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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.
中國黃金國際資源有限公司

(a company incorporated under the laws of British Columbia, Canada with limited liability)

(Hong Kong Stock Code: 2099)

(Toronto Stock Code: CGG)

RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2022

FINANCIAL HIGHLIGHTS

	2022	2021
	For the six months ended June 30,	
	US\$'000	US\$'000
Revenues	596,015	577,014
Net income	153,526	157,664
Basic earnings per share (cents)	38.45	39.57
Net cash flows from operations	268,384	276,432
Property, plant and equipment	1,661,321	1,795,629
Property, plant and equipment capital expenditures	13,537	99,858
Cash and cash equivalents	317,919	283,788
Working (deficit) capital	(40,271)	204,499

RESULTS

The board of directors (the “Board”) of China Gold International Resources Corp. Ltd. (the “Company”) together with its subsidiaries, referred hereto as the “Group”) is pleased to announce the condensed consolidated results of the Group for the three and six months ended June 30, 2022 with comparative figures for the comparable period in 2021, as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2022. (Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis of financial condition and results of operations ("MD&A") is prepared as of May 16, 2022. It should be read in conjunction with the consolidated financial statements and notes thereto of China Gold International Resources Corp. Ltd. (referred to herein as "China Gold International", the "Company", "we" or "our" as the context may require) for the three and six months ended June 30, 2022 and the three and six months ended June 30, 2021, respectively. Unless the context otherwise provides, references in this MD&A to China Gold International or the Company refer to China Gold International and each of its subsidiaries collectively on a consolidated basis.

The following discussion contains certain forward-looking statements relating to the Company's plans, objectives, expectations and intentions, which are based on the Company's current expectations and are subject to risks, uncertainties and changes in circumstances. Readers should carefully consider all of the information set out in this MD&A, including the risks and uncertainties outlined further in the Company's Annual Information Form ("Annual Information Form" or "AIF") dated March 30, 2022 on SEDAR at www.sedar.com, www.chinagoldintl.com and www.hkex.com.hk. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled "Forward-Looking Statements" and "Risk Factors" and to discussions elsewhere within this MD&A. China Gold International's business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

THE COMPANY

Overview

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

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

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

Performance Highlights

Three months ended June 30, 2022

- Revenue decreased by 4% to US\$292.0 million from US\$304.9 million for the same period in 2021.
- Mine operating earnings decreased by 7% to US\$117.7 million from US\$125.9 million for the same period in 2021.
- Net income of US\$81.7 million decreased by 19% or US\$19.0 million from US\$100.7 million for the same period in 2021.
- Cash flow from operation increased by 1% to US\$107.6 million from US\$106.2 million for the same period in 2021.
- Total gold production decreased by 8% to 65,527 ounces from 71,225 ounces for the same period in 2021.
- Total copper production decreased by 11% to 47.1 million pounds (approximately 21,356 tonnes) from 52.6 million pounds (approximately 23,875 tonnes) for the same period in 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Six months ended June 30, 2022

- Revenue increased by 3% to US\$596.0 million from US\$577.0 million for the same period in 2021.
- Mine operating earnings increased by 6% to US\$223.2 million from US\$209.7 million for the same period in 2021.
- Net income of US\$153.5 million decreased by 3% or US\$4.2 million from US\$157.7 million for the same period in 2021.
- Cash flow from operation decreased by 3% to US\$268.4 million from US\$276.4 million for the same period in 2021.
- Total gold production slightly by less than 1% to 124,110 ounces from 124,746 ounces for the same period in 2021.
- Total copper production decreased by 6% to 95.4 million pounds (approximately 43,279 tonnes) from 101.6 million pounds (approximately 46,066 tonnes) for the same period in 2021.

OUTLOOK

- The anticipated gold production in 2022 will be between 241,130 ounces (7.5 tonnes) and 250,775 ounces (7.8 tonnes).
- Total copper production in 2022 is estimated to be between 187 million pounds (85,000 tonnes) and 198 million pounds (90,000 tonnes).
- The Company continues to focus its efforts on optimizing the operation at both mines, stabilizing the Jiama Mine's production and potentially extending the mine life of CSH Mine.
- To fulfill its growth strategy, the Company continues to work with CNG and other interested parties to identify potential international mining acquisition opportunities.
- The Company has not experienced any significant impact on its operations from the COVID-19 pandemic. Both of the Company's mines have been able to operate and sell products without significant interruption during the six months ended June 30, 2022. The Company continues to closely monitor the health of its employees and supply chains to be able to respond to any potential disruptions, should any arise. The Company is also managing its cash reserves to be able to withstand any financial ramifications of potential disruptions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

(US\$ in thousands except per share)	2022		Quarter ended				2020	
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Revenue	291,994	304,021	312,016	248,326	304,944	272,070	265,810	240,451
Cost of sales	174,304	198,493	200,210	165,681	179,001	188,319	175,717	174,346
Mine operating earnings	117,690	105,528	111,806	82,645	125,943	83,751	90,093	66,105
General and administrative expenses	8,296	9,949	16,165	9,462	10,294	8,099	13,656	8,026
Exploration and evaluation expenses	256	40	358	260	59	41	174	77
Research and development expenses	5,470	5,885	10,347	6,619	5,051	4,424	11,019	3,251
Income from operations	103,668	89,654	84,936	66,304	110,539	71,187	65,244	54,751
Foreign exchange (loss) gain	(11,542)	1,673	2,071	(161)	4,944	1,728	4,806	6,366
Finance costs	7,943	8,188	8,296	8,670	9,604	9,743	9,732	10,241
Profit before income tax	90,098	83,956	81,198	57,885	108,486	64,079	63,961	51,665
Income tax expense	8,374	12,155	22,422	5,650	7,789	7,112	7,513	4,029
Net profit	81,724	71,801	58,776	52,235	100,697	56,967	56,448	47,636
Basic earnings per share (cents)	20.48	17.97	14.76	13.11	25.27	14.30	14.10	11.87
Diluted earnings per share (cents)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Selected Quarterly Production Data and Analysis

CSH Mine	Three months ended June 30,		Six months ended June 30	
	2022	2021	2022	2021
Gold sales (US\$ million)	72.17	65.10	141.90	121.76
Realized average price (US\$) of gold per ounce	1,868	1,811	1,870	1,807
Gold produced (ounces)	38,607	37,170	75,884	67,392
Gold sold (ounces)	38,636	35,949	75,902	67,368
Total production cost (US\$ per ounce)	1,442	1,537	1,489	1,533
Cash production cost ⁽¹⁾ (US\$ per ounce)	798	1,005	878	1,017

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

Gold production at the CSH Mine increased by 3.8% to 38,607 ounces for the three months ended June 30, 2022 compared to 37,170 ounces for the same period in 2021. The total production cost of gold for the three months ended June 30, 2022 decreased to US\$1,442 per ounce compared to US\$1,537 for the same period in 2021. The cash production cost of gold for the three months ended June 30, 2022 decreased to US\$798 per ounce from US\$1,005 for the same period in 2021. The decrease in cash production cost is mainly due to higher gold head grade and lower stripping ratio.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Copper sales (US\$ in millions)	159.11	137.49	337.78	254.06
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	3.72	2.61	3.68	2.41
Copper produced (tonnes)	21,356	23,875	43,279	46,066
Copper produced (pounds)	47,080,848	52,633,987	95,412,864	101,557,708
Copper sold (tonnes)	19,860	23,841	41,638	47,748
Copper sold (pounds)	43,782,721	52,560,835	91,795,712	105,266,271
Gold produced (ounces)	26,920	34,055	48,226	57,354
Gold sold (ounces)	24,369	34,009	45,473	58,950
Silver produced (ounces)	890,888	1,641,394	1,696,631	3,374,047
Silver sold (ounces)	824,791	1,639,684	1,635,158	3,539,551
Lead produced (tonnes)	–	17,350	–	38,172
Lead produced (pounds)	–	38,249,797	–	84,155,454
Lead sold (tonnes)	–	17,383	–	40,474
Lead sold (pounds)	–	38,323,101	–	89,229,631
Zinc produced (tonnes)	–	8,347	–	17,999
Zinc produced (pounds)	–	18,401,332	–	39,681,069
Zinc sold (tonnes)	–	8,363	–	19,101
Zinc sold (pounds)	–	18,436,664	–	42,109,580
Moly produced (tonnes)	253	103	466	103
Moly produced (pounds)	558,541	226,809	1,026,403	226,809
Moly sold (tonnes)	210	102	475	102
Moly sold (pounds)	463,477	225,738	1,046,553	225,738
Total production cost ² (US\$) of copper per pound	3.00	2.62	3.13	2.75
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	1.66	0.68	1.91	0.85
Cash production cost ⁴ (US\$) per pound of copper	2.28	1.99	2.43	2.12
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	0.94	0.05	1.21	0.21

1 A discount factor of 12.9% to 23.8% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyers. The discount factor is higher if the grade of copper in copper concentrate is below 18%. The industry standard of copper in copper concentrate is between 18-20%.

