China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Three months ended March 31, 2014

(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 month ended March 31, 2014
(Stated in U.S. dollars, except as otherwise noted)

The following Management Discussion and Analysis of financial condition and results of operations ("MD&A") is prepared as of May 14, 2014. It should be read in conjunction with the condensed consolidated interim 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, 2014 and the three months ended March 31, 2013, 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 25, 2014 on SEDAR at www.sedar.com. 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 Gold 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 Gold 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, 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 based in Vancouver, Canada. The Company's main business involves the acquisition, exploration, development and exploitation of gold and base metal properties.

The Company's principal mining operations are the Chang Shan Hao Gold Mine ("CSH Gold Mine" or "CSH Mine" or "CSH"), located in Inner Mongolia, China and the Jiama Copper-Gold Polymetallic Mine ("Jiama Mine" or "Jiama"), located in Tibet, China. China Gold International holds a 96.5% interest in the CSH Gold Mine, while its Chinese joint venture ("CJV") partner holds the remaining 3.5% interest. China Gold International commenced commercial production on July 1, 2008. The Company holds a 100% interest in the Jiama Mine. Jiama hosts a large scale polymetallic deposit containing copper, gold, molybdenum, silver, lead and zinc. The Jiama Mine commenced commercial production in September 2010.

China Gold International's common shares are listed on the Toronto Stock Exchange ("TSX") and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "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, 2014

- Revenue decreased by 52% to US$36.7 million from US$76.7 million for the same period in 2013;
- Net profit after income taxes decreased by 91% to US$1.4 million from US$15.1 million for the same period in 2013.
- Gold production from the CSH Mine decreased by 16% to 27,118 ounces from 32,163 ounces for the same period in 2013.
- Copper production from the Jiama Mine decreased by 77% to 711 tonnes (approximately 1.6 million pounds) from 3,083 tonnes (approximately 6.7 million pounds) for the same period in 2013.

OUTLOOK

- Expected production of 208,000 ounces of gold in 2014.
- The 2014 copper production for the Company at Jiama was previously expected to be about 50 million pounds. At the present time, the Company is not able to provide definitive 2014 production guidance for Jiama Mine as the mine is experiencing reduced power supply that has affected the central Tibet region during the winter months. The Tibet government and the Central Government of China are currently progressing a power supply development plan. Further negotiations are ongoing with the local government and local power provider to ensure reliability, availability and acceptable price of the electricity supply in the medium and long-term. Expansion at Jiama mine continues and is implemented in two stages. Stage one, which is expected to be completed during the second half of 2014, includes construction of a new 22,000 tpd mill. Stage two is expected to be completed by the second half of 2015, bringing the mining and milling capacity at Jiama Mine to 50,000 tpd by the end of 2015. The Company is in negotiation for an additional power supply to support the expanded operations.
- The Company will continue to leverage the technical and operating experience of the Company's controlling shareholder, China National Gold Group Corporation ("CNG"), to improve operations at its mines. In addition, the Company continues to focus its efforts on increasing production while minimizing costs at both mines.
- 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, which can be readily and quickly brought into production with the expansion potential through continued exploration.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

QUARTER ENDED

	2014	2013				2012		
(US$ in thousands except per share)	**31-Mar**	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Revenues	**36,659**	68,507	75,733	81,622	76,746	93,387	84,938	76,484
Cost of sales	**22,285**	50,990	48,478	53,809	47,456	54,190	51,207	49,896
Mine operating earnings	**14,374**	17,517	27,255	27,813	29,290	39,197	33,731	26,588
General and administrative expenses	**6,015**	5,471	7,410	5,665	7,157	7,880	6,020	5,311
Exploration and evaluation expenses	**45**	83	45	50	69	149	59	124
Income from operations	**8,314**	11,962	19,800	22,098	22,064	31,168	27,652	21,153
Foreign exchange gain (loss)	**752**	(216)	894	684	152	(844)	1,976	(1,125)
Finance costs	**3,398**	2,916	2,665	2,500	2,573	3,230	3,080	3,416
Profit before income tax	**5,863**	8,861	19,162	24,769	20,755	28,545	32,903	18,188
Income tax expense	**4,498**	2,202	3,279	5,208	5,676	7,506	6,508	5,564
Net income	**1,365**	6,659	15,883	19,561	15,079	21,039	26,395	12,624
Basic earnings per share (cents)	**0.29**	1.60	3.84	4.78	3.66	5.13	6.44	3.07
Diluted earnings per share (cents)	**0.29**	1.60	3.84	4.78	3.66	5.13	6.44	3.07

