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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Year ended December 31, 2022

(Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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FORWARD-LOOKING STATEMENTS	2
THE COMPANY	3
OVERVIEW	3
PERFORMANCE HIGHLIGHTS	3
OUTLOOK	4
RESULTS OF OPERATIONS	4
SELECTED QUARTERLY FINANCIAL DATA	4
SELECTED QUARTERLY PRODUCTION DATA AND ANALYSIS	4
REVIEW OF QUARTERLY DATA	6
NON-IFRS MEASURES	7
MINERAL PROPERTIES	9
THE CSH MINE	9
THE JIAMA MINE	11
LIQUIDITY AND CAPITAL RESOURCES	13
CASH FLOWS	14
OPERATING CASH FLOW	14
INVESTING CASH FLOW	15
FINANCING CASH FLOW	15
EXPENDITURES INCURRED	15
GEARING RATIO	15
SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLAN FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS	15
CHARGE ON ASSETS	15
EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES	15
COMMITMENTS	15
RELATED PARTY TRANSACTIONS	16
PROPOSED TRANSACTIONS	16
CRITICAL ACCOUNTING ESTIMATES	17
CHANGE IN ACCOUNTING POLICIES	17
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS	17
OFF-BALANCE SHEET ARRANGEMENTS	17
DIVIDEND AND DIVIDEND POLICY	17
OUTSTANDING SHARES	17
DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING	18
RISK FACTORS	18
QUALIFIED PERSON	18

The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of March 30, 2023. 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 year ended December 31, 2022 and the year ended December 31, 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, 2023 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 December 31, 2022

- Revenue decreased by 19% to US\$253.9 million from US\$312.0 million for the same period in 2021.
- Mine operating earnings decreased by 14% to US\$96.6 million from US\$111.8 million for the same period in 2021.
- Net income of US\$48.5 million decreased by 18% or US\$10.3 million from US\$58.8 million for the same period in 2021.
- Cash flow from operation increased by 281% to US\$89.1 million from US\$23.4 million for the same period in 2021.
- Total gold production decreased by 4% to 59,992 ounces from 62,278 ounces for the same period in 2021.
- Total copper production decreased by 4% to 45.1 million pounds (approximately 20,472 tonnes) from 47.1 million pounds (approximately 21,387 tonnes) for the same period in 2021.

Year ended December 31, 2022

- Revenue decreased by 3% to US\$1,104.9 million from US\$1,137.4 million for the same period in 2021.
- Mine operating earnings decreased by 2% to US\$395.6 million from US\$404.1 million for the same period in 2021.
- Net income of US\$225.4 million decreased by 16% or US\$43.3 million from US\$268.7 million for the same period in 2021.
- Cash flow from operation increased by 7% to US\$447.3 million from US\$417.3 million for the same period in 2021.
- Total gold production slightly decreased by 2% to 238,836 ounces from 244,312 ounces for the same period in 2021.
- Total copper production decreased by less than 2% to 187.4 million pounds (approximately 85,004 tonnes) from 190.5 million pounds (approximately 86,400 tonnes) for the same period in 2021.

Selected Annual Information

*	Year ended December 31				
	2022	2021	2020	2019	2018
<i>US\$ Millions except for per share</i>					
Total revenue	1,105	1,137	864	657	571
Income (loss) from operations	317	333	154	(3)	43
Net profit (loss)	225	269	114	(32)	(4)
Basic earnings (loss) per share (cents)	56.19	67.44	28.24	(8.28)	(1.22)
Diluted earnings (loss) per share (cents)	N/A	N/A	N/A	N/A	N/A
Total assets	3,195	3,257	3,323	3,197	3,216
Total non-current liabilities	653	1,080	1,284	818	1,301

*Prepared under IFRS

OUTLOOK

- The anticipated gold production in 2023 will be between 241,130 ounces (7.5 tonnes) and 244,345 ounces (7.6 tonnes).
- Total copper production in 2023 is estimated to be between 190 million pounds (86,000 tonnes) and 192 million pounds (87,000 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 China National Gold Group Co., Ltd. ("CNG") and other interested parties to identify potential international mining acquisition opportunities.
- The Company has been taking effective measures to prevent and control 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 during the year ended December 31, 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.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

