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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations Three months ended March 31, 2021 (Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2021. (Stated in U.S. dollars, except as otherwise noted)

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The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of May 13, 2021. 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 months ended March 31, 2021 and the three months ended March 31, 2020, 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 31, 2021 on SEDAR at www.sedar.com, www.chinagoldintl.com and www.hkex.com.hk. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled “Forward-Looking Statements” and “Risk Factors” and to discussions elsewhere within this MD&A. China Gold International’s business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

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

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

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

THE COMPANY

Overview

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

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

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

Performance Highlights

Three months ended March 31, 2021

- Revenue increased to US\$272.1 million compared to US\$148.6 million for the same period in 2020.
- Mine operating earnings increased by 360% to US\$83.8 million from US\$18.2 million for the same period in 2020.
- Net income of US\$57.0 million increased by US\$65.7 million from a net loss of US\$8.7 million for the same period in 2020.
- Cash flow from operation increased by 964% to US\$170.2 million from US\$16.0 million for the same period in 2020.
- Total gold production increased by 3% to 53,521 ounces from 51,829 ounces for the same period in 2020.
- Total copper production increased by 37% to 48.9 million pounds (approximately 22,191 tonnes) from 35.7 million pounds (approximately 16,185 tonnes) for the same period in 2020.

OUTLOOK

- Projected gold production of 235,000 ounces in 2021.
- Projected copper production of 177 million pounds in 2021.
- 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 is continually working with CNG and other interested parties to identify potential international mining acquisition opportunities, namely projects outside of China.
- The Company has not experienced any significant impact on its operations from the COVID-19 pandemic. Both of the Company's mines have been operating without significant interruption during the three months ended March 31, 2021. 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.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

	Quarter ended							
	2021	2020				2019		
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
<i>(US\$ in thousands except per share)</i>								
Revenue	272,070	265,810	240,451	209,188	148,583	162,326	186,375	163,166
Cost of sales	188,319	175,717	174,346	173,701	130,414	146,952	160,094	155,876
Mine operating earnings	83,751	90,093	66,105	35,487	18,169	15,374	26,281	7,290
General and administrative expenses	8,099	13,656	8,026	5,793	9,186	15,280	11,762	9,532
Exploration and evaluation expenses	41	174	77	165	61	(156)	368	175
Research and development expenses	4,424	11,019	3,251	2,264	1,966	3,200	4,308	4,541
Income (loss) from operations	71,187	65,244	54,751	27,265	6,956	(2,950)	9,843	(6,958)
Gain on recognition of other assets	-	-	-	-	-	14,067	11,245	-
Foreign exchange gain (loss)	1,728	4,806	6,366	(2,331)	(5,438)	4,074	(9,616)	(7,414)
Finance costs	9,743	9,732	10,241	11,525	10,516	10,398	10,560	11,482
Profit (loss) before income tax	64,079	63,961	51,665	17,597	(7,793)	4,732	2,380	(24,817)
Income tax expense (credit)	7,112	7,513	4,029	(926)	876	9,037	2,701	(1,866)
Net profit (loss)	56,967	56,448	47,636	18,523	(8,669)	(4,305)	(321)	(22,951)
Basic earnings (loss) per share (cents)	14.30	14.10	11.87	4.52	(2.25)	(1.19)	(0.17)	(5.79)
Diluted earnings (loss) per share (cents)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Selected Quarterly Production Data and Analysis

CSH Mine	Three months ended March 31,	
	2021	2020
Gold sales (US\$ million)	56.66	55.50
Realized average price (US\$) of gold per ounce	1,803	1,572
Gold produced (ounces)	30,222	35,297
Gold sold (ounces)	31,419	35,295
Total production cost (US\$ per ounce)	1,529	1,361
Cash production cost ⁽¹⁾ (US\$ per ounce)	1,031	995

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

Gold production at the CSH Mine decreased by 14% to 30,222 ounces for the three months ended March 31, 2021 compared to 35,297 ounces for the three months ended March 31, 2020. The total production cost of gold for the three months ended March 31, 2021 increased to US\$1,529 per ounce compared to US\$1,361 for the three months ended March 31, 2020. The cash production cost of gold for the three months ended March 31, 2021 increased to US\$1,031 per ounce from US\$995 for the same period in 2020. Changes in total gold production, production cost and cash cost are mainly due to higher amounts of waste mined and longer waste haulage distance leading to higher movement costs.

Jiama Mine	Three months ended March 31,	
	2021	2020
Copper sales (US\$ in millions)	116.57	54.66
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	2.21	1.72
Copper produced (tonnes)	22,191	16,185
Copper produced (pounds)	48,923,721	35,682,121
Copper sold (tonnes)	23,907	14,412
Copper sold (pounds)	52,705,436	31,772,300
Gold produced (ounces)	23,299	16,532
Gold sold (ounces)	24,941	14,846
Silver produced (ounces)	1,732,653	1,263,835
Silver sold (ounces)	1,899,867	1,046,041
Lead produced (tonnes)	20,822	9,275
Lead produced (pounds)	45,905,657	20,448,655
Lead sold (tonnes)	23,091	5,999
Lead sold (pounds)	50,906,530	13,226,567
Zinc produced (tonnes)	9,652	5,198
Zinc produced (pounds)	21,279,737	11,459,498
Zinc sold (tonnes)	10,738	3,638
Zinc sold (pounds)	23,672,916	8,019,451
Total production cost ² (US\$) of copper per pound	2.88	2.87
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	1.01	1.67
Cash production cost ³ (US\$) per pound of copper	2.26	1.94
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	0.39	0.74

¹ A discount factor of 15.8% to 29.1% 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 March 31, 2021, the Jiama Mine produced 22,191 tonnes (approximately 48.9 million pounds) of copper, an increase of 37% compared with the three months ended March 31, 2020 (16,185 tonnes, or 35.7 million pounds).