Selected Quarterly Production Data and Analysis

CSH Mine	**Three months ended March 31,**	
	2014	**2013**
Gold sales (US$ million)	**31.59**	47.40
Realized average price[(1)] (US$) of gold per ounce	**1,272**	1,575
Gold produced (ounces)	**27,118**	32,163
Gold sold (ounces)	**24,830**	30,098
Total production cos[(2)] (US$ per ounce)	**783**	953
Cash production cost[(2)] (US$ per ounce)	**585**	812

(1) Net of resource compensation fees that is based on revenue and paid to PRC government
(2) Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

Gold production at the CSH Mine decreased by 16% from 32,163 ounces for the three months ended March 31, 2013 to 27,118 ounces for the three months ended March 31, 2014. The major reasons for the decrease in production are due to lower grade ore being mined and placed on the leaching heap in the past periods, and an increased height of the leaching heap leading to a longer gold recovery period.

The cash production cost for the three months ended March 31, 2014 decreased compared with the same period in 2013, mainly due to lower cost in waste rock striping and lower reagents costs in gold extraction and processing. Mine site management reduced the use of sodium cyanide during the quarter as the chemical solution in the processing circle was close to saturation. The decreased reagent expenditure is also the major contributor to the lower total production cost of gold for the three months ended March 31, 2014 compared with 2013. Some of these decreases will be temporary.

Jiama Mine	Three months ended March 31,	
	2014	2013
Copper sales[(1)] (million US$)	**3.57**	29.35
Realized average price[(2)] (US$ per pound of copper) after smelting fee discount	**2.66**	3.05
Copper produced (tonne)	**711**	3,083
Copper produced (pound)	**1,568,490**	6,797,439
Copper sold (tonne)	**562**	3,029
Copper sold (pound)	**1,238,699**	6,678,698
Gold produced (ounce)	**744**	3,339
Gold sold (ounce)	**696**	3,439
Silver produced (ounce)	**45,844**	265,274
Silver sold (ounce)	**37,596**	245,119
Total copper production cost[(3)] (US$ per pound)	**5.64**	3.83
Total copper production cost[(3)] (US$ per pound after by-products credits[(4)])	**4.32**	2.42
Cash copper production cost[(4)] (US$ per pound)	**2.59**	3.04
Cash copper production cost[(4)] (US$ per pound after by-products credits[(4)])	**1.28**	1.63

(1) Net of resource compensation fees that is based on revenue and paid to PRC government
(2) a discount factor of 15-17% is applied to the copper bench mark price to compensate the refinery costs incurred by the buyers
(3) 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.
(4) Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

During the three months ended March 31, 2014, the Jiama Mine produced 711 tonnes (approximately 1.6 million pounds) of copper, a decreased of 77% compared with the three months ended March 31, 2013 (3,083 tonnes, or 6.8 million pounds). The decrease in production was mainly due to a production interruption caused by a seasonal electricity shortage starting in December 2013. Refer to "Power Shortage" section for more details.

The cash production cost of copper per pound decreased due to a decrease in mining and processing costs during the current period. The total production cost of copper per pound increased due to higher fixed costs per unit during the power shortage period.

Review of Quarterly Data

Three months ended March 31, 2014 compared to three months ended March 31, 2013

Revenue of US$36.7 million for the first quarter of 2014 decreased by US$40 million, from US$76.7 million for the same period in 2013.

Revenue from the CSH Mine was US$31.6 million (2013: US$47.4 million), a decrease of US$15.8 million, due to an 18% decrease in gold sales volume and significantly lower gold prices. Gold produced by the CSH Mine was 27,118 ounces (gold sold: 24,830), compared to 32,163 ounces (gold sold: 30,098 ounces) for the same period in 2013, due to a longer leaching time with an increased height of the leaching heap.