(US\$ in thousands except per share)	Quarter ended							
	2022				2021			
	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Revenue	253,904	255,030	291,994	304,021	312,016	248,326	304,944	272,070
Cost of sales	157,271	179,322	174,304	198,493	200,210	165,681	179,001	188,319
Mine operating earnings	96,633	75,708	117,690	105,528	111,806	82,645	125,943	83,751
General and administrative expenses	18,390	16,215	8,296	9,949	16,165	9,462	10,294	8,099
Exploration and evaluation expenses	102	81	256	40	358	260	59	41
Research and development expenses	6,659	7,357	5,470	5,885	10,347	6,619	5,051	4,424
Income from operations	71,482	52,055	103,668	89,654	84,936	66,304	110,539	71,187
Foreign exchange gain (loss)	6,007	(16,085)	(11,542)	1,673	2,071	(161)	4,944	1,728
Finance costs	7,103	7,504	7,943	8,188	8,296	8,670	9,604	9,743
Profit before income tax	70,603	30,607	90,098	83,956	81,198	57,885	108,486	64,079
Income tax expense	22,083	7,251	8,374	12,155	22,422	5,650	7,789	7,112
Net profit	48,520	23,356	81,724	71,801	58,776	52,235	100,697	56,967
Basic earnings per share (cents)	11.90	5.84	20.48	17.97	14.76	13.11	25.27	14.30
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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Gold sales (US\$ million)	64.60	78.77	267.55	266.19
Realized average price (US\$) of gold per ounce	1,748	1,789	1,806	1,798
Gold produced (ounces)	38,134	42,852	148,164	148,082
Gold sold (ounces)	36,948	44,035	148,153	148,086
Total production cost (US\$ per ounce)	975	1,577	1,340	1,538
Cash production cost ⁽¹⁾ (US\$ per ounce)	642	1,262	803	1,062

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

Gold production at the CSH Mine decreased by 11% to 38,134 ounces for the three months ended December 31, 2022 compared to 42,852 ounces for the same period in 2021. The total production cost of gold for the three months ended December 31, 2022 decreased by 38% to US\$975 per ounce compared to US\$1,577 for the same period in 2021. The cash production cost of gold for the three months ended December 31, 2022 decreased by 49% to US\$642 per ounce from US\$1,262 for the same period in 2021. The decrease in both total production cost and cash production cost is mainly due to significantly lower stripping ratio in 2022, as well as a one-time adjustment of US\$17.0 million to cost of goods sold in relation to historical reclamation costs as a result of a newly updated environmental rehabilitation report (asset retirement obligation and environmental reclamation) for the CSH Mine.

Jiama Mine	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Copper sales (US\$ in millions)	131.17	172.42	617.23	561.59
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	3.20	3.61	3.31	2.91
Copper produced (tonnes)	20,472	21,387	85,004	86,400
Copper produced (pounds)	45,132,705	47,149,705	187,402,309	190,479,023
Copper sold (tonnes)	19,809	21,525	84,570	87,565
Copper sold (pounds)	43,670,559	47,454,102	186,445,355	193,047,766
Gold produced (ounces)	21,858	19,426	90,672	96,230
Gold sold (ounces)	21,503	19,634	90,062	97,491
Silver produced (ounces)	756,545	927,345	3,169,403	5,188,715
Silver sold (ounces)	769,424	923,044	3,168,040	5,330,630
Lead produced (tonnes)	-	453	-	40,661
Lead produced (pounds)	-	998,475	-	89,641,813
Lead sold (tonnes)	-	-	-	42,978
Lead sold (pounds)	-	-	-	94,749,967
Zinc produced (tonnes)	-	317	-	19,560
Zinc produced (pounds)	-	699,854	-	43,121,710
Zinc sold (tonnes)	-	-	-	20,669
Zinc sold (pounds)	-	-	-	45,568,038
Moly produced (tonnes)	194	230	869	433
Moly produced (pounds)	427,868	506,714	1,916,227	954,793
Moly sold (tonnes)	343	214	941	363
Moly sold (pounds)	755,254	472,126	2,704,461	800,855
Total production cost ² (US\$) of copper per pound	3.33	3.29	3.14	2.96
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	2.03	2.25	1.99	1.42
Cash production cost ⁴ (US\$) per pound of copper	2.64	3.13	2.47	2.44
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	1.35	2.09	1.33	0.90

