection; participating in environmental protection activities.



The three major management systems of Inner Mongolia Pacific Mining Co Ltd. passed the certification.

◆ Environmental technology

The Company places priority on environmental research. Therefore, the environmental innovation and system integration provides a technical support for pollution prevention and environmental management.

When it comes to the fine-graded carbon recycling of Inner Mongolia Pacific extraction plant, a portion of fine-graded carbon will be produced in flotation-metallurgical process and will be delivered to heap leaching plant through barren liquor transportation system, which affects the leaching rate and gold output directly. Considering the realities on site, the Inner Mongolia Pacific organizes related personnel to tackle the technique problem of filtration with high-frequency vibration. After many experiments, the technique was finally invented. The quantity of the recycling fine-graded carbon increases by 4.90%, 7.14 tons per year. The gold that intercepted by fine-graded carbon decreases by 9.9 kilogram. The economic benefits amount to 2.7million RMB and all the investment can be recouped at the current year.

Illustrative case



Equipment for recycling fine-graded carbon in Inner Mongolia Pacific Mining Co Ltd.

◆ Green and environmental operations

The Company actively promotes the green office campaign. Given its cross-region operations, internal office system and teleconference system are widely used in the Company's routine work to improve efficiency of green office. Actively promoting clean production, the Company places emphasis on environmental management across the entire production process, aiming to continuously improving onsite clean production performance.

Illustrative case

The Inner Mongolia Pacific installed wet desulfurization facilities to four boilers in the living area for technical innovation of desulfurization and procurement of low-sulfur Shaanxi coal. In 2016, sulfur dioxide emission of Inner Mongolia Pacific amounted to 31.75 tons, a decrease of 26% compared to 42.95 tons of emission in 2015. The target to reduce sulfur dioxide of this whole outperformed the planned target. In the year of 2016, Inner Mongolia Pacific invested more than 660,000RMB in the abandoned dumps covered with vegetation. The covered area with vegetation amounted to 74,145 square meters and the area sowed with grass seeds amounted to 50,000 square meters. From 2013 to 2016, environmental protection and comprehensive treatment in Inner Mongolia Pacific mine costed 21.44 million RMB. Inner Mongolia Pacific was awarded as "Greening Model in Inner Mongolia Autonomous Region" "Pilot of State Green Mine" and other honorary titles. The Plan of Environmental Protection and Comprehensive Management of Inner Mongolia Pacific Mines passed the examination from Land and Resources Bureau of Bayan Nur city and 6.86million RMB of environmental protection deposits of mining geology was returned. Since the construction of its environmental monitor station, everything has been in good condition and the monitoring data is regularly reported to local environmental department. In 2016, acoustimeter, portable hydrogen cyanide gas detector and other equipment were procured for the monitor station, which enhances its detection capacity.

◆ Green procurement

The Company actively implements the *Opinions on Government Procurement of Environmentally Labeled Products of the PRC* to prioritize environmentally labeled products, and select manufacturers with leading technologies of environmental protection and energy conservation as its major equipment suppliers, aiming to minimize pollution from the source.

◆ Protection of regional ecological environment

In strict compliance with the *Exploitation and Utilization Scheme for Mineral Resources, the Environmental Protection and Restoration Scheme for Geological Environment of Mines* and the *Land Reclamation Scheme for Mines*, the Company insists on the basic environmental protection principle of "people-oriented, environmental, prevention-oriented, clean production, energy conservation and emission reduction". The Company adheres to "paralleled mining and reclamation" across the design and mining processes for mineral resource development, seeking to restore vegetation continually, prevent soil erosion and preserve biological diversity.

The Company strictly complies with the national environmental laws and regulations. The new investment projects recorded 100% fulfillment rate for both "environmental impact assessment" and the "three simultaneous" requirement, thus strengthening environmental management on new projects from the source. In 2016, the Company paid a total of RMB 2.81 million for reclamation costs. The Company has recorded zero environmental pollution accident since its establishment.

Since 2016, Huatailong has pushed forward the acidic water treatment project of Serbo village comprehensively and all construction personnel strive to overcome various difficulties on site. Through appointing a variety of professional managers to the site, the Company enhances the communication with the administrative department of environmental protection of district, county and city so as to guarantee the construction of water treatment runs smoothly. According to the rectification requirements made by Environmental Protection Department of Tibet Autonomous Region at the end of 2015, the Company has taken active rectification measures: first, we spent more than three months disposing hundreds of thousands of tons of crude ores in storage N0.1 yard. After completion, impermeable membrane was laid at the original storage yard area. There are over 20 centimeter reclamation soil above and below the impermeable membrane, surrounding ditches used for collecting and disposing catchment. At present, the rectification of storage N0.1 yard has passed the examination of the district Environmental Protection Department. And afforestation and rectification is to be carried out in the spring of 2017.



Afforested mining area of Tibet Huatailong



Inner Mongolia Pacific was organizing its employees for greening the community

◆ Green business

The Company has firmly upheld the concept of "building an enterprise into an environment keeper", adhering to the principles of "spur the environmental protection during pursuing development and promote economic growth while working for the environment" and "rely on the scientific and technological progress, develop the circular economy and construct the green mines". The Company has afforested the mines to improve the ecological environment so as to better promote the mining development and environmental protection.

Tibet Huatailong always adheres to the eco-friendly idea of sustainable development, as well as to the philosophy of "build a mine and green the community where we operate" and "we want both golden, silver hill and clean water, green mountains as well". With aspect to the fragile eco-environment at the plateau, we are committed to perfecting the achievements of soil fertilization process technology targeting the ecologically vulnerable areas at the plateau over the years. In March 2016, Huatailong organized employees and hired farmers from Jiama town for greening the community where we operate, in which they sprayed the grass seeds to afforest on more than ten pieces of areas with exposed surface and planted sea-buckthorn and willows, covering more than 40,000 square meters. There are more than 5,000 square meters of 200,000 sea-buckthorn and 100 willows as well as 35,000 square meters of grass seeds and Tibetan flowers. All in all, a total of afforestation reached to more than 200,000 RMB.

Since 2015, at the No.2 beneficiation plant, an experimental area of hippophae, considering the high altitude (4,575 meters), strong solar radiation, long hours of sunshine, lower temperature and a wide temperature difference, the Huatailong decided to plant hippophae in this area, for other arbor and bush plants are hard to survive in such environment with the prerequisite of afforestation and survival rate. The number of hippophae plants is nearly 500,000 and the area of slope protection reaches 726,758,000 square meters. Now these hippophae are growing very well with 60% survival rate.



The experimental area of growing sea-buckthorn in No.2 beneficiation plant of Tibet Huatailong.

◆ Monitoring of regional ecological environment

According to the requirements of environmental monitoring work, China Gold International actively entrusts the relevant monitoring units to carry out the environmental monitoring work of the mining area. The monitoring items include groundwater, surface water, domestic sewage, climate, noise, efficiency of dust removal of the plants. The internal monitoring is conducted by quality inspection center of the Company in accordance with the monitoring program on time.



Third-party Environmental Monitoring Agency was monitoring the water quality of Huatailong

Safety Production

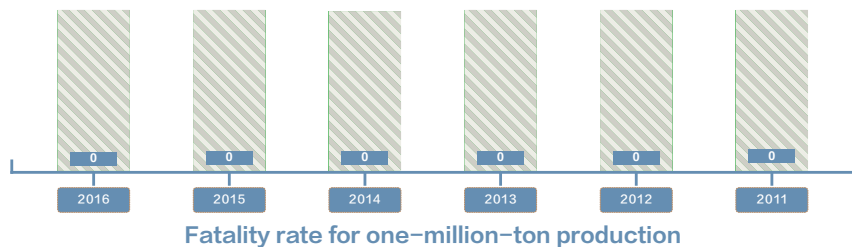
Fully aware of the long-term, arduous and complex nature of safety production, we adhere to the safety development concepts of "No unavoidable accidents" and "Human-oriented and safety-based development" which are closely aligned with our strategic transformation. In accordance with the approach of "safety foremost, prevention first and integrated management", we press ahead with safety management system engineering, starting with employee education, software improvement and hardware upgrading, so as to upgrade the fundamental and intrinsic safety capabilities of the Company as a whole to lay a solid ground for safe and harmonious mines.



Zhang Lisheng, Chairman of Inner Mongolia Pacific, was carrying out a special inspection to the construction team

Safety Investment and Performance

In 2016, the Company invested a total of RMB 75.50 million in safety, focusing on onsite management and system construction, to ensure its safety production and operation. The Company recorded zero fatality rate for million-ton production, zero major equipment accident rate, zero major fire and explosion accident rate, and zero major traffic accident rate, demonstrating sound performance of safe and stable operations. Our safety production capability takes the lead in the gold industry in the PRC.



Safety Supervision

The Company has participated in the development of *Interim Provisions on Production Safety Accident Accountability of China National Gold Group* and has strictly complied with it. And we have established safety responsibility system to strengthen safety responsibilities and carry out accountability.

Illustrative case

Inner Mongolia Pacific has installed the SSR-XT Slope Monitoring Radar at the open pit slope, which provides continuous measurement data of submillimeter accuracy, with a maximum distance of 3,500 meters and conducts real-time monitoring. By analyzing the high-value data and alarm provided by the radar, the management identifies the reasons based on the alarm and immediately informs the on-site duty manager, security officers, dispatchers to check the site where the alarm occurs. When it comes to emergency, the construction personnel and equipment can be evacuated immediately and advanced slope monitoring radar be applied to control risk to promote mining safety. The slope monitoring radar has been playing a vital role since its operation, which maximizes production performance. Except for radar instrument, there installs 39 fixed monitoring piles at eastern and western stopes, dumps and heap-leaching fields on site. Meanwhile, technical personnel carry out examination and analysis on a regular basis at these key areas, which provides reference for the study on stability of slope. The security officers of Safety and Environment Department of Inner Mongolia Pacific check on the slope every two days; the Department organizes Production and Technical Department and Department of China Railway Nineteenth Bureau Group Co., LTD to conduct a comprehensive safety examination on stability of the slope as well map the slope every month in order to format a complete regular management and monitoring system. In 2016, Inner Mongolia Pacific invested 50 million RMB in



consolidating the support of slope in open-pit fields, which eliminates safety hazards of slope gradually from the beginning.

Slope monitoring radar of open-pit of the Inner Mongolia Pacific

In 2016, the Company strictly implemented the leader on duty onsite system and the safety deposit system as well as introduced management systems for identification of safety risk sources and analysis of near safety accidents, and in the meantime further perfected the *Standard of Punishment for the Illegal Disciplinary on the Production Site, Management System of Civil Explosives, Management Methods on the Extraction and Use of the Safety Measures Costs, Implementation Plan for Safety Deposit I the Production for all Staff, Leader on Duty Management System on the Site, Security Responsibility Management System for Team leaders, Management System of Potential Safety Hazard Checking and Controlling, Safety Management System of Sodium Cyanide, Safety Confirmation System of Working Site, Regulations on Non-Smoking Outdoor* and other management systems, to further strengthen the basic work of occupational health and safety production management for the Company.