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

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

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

During the three months ended June 30, 2022, the Jiama Mine produced 21,356 tonnes (approximately 47.1 million pounds) of copper, a decrease of 11% compared with the three months ended June 30, 2021 (23,875 tonnes, or 52.6 million pounds).

Both total production cost of copper per pound after by-products and cash production cost of copper per pound after by-product increased as compared to the same period in 2021 due to lower head grades; and less by-products recovered of silver, lead and zinc, despite more by-product recovered from molybdenum.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Taking advantage of high metal prices in 2022, the Jiama Mine increased the utilization rate of low-grade ore with operating costs being strictly controlled. A flexible mining plan with a dynamic cut-off grade was adopted, which is responsive and tailored to the market conditions. The flexible mining plan can effectively maintain the stability of the Jiama Mine's operation results and reduce the impact and risk of metal price fluctuations to ensure sustainable growth in operation performance.

Review of Quarterly Data

Three months ended June 30, 2022 compared to three months ended June 30, 2021

Revenue of US\$292.0 million for the second quarter of 2022, decreased by US\$12.9 million from US\$304.9 million for the same period in 2021.

Revenue from the CSH Mine was US\$72.2 million, an increase of US\$7.1 million from US\$65.1 million for the same period in 2021. Realized average gold price increased by 3% from US\$1,811/oz in Q2 2021 to US\$1,868/oz in Q2 2022. Gold sold by the CSH Mine was 38,636 ounces (gold produced: 38,607 ounces), compared to 35,949 ounces (gold produced: 37,170 ounces) for the same period in 2021.

Revenue from the Jiama Mine was US\$219.8 million, a decrease of US\$20.1 million, compared to US\$239.9 million for the same period in 2021. Realized average price of copper increased by 43% from US\$2.61/pound in Q2 2021 to US\$3.72/pound in Q2 2022. Total copper sold was 19,860 tonnes (43.8 million pounds) for the three months ended June 30, 2022, a decrease of 17% from 23,841 tonnes (52.6 million pounds) for the same period in 2021.

Cost of sales of US\$174.3 million for the quarter ended June 30, 2022, a decrease of US\$4.7 million from US\$179.0 million for the same period in 2021. Cost of sales as a percentage of revenue for the Company increased from 59% to 60% for the three months ended June 30, 2021 and 2022, respectively. Cost of sales was impacted by many operation factors such as grade of ore, recovery rates and stripping ratio. Refer to the sections below for details of production factors for each individual mine.

Mine operating earnings of US\$117.7 million for the three months ended June 30, 2022, a decrease of 7%, or US\$8.2 million, from US\$125.9 million for the same period in 2021. Mine operating earnings as a percentage of revenue decreased from 41% to 40% for the three months ended June 30, 2021 and 2022, respectively.

General and administrative expenses decreased by US\$2.0 million, from US\$10.3 million for the quarter ended June 30, 2021 to US\$8.3 million for the quarter ended June 30, 2022. The decrease was mainly due to the Company's continuous implementation of an overall cost reduction program.

Research and development expenses of US\$5.5 million for the three months ended June 30, 2022, slightly increased from US\$5.1 million for the comparative 2021 period. The company maintains research and development activities in the areas of improvement of recovery rates and optimization of processing and mining processes.

Income from operations of US\$103.7 million for the second quarter of 2022, decreased by US\$6.8 million, compared to US\$110.5 million for the same period in 2021.

Finance costs of US\$7.9 million for the three months ended June 30, 2022, decreased by US\$1.7 million compared to US\$9.6 million for the same period in 2021. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange loss of US\$11.5 million for the three months ended June 30, 2022, decreased from a gain of US\$4.9 million for the same period in 2021. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Interest and other income of US\$5.9 million for the three months ended June 30, 2022, increased from US\$2.6 million for the same period in 2021. The increase was mainly due to the Company accruing a US\$2.7 million dividend income from China Nonferrous Mining Corporation Limited in the second quarter of 2022.

Income tax expense of US\$8.4 million for the quarter ended June 30, 2022, increased by US\$0.6 million from US\$7.8 million for the comparative period in 2021. During the current quarter, the Company had US\$7.5 million of deferred tax credit compared to US\$9.8 million for the same period in 2021.

Net income of US\$81.7 million for the three months ended June 30, 2022, decreased by US\$19.0 million from US\$100.7 million for the three months ended June 30, 2021.

Six months ended June 30, 2022 compared to six months ended June 30, 2021

Revenue of US\$596.0 million for the first half of 2022, increased by US\$19.0 million from US\$577.0 million for the same period in 2021.

Revenue from the CSH Mine was US\$141.9 million, an increase of US\$20.1 million from US\$121.8 million for the same period in 2021. Realized average gold price increased by 3% from US\$1,807/oz in the first six months of 2021 to US\$1,870/oz in 2022. Gold sold by the CSH Mine was 75,902 ounces (gold produced: 75,884 ounces), compared to 67,368 ounces (gold produced: 67,392 ounces) for the same period in 2021.

Revenue from the Jiama Mine was US\$454.1 million, a decrease of US\$1.2 million, compared to US\$455.3 million for the same period in 2021. Realized average price of copper increased by 52% from US\$2.41/pound in the first six months of 2021 to US\$3.68/pound in 2022. Total copper sold was 41,638 tonnes (91.8 million pounds) for the six months ended June 30, 2022, a decrease of 13% from 47,748 tonnes (105.3 million pounds) for the same period in 2021.

Cost of sales of US\$372.8 million for the six months ended June 30, 2022, an increase of US\$5.5 million from US\$367.3 million for the same period in 2021. Cost of sales as a percentage of revenue for the Company decreased from 64% to 63% for the six months ended June 30, 2021 and 2022, respectively. Cost of sales was impacted by many operation factors such as grade of ore, recovery rates and stripping ratio. Refer to the sections below for details of production factors for each individual mine.

Mine operating earnings of US\$223.2 million for the six months ended June 30, 2022, an increase of 6%, or US\$13.5 million, from US\$209.7 million for the same period in 2021. Mine operating earnings as a percentage of revenue increased from 36% to 37% for the six months ended June 30, 2021 and 2022, respectively.

General and administrative expenses decreased by US\$0.2 million, from US\$18.4 million for the six months ended June 30, 2021 to US\$18.2 million for the six months ended June 30, 2022 due to the company's continuous implementation of an overall cost reduction program.

Research and development expenses of US\$11.4 million for the six months ended June 30, 2022, increased from US\$9.5 million for the comparative 2021 period. The increase in the first half of 2022 was mainly due to the Company's research and development activities in the areas of improvement of recovery rates and optimization of processing and mining processes.

Income from operations of US\$193.3 million for the six months ended June 30, 2022, increased by US\$11.6 million, compared to US\$181.7 million for the same period in 2021.

Finance costs of US\$16.1 million for the six months ended June 30, 2022, decreased by US\$3.2 million compared to US\$19.3 million for the same period in 2021. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Foreign exchange loss of US\$9.9 million for the six months ended June 30, 2022, decreased from a gain of US\$6.7 million for the same period in 2021. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$6.7 million for the six months ended June 30, 2022, increased from US\$3.5 million for the same period in 2021. The increase was mainly due to the Company accruing a US\$2.7 million dividend income from China Nonferrous Mining Corporation Limited in the second quarter of 2022.

Income tax expense of US\$20.5 million for the six months ended June 30, 2022, increased by US\$5.6 million from US\$14.9 million for the comparative period in 2021. During the period, the Company had US\$8.6 million of deferred tax credit compared to US\$9.4 million for the same period in 2021.

Net income of US\$153.5 million for the six months ended June 30, 2022, decreased by US\$4.2 million from US\$157.7 million for the six months ended June 30, 2021.