Revenue from the Jiama Mine was US$5.07 million compared to US$29.3 million for the same period in 2013. Total copper sold was 562 tonnes (1.3 million pounds) for the three months ended March 31, 2014, a decrease of 81% from 3,029 tonnes (6.7 million pounds) for the same period in 2013. The significant decrease in copper production was due to a seasonal electricity shortage experienced by the Jiama Mine. Refer to the "Power Shortage" section for more details.

Cost of sales of US$22.3 million for the quarter ended March 31, 2014, a decrease of US$25.2 million from US$47.5 million for the same period in 2013. The decrease in cost of sales was substantially due to Jiama's lower production volume during the three month period in 2014 (Refer to the "Power Shortage" section for further discussion). CSH contributed to 37% of the decrease in cost of sales, primarily due to reduced processing costs. Cost of sales as a percentage of revenue for the Company decreased to 61% from 62% for the three months ended March 31, 2014 compared to 2013.

Mine operating earnings of US$14.4 million for the three months ended March 31, 2014 decreased by 51%, or US$14.9 million, from US$29.3 million for the comparative 2013 period. Mine operating earnings as a percentage of revenue increased to 39% from 38% for the three months ended March 31, 2014 compared to 2013.

General and administrative expenses decreased by US$1.1 million, from US$7.1 million for the quarter ended March 31, 2013 to US$6 million for the quarter ended March 31, 2014. The decrease is due to the Company's implementation of an overall cost reduction program.

Income from operations for the first quarter of 2014 of US$8.3 million, a decrease of US$13.7 million from US$22 million for the same period in 2013.

Finance costs of US$3.4 million for the three months ended March 31, 2014 increased by US$0.8 million, from US$2.6 million for the same period in 2013. The increase is due to interest expense incurred from short-term loans obtained by CSH during the third quarter of 2013 and the first quarter of 2014. During the three months ended March 31, 2014, US$3.5million (2013: US$0.7 million) of interest payments were capitalized for borrowing costs related to the Jiama Mine expansion.

Foreign exchange gain increased to a gain of US$0.75 million for the three months ended March 31, 2014 from a gain of US$0.15 million for the same 2013 period. The 2014 gain is related to the revaluation of monetary items held in Chinese RMB and Hong Kong Dollars, which was based on changes in the RMB/HKD/USD exchange rates.

Interest and other income of US$195,000 for the three months ended March 31, 2014 decreased from US$1.1 million for the three months ended March 31, 2013, due to reduced interest income earned on term deposits which were utilized during 2013.

Income tax expense for the first quarter of 2014 decreased by 21%, to US$4.5 million from US$5.7 million for the comparative 2013 period, primarily due to Jiama's reduced income tax expense. During the current quarter, the Company had US$2.9 million of deferred income tax expense compared to US$0.7 million deferred income tax credit in 2013, the change is attributed to the depreciation of the RMB.

Net income of the Company decreased by US$13.7 million from US$15.1 million for the three months ended March 31, 2013 to US$1.4 million for the three months ended March 31, 2014.

NON-IFRS MEASURES

The following table provides certain unit cost information on a cash cost of production per ounce (non-IFRS) basis for the CSH Gold Mine for the three months ended March 31, 2014 and 2013:

CSH Mine

	Three months ended March 31,	
	2014	2013
	US$	US$
Cost of mining per tonne of ore	**1.37**	1.50
Cost of mining waste per tonne of ore	**1.20**	2.44
Other mining costs per tonne of ore	**0.42**	0.49
Total mining costs per tonne of ore	**2.99**	4.43
Cost of reagents per tonne of ore	**0.63**	1.49
Other processing costs per tonne of ore	**0.64**	1.23
Total processing cost per tonne of ore	**1.27**	2.72

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.