Remuneration-linked

The number of fatal accidents and casualties are linked to performance-based annual bonus of executives of the enterprises, 20% of which, upon final evaluation, are subject to the results of safety management assessment.

Administrative penalties

The "one vote veto" mechanism is adopted for safety production issues, including safe production accidents, non-compliance with laws or regulations or policies on safety production, delay in safety production activities, weak rectification to significant potential safety hazards. For any business unit being a subject of the veto, all its annual general honorary titles and individual awards will be revoked, and the head, dedicated executive, relevant manager and the person with direct responsibility will lose their qualifications for any recognition, selection and promotion in the year.

Contents of safety inspections

1 Inspect on the fulfillment of safety production responsibilities by corporate undertakers.

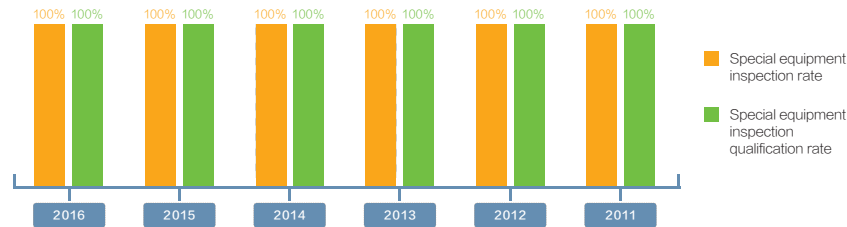
2 Inspect on major potential hazards, progress of rectifications, issues outstanding and the responses to emergency.

3 Inspect on the investment in safety production and the availability of funding for rectifications to potential hazards.

4 Inspect on safety management of construction teams. Inspection focuses: blasting operations, open pit mining, safety exits at underground mines, hoisting and transportation systems, power distribution system and electric management, drainage system, ventilation system, gob area management, stope roof management, abandoned mine management, implementation of emergency response plan, tailings pond, hazardous (toxic) chemicals, etc.

Identification of Potential Hazards

Throughout its safety production management, the Company always gives the highest priority to major hazard sources, key areas and key processes. Under a strengthened framework, the Company reinforces specific inspections, supervisions and rectifications to preclude any accidents. In 2016, our special equipment inspection rate and qualified rate both reached 100%, sustaining the high level of safe operations.



Illustrative case

Based upon practical experience in work, Tibet Huatailong Co., Ltd. establishes a sound investigation system of potential hazards, covering routine inspection by the Department of Health, Safety and Environment, spot check by duty managers, monthly safety examination by Huatailong and special checks on a regular basis, all of which effectively control every production processes to ensure zero hazard. In the year of 2016, Huatailong inspected 485 of routine safety hazards. Huatailong examined 105 potential hazards during six special examinations, 393 safety hazards during 12 checks, 27 notifications and 136 problems during manager's inspection. So far, the rate of completion keeps 99%. Huatailong increases the punishment in safety, among which 440,770 RMB was fined to construction organization and responsible personnel in terms of Three Violation and safety confirmation.



Personnel of Huatailong were inspecting winch room area of 4620 inclined shaft.

Management of Hazardous Chemicals

The Company's hazardous chemicals mainly include explosives, sodium cyanide, sulfuric acid, arsenic trioxide (arsenic), etc. To ensure safety, stringent protective measures are developed in the storage, transportation, application and other processes. From its establishment up to 2016, the Company recorded no loss or serious spill accident of explosives and hazardous chemicals.

Illustrative case

Tibet Huatailong regulates dangerous chemicals strictly and sets management system of dangerous chemicals, operation procedures and emergency treatment procedures at warehouses, laboratories and preparative workshops related to dangerous chemicals. They also install emergency treatment equipment such as leaching equipment at dangerous chemicals operation places. Every operator who contacts with dangerous chemicals will be trained to work with a certificate. The company has invested more than 300,000 RMB in installing in laboratories the acid absorption equipment that can absorb the waste acid caused by assay, which not only protect the health of the operators but also avoid environmental pollution. In July, the company organized an emergency drill of dangerous chemical leakage to test their capacity of evacuation and emergency management in the case of emergencies and this drill has achieved desired effect.

On June 21st, 2016, Inner Mongolia Pacific organized a specific drill about fire rescue and emergency evacuation at dormitory blocks of construction team of China Railway 19th Bureau Group Co., Ltd. Staffing in this drill is considerate and reasonable. The 19th Bureau project department prepared very well with a right procedure of rescuers reports, sufficient equipment of emergency and fire and appropriate methods and measures of fire-fighting. Participants have the capacity to react and deal with emergencies. Sprinklers and fire trucks were dispatched immediately to put out the fire in time.



Fire-drill of Inner Mongolia Pacific

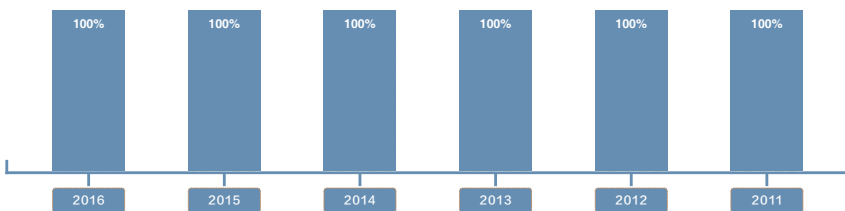
Safety Culture

Safety culture is highly valued in the Company. Through safety education, training and propaganda, we seek to shift the awareness of "safety requirement" to "safety initiative". We take efforts to foster a sound cultural atmosphere featuring "safety production by us", "safety for production and production upon safety" and so on.

Safety education and training

The Company proactively carries out safety education and training, conscientiously implementing the *Notice on Further Strengthening Safety Production of Enterprises issued by the State Council* ([2010] No. 23) and the *Provisions on Safety Training of Production and Business Units* (State Administration of Work Safety, Order No. 3). In 2016, the Company and its subsidiaries carried out 231 safety education and training sessions, with total participants of 14,454 persons. In 2016, the safety education and training rate for the Company's employees reached 100%.

	Unit	2016	2015	2014	2013	2012	2011
Number of safety education sessions	times	231	217	89	226	31	30
Total training participants	Persons	14,454	8,928	6,906	6,251	4,100	2,620



Safety education and training rate for employees

Note: Total training participants include contractor employees

In 2016, Tibet Huatailong trained 122 new employees, 3,829 of construction units, and retrained 266 of construction units, made 469 of safety checks and special training for 6 times. Safety training makes the new employees realize the importance of safety through multimedia, for instance, watching accidents surveillance videos. And multimedia teaching makes the visual and audio central system of employees in an excited status, which helps them to be impressed with the knowledge about the safety with coal mines. The company is rather strict to the usage of self-rescuer by employees of construction units and checks their operating ability one by one. During the evaluation, the company requires that new employees describe the safety confirmation procedure and their own post operation procedure proficiently. Tibet Huatailong carries out the three degree safety educational system and controls the educational pass strictly. Those who fail to pass the training test are not be employed by the company.

According to the annual training plan, Inner Mongolia Pacific organized various kinds of safety education in 2016 when the number of new trained employees (including sub-contractor construction team) is 2,030 and all of them go on duty with certificates. In March and September, another two safety educational trainings for all employees were organized, which involved 2,404 persons. From January to October, the company organized safety educational training for 39 managers above the team chief position; occupational health educational training for 1,460 persons; two external training for 144 special workers and special equipment operators who all passed the test; hazard source identification training for 243 operators of production units. Besides, the company organized a series of safety alert educational activities twice such as watching the video "Bitter Experience" "Mourning", "Examples to Take Warning from" and "The Cost of Accidents", which a total of 3,078 employees took part in. In 2016, the company has provided different kinds of safety educational trainings for 9398 employees and all these actions enhanced the basic safety and consolidated the production safety work.



Safety training of all employees in Inner Mongolia Pacific

Safe production public awareness

The Company took initiatives to participate in a wide array of activities jointly organized by the State Administration of Work Safety and other authorities, including "Safety Production Month", "Safety Production Year", "Safety Knowledge Contest", and won excellent recognitions.

In June 2016, Tibet Huatailong organized the month-based activities themed with "strengthening the concept of safety production, improving the overall safety quality", set up specific safety leading group. Through OA, QQ group, WeChat and other social media, the employees take initiatives to participate in this activity, which is beneficial to improve the safety quality of all employees. During this activity, Huatailong launched fire drill, emergency drill of overtopping tailing pond, emergency drill of tailings leakage, Serbo ditch geological disaster, smoke poisoning accident, roof and wall collapsing. In total, 29 slogans of safety production were suspended. Besides, Huatailong also launched knowledge contests, organized employees to watch a series of promo concerning the prevention of occupational health with the aim to make knowledge of safety production public and improve employee's awareness of safe production.



Tibet Huatailong organized knowledge contest for employees.

Inner Mongolia Pacific proactively holds safety-themed meeting, safety warning education propaganda, "Snapshot hidden dangers among us", potential risks eliminating, emergency drill, the sixth "Ankang Cup" knowledge contest, safety advanced classes, security guards, safety model selecting; some production units carry out "Safety Production Month" activities such as "Safety Promise". All these activities enhanced the "Three Basics" work of safety production, popularized the safety knowledge, strengthened the responsibility implementation, improved the safe quality of employees and promoted the safety culture. The company holds fast to the Red Line of safety production, implements responsibility of safety production and forms the long-term mechanism about the safety production to realize the harmonious and safe development of the company.



Commendation meeting of Inner Mongolia Pacific

Employees' Interests

The talent development concept of "Talents are the primary resource" has been firmly established in the Company. We adhere to the human-oriented philosophy, taking employees' growth, provision of equal development opportunities and mutual growths between employees and the Company as an integral part of our corporate social responsibility. We take efforts in improving talent structure, quality of talent and incentives for talents to build harmonious employment relationship, aiming to build up a professional team of talents with integrity and caliber, reasonable structure, team spirit and aspiration and a high sense of responsibilities. The Company adheres to the "human-oriented and grow-to-potential" concept to fully protect employees' interests and provide them a good platform for growth, striving to inspire their enthusiasm and creativity.

Employees' Interests

The Company has been following the "human-oriented" concept for employment, paying respect to employees, safeguarding their interests and seeking to create desirable working and living conditions for them. Financial resources have been increased to improve the compensation packages as well as the production and living conditions for employees. We are committed to building corporate culture.