NON-IFRS MEASURES

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

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

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

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

CSH Mine (Gold)	Three months ended June 30,				Six months ended June 30,			
	2022		2021		2022		2021	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
	Per ounce	Per ounce	Per ounce	Per ounce	Per ounce	Per ounce	Per ounce	
Total Cost of sales ¹	55,729,581	1,442	55,254,701	1,537	112,993,791	1,489	103,303,421	1,533
Adjustment – Depreciation & depletion	(24,405,716)	(632)	(18,618,823)	(518)	(45,474,215)	(599)	(33,771,990)	(501)
Adjustment – Amortization of intangible assets	(469,635)	(12)	(509,069)	(14)	(886,243)	(12)	(1,006,170)	(15)
Total cash production costs	30,854,230	798	36,126,809	1,005	66,633,333	878	68,525,261	1,017

Cash Production cost for copper is calculated as production costs (total cost of sales adjusted by General and administrative expenses and Research and development expenses) adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of copper pound is calculated as total cash production cost divided by total copper sold (pounds).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jiama Mine (Copper with by-products credits)	Three months ended June 30,				Six months ended June 30,			
	2022		2021		2022		2021	
	US\$		US\$		US\$		US\$	
	US\$	Per Pound	US\$	Per Pound	US\$	Per Pound	US\$	Per Pound
Total Cost of sales	118,575,000	2.71	123,746,221	2.35	259,803,450	2.83	264,016,813	2.51
General and administrative expenses	7,230,471	0.17	9,116,776	0.17	16,216,993	0.18	16,244,745	0.15
Research and development expenses	5,470,289	0.12	5,050,819	0.10	11,355,013	0.12	9,474,869	0.09
Total production cost	131,275,760	3.00	137,913,816	2.62	287,375,456	3.13	289,736,427	2.75
Adjustment – Depreciation & depletion	(21,592,060)	(0.49)	(23,597,588)	(0.45)	(43,730,305)	(0.48)	(48,354,165)	(0.46)
Adjustment – Amortization of intangible assets	(10,100,897)	(0.23)	(9,681,258)	(0.18)	(20,173,129)	(0.22)	(17,506,023)	(0.17)
Total cash production costs	99,582,803	2.28	104,634,970	1.99	223,472,022	2.43	223,876,239	2.12
By-products credits	(58,719,227)	(1.34)	(102,041,437)	(1.94)	(112,415,527)	(1.22)	(200,586,799)	(1.91)
Total cash production costs after by-products credits	40,863,576	0.94	2,593,533	0.05	111,056,495	1.21	23,289,440	0.21
Total Copper sold pounds	43,782,721		52,560,835		91,795,712		105,266,271	

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

MINERAL PROPERTIES

The CSH Mine

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

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

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

The major new contracts entered into during the six months ended June 30, 2022:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Supply Agreement of 10800 tons of Liquid Sodium Cyanide in 2022	Inner Mongolia Chengxin Yongan Chemical Co., Ltd.	Estimated: 7.1	2022.1.10-2022.4.10	2022.1.10
2	Purchase and sale contract of gold bearing materials	Hunan Zhongxing Environmental Protection Technology Co., Ltd	Estimated: 5.7	2022.6.8-2022.7.8	2022.6.8

MANAGEMENT'S DISCUSSION AND ANALYSIS

Production Update

CSH Mine	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Ore mined and placed on pad (tonnes)	4,344,499	3,929,608	7,930,782	7,362,472
Average ore grade (g/t)	0.65	0.56	0.63	0.50
Recoverable gold (ounces)	54,097	42,314	96,362	70,313
Ending gold in process (ounces)	180,718	166,831	180,718	166,831
Waste rock mined (tonnes)	5,506,015	17,652,811	9,058,907	28,232,389

For the three months ended June 30, 2022, the total amount of ore placed on the leach pad was 4.3 million tonnes, with total contained gold of 54,097 ounces (1,683 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 54.98% at the end of June 30, 2022 from 55.29% at the end of March 31, 2022. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 51.58% at June 30, 2022, respectively.

Exploration

An exploration report on zones along boundary and at depth was reviewed by the Evaluation Centre for Mineral Resources and Mineral Reserves of the Ministry of Natural Resources (PRC) in November 2021 and registered in the Ministry of Natural Resources (PRC) in January 2022. The data was submitted to the Geology Archives Centre for Inner Mongolia Autonomous Region in May 2022, obtaining the Certificate of Submission, signifying an end of this stage of exploration and providing a basis for development studies of mineral resources at depth.

The Company is currently working on an updated NI 43-101 Technical Report which is expected to be disclosed shortly.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2021 under NI 43-101 are listed below:

Type	Quantity Mt	Au g/t	Metal	
			Au t	Au Moz
Measured	0.93	0.43	0.40	0.01
Indicated	94.62	0.62	58.52	1.88
M+I	95.55	0.62	58.92	1.89
Inferred	80.24	0.52	41.52	1.33

Note: The gold price (in USD) used to estimate the cut-off grade for the mineral resources is AU = \$1,800/oz. The estimated cut-off grade is 0.28 g/t.

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2021 under NI 43-101 are summarized below:

Type	Quantity Mt	Au g/t	Metal	
			Au t	Au Moz
Proven	0.35	0.47	0.16	0.01
Probable	42.32	0.67	28.29	0.91
Total	42.67	0.67	28.45	0.91

Note: The gold price (in USD) used to estimate the cut-off grade for the mineral reserves is AU = \$1,380/oz. The estimated cut-off grade is 0.28 g/t.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Jiama Mine

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

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

The major new contracts entered into during the six months ended June 30, 2022:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Supplementary agreement (III) to the EPC contract for the second phase guolanggou tailings pond sub dam (4265-4315m) of Tibet huatailong Mining Development Co., Ltd	Mining and Metallurgy Technology Group Co., Ltd	Estimated: 3.6	2022.1-2022.4	2022.1.1
2	General contracting project of tailing pond design in YouLongBu	Changchun Gold Design Institute Co., Ltd	Estimated: 6.0	2022.4-2022.8	2022.3.1
3	General contracting of Afforestation project of North and South Mountains in Lhasa (Deqing east area 4-1)	Tibet Nyingchi Yarlung Zangbo Landscaping Co., Ltd	Estimated: 3.7	2022.4-2026.4	2022.4.1
4	Cement Purchase Contract	Sichuan communications investment rongou Material Industry Co., Ltd	Estimated: 9.5	2022.4-2023.1	2022.4.1
5	Cement Purchase Contract	Tibet Chuandong Trading Co., Ltd	Estimated: 4.4	2022.4-2023.1	2022.4.1
6	Sodium hydrosulfide Purchase Contract	Jiayuguan Ruichen equipment Engineering Co., Ltd	Estimated: 6.2	2022.5-2023.5	2022.5.1

Production Update

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Ore processed (tonnes)	4,291,104	4,146,952	8,739,722	8,115,282
Average copper ore grade (%)	0.58	0.69	0.58	0.68
Copper recovery rate (%)	85	83	85	83
Average gold grade (g/t)	0.26	0.36	0.24	0.31
Gold recovery rate (%)	74	72	71	70
Average silver grade (g/t)	9.49	19.10	9.19	20.17
Silver recovery rate (%)	68	64	66	64
Average lead grade (%)	—	1.25	—	1.37
Lead recovery rate (%)	—	79.71	—	80.04
Average zinc grade (%)	—	0.68	—	0.74
Zinc recovery rate (%)	—	69.98	—	69.50
Average Moly grade (%)	0.027	0.023	0.025	0.022
Moly recovery rate (%)	22.11	51.59	21.58	46.20

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the three months ended June 30, 2022, the metals recovery rates increased by 2% for copper, 4% for silver and 2% for gold. There was recovery of molybdenum and no production of lead and zinc during the first three months of 2022. The improvement of copper is mainly due to the continued optimization of mineral processing operations including regime of reagents, and the amelioration of steady flowsheet.

Exploration

The 2021 exploration program at Jiama Mine consists of 12 drill holes for 17,418 m, focused on extremities of Jiama deposit, in which the remaining nine drill holes for 14,606 m need to be completed in 2022. By the end of Q2 2022, a total of 5,350.4 m drilling was completed, with borehole logs of 4,271.64 m and samples of 1,380 pieces. In addition, the other exploration program with eight holes for 10,222 m concentrated on the boundary of the Jiama deposit was planned early this year, awaiting the approval from the Natural Resources Bureau of Mozhugonka County following the submission of the application materials for the land leasing. Third, to delineate one to two new target areas, a prospecting program at Bayi meadow was initiated in Q1 2022, with geological investigation of 37.31 km², soil and rock survey of 26 km² respectively, and 12 drill holes for 5,168 m, with the leasing approval of land underway.