The following table provides 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 tonne for the Jiama Mine:

CSH Mine (Gold)

	Three months ended March 31,			
	2014		2013	
	US$	**US$ Per ounce**	US$	US$ Per ounce
Total production costs	**19,449,005**	**783**	28,686,903	953
Adjustments	**(4,927,107)**	**(198)**	(4,254,871)	(141)
Total cash production costs	**14,521,898**	**585**	24,432,032	812

Jiama Mine (Copper)

	Three months ended March 31, 2014		2013	
	US$	**US$ Per Pound**	US$	US$ Per pound
Total production costs	**6,982,112**	**5.64**	25,566,318	3.83
Adjustments	**(3,771,627)**	**(3.05)**	(5,290,913)	(0.79)
Total cash production costs	**3,210,485**	**2.59**	20,275,405	3.04
By-product credits	**(1,628,293)**	**(1.31)**	(9,400,088)	(1.41)
Total cash production costs after by-products credits	**1,582,192**	**1.28**	10,875,317	1.63

Production costs above include expenditures incurred on the mine sites for activities related to production. 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 the 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 China Gold International holds a 96.5% interest and Ningxia Nuclear Industry Geological Exploration Institution (formerly known as Brigade 217) holds the remaining 3.5%.

CSH Mine Expansion

The CSH Mine is currently operating at a 30,000 tpd capacity, producing over 133,000 ounces of gold per annum. The mining rate will be gradually increased to 60,000 ptd by the end of 2014. A NI 43-101 compliant Technical Report Expansion Feasibility Study for the CSH Gold Project ("CSH Technical Report") has been completed by a group of Qualified Persons ("QP"). This report was prepared following the 2011 drilling campaign. The CSH Technical Report supports an expansion plan to increase the processing capacity from 30,000 tpd to 60,000 tpd with a mine life of 11 years. The CSH Technical Report delineates the open pit reserves at the CSH Mine at over 213 million tonnes of ore containing about 4.08 million ounces of gold. Gold production will be increased from the current 133,000 ounces per annum to about 260,000 ounces per annum by 2016. The estimated capital expenditure is US$212.9 million. The After-Tax Net Present Value (NPV) is US$642 million using a discount rate of 9% and an assumed gold price of $1,380/oz.

The CSH Technical Report is available at sedar.com and hkexnews.hk.

As of October 31, 2013, expansion construction for the additional 30,000 tpd three stage closed circuit crushing system, the new heap leach pad and the new ADR (Adsorption, Desorption and Refining) plant were all completed. The new 80 kilometer long 110kilovolt ("KV") power line was also completed by the end of November 2013 and began providing power for testing in December 2013. The Company is currently performing test runs on the new 30,000 tpd crushing and processing system, from which gold output is expected to commence during the second quarter of 2014.

Production Update

CSH Mine

	Three months ended March 31, 2014	2013
Ore placed on pad (tonnes)	**5,019,143**	3,246,768
Average grade of ore (g/t)	**0.51**	0.44
Recoverable gold (ounces)	**48,896**	34,164
Ending ore inventory (ounces)	**85,452**	41,006
Waste rock mined (tonnes)	**13,584,923**	22,290,991

For the three months ended March 31, 2014, the total amount of ore put on the leach pad was 5.0 million tonnes, with total contained gold of 48,896 ounces. The accumulative project-to-date gold recovery rate has slightly decreased from approximately 53.88% at the end of December 2013 to 53.47% at the end of March 2014.

Exploration

The Company did not conduct drilling at CSH during the first quarter of 2014. The Company continues to conduct surface reconnaissance and exploration for expansion opportunities around the CSH Mine.

Mineral Reserves Update

CSH Mine Resources by category, Northeast and Southwest pits combined at December 31, 2013 under NI 43-101:

Category	Quantity Mt	Au g/t	Metal Au t	Metal Au Moz
Measured	68.91	0.65	44.83	1.44
Indicated	156.75	0.59	92.79	2.98
M+I	225.66	0.61	137.62	4.42
Inferred	85.89	0.51	43.59	1.40

CSH Mine Reserves by category, Northeast and Southwest pits combined at December 31, 2013 under NI 43-101:

Category	Quantity Mt	Au g/t	Metal Au t	Metal Au Moz
Proven	67.83	0.64	43.09	1.39
Probable	115.75	0.59	68.02	2.19
Total	**183.58**	**0.61**	**111.12**	**3.57**

Reserves reported at cutoff grade of 0.28g/t Au for open cut mining methods

The Jiama Mine

The Company acquired the Jiama Mine on December 1, 2010. Jiama is a large scale polymetallic deposit containing copper, gold, silver, molybdenum, and other metals, located in the Gandise metallogenic belt in Tibet, Autonomous Region of China.