Both total production cost of copper per pound after by-products and cash production cost of copper per pound after by-product decreased greatly as compared to the same period in 2020 due to higher mined tonnes, higher head grade, higher recovery rates, and more by-products recovered of lead and zinc.

Review of Quarterly Data

Three months ended March 31, 2021 compared to three months ended March 31, 2020

Revenue of US\$272.1 million for the first quarter of 2021 increased by US\$123.5 million from US\$148.6 million for the same period in 2020.

Revenue from the CSH Mine was US\$56.7 million, an increase of US\$1.2 million, compared to US\$55.5 million for the same period in 2020. Realized average gold price increased by 15% from US\$1,572/oz in Q1 2020 to US\$1,803/oz in Q1 2021. Gold sold by the CSH Mine was 31,419 ounces (gold produced: 30,222 ounces), compared to 35,295 ounces (gold produced: 35,297 ounces) for the same period in 2020.

Revenue from the Jiama Mine was US\$215.4 million, an increase of US\$122.3 million, compared to US\$93.1 million for the same period in 2020. Total copper sold was 23,907 tonnes (52.7 million pounds) for the three months ended March 31, 2021, an increase of 66% from 14,412 tonnes (31.8 million pounds) for the same period in 2020.

Cost of sales of US\$188.3 million for the quarter ended March 31, 2021, an increase of US\$57.9 million from US\$130.4 million for the same period in 2020. Cost of sales as a percentage of revenue for the Company decreased from 88% to 69% for the three months ended March 31, 2020 and 2021, respectively. Cost of sales was impacted by many operation factors such as mining costs, grade of ore, metal recovery rates and stripping ratio. Refer to the sections below for details of production factors for each individual mine.

Mine operating earnings of US\$83.8 million for the three months ended March 31, 2021, an increase of 360%, or US\$65.6 million, from US\$18.2 million for the same period in 2020. Mine operating earnings as a percentage of revenue increased from 12% to 31% for the three months ended March 31, 2020 and 2021, respectively.

General and administrative expenses decreased by US\$1.1 million, from US\$9.2 million for the quarter ended March 31, 2020 to US\$8.1 million for the quarter ended March 31, 2021. The decrease was due to the Company's continuous implementation of an overall cost reduction program.

Research and development expenses of US\$4.4 million for the three months ended March 31, 2021, increased from US\$2.0 million for the comparative 2020 period. The increase in 2021 was due to the Company's R&D activities related to recovery rates and processing and mining optimization.

Income from operations of US\$71.2 million for the first quarter of 2021, increased by US\$64.2 million, compared to US\$7.0 million for the same period in 2020.

Finance costs of US\$9.7 million for the three months ended March 31, 2021, decreased by US\$0.8 million compared to US\$10.5 million for the same period in 2020.

Foreign exchange gain of US\$1.7 million for the three months ended March 31, 2021, increased from a loss of US\$5.4 million for the same period in 2020. The gain was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$0.9 million for the three months ended March 31, 2021, decreased from US\$1.2 million for the same period in 2020.

Income tax expense of US\$7.1 million for the quarter ended March 31, 2021, increased by US\$6.2 million from US\$0.9 million for the comparative period in 2020. During the current quarter, the Company had US\$0.4 million of deferred tax expense compared to US\$37,000 for the same period in 2020.

Net income of US\$57.0 million for the three months ended March 31, 2021, increased by US\$65.7 million from a net loss of US\$8.7 million for the three months ended March 31, 2020.

NON-IFRS MEASURES

The cash cost of production is a measure that is not in accordance with IFRS.

The Company has included cash production cost per ounce gold data 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 data because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flow. The measure is not necessarily indicative of operating results, cash flow from operations, or financial condition as determined under IFRS. Cash production costs are determined in accordance with the Gold Institute's Production Cost Standard. Although the Gold Institute ceased operations in 2002, the Company believes that the Gold Institute's Production Cost Standard continues to represent the market accepted standard for reporting cash cost of production. However, different issuers may apply slight deviations to the standard so the cash production costs disclosed by the Company may not be directly comparable to other issuers.

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:

CSH Mine (Gold)

	Three months ended March 31,			
	2021		2020	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales	48,048,720	1,529	48,037,135	1,361
Adjustment – Depreciation & depletion	(15,153,167)	(482)	(12,358,839)	(350)
Adjustment – Amortization of intangible assets	(497,101)	(16)	(547,908)	(16)
Total cash production costs	32,398,452	1,031	35,130,388	995

Jiama Mine (Copper with by-products credits)

	Three months ended March 31,			
	2021		2020	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	140,270,592	2.66	82,377,046	2.59
General and administrative expenses	7,127,969	0.14	6,880,138	0.22
Research and development expenses	4,424,050	0.08	1,966,271	0.06
Total production cost	151,822,611	2.88	91,223,455	2.87
Adjustment – Depreciation & depletion	(24,756,577)	(0.47)	(20,339,425)	(0.64)
Adjustment – Amortization of intangible assets	(7,824,765)	(0.15)	(9,123,099)	(0.29)
Total cash production costs	119,241,269	2.26	61,760,931	1.94
By-products credits	(98,545,362)	(1.87)	(38,159,573)	(1.20)
Total cash production costs after by-products credits	20,695,907	0.39	23,601,358	0.74

The adjustments above include depreciation and depletion, amortization of intangible assets, and selling expenses included in total production costs.