Mineral Resources Estimate

Jiama Mine resources by category at December 31, 2021 under NI 43-101:

Jiama Project – Cu, Mo, Pb, Zn, Au, and Ag Mineral Resources under NI 43-101 Reported at a 0.3% Cu Equivalent Cut off grade*, as of December 31, 2021

Class	Quantity						Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
	Mt	Cu %	Mo %	Pb %	Zn %	Au g/t							
Measured	92.99	0.38	0.04	0.04	0.02	0.07	5.10	356.9	34.0	33.5	16.8	0.224	15.236
Indicated	1,330.44	0.40	0.03	0.05	0.03	0.10	5.53	5,306.6	456.0	613.1	380.0	4.315	236.515
M+I	1,423.43	0.40	0.03	0.05	0.03	0.10	5.50	5,663.5	489.0	646.6	396.8	4.539	251.752
Inferred	406.1	0.31	0.03	0.08	0.04	0.10	5.13	1,247.0	123.0	311.0	175.0	1.317	66.926

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

The Copper price is US\$2.9/lbs

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mineral Reserves Estimate

Jiama Mine reserves by category at December 31, 2021 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2021

Class	Quantity						Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz	
	Mt	Cu %	Mo %	Pb %	Zn %	Au g/t							Ag g/t
Proven	18.48	0.60	0.05	0.02	0.01	0.19	7.67	110.5	9.1	4.0	2.7	0.114	4.559
Probable	356.44	0.60	0.03	0.12	0.07	0.16	10.25	2,127.3	121.1	427.7	236.2	1.844	117.524
P+P	374.92	0.60	0.03	0.12	0.06	0.16	10.13	2,237.8	130.3	431.7	238.9	1.958	122.083

Notes:

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

Open Pits:

 - 5% dilution factor and 95% recovery were applied to the mining method;
 - an overall slope angles of 43 degrees;
 - a copper price of US\$2.9/lbs;
 - an overall processing recovery of 88 – 90% for copper

Underground:

 - 10% dilution added to all Sub-Level Open Stopping;
 - Stope recovery is 87% for Sub-Level Open Stopping;
 - An overall processing recovery of 88 – 90% for copper.
- The cut-off grade for Mineral Reserves has been estimated at copper equivalent grades of 0.3% Cu (NSR) for the open pits and 0.45% Cu (NSR) for the underground mine.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the year ended December 31, 2020, there was a construction contract dispute between independent third parties including the constructor, Huaxin Construction Group Co., Ltd. (formerly named as “Nantong Huaxin Construction Group Co., Ltd.”) (“Huaxin”), Zhongxinfang, and the Group’s subsidiary, Tibet Huatailong Mining Development Co. Ltd. (“Huatailong”). The land use right was transferred to Zhongxinfang in 2019 pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong in 2019 where the Group agreed to transfer the land use right for the development and Zhongxinfang agreed to compensate the Group by transferring a block of the buildings and twenty car parks (the “New Premises”) to the Group no later than 2021 (the “Land Exchange”).

As at June 30, 2022 and up to the date these condensed consolidated financial statements are authorised for issue, the composite project is still suspended due to litigations against Zhongxinfang and the New Premises are not delivered to Huatailong on May 31, 2021, the original contractual delivery date. On June 21, 2021, Huatailong applied for pre-litigation preservation of the New Premises from Zhongxinfang, the Intermediate People’s Court of Lhasa City, Tibet, adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21 million), and a block of the buildings and twenty car parks from Zhongxinfang were frozen for three and two years respectively (the “New Premises Pre-litigation Preservation”). On July 21, 2021, pursuant to the New Premises Pre-litigation Preservation, Huatailong proceeded a lawsuit against Zhongxinfang for the delivery of New Premises and penalty amounting to RMB5 million (equivalent to US\$773,000), and on 18 October 2021, Huatailong submitted further application to the court and requested assessment on the level of rent to be used for determining the penalty. In April 2022, Huatailong submitted alternation of claims application to the court and requested the delivery of New Premises and changing the penalty charge to be RMB9 million (equivalent to US\$1,397,000). On June 24, 2022, the first instance of the claims has been held and is currently under processing and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

Based on Group’s assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed pending for installation of plumbing, electrical wiring, interior walls and decoration, there has been no significant market value decline of comparable properties during the current period and the Group has first priority of claim over the New Premises under New Premises Pre-litigation Preservation. Accordingly, no impairment loss (2021: nil) has been made on the other non-current assets as the directors of the Company are of the opinion that the recoverable amount of the non-current assets is above its carrying amount of US\$18,663,000 (equivalent to RMB125,252,000) as at June 30, 2022.

During the year ended December 31, 2020, Huatailong has paid the tax and other surcharges related to the Land Exchange and expects to recover such payments from Zhongxinfang in accordance with the cooperation agreement between Huatailong and Zhongxinfang signed in 2019. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Intermediate People’s Court of Lhasa City, Tibet, adjudicated that the value of certain properties limited to RMB46 million (equivalent to US\$6,609,000) from Zhongxinfang was frozen for one year (the “Pre-litigation Preservation”). Based on the first instance adjudication dated November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recoverability of the tax and other surcharges (the “Tax and Other Surcharge”) paid by Huatailong, which became final adjudication upon expiry of appeal application in December 2020, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge of RMB46 million (equivalent to US\$6,997,000) to Huatailong (the “November Adjudication”) within 30 days from the effective date of the November Adjudication (the “Due Date”). As Zhongxinfang has not settled such amount within the Due Date, Huatailong applied for an enforcement of the November Adjudication in January 2021 (the “Enforcement”). On June 24 2021, the Intermediate People’s Court of Lhasa City, Tibet, adjudicated the Enforcement is suspended as there are no executable properties from Zhongxinfang as all of the assets owned by Zhongxinfang have been sealed up or frozen. Based on legal advice, the Enforcement is currently suspended and the Group’s first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. The result of the aforementioned Enforcement is not ascertain as at the date these condensed consolidated financial statements are authorised for issue. Based on the best available information to the Group and the credit assessment as of June 30, 2022, the directors of the Company considered that ECL on other receivables is not material.

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

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

At June 30, 2022, the Company had an accumulated surplus of US\$534.0 million, working deficit of US\$40.3 million and borrowings of US\$912.8 million. The Company's cash balance at June 30, 2022 was US\$317.9 million.

Management believes that its forecast operating cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures and current debt repayments. The Company's borrowings are comprised of US\$298.6 million of 2.8% coupon rate unsecured bonds maturing on June 23, 2023, and US\$129.3 million of short term debt facilities with interest rates ranging from 1.05% to 4.51% per annum arranged through various banks in China. In addition, on November 3, 2015, the Company entered into a Loan Facility agreement with a syndicate of banks, led by Bank of China. The lenders agreed to lend an aggregate principle amount of RMB3.98 billion, approximately US\$613 million with the interest rate of 2.83% per annum. The People's Bank of China Lhasa Center Branch's interest rate serves as a local benchmark for the interest on the drawdowns. The bank's interest rate is then discounted by 7 basis points (or 0.07%) to calculate the interest on the drawdowns. The loan interest rate was adjusted from benchmark interest rate minus 7 basis points to 5 year loan prime rate ("LPR") less 2% (LPR-2%) in second quarter of 2020. The interest rate of 2.65% shall be applied for the current year after converting. The proceeds from the Loan Facility are to be used for the development of the Jiama Mine. The loan is secured by the mining rights for the Jiama Mine. As of June 30, 2022 the Company has drawn down RMB3.79 billion, approximately US\$564.7 million under the Loan Facility. On April 29, 2020, the Company entered into a Loan Facility agreement with a syndicate of banks. The lenders agreed to lend an aggregate principal amount of RMB1.4 billion, approximately US\$197.8 million with the interest rate of 2.65% per annum currently, maturing on April 28, 2034. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$61.7 million, with China Development Bank bearing interest at the People's Bank of China Loan Market Quote Rate (1 year) minus 2.65% on April 30, 2020. The current interest rate of the loan is 1.05% per annum. The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future. The Company continues to review and assess its assets for impairment as part of its financial reporting processes. To date, the assessment carried out by the Company support the carrying values of the Company's assets and no impairment has been required. However, the management of the Company continues to evaluate key assumptions on estimates and management judgements in order to determine the recoverable amount of the CSH Mine and the Jiama Mine.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CASH FLOWS

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the three and six months ended June 30, 2022 and June 30, 2021.

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Net cash from operating activities	107,618	106,234	268,384	276,432
Net cash used in investing activities	(16,321)	(43,327)	(28,657)	(101,178)
Net cash used in financing activities	(124,724)	(105,900)	(125,194)	(136,934)
Net (decrease) increase in cash and cash equivalents	(33,427)	(42,993)	114,533	38,320
Effect of foreign exchange rate changes on cash and cash equivalents	(2,748)	3,048	(4,742)	2,180
Cash and cash equivalents, beginning of period	354,094	323,733	208,128	243,288
Cash and cash equivalents, end of period	317,919	283,788	317,919	283,788

Operating cash flow

For the three months ended June 30, 2022, net cash inflow from operating activities was US\$107.6 million which is primarily attributable to (i) profit before income tax of US\$90.1 million (ii) depreciation of property, plant and equipment of US\$46.3 million (iii) unrealized foreign exchange loss of US\$11.1 million (iv) amortization of mining rights of US\$10.6 million and (v) finance cost of US\$7.9 million, partially offset by (i) decrease in accounts payable and accrued liabilities of US\$19.8 million, (ii) income taxes paid of US\$19.6 million and (iii) interest paid of US\$8.4 million.