The Jiama Mine has both underground mining and open-pit mining operations. The open–pit mining operation consists of the smaller Tongqianshan Pit and the larger Niumatang Pit. The underground mining operation consists of two shafts which will extend from an initial depth of 355 metres to a final depth of 600 metres.

Phase I of the Jiama Mine commenced mining operations in the second half of 2010 and reached its design capacity of 6,000 tpd in early 2011.

Phase II Expansion

The Company retained the engineering firm Mining One Pty Ltd, in collaboration with independent consulting engineers and management to complete a feasibility study on the Jiama Mine Phase II expansion. On December 20, 2013, Mining One Pty Ltd submitted a NI 43-101 Technical report – Phase 2 Expansion Project based on the "Feasibility Study for the Phase II Expansion Project" prepared by the Changchun Gold Design Institute ("Jiama Technical Report") on the Jiama Mine. The Jiama Technical Report was filed at sedar.com and hkexnews.hk on February 4th, 2014. The Company plans to expand the Jiama Mine from its current mining and processing capacity of 6,000 tpd to 50,000 tpd of ore through the expansion of current open-pit and the development of new open-pits and underground mining operations. Phase II Expansion will include four open pits, one underground mine, and a new mill with a processing capacity of 44,000 tpd. The annual mill processing capacity will be increased from the current 1.8 million tonnes of ore per year to 16.5 million tonnes of ore per year, producing an average of 67,000 tonnes (148 million pounds) of copper, 2,400 tonnes (5.3 million pounds) of molybdenum, 42,000 ounces of gold, 2.8 million ounces of silver, 10,400 tonnes of lead and 4,000 tonnes of zinc annually over a 35 year mine life. The estimated capital expenditure is US$716.2 million. The project has after-tax Net Present Value (NPV) of US$1.3 billion at a discount rate of 9% at metal price assumptions of US$2.90/lb copper, US$15.5/lb molybdenum, US$1,300/oz gold, and US$20/oz silver. The project has after-tax Internal Rate of Return (IRR) of 24% and payback period of 6.7 years.

Since its commencement the advanced preparation, including the completion of some civil engineering and works and the procurement of long lead time items has progressed as scheduled. The first stage of construction, including the 220mx20m ROM silo, pebble crusher, grinding and milling facility, SAG (Semi-Autogenous Grinding), milling and floatation circuits, high-efficiency concentrate thickener, power and water supply system, and tailings thickener to expand mining operations from 6,000 tpd to 28,000 tpd is expected to be completed by the second quarter of 2014. The pre-striping for open pits and transportation system to supply ore for the first stage of the production facility will also be completed at the second half of 2014. Stage two construction of an additional 22,000 tpd capacity is expected to be completed by the second half of 2015.

Production Update

Jiama Mine	Three months ended March 31,	
	2014	2013
Ore mined (tonnes)	**237,480**	489,677
Waste mined (tonnes)	**-**	477,900
Average copper grade of ore	**1.34%**	0.63%
Copper recovery rate	**93%**	89%
Average gold grade of ore (g/t)	**0.57**	0.31
Gold recovery rate	**65%**	60%
Average silver grade of ore (g/t)	**34.57**	21.35
Silver recovery rate	**64%**	64%

Power Shortage

Throughout the entire first quarter of 2014, the Jiama Mine experienced reduced a power supply that has affected the central Tibet region during the winter months. Copper production of the first quarter of 2014 decreased by 77% due to this power shortage.

Jiama's 6,000 tpd Phase I processing plant was closed for most of the first quarter. The stripping work for Phase II expansion has not been affected. The Company mitigated the effect of those disruptions by scheduling equipment maintenance and time off for employees during that time.