¹ A discount factor of 12.9% to 27.4% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyers. The discount factor is higher if the grade of copper in copper concentrate is below 18%. The industry standard of copper in copper concentrate is between 18-20%.

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

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

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

During the three months ended December 31, 2022, the Jiama Mine produced 20,472 tonnes (approximately 45.1 million pounds) of copper, a decrease of 4% compared with the three months ended December 31, 2021 (21,387 tonnes, or 47.2 million pounds).

Total production cost of copper per pound increased by 1% due to lower copper grade in the three months of 2022 as compared to the same period in 2021. Cash production cost of copper per pound decreased as compared to the same quarter in 2021 due to higher depreciation and depletion costs. However, total production cost of copper per pound after by-products and cash production cost of copper per pound after by-product decreased in 2022 as compared to the same three month period in 2021, mainly due to more by-product recovered from gold, despite less by-products recovered of silver and molybdenum, and none of lead and zinc.

Since the second half of 2021, the Jiama Mine increased the utilization rate of low-grade ore with operating costs being strictly controlled. A flexible mining plan was adopted, which is responsive and tailored to the market conditions.

Review of Quarterly Data

Three months ended December 31, 2022 compared to three months ended December 31, 2021

Revenue of US\$253.9 million for the fourth quarter of 2022, decreased by US\$58.1 million from US\$312.0 million for the same period in 2021.

Revenue from the CSH Mine was US\$64.6 million, a decrease of US\$14.2 million from US\$78.8 million for the same period in 2021. Realized average gold price slightly decreased from US\$1,789/oz in Q4 2021 to US\$1,748/oz in Q4 2022. Gold sold by the CSH Mine was 36,948 ounces (gold produced: 38,134 ounces), compared to 44,035 ounces (gold produced: 42,852 ounces) for the same period in 2021.

Revenue from the Jiama Mine was US\$189.3 million, a decrease of US\$43.9 million, compared to US\$233.2 million for the same period in 2021. Realized average price of copper decreased by 11% from US\$3.61/pound in Q4 2021 to US\$3.20/pound in Q4 2022. Total copper sold was 19,809 tonnes (43.7 million pounds) for the three months ended December 31, 2022, a decrease of 8% from 21,525 tonnes (47.5 million pounds) for the same period in 2021.

Cost of sales of US\$157.3 million for the quarter ended December 31, 2022, a decrease of US\$42.9 million from US\$200.2 million for the same period in 2021. Cost of sales as a percentage of revenue for the Company decreased from 64% to 62% for the three months ended December 31, 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\$96.6 million for the three months ended December 31, 2022, a decrease of 14%, or US\$15.2 million, from US\$111.8 million for the same period in 2021. Mine operating earnings as a percentage of revenue increased from 36% to 38% for the three months ended December 31, 2021 and 2022, respectively.

General and administrative expenses increased by US\$2.2 million, from US\$16.2 million for the quarter ended December 31, 2021 to US\$18.4 million for the quarter ended December 31, 2022. During the current quarter, the Company continued to fulfill its social responsibilities by completing a number of environmental protection projects.

Research and development expenses of US\$6.7 million for the three months ended December 31, 2022, decreased from US\$10.3 million for the comparative 2021 period. The decrease in the fourth quarter of 2022 was mainly due to the completion of several research projects.

Income from operations of US\$71.5 million for the fourth quarter of 2022, decreased by US\$13.4 million, compared to US\$84.9 million for the same period in 2021.

Finance costs of US\$7.1 million for the three months ended December 31, 2022, decreased by US\$1.2 million compared to US\$8.3 million for the same period in 2021. The decrease was primarily due to the reduction in the total amount of borrowings outstanding.