MINERAL PROPERTIES

The CSH Mine

The CSH Mine is located in Inner Mongolia Autonomous Region of China. 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 has two open-pit mining operations with a combined mining and processing capacity of 60,000 tpd. The run-of-mine ore is heap leached with cyanide solution to extract gold and electro-winned to produce a gold dore which is sold to refiners.

In 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.

In June 2020, the operation of southwest pit ended.

Production Update

CSH Mine

Three months ended March 31,

	2021	2020
Ore mined and placed on pad (tonnes)	3,432,864	1,726,400
Average ore grade (g/t)	0.42	0.61
Recoverable gold (ounces)	27,999	20,647
Ending gold in process (ounces)	158,320	164,997
Waste rock mined (tonnes)	10,579,578	5,117,072

For the three months ended March 31, 2021, the total amount of ore placed on the leach pad was 3.4 million tonnes, with total contained gold of 27,999 ounces (870.9 kilograms). The overall accumulative project-to-date gold recovery rate has gradually increased to approximately 55.12% at the end of March 2021 from 54.51% at the end of March 2020. Of which, gold recovery from the phase I heap was 59.77% and; gold recovery from the Phase II heap was 50.70% at March 31, 2021.

Exploration

Two geological exploration programs were conducted at CSH Gold Mine in 2020 to increase mineral resources and to upgrade categories. In the first quarter of 2021, the drilling was completed. A total of 7 drill holes with 4,654.35m were completed at the southwest zone, and a total of 26 drill holes with 17,167.50m, including one hydro-geological hole with 755.50m, were executed at the northeast zone.

Mineral Resources Update

CSH Mine Mineral Resources by category, at December 31, 2020 under NI 43-101 are listed below:

Type	Quantity Mt	Au g/t	Metal	
			Au t	Au Moz
Measured	3.13	0.54	1.69	0.05
Indicated	105.10	0.64	65.31	2.10
M+I	108.23	0.63	67.00	2.15
Inferred	83.80	0.51	43.07	1.38

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2020 under NI 43-101 are summarized below:

Type	Quantity Mt	Au g/t	Metal	
			Au t	Au Moz
Proven	2.56	0.57	1.45	0.05
Probable	52.80	0.66	35.08	1.13
Total	55.35	0.66	36.53	1.17

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.

During the year ended December 31, 2020, there was a construction contract dispute involving three parties. The parties are Huaxin Construction Group Co., Ltd. (formerly "Nantong Huaxin Construction Group Co., Ltd.") ("Huaxin") a construction contractor, Zhongxinfang, a real estate developer, and the Group's subsidiary, Huatailong.

Huatailong transferred its land use right to Zhongxinfang in 2019 pursuant to the cooperation agreement signed between Zhongxinfang and Huatailong ("Land Exchange"). Pursuant to the cooperation agreement, Zhongxinfang is obligated to develop the land and transfer a portion of the office buildings and twenty car parks (the "New Premises") to Huatailong no later than the end of 2021. As at March 31, 2021 and up to the date of issuance of these condensed consolidated financial statements, the project remains suspended due to litigations against Zhongxinfang. Based on Group's assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed and there has been no significant market value decline of comparable properties during the current period. Accordingly, no impairment loss (2020: 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\$19,061,000 (equivalent to RMB125,252,000) as at March 31, 2021.

During the year ended December 31, 2020, Huatailong 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 properties valued at RMB46 million (equivalent to US\$6,609,000) from Zhongxinfang was frozen for one year (the "Pre-litigation Preservation"). 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, became final upon expiry of appeal deadline 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"). Based on legal advice, the Enforcement is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

Production Update

Jiama Mine	Three months ended March 31,	
	2021	2020
Ore processed (tonnes)	3,968,330	3,409,208
Average copper ore grade (%)	0.67	0.61
Copper recovery rate (%)	83	78
Average gold grade (g/t)	0.27	0.24
Gold recovery rate (%)	68	63
Average silver grade (g/t)	21.29	20.94
Silver recovery rate (%)	64	55
Average lead grade (%)	0.65	0.54
Lead recovery rate (%)	80	51
Average zinc grade (%)	0.35	0.30
Zinc recovery rate (%)	69	51

During the three months ended March 31, 2021, the metals recovery rates increased by 5% for copper, 5% for gold, 9% for silver, 29% for lead and 18% for zinc, based on the continued optimization of operating parameters regime of reagents, and the amelioration of steady flowsheet.

Exploration

The 2021 exploration program for Jiama Mine plans for 12 drill holes totaling 17,418m, focused on extremities of Jiama deposit.

Mineral Resources Estimate

Jiama Mine resources by category at December 31, 2020 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, 2020

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Measured	93.97	0.38	0.04	0.04	0.02	0.08	5.16	363.4	34.2	35.8	18.4	0.236	15.77
Indicated	1,344.54	0.40	0.03	0.05	0.03	0.10	5.66	5,420.8	459.0	724.3	456.1	4,510	247.43
M+I	1,438.51	0.40	0.03	0.05	0.03	0.10	5.63	5,784.2	493.2	760.1	474.5	4,746	263.20
Inferred	406.1	0.31	0.03	0.08	0.04	0.10	5.13	1,247	123.0	311	175	1,317	66.93

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

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

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

Mineral Reserves Estimate

Jiama Mine reserves by category at December 31, 2020 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2020

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Proven	19.21	0.60	0.05	0.03	0.02	0.20	8.03	115.4	9.3	5.8	3.9	0.123	4.96
Probable	370.53	0.60	0.03	0.12	0.07	0.17	10.51	2,221.7	124.2	461.5	258.7	2,016	125.22
P+P	389.74	0.60	0.03	0.12	0.07	0.17	10.39	2,337.1	133.5	467.3	262.6	2,139	130.18

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:
 - a) 5% dilution factor and 95% recovery were applied to the mining method;
 - b) an overall slope angles of 43 degrees;
 - c) a copper price of US\$ 2.9/lbs;
 - d) an overall processing recovery of 88 - 90% for copper
 - Underground:
 - a) 10% dilution added to all Sub-Level Open Stopping;
 - b) Stope recovery is 87% for Sub-Level Open Stopping;
 - c) 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.