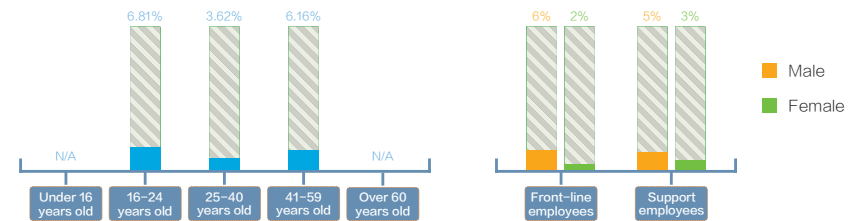
Profile of employees

The number and the turnover rate of employees at different ages in 2016

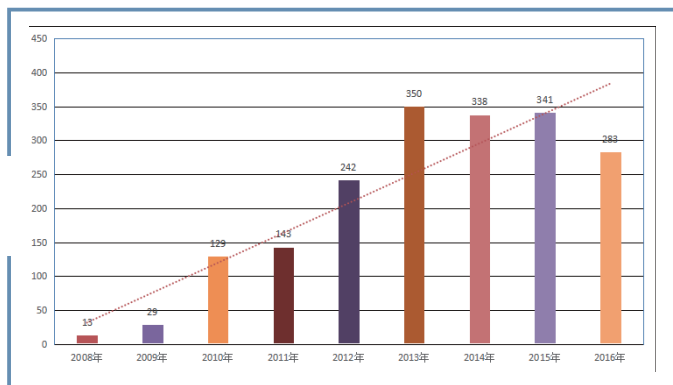
	Under 16 years old	16-24 years old	25-40 years old	41-59 years old	Over 60 years old
The number of employees	0	143	908	679	7

The number and the turnover rate of front-line and support employees in 2016

	Front-line employees		Support employees	
	Male	Female	Male	Female
The number of employees	771	121	423	188

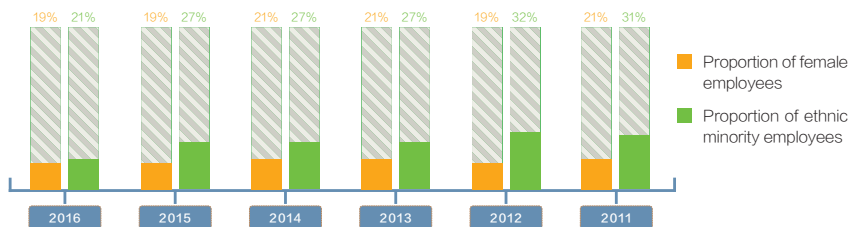


The turnover rate of employees at different ages in 2016 The turnover rate of front-line and support employees in 2016



Local Tibetan employees recruited and settled by Tibet Huatailong from 2008 to 2016(unit:person)

As of 2016, a total of the Company employees has been 1737, including 337 female workers and 357 ethnic minority workers. And there are 311 primary, intermediate and senior managements, including 41 female managements.



Protection of employees' interests

In strict compliance with national labor laws and regulations, we adhere to business ethics to strengthen the management on employment contracts, constantly improve the employment system, and pay full attention to employees' right to know, so as to protect their legitimate rights and interests. In 2016, both the employment contract signing ratio and the social insurance coverage ratio of the Company reached 100%.

We adhere to equal pay for equal work to men and women, decent work, non-discrimination on race, gender, age or any other factors, prohibition of child labor, and fighting against forced labor.

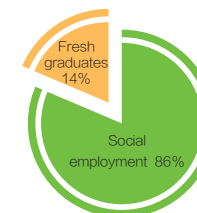
We give full play to the role of employees in democratic management and supervision, setting up labor unions at all levels under the primary democracy system including employee representative conference and transparency of plant affairs. Thus, we have built up sound democracy organizations, with various forms for transparency of plant affairs as well as smooth channels for reasonable proposals. The labor unions at all levels vigorously stage employee democratic participation and democratic management activities to seek real benefits for employees.

Promoting of employee development

We treat new and old employees in an equal manner in light of the process of "recruitment, training, selection, incentives, fostering, and promotion". We seek to improve the staffs caliber through multi-dimensional and multi-level training, provide them equal career opportunities and diversified career paths under a well-established talent identification and appointment mechanism, and increase their sense of belonging and cohesion through improving corporate culture development, with an aim at mutual growths between the Company and its employees.

Recruitment

Under a recruitment model of "unified platform, rational authorization, tiered management", we adhere to the open recruitment principle to provide equal opportunities for all candidates. In 2016, 216 persons were recruited by the Company through social recruitment, including 31 fresh graduates and 185 experienced hires.



Due to its territorial specificity, Huatailong adopts multiple and multilevel system of introduction and employment. Considering the brother enterprise faces operational difficulties due to many reasons such as resources in recent years, Huatailong takes on responsibilities actively and has a win-win attitude, coming to some related enterprises or using Internet interviews to select and employ workers according to its personal configuration. Meanwhile, through the website Zhaopin.com, the company has employed a group of high-caliber talents with high quality, who can actively be engaged in the technological researches of the company. This provides a strong support for personnel on digitized mine construction and hi-tech enterprise construction.

Illustrative case



Tibet Huatailong invited Mr. Li Hong, professor of CPC party school of Tibet Autonomous Region, to have a Party knowledge-oriented lecture for employees.

Training for employees

With the rooted concept of "Train to improve the quality for development", the Company has established a clearly structured and categorized training system supported by competent instructors and effective contents, to proceed with the quality enhancement program for the staff. In 2016, the Company provided training to 1,288 employees in total.

For business and management personnel We established the training development mechanism based on the competency model and covering three levels namely leaders, senior executives and reserve talent, while encouraging the executives of regional subsidiaries to participate in training in rotation.

For technical professionals We focused on improving business capabilities and comprehensive quality of key technical professionals mainly in ecology, survey, mining and processing.

For skilled workers in production We proactively carried out pre-service training for skilled workers in newly constructed projects, certification of professional skill levels and rotated training for team and group heads, thus effectively uplifting the overall quality and capability of employees.

Tibet Huatailong energetically pursue the strategy of talents to revitalize the enterprise and extend the development space for young employees actively through holding different kinds of training class, participating in trainings organized by the China Gold Group Corporation, sending employees to excellent subsidiaries of the Group to visit and study. In order to make all employees understand Tibetan customs and living habits and more effectively communicate with the local people, the Company organized many educational activities of local customs with the theme of "respecting folk customs, reinforcing the national unity, promoting project construction", which can strengthen national unity and create a harmonious and favorable atmosphere. The development of the activities focused on Tibetan knowledge received much attention of local governments at all levels and the China National Gold Group Corporation. To date, lessons of Tibetan customs have been held 86 times, training 3,155 people in total and has become a long-term tradition of the Company.



Inner Mongolia Pacific was organizing training for construction team members

Illustrative case

Illustrative case

Huatailong ensures their facilities operators are familiar with the operating procedure, master the principle of equipment structure and fully understand the content of the three-level maintenance system through training of equipment management. Operators of each shop can make better use of operating procedure and become the master of equipment. The Company also allows the operators to acquire Three Excellence and Four Abilities gradually during the course of using the equipment, which lies a theoretical foundation, meanwhile, by the form of questioning and answering and doing selective spot, the Company ensures the participants can go to work with legal certifications. The training of equipment management improved the operators' skills of using and maintaining effectively, which supplies solid assurance for the safe and stable production.

Incentive and restraint mechanism

With a commitment to corporate performance improvement and strategy fulfillment, the Company vigorously presses ahead with performance assessment activities under an assessment framework based on the Management Requirements on Performance of Employees. The performance assessment activities were carried out to inspire employees' enthusiasm to plan, act and succeed. In light of its features and helping employees grow their potential, the Company grades the posts in accordance with the management, technical professional and worker, and formulate remuneration system, defines employee promotion channel so as to motivate the morale and achieve the harmony between the Company and employees.

The Company carries out professional title appraisals every year. In 2016, 21 employees received professional titles at various levels.

Note: In 2013, the number of primary workers of political working series decreased by one because of resignation; one and four employees were left from the intermediate and primary post of social series in 2014. In 2016, four and one were reduced from the primary levels of social series and political working series respectively.

Year	Datasheet of professional title appraisals								
	Engineering series			Social series			Political series		
	senior	Intermediate	Primary	senior	Intermediate	Primary	senior	Intermediate	Primary
2016	16	45	42	2	2	-4	0	3	-1
2015	1	5	14	0	1	0	0	0	0
2014	4	10	8	0	-1	-4	0	0	3
2013	8	26	44	1	2	6	0	0	-1
2012	3	4	44	0	0	7	0	1	1
2011	8	36	72	2	11	19	3	0	4
2010	9	79	50	0	1	12	2	0	4



Tibet Huatailong Company was holding the first skill competition of laboratorian



Inner Mongolia Company was holding skill competition of machine maintenance

◆ Caring for employees

We highly value and care for our employees, especially female, young and retired employees, and actively help the employees in need to overcome difficulties. In Spring Festival holidays each year, we pay wish visits and offer assistance to employees in need, to help them pull through the difficulties. Meanwhile, the Company keeps a close eye on the growth of youth employees, pressing on the training to them and seeking to provide them a development platform and growth potential.

Illustrative case

Huatailong organized all leaders and staff as well as business partners to take part in the donation for a sick employee of NO.1 beneficiation plant. 159,580 yuan was raised in three days. It is the Chinese traditional virtue to help colleagues who suffered from an illness, as well as the spiritual support to overcome all difficulties. Moreover, it is the responsibility of state-owned enterprise, which shows the fraternity of Gold people in plateau that all will support the one in difficulty.



Tibet Huatailong Company was raising donations for the employee suffering from leukemia

The Inner Mongolia Pacific launched “Caring growth, realizing dreams” activities in autumn, awarding grants to eleven poor students admitted to universities, whose parents were the workers and herdsmen. Since 2012, the Labor Union of Inner Mongolia Pacific has given grants to 42 children of staff and herdsmen who entered undergraduate universities and junior colleges and the amount of grants was 73,000 yuan altogether.



The library of Inner Mongolia Pacific Company for employees

Illustrative case

◆ Promoting corporate culture

The Company actively carried out positive, healthy, entertaining and educational cultural activities to promote corporate culture, which enriched employees' cultural life and enhanced the cohesion across the Company.

Illustrative case

Under the leadership of CPC Committee of Huatailong Company, the trade union of Huatailong takes its realities and environment into account. Adhering to the people-oriented principle, the trade union is committed to protect the right of safety and health, fundamental right to life, right to development, political right and spiritual and cultural right. Therefore, the endless efforts lead to enhancing cohesion, unity and strength of the company, which promotes harmonious development and democratic management gradually. We can see employees' initiative is significantly encouraged. A variety of safety activities, such as writing contest, speech contest, knowledge contest and performance, were launched in order to make all the employees aware of the importance of safety production in the entertaining way with imperceptible influence, which fully creates friendly cultural atmosphere of “cherish life and concern safety” . Huatailong also started associations of calligraphy, photography, literature and Tai Chi, and introduced basketball team, football team, badminton team, band and art performance team so as to develop the construction of leagues and enrich amateur life of employees. Besides, trainings of photography and literature were also conducted as well as photo and painting exhibitions were held. As of 2017, the Company has successfully held six basketball games and four calligraphy and painting exhibitions.