Foreign exchange gain of US\$6.0 million for the three months ended December 31, 2022, increased from US\$2.1 million for the same period in 2021. 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\$0.2 million for the three months ended December 31, 2022, decreased from US\$2.5 million for the same period in 2021.

Income tax expense of US\$22.1 million for the quarter ended December 31, 2022, decreased by US\$0.3 million from US\$22.4 million for the comparative period in 2021. During the current quarter, the Company had US\$17.4 million of deferred tax expense compared to US\$17.7 million for the same period in 2021. During December 2022, deferred tax expense of US\$17.4 million (2021: US\$10.4 million) was recognized as withholding tax on declared dividends to shareholders.

Net income of US\$48.5 million for the three months ended December 31, 2022, decreased by US\$10.3 million from US\$58.8 million for the three months ended December 31, 2021.

Year ended December 31, 2022 compared to year ended December 31, 2021

Revenue of US\$1,104.9 million for the year ended December 31, 2022, decreased by US\$32.4 million from US\$1,137.4 million for the same period in 2021.

Revenue from the CSH Mine was US\$267.5 million, an increase of US\$1.3 million from US\$266.2 million for the same period in 2021. Realized average gold price increased marginally from US\$1,798/oz in 2021 to US\$1,806/oz in 2022. Gold sold by the CSH Mine was 148,153 ounces (gold produced: 148,164 ounces), compared to 148,086 ounces (gold produced: 148,082 ounces) for the same period in 2021.

Revenue from the Jiama Mine was US\$837.4 million, a decrease of US\$33.8 million, compared to US\$871.2 million for the same period in 2021. Realized average price of copper increased by 14% from US\$2.91/pound in 2021 to US\$3.31/pound in 2022. Total copper sold was 84,570 tonnes (186.4 million pounds) for the year ended December 31, 2022, a decrease of 3% from 87,565 tonnes (193.0 million pounds) for the same period in 2021.

Cost of sales of US\$709.4 million for the year ended December 31, 2022, a decrease of US\$23.8 million from US\$733.2 million for the same period in 2021. Cost of sales as a percentage of revenue for the Company remained the same at 64% for the year ended December 31, 2022 compared to the last year. 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\$395.6 million for the year ended December 31, 2022, a decrease of 2%, or US\$8.5 million, from US\$404.1 million for the same period in 2021. Mine operating earnings as a percentage of revenue remained the same at 36% for the year ended December 31, 2022 compared to the last year.

General and administrative expenses increased by US\$8.9 million, from US\$44.0 million for the year ended December 31, 2021 to US\$52.9 million for the year ended December 31, 2022. During the current year, the Company continued to fulfill its social responsibilities by donating epidemic prevention materials to the community, and completing a number of environmental protection projects.

Research and development expenses of US\$25.4 million for the year ended December 31, 2022, decreased from US\$26.4 million for the comparative 2021 period. The decrease in 2022 was mainly due to the completion of several research projects this year.

Income from operations of US\$316.9 million for the year ended December 31, 2022, decreased by US\$16.1 million, compared to US\$333.0 million for the same period in 2021.

Finance costs of US\$30.7 million for the year ended December 31, 2022, decreased by US\$5.6 million compared to US\$36.3 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\$19.9 million for the year ended December 31, 2022, decreased from a gain of US\$8.6 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\$9.1 million for the year ended December 31, 2022, increased from US\$6.4 million for the same period in 2021. The increase was mainly due to the Company receiving a US\$2.7 million dividend income from China Nonferrous Mining Corporation Limited in the second quarter of 2022.

Income tax expense of US\$49.9 million for the year ended December 31, 2022, increased by US\$6.9 million from US\$43.0 million for the comparative period in 2021. During the period, the Company had US\$11.5 million of deferred tax expense compared to US\$7.0 million for the same period in 2021. During December 2022, deferred tax expense of US\$17.4 million (2021: US\$10.4 million) was recognized as withholding tax on declared dividends to shareholders.