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 borrowing from commercial banks in China, corporate bond financing, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At March 31, 2021, the Company had an accumulated surplus of US\$303.5 million, working capital of US\$123.2 million and borrowings of US\$1,182 million. The Company's cash balance at March 31, 2021 was US\$323.7 million.

Management believes that its forecast operating cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures and current debt repayments. The Company's borrowings are comprised of US\$299.0 million of 2.8% coupon rate unsecured bonds maturing on June 23, 2023, and US\$145.1 million of short term debt facilities with interest rates ranging from 1.20% 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 RMB 3.98 billion, approximately US\$613 million with the interest rate of 2.83% per annum. The People's Bank of China Lhasa Center Branch's interest rate serves as a local benchmark for the interest on the drawdowns. The bank's interest rate is then discounted by 7 basis points (or 0.07%) to calculate the interest on the drawdowns. The loan interest rate was adjusted from benchmark interest rate minus 7 basis points to 5 year loan prime rate ("LPR") less 2% (LPR-2%) in second quarter of 2020. The interest rate of 2.65% 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 March 31, 2021 the Company has drawn down RMB 3,360 billion, approximately US\$511.3 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 RMB 1.4 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 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 1.2% per annum. On July 6, 2020, the Company repaid the previously outstanding unsecured bonds issued in 2017 with an aggregate principal amount of US\$500 million and interest expense of US\$8.125 million. The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future.

The Company continues to review and assess its assets for impairment as part of its financial reporting processes. To date, the assessment carried out by the Company support the carrying values of the Company's assets and no impairment has been required. However, the management of the Company continues to evaluate key assumptions on estimates and management judgements in order to determine the recoverable amount of the CSH Mine and the Jiama Mine.

Cash flows

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the three months ended March 31, 2021 and March 31, 2020.

	Three months ended March 31,	
	2021	2020
	US\$'000	US\$'000
Net cash from operating activities	170,198	16,020
Net cash (used in) investing activities	(57,851)	(31,531)
Net cash (used in) financing activities	(31,034)	(378)
Net increase (decrease) in cash and cash equivalents	81,313	(15,889)
Effect of foreign exchange rate changes on cash and cash equivalents	(868)	(2,708)
Cash and cash equivalents, beginning of period	243,288	182,290
Cash and cash equivalents, end of period	323,733	163,693

Operating cash flow

For the three months ended March 31, 2021, net cash inflow from operating activities was US\$170.2 million which is primarily attributable to (i) profit before income tax of US\$64.1 million (ii) depreciation of property, plant and equipment of US\$41.3 million (iii) increase in contract liabilities of US\$24.2 million and (iv) increase in accounts payable of US\$23.4 million, partially offset by (i) interest paid of US\$6.1 million (ii) income taxes paid of US\$6.0 million and (iii) unrecognized foreign exchange gain of US\$3.4 million.

Investing cash flow

For the three months ended March 31, 2021, the net cash outflow from investing activities was US\$57.9 million which is primarily attributable to (i) payment for acquisition of property, plant and equipment of US\$57.0 million, and (ii) payment of restricted bank balance of US\$3.1 million for bank notes, partially offset by release of restricted bank balance of US\$1.9 million for bank notes.

Financing cash flow

For the three months ended March 31, 2021, the net cash outflow mainly from financing activities was US\$31.0 million which is primarily attributable to repayment of the entrusted loan of US\$30.6 million and dividend paid to the Huatailong minority shareholder of US\$413,000.

Expenditures Incurred

For the three months ended March 31, 2021, the Company incurred mining costs of US\$32.3 million, mineral processing costs of US\$23.9 million and transportation costs of US\$1.6 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at March 31, 2021, the Company's total debt was US\$1,182 million and the total equity was US\$1,600 million. The Company's gearing ratio was therefore 0.74 as at March 31, 2021 and 0.86 as at March 31, 2020.

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 annual consolidated financial statements for the three months ended March 31, 2021, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the three months ended March 31, 2021. 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 annual consolidated financial statements, none of the Company's assets were pledged as at March 31, 2021.

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, 2020.

COMMITMENTS

Commitments include principal payments on the Company's bank loans and syndicated loan facility, corporate bond, and capital commitments in respect of the future acquisition of property, plant and equipment and construction for both the CSH Mine and the Jiamia 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, 2020.

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").

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

	Total	Within	Within	Over five years
	US\$'000	One year	Two to five years	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000
Principal repayment of bank loans	853,408	115,959	323,527	413,922
Repayment of bonds including interest	299,024	8,270	290,754	-
Repayment of loans payable to a CNG subsidiary	29,140	29,140	-	-
Total	1,181,572	153,369	614,281	413,922

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 March 31, 2021 and 39.3 percent as at March 31, 2020.

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\$56.7 million for the three months ended March 31, 2021 which increased from US\$55.5 million for the three months ended March 31, 2020.

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 three months ended March 31, 2021, revenue from sales of copper concentrate and other products to CNG was US\$120.3 million, compared to US\$3 million for the same period in 2020.

For the three months ended March 31, 2021, construction services of US\$1.3 million were provided to the Company by subsidiaries of CNG (US\$1.0 million for the three months ended March 31, 2020).