Award party held by Huatailong



Basketball friendly match of Inner Mongolia Pacific

◆ Occupational Health

In light of the firmly established concept of "human-oriented", the Company incorporates the aims to protect employees' health with sound occupational health supports and to pursue sustainable corporate development. As of 2016, the Company recorded zero occupational disease case, a good track record of no additional occupational disease cases since its establishment.

◆ Occupational health management

Occupational safety and health work is included into the production and operation of subsidiaries, where targets and measures are defined including appointing a dedicated executive responsible for their respective efforts in occupational safety and health. Dedicated management functions with professional management personnel are established to, with reference to actual conditions of each enterprise, reinforce the monitoring, inspection and supervision on occupational hazards of the workplace, in order to effectively prevent and reduce occupational hazards. With the gradually increasing insurance coverage, improving working environment and sound labor protection, the enterprises carried out prevention of occupational diseases, healthcare, inspection and treatment activities under the fortified organization and leadership for employees' safety and health.

Physical examination and health records

Spiritual needs and mental health of employees should be a focus for enterprises and the society as well. The Company vigorously popularizes the knowledge of mental health, with smooth information channels to keep informed of the expectations and dynamics of employees. The psychological team provides mental health counseling to relevant employees in a timely manner, and helps them to adjust their ideas and enhance their mental regulation ability, which mirrors our human-oriented caring and satisfies the multi-level needs of employees. According to its industry characteristics, the Company arranges regular physical examinations and has established health records for employees.



Inner Mongolia Pacific provides regular health examination for employees



Huatailong provides health examination for employees

Labor protection

The Company has established standard safety management systems, including the management system for labor protection supplies. The subsidiaries are required to follow such rules to provide all workers with work conditions and strict labor protection measures in accordance with national standards. The subsidiaries provide workers with labor protection supplies in strict compliance with the management system for their distribution and use, while superintending and instructing the workers for proper use.

中国黄金 China Gold 民用爆炸物品仓库火灾、爆炸应急处置措施

- 1、民用爆炸物品仓库发生火灾、爆炸事故，必须立即报告，及时通知，组织周边人员撤离危险区域。
- 2、采取隔离和疏散措施，封锁事故现场和危险区域，设置警示标志，避免无关人员进入事故发生区域，并合理布置消防和救援力量。
- 3、处置原则：先救人后救火，先送医院，先重伤后轻伤，先易后难。防止火灾、爆炸扩大。
- 4、在抢救人员和消防队到达事故现场之前，现场负责人组织自救和灭火工作，同时做好火灾现场的人员撤离。在烟雾弥漫中，要用湿毛巾掩鼻，低头弯腰逃离火场。人员撤离时应远离爆炸后烟雾波及的方向及区域，以避免中毒事故发生。
- 5、抢救伤员时，首先要了解受伤人员的人数和大概位置，尽快将伤员脱离火源、热源，缩短烧伤时间，将其转移到安全地带。如有人员受到伤害，立即组织医务室进行医疗救治。
- 6、利用就近的消防栓、灭火器等灭火设施和器材进行灭火，着火时不要开下风楼。
- 7、进行自救灭火、组织人员、抢救物资、抢救伤员等救援行动时，应注意自身安全。
- 8、当火灾、爆炸失控，危及人员生命安全时，应立即指挥现场全部人员撤离至安全区域。

内蒙古太平黄金有限公司信息中心 24 小时应急值班电话：1304780344 内蒙古太平黄金有限公司医务室 24 小时联系电话：1304780318

Inner Mongolia Pacific's notice with emergency measures in warehouse of explosives for civil use in the case of explosion and fire

Training of occupational health

Huatailong company invited Yang Dingzhou, director of Mountain Sickness Department of the General Hospital of Tibetan Military Area, and Lin Xiu, director of Department of Orthopedics and Trauma of the General Hospital of Tibetan Military Area, to deliver training lessons on common senses of preventing altitude sickness and curing trauma. More than 140 employees participated in the training, including all departments of middle-level management, safety superintendents of all mines, professional safety officers, health personnel, all machinery drivers, project managers of all construction units.



Huatailong organized lectures of occupational disease for employees

Illustrative case

Inner Mongolia invited the experts of Inner Mongolia North Heavy Industry Hospital to have special lectures of occupational health for employees. A total of 600 workers attended this lecture including employees at the mines and external construction workers contracted by Inner Mongolia Pacific. Professor Wei Chuncheng, director of Inner Mongolia North Heavy Industry Hospital, was responsible for this lecture. With more than 30 years of clinical experiences, he delivered lessons of identifying, preventing and treating common diseases occurred in mines as well as of taking measures in the case of emergencies such as cardiovascular disease.

Technological Innovations

Adhering to the concepts of "Science and technology are primary productive forces" and "Leveraging the leading technologies to serve the country", the Company actively participates in the national researches on the difficulties in processing and refining of gold and complex polymetallic ore. The Company actively makes industrialization attempts to secure its leading position in tackling technologic difficulties in processing and refining low-grade gold ore, which helps to increase the utilization efficiency of gold and nonferrous resources.

Investment in Technological Innovations

Aiming at a series of technical problems, the Company has actively carried out technical research. In 2016, 33 science and technology awards and 9 essays on scientific technology had been declared and issued by China Gold International Resources Corp. Ltd which laid a technological foundation for sound and rapid corporate development. With the support of China National Gold Group Corporation and China Gold International Resources Corp. Ltd., the coordination of subsidiaries of the Group and scientific research institutes, scientists and technicians of Huatailong are working on the key and difficult technical problems, producing fruitful scientific innovations. Ten achievements have been honored Science and Technology Award of China Gold Association with six first prize and three second prize, such as Integration and Application of Technology of Maximizing Polymetallic Mineral Resources in Tibet Jiama High Altitude Area Clean and Efficiently, Design and Application of Automation of Jiama Phase II Beneficiation Plant in High Altitude, Application of Solar Renewable Energy Technology in Mines of Fragile Plateau. These scientific achievements provide technical support for green development and utilization of mineral resources at plateau and boost China National Gold Group Corporation to cultivate Tibet Jiama mine into a green, eco-friendly and modern mine with large scale. And it is of significance that Jiama can give the full play to its benchmarking model at Tibetan Plateau, especially at the Tibetan areas.

Scientific Achievements of China Gold International in 2016

Project Name	Level of Award	Remarks
Integration and Application of Technology of Maximizing Polymetallic Mineral Resources in Tibet Jiama High Altitude Area Clean and Efficiently	First prize	Domestic leading level
Theoretical Innovation in Metallogenesis and Breakthrough in Ore Prospecting for Copper Polymetallic Ore Deposit of Tibet Jiama Mine	First prize	International leading level
Research and Application of Optimization of Crushing, Grinding and Flotation Process in Beneficiation Plant I of Tibet Huatailong Company	First prize	Domestic leading level
Application of Solar Renewable Energy Technology in Mines of Fragile Plateau	First prize	International leading level
Industrial Test and Application of Key Copper-molybdenum Separation Technology of Jiama Copper Polymetallic Ore	Third prize	Domestic leading level
Research and Application of Equipment Innovation and Process Optimization and Integration of 6000 t/d Beneficiation Plant in Alpine High Altitude Area	First prize	Domestic leading level
Study on Safety Control Technology of Large Flow and High Concentration Filling in Ultra-large Scale Metal Ore	First prize	Domestic leading level
Study on Beneficiation Technology Integration and Engineering Transformation of Complex Polymetallic Ore of Jiama Copper, Lead and Zinc	Second prize	Domestic leading level
Research and Application of Key Technology of Transportation of Jiama Copper Polymetallic Ores	Second prize	Domestic leading level
Research and Application of Technical Innovation of Open-pit Mining of Tibet Jiama Copper Polymetallic Ore	Second prize	Domestic leading level

Achievements in Technological Innovations

Exploitation and utilization of low-grade ore

Given the scarcity, small reserve and low yield of global gold resources, the Company leverages technological progress and scale operation to fully tap on limited resources and enhance its sustainable development capacity. We maintain a leading position in tackling technologic difficulties in processing and refining low-grade gold ore, which has greatly increased the exploitable gold resource reserve.

Illustrative case

Study on reducing the impurity ion in heap leaching circulating liquid is a key project of Inner Mongolia Pacific in 2016, which aims at reducing the concentration of impurity ion in heap-leaching liquid and promotes the efficiency of ore leaching. The technical method is adopted by utilizing heavy metals absorbent to absorb impurity ion, eluting saturated sodium chloride and precipitating in two stages. In light of the copper in the elutriant, taking its economic value into account, the project team explores different ways to recycle the copper in order to improve the recovery rate of copper. In the year of 2016, both experiments of precipitation in two stages and small simulation experiment of 2 m³/h were completed, obtaining experimental data successfully. In 2017, industrial experiment and technical innovation of 150 m³/h impurity removal and copper recycling is planned to be conducted to complete the transformation of scientific achievements.

Separation of polymetallic ore

Jiama is a copper polymetallic mine hosting six metals including copper, lead, zinc, gold, silver and molybdenum, with vast resource reserve and a good exploitation outlook. However, the comprehensive recovery of polymetallic ore in the mine is a challenge, with rare success stories even in the international industry. In 2016, through the hard work of Huatailong scientific and technological researchers, Jiama Phase I cu-mo separation technology has been applied to commercial test and gained significant breakthrough, with all technical indexes being comprehensively enhanced.

Illustrative case

Huatailong has cultivated an innovation team of science and technology, of which young technical employees have become the backbone of tackling the key problems. They have achieved extraordinary results in geological exploration, mining of deposit, environmental restoration at plateau, treatment of heavy metal in background water, construction of harmonious mines. To carry forward the spirit of science, July 28th is set as Huatailong Technology Day to ensure sustainable mining development of Huatailong at high altitude plateau.

Currently, nine programs have been listed as key technological projects of this year, including study on mining technology of complex thick orebody in the Jiama mines safely and effectively, study on optimization of the support of broken and fragile rock lanes in Jiama mines, study on process mineralogy of Jiama polymetallic ore, study on prevention of freezing-thawing disaster and freezing damage of the field facilities in alpine high altitude mining areas, application and study on 40,000 t/d flotation automation closed loop control system of Jiama phase II, study on key technology and industrial experiment of recycling complex, refractory and low-grade lead ores of copper oxide, study on beneficiation experiment of lead-zinc ore of copper oxide, study on beneficiation experiment of copper-molybdenum ore, industrial experiment of separating copper and molybdenum in phase I.



Nine certificates of scientific and technological awards of Huatailong



Launching ceremony of large-scale mining of 728 National Science and Technology Plan in Tibet.

Construction of digitized mines

When it comes to the Company's mines, a comprehensive data-centered system covering production management and fundamental automation has been established under a production management model for modern enterprises, which incorporates real time data across all production processes and the production management information into the integrated PCS (process control system). According to the production processes, the systems is divided into specific parts including coarse crushing, grinding selection, flotation separation and pressurized filtering, tailings, etc., where data monitoring, data collection, equipment process control and data analysis are completed for the entire mine system. Thus, the automation control is achieved throughout the production process.