For the six months ended June 30, 2022, net cash inflow from operating activities was US\$268.4 million which is primarily attributable to (i) profit before income tax of US\$174.0 million (ii) depreciation of property, plant and equipment of US\$89.3 million (iii) amortization of mining rights of US\$21.1 million (iv) finance cost of US\$16.1 million and (v) decrease in accounts receivables of US\$12.9 million, partially offset by (i) income taxes paid of US\$25.0 million (ii) interest paid of US\$12.8 million and (iii) increase in inventory of US\$9.4 million.

Investing cash flow

For the three months ended June 30, 2022, the net cash outflow from investing activities was US\$16.3 million which is primarily attributable to payment for acquisition of land use right of US\$18.4 million, partially offset by release of restricted bank deposits of US\$3.1 million.

For the six months ended June 30, 2022, the net cash outflow from investing activities was US\$28.7 million which is primarily attributable to (i) purchase of land use rights of US\$21.6 million and (ii) payment for acquisition of property, plant and equipment of US\$13.5 million, partially offset by release of restricted bank deposits of US\$6.3 million.

Financing cash flow

For the three months ended June 30, 2022, the net cash outflow mainly from financing activities was US\$124.7 million which is primarily attributable to (i) dividend paid to shareholders of US\$99.1 million and (ii) repayments of borrowings of US\$25.6 million.

For the six months ended June 30, 2022, the net cash outflow mainly from financing activities was US\$125.2 million which is primarily attributable to (i) dividend paid to shareholders of US\$99.1 million (ii) repayments of borrowings of US\$25.6 million and (iii) dividend paid to a non-controlling shareholder of a subsidiary of US\$0.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditures Incurred

For the six months ended June 30, 2022, the Company incurred mining costs of US\$53.6 million, mineral processing costs of US\$77.0 million and transportation costs of US\$3.5 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at June 30, 2022, the Company's total debt was US\$912.8 million and the total equity was US\$1,848 million. The Company's gearing ratio was therefore 0.49 as at June 30, 2022 compared to 0.54 as at March 31, 2022.

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

Other than as disclosed elsewhere in this MD&A or in the condensed consolidated financial statements for six months ended June 30, 2022, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2022. Other than as disclosed in this MD&A, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this MD&A.

CHARGE ON ASSETS

Other than as disclosed elsewhere in this MD&A and condensed consolidated financial statements, none of the Company's assets were pledged as at June 30, 2022.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Refer to Note 35, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2021.

COMMITMENTS

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

The Company's capital commitments relate primarily to the payments for purchase of equipment and machinery for both mines and payments to third-party contractors for the provision of mining and exploration engineering work and mine construction work for both mines. The Company has entered into contracts that prescribe such capital commitments; however, liabilities relating to them have not yet been incurred. Refer to Note 36, Commitments, in the annual consolidated financial statements for the year ended December 31, 2021.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Total	Within One year	Within Two to five years	Over five years
	US\$'000	US\$'000	US\$'000	US\$'000
Principal repayment of bank loans	614,201	129,332	250,320	234,549
Repayment of bonds including interest	298,623	298,623	–	–
Total	912,824	427,955	250,320	234,549

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

RELATED PARTY TRANSACTIONS

China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) (“CNG”) owned 40.01 percent of the outstanding common shares of the Company as at December 31, 2021 and June 30, 2022.

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

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

Revenue from sales of gold doré bars to CNG was US\$141.9 million for the six months ended June 30, 2022 which increased from US\$121.8 million for the six months ended June 30, 2021.

The Company is also a party to a Product and Service Framework Agreement with CNG, pursuant to which CNG provides construction, procurement and equipment financing services to the Company and also purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms may be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. On June 28, 2017, the Supplemental Product and Service Framework Agreement was approved and extended to expire on December 31, 2020. On June 16, 2020, the third Supplemental Product and Service Framework Agreement was approved by the Company’s Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. For the six months ended June 30, 2022, revenue from sales of copper concentrate and other products to CNG was US\$431.9 million compared to US\$266.8 million for the same period in 2021.

For the six months ended June 30, 2022, construction services of US\$3.9 million were provided to the Company by subsidiaries of CNG (US\$2.8 million for the six months ended June 30, 2021).

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Refer to Note 15 of the condensed consolidated financial statements for the six months ended June 30, 2022.

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Company did not have any material acquisition and disposal of subsidiaries and associated companies for the six months ended June 30, 2022. The Company continues to review possible acquisition targets.

CRITICAL ACCOUNTING ESTIMATES

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

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 4 of the audited annual consolidated financial statements for the year ended December 31, 2021.

CHANGE IN ACCOUNTING POLICIES

A summary of new and revised IFRS standards and interpretations are outlined in Note 2 of the audited annual consolidated financial statements as at December 31, 2021.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are equity securities, accounts receivables, accounts payables, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet. The Company did not have any financial derivatives or outstanding hedging contracts as at June 30, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2022, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company does not currently have a fixed dividend policy. The Board of Directors will determine any future dividend policy on the basis of, among other things, the results of operations, cash flows and financial conditions, operating and capital requirements, the rules promulgated by the regulators affecting dividends in both Canada and Hong Kong, China and at both the TSX and HKSE, and the amount of distributable profits and other relevant factors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

In Connection with the financial results for the year ended December 31, 2021, the Company declared a special dividend of US\$ 0.25 per common share, which was paid on June 15, 2022 to shareholders of record as of April 20, 2022.

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

OUTSTANDING SHARES

As of June 30, 2022 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the Company's DC&P and ICFR as of June 30, 2022 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of June 30, 2022, and provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the Company's ICFR as of June 30, 2022 and have concluded that these controls and procedures were effective as of June 30, 2022 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the six months ended June 30, 2022, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK FACTORS

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

QUALIFIED PERSON

Disclosure of scientific or technical information in this MD&A was reviewed and approved by Mr. Zhongxin Guo, P.Eng., the Company's Chief Engineer and a Qualified Person ("QP") for the purposes of NI 43-101.

ADDITIONAL INFORMATION

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2022.

A2. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as of June 30, 2022, the Company's directors were not aware of any other person (other than a director or chief executive of the Company who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO")):

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

Note:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As of June 30, 2022, the interests of the directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer, were as follows:

SHARES

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

Other than as disclosed above, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as of June 30, 2022.

A4. STOCK OPTION PLAN

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

A5. EMOLUMENT POLICY

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

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

As of June 30, 2022, the Company had 2,080 employees working at various locations. The emolument policy for the Company's employees is determined on a department by department basis with the Chief Executive Officer determining the emoluments for employees and managers based on merit, qualifications and the Company's hiring and retention needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

A6. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, throughout the six months ended June 30, 2022, applied the principles and complied with the requirements of its corporate governance practices as defined by the Board and all applicable statutory, regulatory and stock exchange listings standards, in particular, the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing Securities of The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

A7. COMPLIANCE WITH MODEL CODE ON DIRECTORS' SECURITIES TRANSACTIONS

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

After specific enquiry with all members of the Board, the Board confirms that all of the directors of the Company have complied with the required policies in the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy throughout the six months ended June 30, 2022.

A8. INTERIM DIVIDEND

The Board did not recommend the payment of interim dividends in respect of the six months ended June 30, 2022.

A9. AUDIT COMMITTEE

Pursuant to the requirements under the Hong Kong Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all the existing Independent Non-executive Directors, namely Ian He (chairman of the Audit Committee), Wei Shao, Bielin Shi and Ruixia Han. The Audit Committee has reviewed and discussed with the Company's auditors the unaudited interim results of the Group for the three and six months ended June 30, 2022.