Net income of US\$225.4 million for the year ended December 31, 2022, decreased by US\$43.3 million from US\$268.7 million for the year ended December 31, 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 December 31,				Year ended December 31,			
	2022		2021		2022		2021	
	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce	US\$	US\$ Per ounce
Total Cost of sales ¹	36,019,554	975	69,456,400	1,577	198,502,365	1,340	227,735,962	1,538
Adjustment – Depreciation & depletion	(11,816,584)	(320)	(13,468,927)	(306)	(77,861,557)	(525)	(68,520,787)	(463)
Adjustment – Amortization of intangible assets	(470,254)	(13)	(394,392)	(9)	(1,717,651)	(12)	(1,963,165)	(13)
Total cash production costs	23,732,716	642	55,593,081	1,262	118,923,157	803	157,252,010	1,062
Total Gold sold ounces		36,948		44,035		148,153		148,086

Cash production cost of gold US\$ per ounce calculated as total cash production cost divided by total gold sold ounces

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

Jiama Mine (Copper with by-products credits)

	Three months ended December 31,				Year ended December 31,			
	2022		2021		2022		2021	
	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound	US\$	US\$ Per Pound
Total Cost of sales	121,251,481	2.78	130,752,878	2.76	510,887,746	2.74	505,474,497	2.62
General and administrative expenses	17,336,904	0.40	14,846,633	0.31	48,829,454	0.26	39,255,597	0.20
Research and development expenses	6,658,998	0.15	10,347,536	0.22	25,371,066	0.14	26,441,416	0.14
Total production cost	145,247,383	3.33	155,947,047	3.29	585,088,266	3.14	571,171,510	2.96
Adjustment – Depreciation & depletion	(20,459,606)	(0.47)	2,179,303	0.05	(85,721,234)	(0.46)	(66,068,137)	(0.34)
Adjustment – Amortization of intangible assets	(9,401,809)	(0.22)	(9,751,516)	(0.21)	(39,630,017)	(0.21)	(35,310,659)	(0.18)
Total cash production costs	115,385,968	2.64	148,374,834	3.13	459,737,015	2.47	469,792,715	2.44
By-products credits	(56,534,460)	(1.29)	(49,289,762)	(1.04)	(213,143,306)	(1.14)	(297,073,351)	(1.54)
Total cash production costs after by-products credits	58,851,508	1.35	99,085,072	2.09	246,593,709	1.33	172,719,364	0.90
Total Copper sold pounds		43,670,559		47,454,102		186,445,355		193,047,766

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 year ended December 31, 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
3	Supply Agreement of 10800 tons of Liquid Sodium Cyanide in 2022	Inner Mongolia Chengxin Yong’an Chemicals Co., Ltd.	Estimated: 6.4	2022.7.11-2022.10.11	2022.7.11
4	Supply Agreement of mixed liquid explosive	Bayannur Sheng’an Chemical Co., Ltd. Urad Middle	Estimated: 5.5	2022.8.29 – 2025.8.28	2022.8.29
5	Purchase contract of Sodium Cyanide	Inner Mongolia Chengxin Yong’an Chemicals Co., Ltd.	Estimated: 6.4	2022.10.21- 2023.1.21	2022.10.21
6	Purchase and sale contract of gold bearing materials	Hunan Zhongxing Environmental Protection Technology Co., Ltd	Estimated: 5.4	2022.12.22 – 2023.1.12	2022.12.22

Production Update

CSH Mine	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Ore mined and placed on pad (tonnes)	2,006,536	1,754,180	13,015,192	13,182,193
Average ore grade (g/t)	0.64	0.63	0.63	0.54
Recoverable gold (ounces)	24,808	20,618	158,670	137,758
Ending gold in process (ounces)	168,405	157,816	168,405	157,816
Waste rock mined (tonnes)	4,749,223	8,948,518	16,789,856	47,072,911