Since the integration of industrialization and IT application in 2014, Information Management Department of Huatailong has been taking initiatives to implement the integration work. Therefore, a leading group was established, in which the general manager as the senior management and deputy director as the representative of management, in order to build management related to refined mining capacity of mineral resources and large-scale automated beneficiation capacity, leaving the manuals, procedure files and some original records and accounts supporting the above two capacities. With the cooperation of more than two years, the works has been completed, including surveying of present statue, assessing, system planning, releasing notes, reviewing systems. In the end, the integration of industrialization and IT application was passed in the first and second phase review. Huatailong obtained the certificate of Integration Management System by Ministry of Industry and Information Technology of the People's Republic of China, becoming one of the 48 enterprises in the first batch to have the certificate, the first in Tibet Autonomous Region and the second among the subsidiaries of CNG. On August 26th, 2016, Wei Feng, the deputy general manager of Huatailong, was honored as outstanding management representative of the integration of industrialization and IT application in 2016.

Illustrative case



Certificate of integration of industrialization and IT application obtained by Huatailong company



Harmony and Win-win

In light of the concept of "business integrity for win-win and multi-win" and the principle of equality and mutual benefit, the Company actively promotes extensive cooperation with the stakeholders. We continuously improve customer services, strengthen supplier management, and carry forward strategic cooperation with local government, suppliers, creditors, enterprises and public sectors and other entities, striving to achieve win-win with the stakeholders.

Corporate Governance

According to the applicable listing rules and its Articles, the Company has established a company governance structure comprising general meeting, the Board and its special committees and senior management which fulfill their respective duties in rational operations. Focusing on system construction and standard decision-making process, the Company strictly follows the procedures to make decisions on its affairs. When it comes to the subsidiaries, standard company governance structure is also established in accordance with relevant laws and regulations. The Company has fulfilled its responsibilities as a capital contributor to its subsidiaries according to laws.

Currently, the Company has established the Audit Committee, Nominating and Corporate Governance Committee, Compensation and Benefits Committee, and Health, Safety and Environmental Committee. In 2016, four Board meetings, four Audit Committee meetings, one Nominating and Corporate Governance Committee meeting, one Compensation and Benefits Committee meeting, one Health, Safety and Environmental Committee meeting and three meetings of the Independent Director



Board meeting of China Gold International Resources

Attendance by the directors at the Board and Board committee meetings in 2016 was as follows:

Attendance at the Board and Board committee meetings in the fiscal year	Board Meeting	Audit Committee Meeting	Nomination and Enterprise Management Committee Meeting	Salary and Staff Welfare Committee Meeting	Health, Safety and Environment Committee Meeting	2016 Shareholders' Annual General Meeting
Attendance/Frequency of Meeting						
Executive Director						
Song Xin (Chairman)	4/4	Not applicable	Not applicable	Not applicable	Not applicable	0/1
Liu Bing	4/4	Not applicable	Not applicable	Not applicable	Not applicable	0/1
Jiang Liangyou	4/4	Not applicable	Not applicable	Not applicable	Not applicable	0/1
Jiang Xiangdong	1/4	Not applicable	Not applicable	Not applicable	Not applicable	0/1
Non-executive Director						
Sun Lianzhong	4/4	Not applicable	Not applicable	Not applicable	Not applicable	0/1
Independent Non-Executive Director						
He Ian	4/4	4/4	1/1	1/1	1/1	0/1
Chen Yunfei	4/4	4/4	1/1	1/1	1/1	0/1
Gregory Hall	4/4	3/4	1/1	1/1	1/1	0/1
John King Burns	4/4	4/4	1/1	1/1	1/1	1/1

Compliance with Laws and Regulations

In strict compliance with the national policies and laws and the local government requirements in its operations, the Company pushes on anti-corruption education and the audit and supervision to ensure healthy and smooth production and business activities.

Contract management

Contracts of subsidiaries are vertically managed and reviewed by dedicated officers in a centralized manner under the *Methods for Contract Management* and the *Interim Provisions on Review of Contracts* and other methods. In 2016, the headquarters recorded a 100% contract execution rate, and the subsidiaries also recorded a 100% major contract execution rate.

Legal education

Regarding actual conditions of enterprises, the Company focuses on publicizing legal knowledge to employees, including the propaganda and training on Chinese Constitution, the Contract Law, the Company Law, the Mineral Resources Law, the Safety Production Law, etc. Legal experts and lawyers are invited to stage law forums, together with knowledge contests, legal essay collection and other means to motivate the enthusiasm of employees to study and apply laws. The training sessions are provided in centralized and decentralized manners to cater for the Company's geographically fragmented business presence.



Inner Mongolia Pacific was organizing activity of law popularization of Seventh Five Year Plan.



Tibet Huatailong was organizing knowledge contest of safety



Independent directors of China Gold International were visiting Huatailong



Independent directors of China Gold International were visiting Inner Mongolia Pacific

◆ Anti-corruption and anti-commercial bribery

In light of the policy of "Addressing symptoms and root causes, comprehensive governance, paralleled punishment and prevention, and focus on prevention", the Company aggressively pushes forth anti-corruption and anti-commercial bribery to lay a cornerstone for its reform and growth. In accordance with the law, the Company has formulated rules and regulations, including anti-fraud management system, anti-commercial bribery rules, code of business ethics and regulation of anti-money laundering. Bribery, corruption and other misconducts are prohibited and those who are in violation of the rules and regulations will be transferred to the judicial authority. The Company has established channels of anti-fraud complaints, such as setting up hot-line phone, e-mail, which are announced to the public. The information of employee who report those misconducts shall be kept secret to prevent retaliation and discrimination.

Illustrative case



Inner Mongolia Pacific Company defines the Party Committee's accountability of building a clean Party, the Commission for Discipline Inspection's accountability of supervising, the accountability of chief leader as the first responsible person as well as dual responsibilities (responsibility of working and building a clean Party) on one position. The Secretary of Party Committee and Secretary of Commission for Discipline Inspection are required to have talks with every middle-level management about probity and self-discipline and to sign Accountability Letter of Building a Clean Party. Leaders of Inner Mongolia Pacific have signed Accountability Document of Work without Corruption, established and perfected honesty files and mechanism of accountability. Evaluation Method of Accountability of Building a Clean Party in Inner Mongolia Pacific Company has been formulated to improve the system of procurement, engineering construction and bidding as well as to advance penalty system in a planned, prior and gradual way. The main directors are responsible for reporting on his work, putting forward rectification advice and democratic evaluation, private chats, which effectively promote the implementation of accountability of building a clean Party.

Tibet Huatailong was convening a leader meeting for reporting on responsible and clean work

◆ Internal audit

As a company incorporated in British Columbia, Canada and listed on the TSX and the HKSE, the Company has established an effective internal audit system in strict compliance with the laws and regulations governing the jurisdictions where it is listed and its business is operated. Internal audits are carried out rigorously by engaging external auditors to participate in. By 2016, the Company has prepared internal audit reports for nine years in a row, all indicating that there is no weakness in all material aspects.

1. Provide the training on compliance of listed companies for the Company's directors and senior management; provide the training on internal control mechanism at various levels.

2. Conduct the education on compliance, focusing on probity of key personnel in charge of human, financial and physical resources.

3. Promote the construction of a probity culture across enterprises.

Investor Relations

Information disclosure

The Company attaches great importance to information disclosure in a timely, accurate and complete manner, addressing different informational needs and habits of investors internationally, specifically in Canada and Hong Kong in strict accordance with the regulatory requirements at the listing places. A number of means are adopted to improve and ensure the effectiveness of information disclosure on capital market.

In 2016, the Company completed its annual report, interim report and quarterly reports as required. In addition to results announcements made pursuant to the rules, the Company takes initiatives to publish announcements and press releases in Toronto and Hong Kong where its shares are listed, covering various operation and management issues. The information mainly includes: production & operation and Phase II expansion for CSH Gold Mine and Jiama Mine, updates about major exploration projects and key operational data, aiming to help investors keep informed of the Company's production and management dynamics; and the announcements of resolutions passed at Board meetings and general meetings and extraordinary announcements of connected transactions that are published pursuant to regulatory requirements. In 2016, the Company issued a total of 45 announcements and press releases.



Investor relations

The Company kept active and candid communications on an ongoing basis in 2016 with investors and analysts through investor presentations, press conferences, industry conferences, trading and non-trading road shows, seeking to fully showcase its current situation and growth potential to investors. The efforts have been positively appreciated by our investors.



2016 performance roadshow of China Gold International

Dividend policy

The Company has not paid any dividends its incorporation and does not currently have a fixed dividend policy. The directors will determine future dividend policy based on, among other things, the results of operations, cash flows and financial conditions, operating and capital requirements, the amount of distributable profits and other relevant factors. The Company is incorporated in British Columbia, Canada. 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 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). As a fast-growing international emerging mining player, the Company will continue to press forward its business and management to achieve rapid and sustainable development and create more value for shareholders.

Customer Relationship

Adhering to the concept of "business integrity and customer satisfaction" in its operations, the Company views integrity as a close linkage to its customers and a cornerstone for its development as well as keeping on improving its service capabilities to provide quality services to customers. The Company highly values long-term cooperation with customers, seeking to establish longstanding relationship and promote win-win situations with customers and thus uplift the Company's industry position and image. In 2016, sales revenue from the top five customers of the Company totaled RMB 2.249 billion, accounting for 100% of the total revenue.

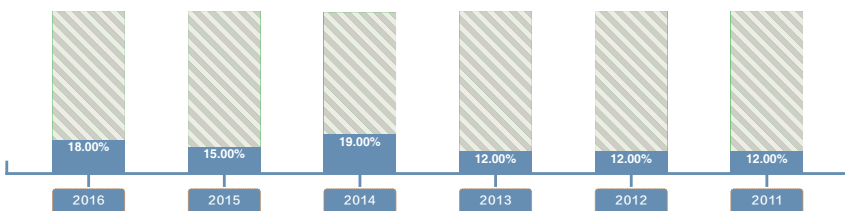
Supplier Relationship

Strict management for suppliers

Corporate social responsibility comprises such elements as the relationship with key stakeholders, values, compliance, respect for people, and the policies and practices of an enterprise relating to the community and environment. Aiming at a harmonious business environment, economic and social benefits, the Company earnestly procures its suppliers to fulfill their social responsibility when purchasing their supplies. The Company actively implements the Opinions on Government Procurement of Environmentally Labeled Products of the PRC to prioritize environmentally labeled products in its procurement, and select manufacturers with leading environmental protection and energy conservation technologies as its major equipment suppliers, aiming to minimize pollution from the source. Meanwhile, in light of the principle of negotiations on an equal footing for mutual benefits, the Company insists on building up long-term strategic partnership with the suppliers with proven qualifications, reputation and quality products and services.

The Company's total procurement of materials in 2016 amounted to RMB 395 million, of which RMB 78.98 million or 17.75% was procurement under social responsibility.