On March 31, 2014, with the assistance from the local government, local power supplier in the Tibet Region and through the use of locally generated thermal power, adequate power supply has been re-established. Subsequently, production reached the full 6,000 tpd capacity level of Phase I in the month of April 2014. The Company was able to achieve record copper production levels in April 2014.

The Company expects that its power costs will be higher than previously paid until a permanent power supply solution is established. Further negotiations are on-going with the local government and local power provider to ensure reliability, availability and acceptable price of the electricity supply in the medium and long-term.

The construction of Phase II expansion is not expected to be significantly affected by the power shortage and is expected to be completed on time. Once the Company is satisfied with the medium and long-term arrangements for power supply, the Company expects to launch operations of stage one of its Phase II expansion for the Jiama Mine.

Exploration

To identify potential mineral deposits, the Company is planning to have an approximately 12,280 meter drilling program at Jiama in 2014. The Company has started to prepare temporary infrastructure and has leased lands for the drilling program.

The following table shows exploration expenditures expensed and capitalized during the three months ended March 31, 2014 and March 31, 2013.

Jiama Mine	Three months ended March 31	
	2014	2013
	US$ in millions	US$ in millions
Exploration expensed	-	-
Exploration capitalized	**1.22**	0.29
	1.22	0.29

Mineral Resources Estimate

Jiama Mine Resource by category at November 20, 2013 under NI 43-101:

	Grade							Contained Metal					
Category	Ore (mt)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (kt)	Mo (kt)	Au (M oz)	Ag (M oz)	Pb (kt)	Zn (kt)
Measured	100	0.41	0.035	0.11	6.53	0.04	0.02	415	36	0.35	21.04	43	24
Indicated	1,386	0.41	0.034	0.11	6.11	0.05	0.03	5,772	468	4.99	272.35	751	470
Total M&I	**1,486**	**0.41**	**0.034**	**0.11**	**6.14**	**0.05**	**0.03**	**6,138**	**503**	**5.3**	**293.39**	**794**	**495**
Inferred	406	0.31	0.03	0.1	5.13	0.08	0.04	1,247	124	1.3	66.9	312	174

Note: Lead and zinc metal values are distributed unevenly with higher concentrations in certain parts of the deposit. The table gives of average lead and zinc grades over the entire resources of the deposit.

Mineral Reserve Estimate

Jiama Mine Reserve by category at November 20, 2013 under NI 43-101:

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

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

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for working capital to finance the expansion of its mining and 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, 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, 2014, the Company had an accumulated surplus of US$157 million, working capital deficit of US$138 million and bank borrowings of US$559 million. The Company's cash balance at March 31, 2014 was US$121 million.

Management notes the working capital deficit, which resulted from the current year's intensive capital investment in expansion projects at both mine sites. The following actions are being taken to ensure the liquidity requirements of the Company are met: (1) the management is negotiating with the Company's banks to extend the terms for repayment of loan principals maturing in 2014; (2) the management is in advanced discussions with the commercial banks in China to arrange for permanent long term project debt financing; (3) the Jiama local management is negotiating with the key construction contractors to extend the terms of payment for amounts due; and (4) management is examining a number of additional project financing options.

As a result, 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.

Cash flows

The following table sets out selected cash flow data from the Company's condensed consolidated interim cash flow statements for the periods ended March 31, 2014 and March 31, 2013.

	Three months ended March 31,	
	2014	2013
	US$'000	US$'000
Net cash from operating activities	**1,558**	16,325
Net cash used in investing activities	**(85,107)**	(110,448)
Net cash from financing activities	**100,016**	66,325
Net increase (decrease) in cash and cash equivalents	**16,467**	(27,798)
Effect of foreign exchange rate changes on cash and cash equivalents	**(1,372)**	280
Cash and cash equivalents, beginning of period	**105,887**	181,740
Cash and cash equivalents, end of period	**120,982**	154,222

Operating cash flow

For the three months ended March 31, 2014, the net cash inflow from operating activities was US$ 1.6 million which is primarily attributable to (i) depreciation and depletion of US$10.4 million, (ii) profit before income tax of US$5.9 million and (iii) decrease of prepaid expenses and deposits of US $5.8 million, partially offset by (i) increase in inventory of US$19.9 million, (ii) income tax paid of US$ 5.0 million, and (iii) interest paid of US$3.4 million,

Investing cash flow

For the three months ended March 31, 2014, the net cash outflow from investing activities was US$ 85.1 million, which is primarily attributable to payment for the acquisition of property, plant and equipment of US$83.2 million and deposits paid for acquisition of property, plant and equipment of US$ 1.9 million.