For the three months ended December 31, 2022, the total amount of ore placed on the leach pad was 2.0 million tonnes, with total contained gold of 24,808 ounces (772 kilograms). The overall accumulative project-to-date gold recovery rate has remained at approximately 55.42% at the end of December 31, 2022 from 55.06% at the end of September, 2022. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 52.39% at December 31, 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. An updated NI 43-101 Technical Report was disclosed on August 19, 2022. Compilation of the verification report on mineral resources and mineral reserves is underway based on the Chinese Code. A renewed Exploration License was approved by the local natural resources authority. The documents employed to determine the mining area at depth were submitted to the Natural Resources Bureau of Bayannaer City, approved by the related Department and awaiting approval of the bureau prior to submission to the Natural Resources Bureau, Inner Mongolia Autonomous Region.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2022 under NI 43-101 are listed below:

Location	Mineral Resource Category	Tonnage (x1000 t)	Au (g/t)	Metal	
				Au (t)	Au (Moz)
Remaining within the open pit limit at a cut-off grade of 0.28 g/t Au	Measured	17,088	0.64	10.96	0.35
	Indicated	19,990	0.68	13.56	0.44
	M+I	37,078	0.67	24.52	0.79
	Inferred	5,395	0.42	2.28	0.07
Underground at a cut-off grade of 0.30 g/t Au	Measured	88,200	0.67	58.66	1.89
	Indicated	89,850	0.58	52.07	1.67
	M+I	178,050	0.62	110.73	3.56
	Inferred	62,090	0.49	30.68	0.99

Notes:

Mineral Resources are reported in relation to a conceptual open-pit mining and underground block caving mining. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Raw assays have been capped. Mineral Resources include Mineral Reserves.

Mineral Resources are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,980 per ounce. Additional Mineral Resources are reported at a cut-off grade of 0.30 g/t Au for underground block caving mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,980 per ounce. USD 1.0000=RMB 6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams.

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2022 under NI 43-101 are summarized below:

Type	T (x 1,000)	Diluted Au g/t	Metal	
			Au t	Au Moz
Proven	17,088	0.62	10.52	0.34
Probable	19,990	0.65	13.02	0.42
Total	37,078	0.63	23.54	0.76

Note:

Mineral Reserves are reported based on the optimized ultimate open pit limit. All figures are rounded to reflect the relative accuracy of the estimate. Mineral Reserves are included in Mineral Resources.

Mineral Reserves are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD 1,568 per ounce. USD 1.0000=RMB 6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams

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 year ended December 31, 2022:

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 TSF 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 TSF 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
7	Steel ball purchase contract	Chinalco Industrial Services Co., Ltd	Estimated: 3.7	2022.9.21-2023.9.20	2022.9.21
8	Contract for purchase of lime	Tibet Chengsong Trading Co., Ltd	Estimated: 7.4	2022.7.2 - 2023.7.2	2022.7.2

Production Update

Jiama Mine	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Ore processed (tonnes)	4,205,307	4,114,206	17,446,643	16,304,513
Average copper ore grade (%)	0.57	0.61	0.57	0.63
Copper recovery rate (%)	85	86	85	85
Average gold grade (g/t)	0.23	0.24	0.23	0.28
Gold recovery rate (%)	69	61	69	66
Average silver grade (g/t)	9.34	10.71	8.95	15.24
Silver recovery rate (%)	60	65	63	65
Average lead grade (%)	-	-	-	1.42
Lead recovery rate (%)	-	-	-	81.65
Average zinc grade (%)	-	-	-	0.77
Zinc recovery rate (%)	-	-	-	71.99
Average Moly grade (%)	0.023	0.023	0.027	0.022
Moly recovery rate (%)	14.64	24.45	18.75	28.22

During the year ended December 31, 2022, the metals recovery rates remained consistent for copper, increased by 3% for gold and decreased by 2% for silver. There was recovery of molybdenum and no production of lead and zinc during 2022.

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 Q4 2022, a total of 11,775.86 m drilling was completed, with borehole logs of 11,775.86 m and samples of 2,194 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 in 2022. 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. As of December 2022, the tendering, approval of the woodland leasing, plan of rehabilitation and conservation of water and soil had been completed.