	2016	2015	2014	2013	2012	2011
Total procurement of materials (RMB 100 million)	3.95	4.89	4.11	3.17	2.34	5.61
Including: Procurement under social responsibility (RMB 100 million)	0.79	0.74	0.77	0.38	0.29	0.68



Proportion of procurement under social responsibility

Promoting localized equipment procurement

The Company strives to cooperate with local suppliers in its proximity to steadily push forward localized equipment procurement. Materials and equipment featuring mature technologies in local production, reliable product quality and notable price advantages are prioritized. Such policies, while reducing procurement cost, have effectively promoted the manufacturing upgrades where the Company operates and thus achieved win-win for the Company and the local community.

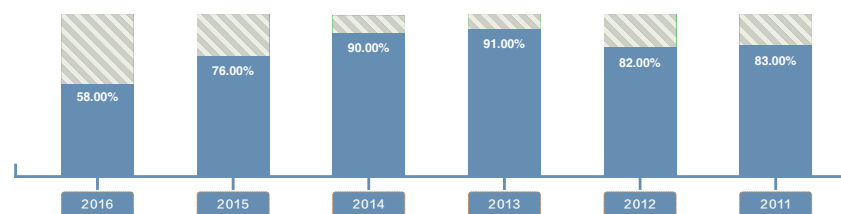
Illustrative case

In the first ten months of 2016, Inner Mongolia Pacific reached 64.7981 million RMB in cost reduction and efficiency increasing, 105.61% of the whole year's 61.3536 million RMB, which outformed the target ahead of two months. In 2016, according to the requirement of Quality and Efficiency for central enterprise by SASAC and the arrangement of CNG, Inner Mongolia Pacific explores the potential in an innovative way to review and carry out responsibility through optimizing Five Ratios and reducing Five Fees in order to advance the cost control, reduce operation cost. Inner Mongolia Pacific has formulated practical measures in cost reduction and efficiency increasing to achieve the target.

Creditor Relationship

Based on sound financial structure and adequate cash flows, the Company employs financial leverage to maximize the value for shareholders. The Company's major creditors are banks. In 2016, the debt repayable to the top five creditors accounted for 58% of the total debt.

The Company has been placing emphasis on cooperation with banks, seeking to establish a diversified financing system with competitive advantages. By entering cooperation agreements and facility-based borrowing contracts with major financial institutions, the Company reinforced the indirect financing channels which secured its production and operation funding at relatively favorable financing costs. Loans were provided by the banks as scheduled, with full confidence in the Company's financial structure and sound operation. Satisfying its debt service on a timely basis, the Company has established long-term friendly cooperation with the banks based on mutual trust.



Percentage of debt repayable to the top five creditors in total debt

Communication and Cooperation

Considering the concept of "win-win and all-win", the Company seeks to balance the interest relationship with the local community and the stakeholders in a legal and rational manner, building up extensive cooperation with local governments, financial institutions, research institutions, large enterprises, international and economic organizations. As a result, the Company has firmly established in the community a sound image as an adept resource integrator which is able to leverage positive factors with strong comprehensive strength.

Illustrative case

The signing ceremony of the strategic cooperation agreement between Tibet Huatailong Company and Land Resources Engineering School of Kunming University of Science and Technology was held at Tibet Huatailong Company. Professor Li Bo, Party Secretary of Land Resources Engineering School and other representatives of Kunming University of Science and Technology attended this ceremony. So, did the Wang Ping, General Manager of Tibet Huatailong and other company leaders. At the signing ceremony, Wang Ping and Li Bo signed at the agreement of strategic cooperation, which symbolizes that Tibet Huatailong attaches great importance to the cultivation of talents and takes a crucial step of promoting the integration of industry, university and research.

Community Welfare

With a commitment to "Harmonious mutual development to benefit the local community", we extend active presence in public welfare undertakings, advocate integrity and impartiality by own actions and root ourselves in the masses for return to the community and the benefit of our offspring, aiming at harmonious development with multi-win among employees, the enterprise and the society. In recent years, the Company joined the efforts of local governments for mutual development, actively participating in public welfare undertakings including local economic development, construction of new pastoral areas, environmental improvement, drought relief, poverty-relief assistance, caring for education, medical donations and tackling the difficulties in employment and potable water of herdsmen. The efforts in jointly building up "Harmonious mine area" and "Harmonious society" have been fully recognized by local governments at all levels and the public. In 2016, the Company donated a total of RMB 255,400, mainly for supporting local infrastructure, helping impoverished families and students and other programs. In 2016, the Company offered assistances to 784 persons from impoverished families and students.

	Unit	2016	2015	2014	2013	2012	2011
Total tax	Million RMB	222	239	226	361	456	142
Total donation	Thousand RMB	250	1,610	1,880	2,010	2,230	550

Illustrative case

In the year of 2009, Metrokongka County Jiama Industry and Trade Co. ("hereinafter referred to as Jiama Industry and Trade"), co-founded by China Gold International and 3,850 residents of 655 households, is autonomously managed by Tibetan employees. Jiama Industry and Trade specializes in mining transportation, afforestation and other business, which has amounted to a total of 10.44million RMB dividends. In addition, revenues in transportation of Jiama Industry and Trade reached to more than 150 million RMB, an average of 65,000 RMB per vehicle every year.

Since November 2011, responding to the policy to consolidating foundation and benefiting people's livelihood, Huatailong has sent five batches of working team, 60 employees, to three villages at Gyantse County and invested nearly 12 million RMB. In the past few years, the team built infrastructures of water, electricity, road facility and housing renovation, organized training of planting and constructed processing plant of special products. 12 projects concerning people's livelihood and enrichment have been completed, which makes the villagers to become rich and keep the community harmonious and stable. Therefore, the team has been awarded the title of excellent village team of autonomous region and other honorary titles as well as has been appraised as "the most beautiful gold men by the residents.

In addition, to carry forward the volunteerism of "dedication, caring, mutual help and progress", each branch of the company also joined hands to launch volunteer service activities, going to Mozhuogongka County to offer daily assistance, emotional comfort and other services for the old who enjoyed "Five Guarantees". By chatting with the old, having their hair cut, sending medical and the ordinary warmth, 174 elders in the gerocomium felt sincerity from the young and warmth from the society.

Illustrative case

One day, Inner Mongolia Pacific received an emergency telephone from fire brigade of Urat Middle Banner that Mr. Fan's newly built farm was on fire. Fire brigade of Urat Middle Banner requested Inner Mongolia Pacific to send a fire brigade to put out the fire.

As soon as receiving the phone, under the leadership of Sun Yutang, safety director of Inner Mongolia Pacific, a fire engine and five part-time firefighters were dispatched. It turned out that the building causing fire was the warehouse, office and houses of the farm, which proved to be severe. A diesel generator in one room caused fire and produced a lot of smoke. It would result in explosion and greater losses otherwise if the fire could not be put out in time. All the firefighters of Inner Mongolia Pacific took effective measures and the fire was completely extinguished after nearly half an hour fighting to avoid the occurrence of the second fire accidents and protect the life and property of local herdsmen. Adhering to the philosophy of developing the resources and benefiting the local, Inner Mongolia Pacific strives to perform the social responsibility as a central enterprise. The company always provides assistance within its capacity for the people in the case of difficulties.



Wang Ping, general manager of Tibet Huatailong was visiting the local poverty-stricken households.



Inner Mongolia Pacific was sending corns for the local residents.

Fueling the community development

The Company adheres to the win-win concept for the enterprise and the local society, considering local interests when developing its mines and supporting local economic and social development in terms of environmental protection, employment, taxation. In 2016, the Company paid RMB 239 million in tax.

Illustrative case

At the end of December, 2009, Huatailong purchased the disorderly vehicles of Jiama town with 19 million RMB and organized 3,850 residents of 655 households to co-found Jiama Industry and Trade Company. At the end of December, 2016, farmers and herdsman as the shareholders of Jiama Industry and Trade had acquired eight dividends, a total of 8.54 million RMB, an average of 16,000 RMB every household. There were 47 Tibetan employees whose salary reached more than 5,000 RMB every month, which has been the highest in



Eighth dividend of Jiama Industry and Trade in taking targeted measures to help people lift themselves out of poverty

Tibet. This new economic operation mode at plateau areas of ethnic minority has been highly recognized and appraised by all levels of Party Committee and Government at Tibet Autonomous Region.

Employment localization The Company recruited and arranged employment for a lot of local labor in Tibet and Inner Mongolia, two ethnic minority areas, which actively supported and promoted local economic development. As at the end of 2016, ethnic minority employees accounted for 12% and 31.4% respectively in the CSH Mine and Jiama Mine.

Localized procurement In purchasing materials, the Company adheres to prioritizing local suppliers to support local economy, building up a stronger community of interests with the local society for mutual development.

Poverty-relief assistance The Company actively participates in poverty-relief programs in the community, winning positive responses from the local society.

Illustrative case

With the theme of unity and common prosperity, Tibet Huatailong takes initiative to advance the employment localization and actively solve employment problems of local farmers and herdsman. Tibet Huatailong has become a central enterprise where the ethnic minority makes up the majority of all employees. There are 1,135 employees in total at Tibet Huatailong, including 357 minorities, about 31.4% of all employees. Taking into account the actual production, Tibet Huatailong has established a temporary employment mechanism to hire the local residents in a reasonable way. At present, the company has employed 96,384 employees in total, paying the salary of 7.8473 million RMB. Tibet Huatailong has been leading the local residents to become rich and strive for a relatively comfortable life, which effectively promotes harmonious development of Jiama mine and won widespread acclaim from all walks of life.

Illustrative case

Intermediate and senior management of Tibet Huatailong has organized one-to-one helping-out activities to make friends with local residents and to solve problems so as to help them to strive for a relatively comfortable life. With the help of Tibet Huatailong, the Tibetans living in plateau areas are able to feel the warmth and care from our Party. Also, under the leadership of managements, all Party members participated in the helping-out activities, such as visiting the people in poverty to help them out, which has been highly appraised by the community where we operate.

Illustrative case

A college student with 25 years old is a young and beautiful girl just like the flower in blossom. However, life, for Niu Yuru in Urat Middle Banner of Bayan Nur City, isn't beautiful. In July, 2014, Niu Yuru, as a student of Inner Mongolia Normal University, was in hospital because of severe anemia. She was diagnosed as uremia. It costed all the savings to cure the uremia and over 400,000 RMB was borrowed from her relatives. However, she didn't get better and had to go back to the local hospital for the treatment due to lack of the money. Unfortunately, her mother was severely handicapped so that the family of three cannot afford the fees for further treatment and kidney transplant surgery.

Upon the request letter from Niu Yuru and donation proposal from charitable organization in Urat Middle Banner, Party committee of Inner Mongolia Pacific decided to donate 50,000 RMB of bail-out fund from trade union to the young girl. On the morning of July 29th, as the representative of all the employees, Zhang Xiuren, the deputy general manager and head of trade union of Inner Mongolia Pacific, handed over the donations to Niu Yuru and told her to be strong and optimistic. The young girl and her families were moved by the care and encouragement from the company and presented a banner to express their gratitude.