Financing cash flow

For the three months ended March 31, 2014, the net cash inflow from financing activities was US$100.0 million, which is primarily attributable to proceeds from a bank loan of US$107.8 million and from an entrusted loan of US$32.1 million, partially offset by repayments of borrowings of US$39.8 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at March 31, 2014, the Company's total debt was US$591 million and the total equity was US$1,423 million. The Company's gearing ratio was therefore 0.42 as at March 31, 2014 and 0.20 as at March 31, 2013.

Restrictive covenants

The Company is subject to various customary conditions and covenants under the terms of its financing agreements.

Under the loan agreement between the CSH CJV and the Agricultural Bank of China ("ABC"), the CSH CJV is prohibited from distributing dividends before repaying amounts due under the loan agreement in the same fiscal year. In addition, the CSH CJV is required to obtain the lender's consent prior to carrying out certain activities or entering into certain transactions such as a reduction of registered capital, disposal of assets, mergers and acquisitions and provision of guarantee or creating charges over its material assets in favor of third-parties. The ABC loan is secured by the relevant mining rights of the CSH Mine.

Under the loan agreements between Jiama and the Bank of China ("BOC") and between Jiama and the various banks providing the syndicated loan facility, Jiama is prohibited from distributing dividends before offsetting accumulated losses of the prior accounting year, repaying the principal, interest, and other expenses due under the loan agreement in the current fiscal year, and repaying the principal, interest and other expenses due under the loan agreement in the next fiscal year. In addition, Jiama is required to obtain the lender's written approval prior to reducing registered capital, processing one or more transactions or a series of transactions in the form of a sale, lease, transfer or other way leading to the disposal of assets that together total over RMB5.0 million, entering into any merger or acquisition, providing a guarantee or creating charges over its material assets in favor of third parties. The BOC and Syndicate loan facility are secured by the relevant mining rights and assets of the Jiama Mine.

New bank loans

The Company entered into the following loan agreements during the three months ended March 31, 2014:

In January 2014, the Company entered into a two-year loan agreement with Agriculture Bank of China (“ABC”). Pursuant to the loan agreement, ABC agreed to provide a two year loan to the Company in the amount of RMB400 million (equivalent to US$64,344,000). The loan is unsecured and carries interest at the local prime rate of 4.17%.

In January 2014, the Company entered into a loan agreement with Industrial and Commercial Bank of China (“ICBC”). Pursuant to the loan agreement, ICBC agreed to provide a one year loan to the Company in the amount of RMB50 million (equivalent to US$8,043,000). The loan is unsecured and carries interest at the local prime rate of 4.02%.

In January 2014, the Company entered into a one year entrusted loan agreement with Baotou Commercial Bank Co., Ltd.(BCB) and Zhongyuan Fiduciary Co., Ltd. ("Zhongyuan") in which BCB provided a loan of RMB100 million (equivalent to approximately US$16,086,000) to the Company through Zhongyuan as the entrusted bank. The entrusted loan was unsecured and carried interest at fixed rate of 5.9% per annum.

In February 2014, the Company entered into a one year entrusted loan agreement with BCB and Zhongyuan in which BCB provided a loan of RMB100 million (equivalent to approximately US$16,086,000) to the Company through Zhongyuan as the entrusted bank. The entrusted loan was unsecured and carried interest at fixed rate of 5.9% per annum.

In March 2014, the Company entered into a loan agreement with China Development Bank (“CDB”). Pursuant to the loan agreement, CDB agreed to provide a one year loan to the Company in the amount of RMB200 million (equivalent to US$32,172,000). As of March 31, 2014, RMB20 million has been drawn down, with a remaining RMB180 million available. The loan is unsecured and carries interest at the local prime rate of 4.02%.