August 15, 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Three And Six Months Ended June 30, 2022 (Unaudited)

NOTES	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Revenue	291,994	304,944	596,015	577,014
Cost of sales	(174,304)	(179,001)	(372,797)	(367,320)
Mine operating earnings	117,690	125,943	223,218	209,694
Expenses				
General and administrative expenses	(8,296)	(10,294)	(18,244)	(18,393)
Exploration and evaluation expenditure	(256)	(59)	(296)	(100)
Research and development expenses	(5,470)	(5,051)	(11,355)	(9,475)
	(14,022)	(15,404)	(29,895)	(27,968)
Income from operations	103,668	110,539	193,323	181,726
Other (expenses) income				
Foreign exchange (loss) gain, net	(11,542)	4,944	(9,869)	6,672
Interest and other income	5,915	2,607	6,732	3,514
Finance costs	(7,943)	(9,604)	(16,131)	(19,347)
	(13,570)	(2,053)	(19,268)	(9,161)
Profit before income tax	90,098	108,486	174,055	172,565
Income tax expenses	(8,374)	(7,789)	(20,529)	(14,901)
Profit for the period	81,724	100,697	153,526	157,664
Other comprehensive (expenses) income for the period				
<i>Item that will not be reclassified to profit or loss:</i>				
Fair value (loss) gain on investment in an equity security	(2,965)	15,190	4,501	14,956
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange difference arising on translation	(46,186)	4,654	(43,845)	742
	(49,151)	19,844	(39,344)	15,698
Total comprehensive income for the period	32,573	120,541	114,182	173,362

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Three And Six Months Ended June 30, 2022 (Unaudited)

	NOTES	Three months ended June 30,		Six months ended June 30,	
		2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Profit for the period attributable to					
Non-controlling interests		530	540	1,104	812
Owners of the Company		81,194	100,157	152,422	156,852
		<u>81,724</u>	<u>100,697</u>	<u>153,526</u>	<u>157,664</u>
Total comprehensive income for the					
period attributable to					
Non-controlling interests		540	538	1,111	814
Owners of the Company		32,033	120,003	113,071	172,548
		<u>32,573</u>	<u>120,541</u>	<u>114,182</u>	<u>173,362</u>
Earnings per share – Basic (US cents)	8	<u>20.48</u>	<u>25.27</u>	<u>38.45</u>	<u>39.57</u>
Weighted average number of common					
shares – Basic	8	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2022 (Unaudited)

	NOTES	June 30, 2022 US\$'000 (unaudited)	December 31, 2021 US\$'000 (audited)
Current assets			
Cash and cash equivalents		317,919	208,128
Restricted bank balance		2,019	6,403
Trade and other receivables	9	11,400	25,912
Dividends receivables		2,695	–
Prepaid expenses and deposits		1,593	1,337
Inventories	10	307,333	299,645
		<u>642,959</u>	<u>541,425</u>
Non-current assets			
Prepaid expenses and deposits		449	1,175
Right-of-use assets	11	43,986	25,549
Equity instruments at fair value through other comprehensive income	16	33,413	28,958
Property, plant and equipment	11	1,661,321	1,803,982
Mining rights	11	807,048	831,556
Deferred tax assets		–	4,753
Other non-current assets	17	18,663	19,645
		<u>2,564,880</u>	<u>2,715,618</u>
Total assets		<u>3,207,839</u>	<u>3,257,043</u>
Current liabilities			
Accounts and other payables and accrued expenses	12	224,840	221,954
Contract liabilities		13,046	10,265
Borrowings	13	427,955	97,606
Lease liabilities		524	533
Tax liabilities		16,865	13,317
		<u>683,230</u>	<u>343,675</u>
Net current (liabilities) assets		<u>(40,271)</u>	<u>197,750</u>
Total assets less current liabilities		<u>2,524,609</u>	<u>2,913,368</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2022 (Unaudited)

	NOTES	June 30, 2022 US\$'000 (unaudited)	December 31, 2021 US\$'000 (audited)
Non-current liabilities			
Borrowings	13	484,869	872,953
Lease liabilities		2,072	2,178
Deferred tax liabilities		105,431	118,591
Deferred income		671	1,142
Environmental rehabilitation		83,535	85,112
		<u>676,578</u>	<u>1,079,976</u>
Total liabilities		<u>1,359,808</u>	<u>1,423,651</u>
Owners' equity			
Share capital	14	1,229,061	1,229,061
Reserves		66,857	104,691
Retained profits		533,972	482,170
		<u>1,829,890</u>	<u>1,815,922</u>
Non-controlling interests		18,141	17,470
Total owners' equity		<u>1,848,031</u>	<u>1,833,392</u>
Total liabilities and owners' equity		<u>3,207,839</u>	<u>3,257,043</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 15, 2022 and are signed on its behalf by:

Liangyou Jiang
Director

Yingbin Ian He
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Three And Six Months Ended June 30, 2022 (Unaudited)

	Number of shares	Share capital US\$'000	Equity reserve US\$'000	Attributable to owners of the Company				Subtotal US\$'000	Non- controlling interests US\$'000	Total owners' equity US\$'000
				Investment revaluation reserve US\$'000	Exchange reserve US\$'000	Statutory reserve US\$'000	Retained profits US\$'000			
At January 1, 2021	396,413,753	1,229,061	11,179	5	7,360	35,374	295,543	1,578,522	16,947	1,595,469
Profit for the period	-	-	-	-	-	-	156,852	156,852	812	157,664
Fair value gain on investment in an equity security	-	-	-	14,956	-	-	-	14,956	-	14,956
Exchange difference arising on translation	-	-	-	-	740	-	-	740	2	742
Total comprehensive income for the period	-	-	-	14,956	740	-	156,852	172,548	814	173,362
Transfer to statutory reserve – safety production fund	-	-	-	-	-	2,487	(2,487)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(47,570)	(47,570)	-	(47,570)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(791)	(791)
At June 30, 2021 (unaudited)	396,413,753	1,229,061	11,179	14,961	8,100	37,861	402,338	1,703,500	16,970	1,720,470
At January 1, 2022	396,413,753	1,229,061	11,179	8,031	16,943	68,538	482,170	1,815,922	17,470	1,833,392
Profit for the period	-	-	-	-	-	-	152,422	152,422	1,104	153,526
Fair value gain on investment in an equity security	-	-	-	4,501	-	-	-	4,501	-	4,501
Exchange difference arising on translation	-	-	-	-	(43,852)	-	-	(43,852)	7	(43,845)
Total comprehensive income (expenses) for the period	-	-	-	4,501	(43,852)	-	152,422	113,071	1,111	114,182
Transfer to statutory reserve – safety production fund	-	-	-	-	-	1,517	(1,517)	-	-	-
Dividend distribution (note 7)	-	-	-	-	-	-	(99,103)	(99,103)	-	(99,103)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(440)	(440)
At June 30, 2022 (unaudited)	396,413,753	1,229,061	11,179	12,532	(26,909)	70,055	533,972	1,829,890	18,141	1,848,031

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Three And Six Months Ended June 30, 2022 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2022 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Net cash from operating activities	<u>107,618</u>	<u>106,234</u>	<u>268,384</u>	<u>276,432</u>
Investing activities				
Interest income received	1,267	708	2,247	1,018
Payment for acquisition of property, plant and equipment	(1,530)	(42,838)	(13,537)	(99,858)
Payment for acquisition of right-of-use assets	(18,385)	–	(21,573)	–
Placement of restricted bank deposits	(801)	(10,437)	(2,097)	(13,521)
Release of restricted bank deposits	<u>3,128</u>	<u>9,240</u>	<u>6,303</u>	<u>11,183</u>
Net cash used in investing activities	<u>(16,321)</u>	<u>(43,327)</u>	<u>(28,657)</u>	<u>(101,178)</u>
Financing activities				
Repayment of borrowings	(25,603)	(57,454)	(25,603)	(57,454)
Repayment of entrusted loan	–	–	–	(30,592)
Dividends paid to a non-controlling shareholder	–	–	(440)	(413)
Dividends paid to shareholders	(99,091)	(48,416)	(99,091)	(48,416)
Payment for lease	<u>(30)</u>	<u>(30)</u>	<u>(60)</u>	<u>(59)</u>
Cash used in financing activities	<u>(124,724)</u>	<u>(105,900)</u>	<u>(125,194)</u>	<u>(136,934)</u>
Net (decrease) increase in cash and cash equivalents	<u>(33,427)</u>	<u>(42,993)</u>	<u>114,533</u>	<u>38,320</u>
Cash and cash equivalents, beginning of period	354,094	323,733	208,128	243,288
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(2,748)</u>	<u>3,048</u>	<u>(4,742)</u>	<u>2,180</u>
Cash and cash equivalents, end of period	<u>317,919</u>	<u>283,788</u>	<u>317,919</u>	<u>283,788</u>
Cash and cash equivalents are comprised of cash and bank deposits	<u>317,919</u>	<u>283,788</u>	<u>317,919</u>	<u>283,788</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL AND BASIC OF PREPARATION

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

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

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange as well as International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board, which should read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

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

At June 30, 2022, the Group’s current liabilities exceeded its current assets by approximately US\$40 million. In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group’s cash flow projection, including the Group’s future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

In the current interim period, the Group has applied the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

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

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

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

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
At a point in time				
Gold doré bars	72,168	65,102	141,903	121,758
Copper	159,115	137,490	337,784	254,062
Other by-products	60,711	102,352	116,328	201,194
Total revenue	291,994	304,944	596,015	577,014

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Revenue (Cont'd)

(ii) Performance obligations for contracts with customers

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

During the three and six months ended June 30, 2022, the Group had entered into barter transactions of RMB36 million (equivalent to US\$6 million) (for the six months ended June 30, 2021: RMB81 million (equivalent to US\$13 million)) with independent third parties regarding exchange of gold bearing materials. The directors estimated the fair values of the inventories given up and received approximated the same and no gain or loss was recognised.