Inner Mongolia Pacific has made great contributions to the economic growth, drought relief, poverty alleviation, caring students, medical donation, solving water problem and visiting farmers and herdsman in poverty and local soldiers. The social welfare contributions totaled over 970 million RMB, fulfilling its social responsibility and creating a harmonious environment. The contributions the company has made to the economic growth have been highly appraised and recognized by the local government and people.



Inner Mongolia Pacific made a donation to college students in poverty.



The Government subsidized Inner Mongolia Pacific to build roads for the villagers.

◆ Promoting the development in ethnic areas

The Company places great emphasis on maintaining national unity with a goal to construct a mine to support local economy for local harmony, sparing no efforts in supporting the economy of ethnic areas when carrying out resource development there.

Illustrative case

We are working on visiting the mass to bring the warmth to the people in difficulty. In accordance with principle of “Five Attendance”, the Company has joined the local ceremony of Shoton Festival and Ongkor Festival. Also, we have organized one-to-one helping activities among senior management, intermediate management and local difficult villagers. Meanwhile, we have established the helping mechanism through grassroot Party branch and village households enjoying the five guarantees. Senior and intermediate management of the Company have helped the households to improve their livelihoods and solve the difficulties at the festivals and once every quarter. In the year of 2016, the helping activities amounted to more than 80 times.



Leaders of Tibet Huatailong distributed daily necessities for the villagers

Illustrative case

Tibet Huatailong has been in line with the requirements of “taking targeted measures to help people lift themselves out of poverty” and difficulties of poverty-stricken households at Yuzhuo village, Gyantse county of Tibet Autonomous Region. In July, 2016, with the strong support of Guan Shiliang, the president of Tibet Huatailong company, Wang Ping, the general manager of Tibet Huatailong, and Fang Zhonghua, the secretary of Commission for Discipline Inspection of Huatailong, the program to plant vegetables, invested by Tibet Huatailong and coordinated with the village team, was started, improving the poverty-lifting work of Tibet Huatailong village team.



Members of Tibet Huatailong village team were instructing villagers in poverty to plant vegetables

◆ Taking targeted measures to help people lift themselves out of poverty

With the guidance of “Building a harmonious community to benefit the local”, the China Gold International is committed to developing gold industry for the people and consolidating the Tibetan regions for the benefit of local. We have adopted the strategy of industry-driven business to shake off poverty so as to share resources, results and protecting the border. The Company takes initiatives to perform the social responsibility and political responsibility, building up a positive image as a central enterprise.

Illustrative case

Tibet Huatailong is committed to localized employment to increase the income of local people. First, relying on Jiama project, Tibet Huatailong strives to expand the localized employment in order to switch the local villagers from the bystanders into participants and supporters. As of 2016, Tibet Huatailong had employed 357 Tibetans, accounting for 31.4% of all employees, whose income amounted to 5,500 RMB every month. According to the standard for the poverty line in autonomous region, Tibetan employees has shaken off poverty. Second, in 2016, actively responding to “taking targeted measures to help people lift themselves out of poverty” launched by the government, joint construction team provided 60 jobs for the poor, a guarantee that the poverty will be alleviated. Third, a wide range of labor cooperation has been carried out. In 2016, Tibet Huatailong employed 6,384 casual laborers, paying 7.8473 million RMB, which greatly increases the income of local residents. This labor cooperation starts the mode of “corporate plus farmers”, providing a platform for “taking targeted measures to shake off poverty”. Tibet Huatailong invested 19 million RMB in procuring disorderly Jiama vehicles and co-founded Jiama Industry Trade company with 655 local households, 3,850 farmers and herdsmen. The Jiama Industry and Trade mainly operates engineering transportation, afforestation and labor service and other business, providing an opportunity for farmers and herdsmen to become the management and workers and share the achievements of business production and operation in an organized way. A community of shared interest has constructed in the end. In 2016, Party members of Huatailong helped over 60 households, totaling over 180 times, which brought warmth and care to the households in poverty. In addition, Tibet Huatailong spent 138,000 RMB in building vegetable greenhouses for the poverty-stricken households in Yuzhuo village, Gyangze county, Shigatse City. Tibet Huatailong also spent 7.14 million RMB in water-drinking project in Jiama county. In 2016, the company was honored as the award of “taking targeted measures to lift out of poverty” by Chinese Academy of Social Sciences, which has recorded into the 2016 almanac of social responsibility. As the model of alleviating poverty in Lahsa, Tibet Huatailong has won the recognition from local government and community.



Tibet Huatailong was honored with the award of “taking targeted measures to lift out of poverty” hosted by Chinaso company.

Urat plain in Bayan Nur in December was full of cold wind and white snow. However, the snow was a disaster for Inner Mongolian herdsmen, for which a large amount of livestock feed was in short supply, so that their production and living was facing severe challenges. In order to help them out and survive the cold winter, Inner Mongolia Pacific volunteered to dispatch employees and vehicles to transport the 55 tons corns to the fellow herdsmen, reducing the disaster losses. This small act was then highly recognized by local municipal and banner government and appreciated by neighborhood herdsmen. Over the years, Inner Mongolia Pacific has fulfilled its social responsibility as a central enterprise and practiced harmonious and win-win concept between the corporate and local community. Inner Mongolia Pacific has made it his mission to improve the livelihood of Inner Mongolian fellows, making contributions to social development and economic growth in Urat. Therefore, the Inner Mongolia Pacific has been honored as “the most socially responsible corporate in the Inner Mongolia Autonomous Region” “the excellent group for ethnic unity and progress in Bayan Nur city”, growing the positive social influence of China National Gold Group.

◆ Actively integrating in overseas markets

As a flagship of developing overseas business of CNG and international company registered in Canada, the rapid development enables China Gold International to win widespread recognitions from all walks of society. With the strong support of China National Gold Group, China Gold International Resources Corp. Ltd. actively fulfills its social responsibility, participating in public welfare charity and making donations to the Canadian Anti-Cancer Association every year; therefore, it has built a favorable image for the Chinese companies in the field of global mining industry.

On July 30th, 2016, as the sponsor and co-organizer of CACHinese Night, China Gold International, with the cooperation of other organizations, raised C\$160,000 for Canadian Cancer Society. Distinguished guests from Chinese and Canadian media, business and politics gathered at that night. Mr. Liu Fei, consul general, representatives of Canadian Cancer Society and Canadian politicians expressed their appreciation for the support from China National Gold Group for social welfare as a central enterprise. The Group has spared no effort to organize all sectors of the community to support the social welfare and boost the cooperation between Canadian Cancer Society and Chinese enterprises in Canada, which shows the “golden character” of China National Gold Group and outlook of Chinese enterprises in Canada.



CACHinese Night organized by China Gold International Resources

◆ Appendix: Supporting Sustainable Development Goals of the United Nations

Sustainable Development Goals	Framework for Action
Goal 1. End poverty in all its forms everywhere	Take targeted measures to help the local people of Dazi county and Jiama town lift themselves out of poverty; send village team of China Gold International and provide assistance to them.
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Co-found Jiama Industry and Trade company with the local people to improve their living standard with the aim to promote the sustainable development in Jiama; establish eco-friendly agricultural greenhouses to increase farmers' income.
Goal 3. Ensure healthy lives and promote well-being for all at all ages	Provide support for the construction of rural medical and health infrastructure to improve medical conditions.
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Attach great importance to education through building local schools, establishing scholarships, funding college students, to provide more opportunities for students in remote areas
Goal 5. Achieve gender equality and empower all women and girls	Adhere to the principle of “men and women enjoy equal pay for equal work”; help develop the career of female employees; organize career training and health lectures for female employees; care for them in pregnancy or lactation.
Goal 6. Ensure availability and sustainable management of water and sanitation for all	Place priority to water resources: build wastewater treatment plants and monitoring stations for water environment improvement in the community.
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	Propel the development of clean energy: promote solar power; optimize the utilization of energy and consumption structure to reduce carbon emission.
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Actively employ the local labor and enhance staff skills: Tibet Jiama project and Inner Mongolia Pacific project accounting for 31% and 12% respectively in local ethnic minority.
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Increase more investment in research, innovation and application of key technology through independent research, cooperation of production, research and college, and international exchanges.
Goal 10. Reduce inequality within and among countries	Encourage pairing assistance and helping-out activities to support the sustainable development of the local economy.
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	Fuel the career of science, education and culture; protect local environment and enhance sustainable capacity of the community.
Goal 12. Ensure sustainable consumption and production patterns	Establish the base for publicizing energy saving and environmental protection; spread the concept of low carbon and make the common sense of low carbon public.
Goal 13. Take urgent action to combat climate change and its impacts	Enhance energy efficiency; fuel the industrial and architectural energy saving as well as green development; reduce the emission of greenhouse gas such as carbon dioxide.
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Vigorously promote new energy technologies in energy conservation and environmental protection; support the construction of coast defense and protection of marine ecology; grow the development and utilization of marine renewable energy.

Sustainable Development Goals	Framework for Action
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Carry out the business of ecological rehabilitation to promote the treatment of heavy metal pollution; increase ecological investment in engineering construction to protect biological diversity with the aim to maintain ecological environment of the community.
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Regularly disclose financial and non-financial information to enhance transparency; further strengthen the building of clean Party and government as well as the anti-corruption work; safeguard interests and proposal of employees to build a harmonious enterprise.
Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	With the cooperation of Chinese government, enterprises, financial institutions, universities and international organizations, introduce and export technologies in environmental protection; establish long-term strategic cooperation and carry out comprehensive and in-depth cooperation.