Mineral Resources Estimate

Jiama Mine resources by category at December 31, 2022 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, 2022

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Measured	91.94	0.38	0.04	0.04	0.02	0.07	5.05	350.6	33.7	33.5	16.8	0.216	14.921
Indicated	1315.48	0.40	0.03	0.05	0.03	0.10	5.48	5216.8	451.9	613.1	380.0	4.197	232.005
M+I	1407.42	0.40	0.03	0.05	0.03	0.10	5.46	5567.4	485.6	646.6	396.8	4.412	246.926
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1247.0	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

Mineral Reserves Estimate

Jiama Mine reserves by category at December 31, 2022 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2022

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Proven	17.70	0.60	0.05	0.02	0.02	0.19	7.60	105.9	8.9	4.0	2.7	0.108	4.324
Probable	341.46	0.60	0.03	0.13	0.07	0.16	10.29	2037.3	117.1	427.7	236.2	1.726	113.005
P+P	359.16	0.60	0.04	0.12	0.07	0.16	10.16	2143.2	126.0	431.7	238.9	1.834	117.329

Notes:

1. 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.

2. 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.

3. 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.

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 December 31, 2022 and up to the date these 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 November 5, 2022, Tibet Intermediate Court adjudicated that Zhongxinfang should pay penalty of RMB9 million (equivalent to US\$1,397,000) to Huatailong (the "November Adjudication") within 15 days from the effective date of the November Adjudication due to the overdue in delivery of the New Premises. As at December 31, 2022 and as at the date these condensed consolidated financial statements are authorised for issue, Zhongxinfang has not paid the penalty to Huatailong.

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\$17,984,000 (equivalent to RMB125,252,000) as at December 31, 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 aforementioned Enforcement is not ascertain as at the date these consolidated financial statements are authorised for issue. Based on the best available information to the Group and the credit assessment as of December 31, 2022, the directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided ECL of US\$1,644,000 (2021: nil) for other receivables, recognised during the year ended December 31, 2022. Refer to Note 31, Contingencies, in the annual consolidated financial statements for the year ended December 31, 2022.

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 December 31, 2022, the Company had an accumulated surplus of US\$571.2 million, working capital of US\$94.0 million and borrowings of US\$833.1 million. The Company's cash balance at December 31, 2022 was US\$428.5 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\$299.3 million of 2.8% coupon rate unsecured bonds maturing on June 23, 2023, and US\$100.2 million of short term debt facilities with interest rates ranging from 1.05% to 3.80% 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 principal amount of RMB 3.98 billion, approximately US\$613 million with the interest rate of 2.83% per annum. The People's Bank of China Lhasa Center Branch's interest rate serves as a local benchmark for the interest on the drawdowns. The bank's interest rate is then discounted by 7 basis points (or 0.07%) to calculate the interest on the drawdowns. The loan interest rate was adjusted from benchmark interest rate minus 7 basis points to 5 year loan prime rate ("LPR") less 2% (LPR-2%) in second quarter of 2020. The interest rate of 2.45% shall be applied for the current year. The proceeds from the Loan Facility are to be used for the development of the Jiama Mine. The loan is secured by the mining rights for the Jiama Mine. As of December 31, 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.

Cash flows

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the years ended December 31, 2022 and December 30, 2021.

	Year ended December 31,	
	2022	2021
	US\$'000	US\$'000
Net cash from operating activities	447,279	417,275
Net cash used in investing activities	(33,338)	(150,711)
Net cash used in financing activities	(185,312)	(307,543)
Net increase (decrease) increase in cash and cash equivalents	228,629	(40,979)
Effect of foreign exchange rate changes on cash and cash equivalents	(8,304)	5,819
Cash and cash equivalents, beginning of period	208,128	243,288
Cash and cash equivalents, end of period	428,453	208,128

Operating cash flow

For the year ended December 31, 2022, net cash inflow from operating activities was US\$447.3 million which is primarily attributable to (i) profit before income tax of US\$275.3 million (ii) depreciation of property, plant and equipment of US\$163.4 million (iii) amortization of mining rights of US\$41.4 million (iv) finance cost of US\$30.7 million and (v) unrealized foreign exchange loss of US\$19.7 million, partially offset by (i) income taxes paid of US\$36.6 million (ii) interest paid of US\$24.1 million and (iii) decrease in accounts payables of US\$10.7 million.