Segment information

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

Information regarding the above segments is reported below:

(a) Segment revenue and results

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

For the six months ended June 30, 2022

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

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

For the six months ended June 30, 2021

	Mine- produced gold US\$'000	Mine- produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue – external and segment revenue	121,758	455,256	577,014	–	577,014
Cost of sales	<u>(103,303)</u>	<u>(264,017)</u>	<u>(367,320)</u>	<u>–</u>	<u>(367,320)</u>
Mining operating earnings	<u>18,455</u>	<u>191,239</u>	<u>209,694</u>	<u>–</u>	<u>209,694</u>
Income (loss) from operations	18,355	165,520	183,875	(2,149)	181,726
Foreign exchange (loss) gain, net	(1,391)	8,991	7,600	(928)	6,672
Interest and other income	398	2,092	2,490	1,024	3,514
Finance costs	<u>(1,994)</u>	<u>(12,500)</u>	<u>(14,494)</u>	<u>(4,853)</u>	<u>(19,347)</u>
Profit (loss) before income tax	<u>15,368</u>	<u>164,103</u>	<u>179,471</u>	<u>(6,906)</u>	<u>172,565</u>

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

There are no inter-segment sales for the six months ended June 30, 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(b) Segment assets and liabilities

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

	Mine- produced gold	Mine- produced copper concentrate	Segment total	Unallocated	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As of June 30, 2022					
Total assets	615,492	2,545,983	3,161,475	46,364	3,207,839
Total liabilities	62,288	997,289	1,059,577	300,231	1,359,808
As of December 31, 2021					
Total assets	639,013	2,584,877	3,223,890	33,153	3,257,043
Total liabilities	84,130	1,036,957	1,121,087	302,564	1,423,651

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Administration and office	1,106	1,664	3,042	2,796
Depreciation of property, plant and equipment	1,555	1,247	3,230	2,397
Depreciation of right-of-use assets	26	27	53	54
Professional fees	630	602	1,365	917
Salaries and benefits	2,589	3,543	5,899	6,351
Others	2,390	3,211	4,655	5,878
	<hr/>	<hr/>	<hr/>	<hr/>
Total general and administrative expenses	8,296	10,294	18,244	18,393

5. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Interests on borrowings	6,533	8,364	13,331	16,872
Interests on lease liabilities	31	5	63	11
Accretion on environmental rehabilitation	1,357	1,420	2,773	2,835
	<hr/>	<hr/>	<hr/>	<hr/>
	7,921	9,789	16,167	19,718
Less: Amounts capitalised to property, plant and equipment	22	(185)	(36)	(371)
	<hr/>	<hr/>	<hr/>	<hr/>
Total finance costs	7,943	9,604	16,131	19,347

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

6. INCOME TAX EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Current tax:				
PRC Enterprise Income Tax	5,039	14,484	18,302	21,177
PRC withholding income tax on profit earned from PRC subsidiaries	10,939	3,779	10,939	3,779
Overprovision of PRC Enterprise Income Tax in prior year	(123)	(629)	(123)	(629)
	<u>15,855</u>	<u>17,634</u>	<u>29,118</u>	<u>24,327</u>
Deferred tax:				
PRC Enterprise Income Tax	(7,481)	(9,845)	(8,589)	(9,426)
Total income tax expenses	<u>8,374</u>	<u>7,789</u>	<u>20,529</u>	<u>14,901</u>

7. DIVIDEND

During the six months ended June 30, 2022, a special dividend in respect of the year ended December 31, 2021 of US\$0.25 (for the six months ended June 30, 2021: US\$0.12) per share amounting to US\$99,103,000 (for the six months ended June 30, 2021: US\$47,570,000) was declared and paid to the shareholders of the Company.

8. EARNINGS PER SHARE

Profit used in determining earnings per share are presented below:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (US\$'000)	<u>81,194</u>	<u>100,157</u>	<u>152,422</u>	<u>156,852</u>
Weighted average number of shares, basic	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>
Basic earnings per share (US cents)	<u>20.48</u>	<u>25.27</u>	<u>38.45</u>	<u>39.57</u>

The Group has no outstanding potential dilutive instruments issued as at June 30, 2022 and 2021 and during the three and six months ended June 30, 2022 and 2021. Therefore, no diluted earnings per share is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

9. TRADE AND OTHER RECEIVABLES

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Trade receivables	1,659	1,311
Less: Allowance for credit loss	(155)	(163)
	1,504	1,148
Amounts due from related companies (note 15(a)) ⁽¹⁾	856	1,883
Other receivables ⁽²⁾	9,040	22,881
	11,400	25,912

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

(2) Included in the balance as at June 30, 2022 are nil value-added tax recoverable (December 31, 2021: US\$12,980,000) and tax and other surcharges of US\$6,803,000 (December 31, 2021: US\$7,161,000) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang"). Details of the impairment assessment of the receivable amount from Zhongxinfang are set out in note 17.

The Group allows an average credit period of 30 days and 180 days to its external trade customers including CNG for gold dore bars sales and copper concentrate trade business, respectively.

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

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Less than 30 days	491	372
31 to 90 days	762	605
91 to 180 days	123	2
Over 180 days	128	169
	1,504	1,148

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

10. INVENTORIES

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Gold in process	232,310	229,049
Gold doré bars	22,158	24,263
Consumables	16,661	18,086
Copper	10,719	3,599
Spare parts	25,485	24,648
	<hr/>	<hr/>
Total inventories	307,333	299,645

Cost of inventory sold totaling US\$165 million and US\$355 million for the three and six months ended June 30, 2022, respectively (three and six months ended June 30, 2021: US\$170 million and US\$352 million, respectively) was recognised in cost of sales.

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

During the six months ended June 30, 2022, the Group incurred approximately US\$2.3 million on construction in progress (for the six months ended June 30, 2021: approximately US\$17.0 million) and approximately US\$14.9 million on mineral assets (for the six months ended June 30, 2021: approximately US\$40.2 million).

Depreciation of property, plant and equipment was US\$46.3 million and US\$89.3 million for the three and six months ended June 30, 2022, respectively (for the three and six months ended June 30, 2021: US\$45.8 million and US\$87.1 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses, research and development expenses and partly capitalised in inventory.

No addition of mining rights was incurred during the six months ended June 30, 2022 and 2021. Amortisation of mining rights was US\$10.6 million and US\$21.1 million for the three and six months ended June 30, 2022, respectively (for the three and months ended June 30, 2021: US\$10.4 million and US\$18.7 million, respectively). The amortisation amounts were recognised in cost of sales.

During the six months ended June 30, 2022, the Group paid farmland use tax in relation to leasehold lands and recognised right-of-use assets of US\$21.6 million (six months ended June 30, 2021: nil) and lease liabilities of nil (six months ended June 30, 2021: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

12. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Accounts payable	51,044	43,266
Bills payable	33,554	48,144
Construction cost payables	113,577	106,100
Mining cost accrual	6,593	2,213
Payroll and benefit payables	351	337
Other accruals	1,573	4,437
Other tax payable	6,314	5,388
Other payables	5,545	5,449
Payable for acquisition of a mining right	6,289	6,620
	<hr/>	<hr/>
Total accounts and other payables and accrued expenses	224,840	221,954

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

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Less than 30 days	15,217	20,961
31 to 90 days	16,020	11,357
91 to 180 days	3,040	2,614
Over 180 days	16,767	8,334
	<hr/>	<hr/>
Total accounts payable	51,044	43,266

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Less than 30 days	3,342	10,942
31 to 60 days	3,461	12,140
61 to 90 days	3,817	2,144
91 to 180 days	<u>22,934</u>	<u>22,918</u>
Total bills payable	<u>33,554</u>	<u>48,144</u>

13. BORROWINGS

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Bank loans	614,201	672,579
Bonds	<u>298,623</u>	<u>297,980</u>
	<u>912,824</u>	<u>970,559</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

13. BORROWINGS (Cont'd)

The borrowings are repayable as follows:

	June 30, 2022	December 31, 2021
	US\$'000	US\$'000
Carrying amount repayable within one year	427,955	97,606
Carrying amount repayable within one to two years	52,150	399,412
Carrying amount repayable within two to five years	198,170	200,762
Carrying amount repayable over five years	234,549	272,779
	<hr/>	<hr/>
	912,824	970,559
Less: Amounts due within one year (shown under current liabilities)	(427,955)	(97,606)
	<hr/>	<hr/>
Amounts shown under non-current liabilities	484,869	872,953
	<hr/>	<hr/>
Analysed as:		
Secured	424,525	594,312
Unsecured	488,299	376,247
	<hr/>	<hr/>
	912,824	970,559
	<hr/>	<hr/>

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

	June 30, 2022	December 31, 2021
	US\$'000	US\$'000
Mining rights	802,628	825,995
	<hr/>	<hr/>

Borrowings carry interest at effective interest rates ranging from 1.05% to 4.51% (December 31, 2021: 1.2% to 4.51%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

14. SHARE CAPITAL

Common shares

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

	Number of shares	Amount US\$'000
Issued and fully paid:		
At January 1, 2021, December 31, 2021 and June 30, 2022	<u>396,413,753</u>	<u>1,229,061</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three and six months ended June 30, 2022 and 2021.