◆ Social Responsibility Key Performance Indicators for China Gold International

	Unit	2016	2015	2014	2013	2012	2011
Honest operation							
Asset	Million USD	2,966	278	3,013	2,219	1,806	1,745
Revenue	Million USD	339	340	278	303	332	311
Profit	Million USD	34	39	99	102	125	111
Net profit	Million USD	-12	-7	42	57	74	82
Product qualification ratio	%	100	100	100	100	100	100
Head office contract performance rate	%	100	100	100	100	100	100
Subsidiary contract performance rate	%	100	100	100	100	100	100
Total sales income to top five customers	Million USD	339	340	278	303	332	311
Proportion of total sales income to top five customers to all operating income	%	100	100	100	100	100	100
Proportion of debts to top five creditors to total debts of the Company	%	58	76	90	91	82	83
Asset-liability ratio	%	52	48	51	35	24	26
Environmental protection and energy conservation							
Input in energy conservation and emission reduction	Thousand RMB	769	1,429.8	246.6	2,096.8	15	65
Sulphur dioxide emission	Ton	18.16	27.62	26.19	26.55	26.89	23.96
Carbon dioxide emission	Ton	17,682.1	25,381.7	20,104.4	26,003.47	21,711.02	20,000
Soot volume	Ton	15.29	17.57	17.04	17.35	17.51	16.42
Diesel consumption	Liter	778,801	772,921	722,647	736,127	336,388	235,895
Coal consumption	Ton	7,005	9,088	8,299	9,881	7,795	10,273
Annual office electricity consumption per capita annually	Degree	1,554.26	1,604.03	1,799.09	1,915.68	1,981.96	2,175.33
Annual water consumption per capita	Ton	23.46	24.41	20.98	22.42	24.45	25.02
Annual paper consumption per capita	Kg	6.02	5.89	6.32	6.28	7.27	6.05
Total investment of environmental protection	Million RMB	17	241	225	252	39	203
COD (chemical oxygen demand) emission	Tons	11.46	10.9	13.56	13.74	13.92	14.1
Sulfur dioxide emission	Tons	31.75	42.95	43.88	44.93	46.01	46.89

	Unit	2016	2015	2014	2013	2012	2011
Environmental protection and energy conservation							
Production power consumption of the mining area	10,000 kWh	21,219	17,338	14,394	12,498	11,843	12,630
Comprehensive energy consumption per ton for mineral processing	kwh	8.59	9.87	9.4	13.11	15.61	15.1
Newly added water	10,000 tons	208.63	156.76	184.44	129.8	95.4	23.2
Circulating water	10,000 tons	6,974	8,602	4,355	3,416	3,232	131
Water consumption per RMB10,000 output	Ton per ten thousand RMB	26.33	27.63	37.83	37.53	28.61	10.96
Water consumption per ton of ore	Ton/Ton	0.24	0.25	0.28	0.42	0.47	0.13
Provision for reclamation costs	Thousand RMB	2,810	1,200	1,200	1,200	1,200	1,200
Number of environmental pollution accidents	Times	0	0	0	0	0	0
Environmental protection training coverage rate	%	93	100	100	100	100	100

Safety production

Safety investment	Thousand RMB	97,960	75,500	56,250	56,570	17,240	8,400
Death toll of employees in production	Persons	2 (casualties of external contractor)	0	0	0	0	0
Fatality rate for million-ton production	Person/million ton	0	0	0	0	0	0
Major equipment accidents	Times	0	0	0	0	0	0
Major fire and explosion accidents	Times	0	0	0	0	0	0
Major traffic accidents	Times	0	0	0	0	0	0
Special equipment inspection rate	%	100	100	100	100	100	100
Special equipment inspection qualified rate	%	100	100	100	100	100	100
Loss accidents of explosives and hazardous chemicals	Times	0	0	0	0	0	0
Serious spill accidents of explosives and hazardous chemicals	Times	0	0	0	0	0	0
Employees with safety management certificate	Persons	120	100	101	100	98	96
Certified safety engineer	Persons	13	11	8	7	5	3
Safety education and training sessions	Times	231	217	89	226	31	30
Safety education and training participants	Times	14,454	8,928	6,906	6,251	4,100	2,620
Safety education and training rate for employees	%	100	100	100	100	100	100

	Unit	2016	2015	2014	2013	2012	2011
Employees' interests							
Total employees	Persons	1,737	1,803	1,746	1,644	1,361	1,236
Female employees	Persons	337	344	331	327	239	237
Ethnic minority employees	Persons	357	479	480	445	436	385
Employees at primary managerial positions and above	Persons	311	290	250	264	148	140
Including: Female employees	Persons	41	35	38	40	37	33
Employment of the disabled	Persons	9	11	9	7	3	1
Labor contract signing rate	%	100	100	100	100	200	100
Social insurance coverage ratio	%	100	100	100	100	200	100
Proportion of workers joining in the Trade Union	%	99	100	100	100	100	100
Annual recruits through open recruitment	Persons	216	111	175	396	191	251
Including: Hires newly graduated from universities and colleges	Persons	31	18	32	14	72	62
Social recruitment	Persons	185	93	143	283	119	189
Proportion of localized employment	%	26	24	40	43	37	35
Annual person of staff training in total	Persons	1,288	1,701	1,836	1,238	1,117	1,341
Annual promotions in professional titles	Persons	76	72	59	75	68	38
Annual promotions to expert-level senior engineers	Persons	2	4	4	0	2	13
Physical checkup and health file coverage ratio	%	100	100	100	100	100	100
Occupational disease cases at year end	Cases	0	0	0	0	0	0
Additional occupational disease cases in the year	Cases	0	0	0	0	0	0
Proportion of employees in the Career, Health and Safety Committee	%	3.5	0	0	0	0	0
Per capita paid vacation days	Days	19	17	15	17	14	14
Staff satisfaction	%	100	96	97	96	94	99
Staff turnover	%	8.5	11	24	15	11	22

Rating Report on 2016 Environmental, Social and Governance Report of
China Gold International Resources Corp. Ltd

Authorized by China Gold International Resources Corp. Ltd., the Chinese Expert Committee on Corporate Social Responsibility Report Rating selected experts to organize a rating panel for Rating Report on 2016 Environmental, Social and Governance Report of China Gold International Resources Corp. Ltd (hereinafter referred to as the Report).

I. Rating Basis

CASS-CSR 3.0 for General Mining Industry and Rating Standards for Corporate Social Responsibility Report of Chinese Enterprises (2014)

II. Rating Procedure

- 1.The process-oriented panel for assessing the Report interviews the main writers and reviews the related documents;
- 2.The rating panel makes comments on the compilation process of the Report and the disclosure information as well as draws up the rating report;
- 3.The rating report is submitted to the vice president of the Chinese Expert Committee on Corporate Social Responsibility Report Rating and the supervisor of the panel for signatures.

III. Rating conclusion

Process (★★★★☆)

The group for report preparation, mainly led by the production and technical department, has been organized. The senior management is responsible for confirming the responsibility topics, framework and final review. The preparation group is responsible for identifying the stakeholders and collecting suggestions from the stakeholders through holding consultation meetings, interviewing and etc. The substantive topics have been identified in accordance with significant issues of the Company, government policy, analysis on benchmarking the mining industry and survey on stakeholders. This Report will be released on the official website of the Company and be presented with electronic version, printing version, WeChat version and Chinese-English version. The Report takes the lead in process.

Substantiability (★★★★★)

The Report systematically discloses the key issues of general mining industry, such as the implementation of micro-policy, construction of digital mine, management of occupational health, assurance of work safety system of environmental management, environmental technology, R&D and application of equipment, resources reserve, conservation of land resources, reduction of "three wastes" emission, recovery of residual ore, conservation of mining area, disposal of tailings and protection of eco-environment in mines. The Report is detailed and sufficient in description, and it has an outstanding substantive performance.

Integrity (★★★★★)

The Report discloses 92.3% of core indicators of general mining industry from "responsibility management", "environmental protection and energy conservation", "work safety", "employees' interest", "technological innovation", "harmony and win-win". and it performs very well in integrity.

Balance (★★★★)

The Report discloses the negative data information of fatality rate for million-ton production, rate of major equipment accidents, staff turnover, additional occupational disease cases in the year, casualties of external contractors, times of environmental pollution accidents. This Report describes the cases of the Company taking initiatives to identifying potential hazards. It takes the lead in balance performance.

Comparability (★★★★★)

The Report discloses 94 key performance indicators for more than 3 years, such as total asset, profits, input in energy conservation and emission reduction, circulating water, investment in safe production, total tax. And it makes a horizontal comparison with companies in same industry in terms of indicators, such as safe production level, level of controlling pollutant emission. It has a great comparability performance.

Readability (★★★★)

The Report has a clear framework and it is logical and informative. The design of Report in both Chinese and English caters to the readers at home and abroad; each chapter uses rich examples to illustrate the responsibility practices by the Company, which enhances readability. It performs excellently in readability.

Innovativeness (★★★★)

The Report responds to the SDGs as well as the responsibility practices on 17 topics of the Company, which demonstrates that the Report advances with the times and takes lead in performing responsibility. The analysis on benchmarking ESG has been strengthened to improve the compliance of the content and standard of its preparation. It possesses excellent innovative performance.

Overall ranking (★★★★☆)

Evaluated by the rating panel, 2016 Environmental, Social and Governance Report of China Gold International Resources Corp. Ltd gets 4.5 stars, and this Report takes the lead among other reports.

IV. Suggestions for improvement

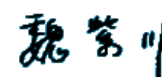
1. Management of report process should be strengthened to improve engagement of the stakeholders.
2. The content and layout design should be optimized to enhance the readability.

Rating Panel

Head: Zhong Hongwu, Director of Corporate Social Responsibility Research Center, Economics Department of Chinese Academy of Social Sciences

Members: Zhang Xiaosong, Director of Social Responsibility Office of Comprehensive Bureau of SASAC

Wang Zhimin, Process assessor



Vice President of the Expert Committee



Head of Rating Panel



Scan the QR to check the file
of rating report

Issue date: June 23, 2017

	Unit	2016	2015	2014	2013	2012	2011
Technological progress							
Total input in scientific research	Thousand RMB	15,880	78,840	69,700	68,900	442,50	N/A
Number of new patents	Items	13	3	3	3	0	N/A
Scientific and technological achievements	Items	32	23	6	27	2	1
Scientific research programs undertaken	Items	24	12	9	9	10	4
Harmony and win-win							
Total tax	Million RMB	222	239	226	361	456	142
Total procurement of materials	Million RMB	395	489	411	317	234	561
Including: Procurement under social responsibility	Million RMB	445	74	77	38	29	68
Proportion of procurement under social responsibility	%	17.75	15.13	18.73	11.99	12.39	12.12
Proportion of localized procurement	%	6.19	24.50	50.60	30.60	27.80	18.50
Total donation	Thousand RMB	255.4	1,610	1,880	2,010	2,230	550
Assistances to impoverished families and students	Persons	784	638	388	332	410	198

Note: 1. Water consumption per RMB 10,000 output: data of Tibet Huatailong have been calculated into it since 2012.

2.Safety education and training participants include employees of contractors.

3.Annual recruits through open recruitment exclude internal construction support from CNG.

Feedback

Dear readers:

Thank you for taking time to read this report. To improve our practices and capabilities in fulfilling corporate social responsibility, we sincerely invite you to take some time to evaluate this report and to provide your valuable comments and suggestions, so as to support its continuous improvements. Please kindly complete the following questionnaire and send the feedback to us.

1. Overall evaluation of the report (please mark "√" in appropriate position)
 - (1) Does it give a complete and accurate view of the status of Company's corporate social responsibility work? ()
 - (2) Does it address and disclose the issues of concern of the stakeholders? ()
 - (3) Does it disclose clearly organized, accurate and complete information and data? ()
 - (4) How about its readability, namely the logic of main line, content structuring, wording and layout design? ()
2. In your opinion, which parts/aspects are you most satisfied with?
3. In your opinion, which kind of information you want to know is not reflected in this report?
4. Do you have any suggestions on our social responsibility report and its issuing in the future?

If convenient, please leave your contact information.

Name:	Occupation:
Employer:	Contact address:
Postcode:	Email:
Tel:	Fax:

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