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, and December 22, 2020 among the Company and China Gold Finance.

Refer to Note 14 of the condensed consolidated financial statements for the three months ended March 31, 2021.

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Company did not have any material acquisition and disposal of subsidiaries and associated companies for the three months ended March 31, 2021. 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, 2020.

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, 2020.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are equity securities, accounts receivables, accounts payables, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet.

The Company did not have any financial derivatives or outstanding hedging contracts as at March 31, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2021, 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.

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, 2020, the Company has declared a special dividend in respect of the year ended 31 December 2020 of US\$ 0.12 per common share, in an aggregate amount of US\$47,570,000, payable on May 30, 2021 to shareholders of record as of April 20, 2021. The Board of Directors will determine any future dividends and dividend policy on the basis of earnings, financial requirements and other relevant factors.

OUTSTANDING SHARES

As of March 31, 2021 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the Company's DC&P and ICFR as of March 31, 2021 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of March 31, 2021, 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 March 31, 2021 and have concluded that these controls and procedures were effective as of March 31, 2021 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the three months ended March 31, 2021, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

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

QUALIFIED PERSON

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

May 13, 2021

CHINA GOLD INTERNATIONAL RESOURCES
CORP. LTD.

(incorporated in British Columbia, Canada with
limited liability)

Condensed Consolidated Financial Statements
For the three months ended March 31, 2021

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2021

		Three months ended March 31,	
	<u>NOTES</u>	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
Revenues	3	272,070	148,583
Cost of sales		<u>(188,319)</u>	<u>(130,414)</u>
Mine operating earnings		<u>83,751</u>	<u>18,169</u>
Expenses			
General and administrative expenses	4	(8,099)	(9,186)
Exploration and evaluation expenditure		(41)	(61)
Research and development expenses		<u>(4,424)</u>	<u>(1,966)</u>
		<u>(12,564)</u>	<u>(11,213)</u>
Income from operations		<u>71,187</u>	<u>6,956</u>
Other income (expenses)			
Foreign exchange gain (loss), net		1,728	(5,438)
Interest and other income		907	1,205
Finance costs	5	<u>(9,743)</u>	<u>(10,516)</u>
		<u>(7,108)</u>	<u>(14,749)</u>
Profit (loss) before income tax		64,079	(7,793)
Income tax expenses	6	<u>(7,112)</u>	<u>(876)</u>
Profit (loss) for the period		56,967	(8,669)
Other comprehensive expense for the period			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		(234)	(2,471)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<u>(3,911)</u>	<u>(4,869)</u>
Other comprehensive expense for the period		<u>(4,145)</u>	<u>(7,340)</u>
Total comprehensive income (expense) for the period		<u>52,822</u>	<u>(16,009)</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

		Three months ended	
		March 31,	
	<u>NOTES</u>	<u>2021</u>	<u>2020</u>
		US\$'000	US\$'000
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to			
Non-controlling interests		272	255
Owners of the Company		<u>56,695</u>	<u>(8,924)</u>
		<u>56,967</u>	<u>(8,669)</u>
Total comprehensive income (expense) for the period			
attributable to			
Non-controlling interests		276	255
Owners of the Company		<u>52,546</u>	<u>(16,264)</u>
		<u>52,822</u>	<u>(16,009)</u>
Earnings (loss) per share - Basic (US cents)	7	<u>14.30</u>	<u>(2.25)</u>
Weighted average number of common shares			
- Basic	7	<u>396,413,753</u>	<u>396,413,753</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2021

	<u>NOTES</u>	March 31, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Current assets			
Cash and cash equivalents		323,733	243,288
Restricted bank balance		6,159	5,069
Trade, bills and other receivables	8	20,633	35,760
Prepaid expenses and deposits		2,513	3,309
Inventories	9	287,890	297,694
		<u>640,928</u>	<u>585,120</u>
Non-current assets			
Prepaid expenses and deposits		2,492	2,575
Right-of-use assets		14,021	14,244
Equity instruments at fair value through other comprehensive income	15	20,584	20,824
Property, plant and equipment	10	1,786,566	1,808,961
Mining rights	10	858,400	867,259
Deferred tax assets		2,852	4,463
Other non-current assets		19,061	19,196
		<u>2,703,976</u>	<u>2,737,522</u>
Total assets		<u>3,344,904</u>	<u>3,322,642</u>
Current liabilities			
Accounts and other payables and accrued expenses	11	269,935	280,592
Contract liabilities		27,186	2,878
Borrowings	12	153,369	140,303
Dividend payables		47,570	-
Tax liabilities		19,593	18,905
Lease liabilities		98	95
		<u>517,751</u>	<u>442,773</u>
Net current assets		<u>123,177</u>	<u>142,347</u>
Total assets less current liabilities		<u>2,827,153</u>	<u>2,879,869</u>
Non-current liabilities			
Borrowings	12	1,028,203	1,054,094
Lease liabilities		326	352
Deferred tax liabilities		110,177	111,306
Deferred income		2,063	2,333
Entrusted loan payable		-	30,652
Environmental rehabilitation		86,455	85,663
		<u>1,227,224</u>	<u>1,284,400</u>
Total liabilities		<u>1,744,975</u>	<u>1,727,173</u>

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

	<u>NOTE</u>	March 31, <u>2021</u> US\$'000 (unaudited)	December 31, <u>2020</u> US\$'000 (audited)
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		50,906	53,918
Retained profits		303,531	295,543
		<u>1,583,498</u>	<u>1,578,522</u>
Non-controlling interests		16,431	16,947
		<u>1,599,929</u>	<u>1,595,469</u>
Total owners' equity			
		<u>3,344,904</u>	<u>3,322,642</u>
Total liabilities and owners' equity			