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

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

	June 30, 2022 %	December 31, 2021 %
CNG	<u>40.01</u>	<u>40.01</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

15. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Gold doré bars sales by the Group	72,168	65,102	141,903	121,758
Copper and other by-products sales by the Group	208,256	146,492	431,884	266,831
Provision of transportation services by the Group	274	309	715	607
Construction, stripping and mining services provided to the Group	3,310	1,431	3,854	2,752
Accrued rental expenses and property management fee for PRC office	–	252	–	252
Commitment fee	363	266	392	530
Interest income	1,184	22	2,099	92
Interest expenses on borrowings and entrusted loan payable	–	268	–	735
Interest expenses on lease liabilities	27	–	55	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

15. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

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

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

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Assets		
Amounts due from related companies	856	1,883
Cash and cash equivalents held by a CNG subsidiary	278,401	180,049
	<u>279,257</u>	<u>181,932</u>

Other than the cash and cash equivalents held in a CNG subsidiary, the remaining amounts due from CNG and its subsidiaries as at June 30, 2022 and December 31, 2021, which are included in trade, and other receivables are non-interest bearing, unsecured and recoverable on demand.

	June 30, 2022 US\$'000	December 31, 2021 US\$'000
Liabilities		
Construction costs payable to CNG's subsidiaries	646	335
Trade payable to CNG's subsidiaries	840	1,138
Amount due to CNG	835	755
Contract liabilities with CNG's subsidiaries	12,550	9,538
Lease liabilities to a CNG's subsidiary	2,296	2,361
	<u>17,167</u>	<u>14,127</u>
Total amounts due to CNG's subsidiaries		

The amounts due to CNG and its subsidiaries which are included in other payables and construction costs payable, are non-interest bearing, unsecured and have no fixed terms of repayments.

(b) Compensation of key management personnel

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

	Three months ended June 30,		Six months ended June 30,	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Salaries and other benefits	53	121	142	263
Post-employment benefits	1	2	6	10
	<u>54</u>	<u>123</u>	<u>148</u>	<u>273</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

16. FINANCIAL INSTRUMENTS

As at June 30, 2022 and December 31, 2021, the Group's investments in equity securities include equity securities listed on the Stock Exchange and unlisted companies incorporated in the PRC.

Investment in equity securities listed on the Stock Exchange of US\$32,542,000 (December 31, 2021: US\$28,041,000) is measured based on the unadjusted quoted price available on the Stock Exchange (Level 1 fair value measurement). The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals registered in Hong Kong, PRC.

In addition, investment in an unlisted company incorporated in the PRC of US\$871,000 (December 31, 2021: US\$917,000) are measured at fair value based on Level 3 inputs.

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

17. CONTINGENCIES

During the year ended December 31, 2020, there was a construction contract dispute between independent third parties including the constructor, Huaxin Construction Group Co., Ltd. (formerly named as "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin"), Zhongxinfang, and the Group's subsidiary, Tibet Huatailong Mining Development Co. Ltd. ("Huatailong"). The land use right was transferred to Zhongxinfang in 2019 pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong in 2019 where the Group agreed to transfer the land use right for the development and Zhongxinfang agreed to compensate the Group by transferring a block of the buildings and twenty car parks (the "New Premises") to the Group no later than 2021 (the "Land Exchange").

As at June 30, 2022 and up to the date these condensed consolidated financial statements are authorised for issue, the composite project is still suspended due to litigations against Zhongxinfang and the New Premises are not delivered to Huatailong on May 31, 2021, the original contractual delivery date. On June 21, 2021, Huatailong applied for pre-litigation preservation of the New Premises from Zhongxinfang, the Intermediate People's Court of Lhasa City, Tibet, adjudicated that the value of New Premises limited to RMB137 million (equivalent to US\$21 million), and a block of the buildings and twenty car parks from Zhongxinfang were frozen for three and two years respectively (the "New Premises Pre-litigation Preservation"). On July 21, 2021, pursuant to the New Premises Pre-litigation Preservation, Huatailong proceeded a lawsuit against Zhongxinfang for the delivery of New Premises and penalty amounting to RMB5 million (equivalent to US\$773,000), and on 18 October 2021, Huatailong submitted further application to the court and requested assessment on the level of rent to be used for determining the penalty. In April 2022, Huatailong submitted alternation of claims application to the court and requested the delivery of New Premises and changing the penalty charge to be RMB9 million (equivalent to US\$1,397,000). On June 24, 2022, the first instance of the claims has been held and is currently under processing and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

17. CONTINGENCIES (Cont'd)

Based on Group's assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed pending for installation of plumbing, electrical wiring, interior walls and decoration, there has been no significant market value decline of comparable properties during the current period and the Group has first priority of claim over the New Premises under New Premises Pre-litigation Preservation. Accordingly, no impairment loss (2021: nil) has been made on the other non-current assets as the directors of the Company are of the opinion that the recoverable amount of the non-current assets is above its carrying amount of US\$18,663,000 (equivalent to RMB125,252,000) as at June 30, 2022.

During the year ended December 31, 2020, Huatailong has paid the tax and other surcharges related to the Land Exchange and expects to recover such payments from Zhongxinfang in accordance with the cooperation agreement between Huatailong and Zhongxinfang signed in 2019. On July 8, 2020, Huatailong applied for pre-litigation preservation of assets from Zhongxinfang, the Intermediate People's Court of Lhasa City, Tibet, adjudicated that the value of certain properties limited to RMB46 million (equivalent to US\$6,609,000) from Zhongxinfang was frozen for one year (the "Pre-litigation Preservation"). Based on the first instance adjudication dated November 20, 2020 in relation to the lawsuit against Zhongxinfang for the recoverability of the tax and other surcharges (the "Tax and Other Surcharge") paid by Huatailong, which became final adjudication upon expiry of appeal application in December 2020, the litigation ruling adjudicated that Zhongxinfang shall repay the Tax and Other Surcharge of RMB46 million (equivalent to US\$6,997,000) to Huatailong (the "November Adjudication") within 30 days from the effective date of the November Adjudication (the "Due Date"). As Zhongxinfang has not settled such amount within the Due Date, Huatailong applied for an enforcement of the November Adjudication in January 2021 (the "Enforcement"). On June 24 2021, the Intermediate People's Court of Lhasa City, Tibet, adjudicated the Enforcement is suspended as there are no executable properties from Zhongxinfang as all of the assets owned by Zhongxinfang have been sealed up or frozen. Based on legal advice, the Enforcement is currently suspended and the Group's first priority of claim over one of the assets under Pre-litigation Preservation has been extended for three years till May 24, 2024. The result of the aforementioned Enforcement is not ascertain as at the date these condensed consolidated financial statements are authorised for issue. Based on the best available information to the Group and the credit assessment as of June 30, 2022, the directors of the Company considered that ECL on other receivables is not material.

18. EVENT AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions under the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended June 30, 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted policies in its Corporate Disclosure, Confidentiality and Securities Trading Policy that has terms which are no less exacting than those set out in Appendix 10 to the Listing Rules (the “Model Code”). The Board is pleased to confirm, after specific enquiries with all Directors, that all Directors have fully complied with standards required according to the Model Code during the six months ended June 30, 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

For the six months ended June 30, 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

Pursuant to the requirements of the Code and the Listing Rules, the Company has established an audit committee (the “Audit Committee”) comprising all the existing Independent Non-executive Directors, namely Mr. He Ying Bin Ian (Chairman of the Audit Committee), Mr. Shao Wei, Mr. Shi Bielin and Ms. Han Ruixia.

The Audit Committee has reviewed the condensed consolidated financial statements for the three and six months ended June 30, 2022, and is of the view that the Group’s condensed consolidated financial statements for the three and six months ended June 30, 2022 are prepared in accordance with the applicable accounting standard, laws and regulations, and appropriate disclosures have already been made.

By Order of the Board
China Gold International Resources Corp. Ltd.
Mr. Jiang Liangyou
Chairman and Chief Executive Officer

Hong Kong, 16 August 2022

As at the date of this announcement, the Board of Directors of the Company comprises of Mr. Liangyou Jiang, Mr. Shiliang Guan, Mr. Weibin Zhang and Ms. Na Tian as Executive Directors, Mr. Junhu Tong as Non-Executive Director, and Mr. Yingbin Ian He, Mr. Wei Shao, Mr. Bielin Shi and Ms. Ruixia Han as Independent Non-Executive Directors.