Investing cash flow

For the year ended December 31, 2022, the net cash outflow from investing activities was US\$33.3 million which is primarily attributable to (i) payment for acquisition of property, plant and equipment of US\$22.6 million (ii) and purchase of land use rights of US\$21.2 million, partially offset by release of restricted bank deposits of US\$7.9 million.

Financing cash flow

For the year ended December 31, 2022, the net cash outflow mainly from financing activities was US\$185.3 million which is primarily attributable to (i) dividend paid to shareholders of US\$99.1 million (ii) repayments of borrowings of US\$84.9 million.

Expenditures Incurred

For the year ended December 31, 2022, the Company incurred mining costs of US\$92.7 million, mineral processing costs of US\$159.2 million and transportation costs of US\$6.6 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at December 31, 2022, the Company's total debt was US\$833.1 million and the total equity was US\$1,903.4 million. The Company's gearing ratio was therefore 0.44 as at December 31, 2022 compared to 0.48 as at September 30, 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 consolidated financial statements for the year ended December 31, 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 year ended December 31, 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 consolidated financial statements, none of the Company's assets were pledged as at December 31, 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 33, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2022.

COMMITMENTS

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

The Company's capital commitments relate primarily to the payments for purchase of equipment and machinery for both mines and payments to third-party contractors for the provision of mining and exploration engineering work and mine construction work for both mines. The Company has entered into contracts that prescribe such capital commitments; however, liabilities relating to them have not yet been incurred. Refer to Note 34, Commitments, in the annual consolidated financial statements for the year ended December 31, 2022.

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	533,722	100,221	258,450	175,051
Repayment of bonds including interest	299,346	299,346	-	-
Total	833,068	399,567	258,450	175,051

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 December 31, 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\$267.6 million for the year ended December 31, 2022 which increased from US\$266.2 million for the year ended December 31, 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 year ended December, 2022, revenue from sales of copper concentrate and other products to CNG was US\$794.5 million compared to US\$568.4 million for the same period in 2021.

For the year ended December 31, 2022, construction services of US\$12.3 million were provided to the Company by subsidiaries of CNG (US\$7.2 million for the year ended December 31, 2021).

In addition to the aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business, including a Loan Agreement and a Deposit Services Agreement entered into on March 25, 2019, December 31, 2019, December 22, 2020 and a Financial Service Agreement on May 5, 2021 among the Company and China Gold Finance. As part of the 2021 Financial Service Agreement, approved by the Company's Shareholders at 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 audited annual consolidated financial statements for details of significant related party transactions during the year ended December 31, 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 year ended December 31, 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, 2022.

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, 2022.

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 December 31, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2022, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company is committed to providing sustainable returns to its shareholders. The Board of Directors determine dividends on an annual basis based on, among other things, the results of operations, cash flows and financial conditions, operating and capital requirements, the rules promulgated by the regulators affecting dividends in both Canada and China and at both the TSX and HKSE, and the amount of distributable profits and other relevant factors.

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

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

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

In connection with the Company's financial results for the year ended December 31, 2022, the Company is pleased to announce the declaration of a dividend of US\$0.37 per common share payable on June 15, 2023 to shareholders of record as of April 20, 2023. This dividend qualifies as an "eligible dividend" for Canadian income tax purposes while dividends paid to shareholders outside Canada (non-resident investors) will be subject to Canadian non-resident withholding taxes. If you are a non-resident taxpayer resident in a country or area that Canada has a tax treaty with, you may be eligible to receive the reduced rate of tax for the dividend you will be receiving. Please review the NR301 form to check if you are eligible and if so, submit the aforementioned form to ensure the benefit from the tax treaty is applied to you.

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 December 31, 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 December 31, 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 December 31, 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 December 31, 2022 and have concluded that these controls and procedures were effective as of December 31, 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 year ended December 31, 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.

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.

March 30, 2023