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 13, 2021 and are signed on its behalf by:

(Signed by) Liangyou Jiang

Liangyou Jiang
Director

(Signed by) Yingbin Ian He

Yingbin Ian He
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

	Attributable to owners of the Company							Subtotal US\$'000	Non- controlling interests US\$'000	Total owners' equity US\$'000
	Number of shares	Share capital US\$'000	Equity reserve US\$'000	Investment revaluation reserve US\$'000	Exchange reserve US\$'000	Statutory reserve US\$'000	Retained profits US\$'000			
At January 1, 2020	396,413,753	1,229,061	11,179	(3,525)	(20,333)	19,470	199,485	1,435,337	15,330	1,450,667
(Loss) profit for the period	-	-	-	-	-	-	(8,924)	(8,924)	255	(8,669)
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(2,471)	-	-	-	(2,471)	-	(2,471)
Exchange difference arising on translation	-	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Total comprehensive (expense) income for the period	-	-	-	(2,471)	(4,869)	-	(8,924)	(16,264)	255	(16,009)
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,950	(1,950)	-	-	-
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(356)	(356)
At March 31, 2020 (unaudited)	396,413,753	1,229,061	11,179	(5,996)	(25,202)	21,420	188,611	1,419,073	15,229	1,434,302
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	-	-	-	-	-	-	56,695	56,695	272	56,967
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	-	(234)	-	-	-	(234)	-	(234)
Exchange difference arising on translation	-	-	-	-	(3,915)	-	-	(3,915)	4	(3,911)
Total comprehensive (expense) income for the period	-	-	-	(234)	(3,915)	-	56,695	52,546	276	52,822
Transfer to statutory reserve - safety production fund	-	-	-	-	-	1,137	(1,137)	-	-	-
Dividend distribution	-	-	-	-	-	-	(47,570)	(47,570)	-	(47,570)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(792)	(792)
At March 31, 2021 (unaudited)	396,413,753	1,229,061	11,179	(229)	3,445	36,511	303,531	1,583,498	16,431	1,599,929

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Three months ended March 31,	
	<u>2021</u> US\$'000 (unaudited)	<u>2020</u> US\$'000 (unaudited)
Net cash from operating activities	<u>170,198</u>	<u>16,020</u>
Investing activities		
Interest income received	310	926
Payment for acquisition of property, plant and equipment	(57,020)	(34,989)
Placement of restricted bank deposits	(3,084)	(38,548)
Release of restricted bank deposits	<u>1,943</u>	<u>41,080</u>
Net cash used in investing activities	<u>(57,851)</u>	<u>(31,531)</u>
Financing activities		
Repayment of entrusted loan	(30,592)	-
Dividend paid to a non-controlling shareholder of a subsidiary	(413)	(356)
Repayments of lease liabilities	<u>(29)</u>	<u>(22)</u>
Cash used in financing activities	<u>(31,034)</u>	<u>(378)</u>
Net increase (decrease) in cash and cash equivalents	81,313	(15,889)
Cash and cash equivalents, beginning of period	243,288	182,290
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(868)</u>	<u>(2,708)</u>
Cash and cash equivalents, end of period	<u><u>323,733</u></u>	<u><u>163,693</u></u>
Cash and cash equivalents are comprised of		
Cash and bank deposits	<u><u>323,733</u></u>	<u><u>163,693</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

1. GENERAL AND BASIS OF PREPARATION

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

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board, which should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

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

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020.

In the current interim period, the Group has applied the following new and revised International Financial Reporting Standards ("IFRSs") which are mandatorily effective for the current interim period:

Amendment to IFRS 16
Amendments to IFRS 9,
IAS 39, IFRS 7, IFRS 4
and IFRS 16

Covid-19-Related Rent Concessions
Interest Rate Benchmark Reform - Phase 2

The application of the amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

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

	Three months ended March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
<u>At a point in time</u>		
Gold doré bars	56,656	55,498
Copper	116,572	54,657
Other by-products	<u>98,842</u>	<u>38,428</u>
Total revenue	<u>272,070</u>	<u>148,583</u>

(ii) Performance obligations for contracts with customers

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

All sales of gold doré bars, copper and other by-products are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

Information regarding the above segments is reported below:

(a) Segment revenue and results

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

For the three months ended March 31, 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	56,656	215,414	272,070	-	272,070
Cost of sales	(48,048)	(140,271)	(188,319)	-	(188,319)
Mining operating earnings	8,608	75,143	83,751	-	83,751
Income (loss) from operations	8,567	63,592	72,159	(972)	71,187
Foreign exchange (loss) gain, net	(1,231)	2,905	1,674	54	1,728
Interest and other income	84	820	904	3	907
Finance costs	(992)	(6,338)	(7,330)	(2,413)	(9,743)
Profit (loss) before income tax	6,428	60,979	67,407	(3,328)	64,079

For the three months ended March 31, 2020

	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	55,498	93,085	148,583	-	148,583
Cost of sales	(48,037)	(82,377)	(130,414)	-	(130,414)
Mining operating earnings	7,461	10,708	18,169	-	18,169
Income (loss) from operations	7,400	1,862	9,262	(2,306)	6,956
Foreign exchange gain (loss), net	1,296	(6,834)	(5,538)	100	(5,438)
Interest and other income	172	1,001	1,173	32	1,205
Finance costs	(1,167)	(4,972)	(6,139)	(4,377)	(10,516)
Profit (loss) before income tax	7,701	(8,943)	(1,242)	(6,551)	(7,793)

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

There are no inter-segment sales for the three months ended March 31, 2021 and 2020.

3. REVENUE AND SEGMENT INFORMATION - continued

Segment information - continued

(b) Segment assets and liabilities

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

	Mine - produced gold US\$'000	Mine - produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of March 31, 2021					
Total assets	698,361	2,615,836	3,314,197	30,707	3,344,904
Total liabilities	145,120	1,249,018	1,394,138	350,837	1,744,975
As of December 31, 2020					
Total assets	678,630	2,612,039	3,290,669	31,973	3,322,642
Total liabilities	130,613	1,296,112	1,426,725	300,448	1,727,173

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

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

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Administration and office	1,132	2,661
Depreciation of property, plant and equipment	1,150	934
Depreciation of right-of-use assets	27	20
Professional fees	315	424
Salaries and benefits	2,808	5,146
Others	2,667	1
Total general and administrative expenses	<u>8,099</u>	<u>9,186</u>

5. FINANCE COSTS

	Three months ended March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Interests on borrowings	8,508	10,077
Interests on lease liabilities	6	1
Accretion on environmental rehabilitation	<u>1,415</u>	<u>595</u>
	9,929	10,673
Less: Amounts capitalized to property, plant and equipment	<u>(186)</u>	<u>(157)</u>
Total finance costs	<u><u>9,743</u></u>	<u><u>10,516</u></u>

6. INCOME TAX EXPENSES

	Three months ended March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
PRC Enterprise Income Tax ("EIT")	(6,693)	(839)
Deferred tax expenses	<u>(419)</u>	<u>(37)</u>
Total income tax expenses	<u><u>(7,112)</u></u>	<u><u>(876)</u></u>

During the year ended December 31, 2019, the Group had an uncertain tax position in respect of tax exposure whereby the Company transferred the land use right in return of a block of the buildings and twenty car parks (the "Land Exchange") based on the most likely amount of tax expenses. The most likely amount of tax expenses including land appreciation tax and enterprise income tax is calculated by the respective tax rates on land value stated in the cooperation agreement and gain on recognition of other assets, respectively, based on the current facts and circumstances. However, the tax expenses may be subject to change as the tax assessable amount is based on final decision by the relevant tax authority. As at March 31, 2021, the most likely amount of the relevant tax liabilities amounting to RMB14,449,000 (equivalent to US\$2,199,000) (December 31, 2020: RMB14,449,000 (equivalent to US\$2,214,000)) has been recognised.

7. EARNINGS (LOSS) PER SHARE

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

	Three months ended March 31,	
	<u>2021</u>	<u>2020</u>
Profit (loss) for the period attributable to owners of the Company for the purposes of basic earnings (loss) per share (US\$'000)	<u>56,695</u>	<u>(8,924)</u>
Weighted average number of common shares, basic	<u>396,413,753</u>	<u>396,413,753</u>
Basic earnings (loss) per share (US cents)	<u>14.30</u>	<u>(2.25)</u>

The Group has no outstanding potential dilutive instruments issued as at March 31, 2021 and 2020 and during the periods ended March 31, 2021 and 2020. Therefore, no diluted earnings (loss) per share is presented.

8. TRADE, BILLS AND OTHER RECEIVABLES

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Trade receivables	1,834	1,603
Less: allowance for credit losses	<u>(118)</u>	<u>(119)</u>
	1,716	1,484
Bills receivables	6,313	15,316
Amounts due from related companies (note 14(a)) ⁽¹⁾	1,767	1,498
Other receivables ⁽²⁾	<u>10,837</u>	<u>17,462</u>
Total trade, bills and other receivables	<u>20,633</u>	<u>35,760</u>

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

(2) Included in the balance as at March 31, 2021 are nil value-added tax recoverable (December 31, 2020: US\$7.2 million) and tax and other surcharges of approximately US\$9.1 million (December 31, 2020: US\$9.2 million) to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang") as set out in notes 6 and 16, which are expected to be recovered within twelve months after the end of the reporting period.

8. TRADE, BILLS AND OTHER RECEIVABLES – continued

The Group allows an average credit period of 30 days and 180 days to its trade customers including CNG for gold doré bar 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.

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Less than 30 days	804	745
31 to 90 days	728	348
91 to 180 days	3	127
Over 180 days	<u>181</u>	<u>264</u>
Total trade receivables	<u>1,716</u>	<u>1,484</u>

As at March 31, 2021, total bills receivable amounting to US\$6.3 million (December 31, 2020: US\$15.3 million) are held by the Group for future settlement of trade receivables, which were further discounted to a CNG's subsidiary by the Group. The Group continues to recognise their full carrying amounts of US\$6.3 million (December 31, 2020: US\$15.3 million) at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

9. INVENTORIES

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Gold in process	224,448	220,059
Gold doré bars	21,677	22,665
Consumables	19,742	23,255
Copper concentrates	723	9,016
Spare parts	<u>21,300</u>	<u>22,699</u>
Total inventories	<u>287,890</u>	<u>297,694</u>

Cost of inventories sold totalling US\$181 million for the three months ended March 31, 2021 (three months ended March 31, 2020: US\$122 million) was recognized in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS

During the three months ended March 31, 2021, the Group incurred US\$8.8 million on construction in progress (for the three months ended March 31, 2020: US\$4.7 million) and US\$19.3 million on mineral assets (for the three months ended March 31, 2020: US\$14.5 million), respectively.

Depreciation of property, plant and equipment was US\$41.3 million for the three months ended March 31, 2021 (for the three months ended March 31, 2020: US\$33.2 million). The depreciation amount were partly recognized in cost of sales and general and administrative expenses and partly capitalized in inventory.

No addition of mining rights was incurred during the three months ended March 31, 2021 and 2020. Amortisation of mining rights was US\$8.3 million for the three months ended March 31, 2021 (for the three months ended March 31, 2020: US\$9.7 million). The amortisation amounts were recognised in cost of sales.

11. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Accounts payable	30,041	45,634
Bills payable	81,102	63,494
Construction cost payables	117,520	145,973
Mining cost accrual	15,704	3,524
Payroll and benefit payables	532	257
Other accruals	3,757	3,306
Other tax payable	8,894	3,053
Other payables	4,678	7,589
Payable for acquisition of a mining right	7,707	7,762
Total accounts and other payables and accrued expenses	<u>269,935</u>	<u>280,592</u>

12. BORROWINGS

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Bank loans	853,408	859,476
Loans payable to a CNG subsidiary	29,140	38,305
Bonds	299,024	296,616
	<u>1,181,572</u>	<u>1,194,397</u>

The borrowings are repayable as follows:

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Carrying amount repayable within one year	153,369	140,303
Carrying amount repayable within one to two years	94,706	118,228
Carrying amount repayable within two to five years	519,575	519,002
Carrying amount repayable over five years	413,922	416,864
	1,181,572	1,194,397
Less: Amounts due within one year (shown under current liabilities)	<u>(153,369)</u>	<u>(140,303)</u>
Amounts shown under non-current liabilities	<u>1,028,203</u>	<u>1,054,094</u>

12. BORROWINGS - continued

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

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
Mining rights	851,511	859,793
Bills receivables (note 8)	<u>6,313</u>	<u>15,316</u>
	<u>857,824</u>	<u>875,109</u>

Borrowings carry interest at effective interest rates ranging from 1.20% to 4.51% (December 31, 2020: 1.20% to 4.51%) per annum.

13. SHARE CAPITAL

Common shares

(i) Authorized - Unlimited common shares without par value

(ii) Issued and outstanding

	<u>Number of shares</u>	<u>Amount</u> US\$'000
Issued and fully paid: At January 1, 2020, December 31, 2020 and March 31, 2021	<u>396,413,753</u>	<u>1,229,061</u>

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three months ended March 31, 2021 and 2020.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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

	March 31, <u>2021</u> %	December 31, <u>2020</u> %
CNG	<u>40.01</u>	<u>40.01</u>

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Gold doré bars sales by the Group	<u>56,656</u>	<u>55,498</u>
Copper and other by-product sales by the Group	<u>120,339</u>	<u>3,016</u>
Provision of transportation services by the Group	<u>298</u>	<u>43</u>
Construction, stripping and mining services provided to the Group	<u>1,321</u>	<u>986</u>
Accrued rental expenses for PRC office	<u>-</u>	<u>945</u>
Commitment fee	<u>264</u>	<u>-</u>
Interest income	<u>70</u>	<u>9</u>
Interest expense	<u>467</u>	<u>771</u>

14. SIGNIFICANT RELATED PARTY TRANSACTIONS - continued

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

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

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
<u>Assets</u>		
Amounts due from related companies (Note 8)	1,767	1,498
Cash and cash equivalents held in a CNG's subsidiary	<u>3,965</u>	<u>14,304</u>
	<u>5,732</u>	<u>15,802</u>

Other than the cash and cash equivalents held in a CNG subsidiary, the remaining amounts due from CNG and its subsidiaries as at March 31 2021 and December 31, 2020, which are included in trade, bills and other receivables is non-interest bearing, unsecured and recoverable on demand.

	March 31, <u>2021</u> US\$'000	December 31, <u>2020</u> US\$'000
<u>Liabilities</u>		
Loans payable to a CNG's subsidiary	29,140	38,305
Entrusted loan payable to CNG	-	30,652
Construction costs payable to CNG's subsidiaries	29,606	34,031
Trade payable to CNG subsidiaries	757	280
Amounts due to CNG	35	258
Contract liabilities with a CNG's subsidiary	<u>20,510</u>	<u>2,539</u>
	<u>80,048</u>	<u>106,065</u>

With the exception of the entrusted loan payable to CNG and loans payable to a CNG's subsidiary which are unsecured, carry fixed interests and have fixed repayment terms, 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 March 31,	
	<u>2021</u> US\$'000	<u>2020</u> US\$'000
Salaries and other benefits	142	188
Post-employment benefits	<u>8</u>	<u>10</u>
	<u>150</u>	<u>198</u>

15. FINANCIAL INSTRUMENTS

As at March 31, 2021 and December 31, 2020, 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\$19,781,000 (December 31, 2020: US\$20,015,000) 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\$803,000 (December 31, 2020: US\$809,000) are measured at fair value based on Level 3 inputs.

16. 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") and the developer, 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 in relation to the Land Exchange.

Based on the cooperation agreement, Zhongxinfang is obligated to deliver a block of the buildings and twenty car parks (the "New Premises") to the Group no later than 2021. As at March 31, 2021 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. Based on Group's assessment on the completion status of the New Premises, the construction of the New Premises has been substantially completed and there has been no significant market value decline of comparable properties during the current period. Accordingly, no impairment loss (2020: 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\$19,061,000 (equivalent to RMB125,252,000) as at March 31, 2021.

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 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"). Based on legal advice, the Enforcement is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

16. CONTINGENCIES – continued

In the opinion of the directors of the Company, expected credit loss on other receivables is insignificant based on the credit risk assessment for the three months ended March 31, 2021, taking into account the Group's right to claim over the assets under pre-litigation preservation, and the estimated fair value of such asset exceeds the carry amount of the other receivable related to the Tax and Other Surcharge.

17. EVENTS AFTER THE REPORTING PERIOD

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