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies include principal payments on the Company’s bank loans and syndicated loan facility, material future aggregate minimum operating lease payments required under operating leases 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 has leased certain properties in China and Canada, which are all under operating lease arrangements and are negotiated for terms of between one and seventeen years. The Company is required to pay a fixed rental amount under the terms of these leases.

The Company’s capital commitments relate primarily to 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. Therefore, capital commitments are not included in the Company’s consolidated financial statements.

There were no significant changes in capital commitments and operating lease commitments between March 31, 2014 and December 31, 2013. The following table outlines principal payments on bank loans for the periods indicated:

	Total US$’000	Within One year US$’000	Within Two to five years US$’000	Over 5 years US$’000
Principal repayment of bank loans	**559,238**	241,213	249,658	68,366

In addition to the table set forth above, the Company has entered into service agreements with third-party contractors such as China Railway and China Metallurgical 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

CNG owned 39.3 percent of the outstanding common shares of the Company as at March 31, 2014 and March 31, 2013.

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

On October 24, 2008, the Company's subsidiary, Inner Mongolia Pacific entered into a non-exclusive contract for the purchase and sale of doré with CNG (the "2008 Contract") pursuant to which Inner Mongolia Pacific occasionally sold gold doré bars to CNG through to December 31, 2011. The pricing was based on the daily average price of Au9995 gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of No. 2 silver as quoted on the Shanghai Huatong Platinum & Silver Exchange prevailing at the time of each relevant purchase order during the contract period. On January 27, 2012, Inner Mongolia Pacific entered into a contract with CNG in order to regulate the sale and purchase of gold doré that was to be carried out between them for the three years ending December 31, 2012, 2013 and 2014, for the purpose of keeping the same pricing terms as the 2008 Contract.

Revenue from sales of gold doré bars to CNG decreased from US$45.3 million for the three months ended March 31, 2013 to US$31.6 million for the three months ended March 31, 2014.

On April 26, 2013, Huatailong, an indirectly wholly-owned subsidiary of the Company, entered into the Contract for Purchase and Sale of Copper Concentrate with China National Gold Group International Trading Co. Ltd, which is ultimately controlled by CNG, for the purpose of governing the sale and purchase of copper sulphide concentrates produced at the Jiama Mine for the two years ending December 31, 2013 and 2014, with pricing referenced to the prescribed figures disclosed in the contract, based on the monthly average bench mark prices of copper, gold and silver. The first sales transaction under the contract occurred in July 2013.

Revenue from sales of copper and other products to CNG was US$5.1 million for the three months ended March 31, 2014, compared with nil in the same period in 2013.

For the three months ended March 31, 2014, construction services of US$53.2 million were provided to the Company by subsidiaries of CNG (US$66.5 million for the three months ended March 31, 2013).

In addition to the two aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business.

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 Group did not have any material acquisition and disposal of subsidiaries and associated companies in the three months ended March 31, 2014.

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 significant 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, 2013.

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, 2013.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are available-for-sale investments, accounts receivable, accounts payable, 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 derivatives as at March 31, 2014.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2014, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company has not paid any dividends since incorporation and does not currently have a fixed dividend policy. The Board of Directors will determine any future dividend policy on the basis of, among others 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 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.

OUTSTANDING SHARES

As of March 31, 2014 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, 2014 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 March 31, 2014, 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) framework of Year 2013 to evaluate the Company’s ICFR as of March 31, 2014 and have concluded that these controls and procedures were effective as of March 31, 2014 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, 2014, 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, 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.

QUALIFIED PERSON

Disclosure of a scientific or technical nature in this section of the MD&A in respect of updates at the CSH Gold Project was prepared by or under the supervision of Mr. Songlin Zhang, a qualified person for the purposes of NI 43-101.

Disclosure of a scientific or technical nature in this MD&A in respect of the Jiama Mine for the Mineral Resources, Mineral Reserves and Phase II Expansion was prepared by or under the supervision of Mr. Bin Guo and Anthony R Cameron, both qualified person for the purposes of NI 43-101; all remaining information in regards to the Jiama project contained in this MD&A was prepared by or under the supervision of Mr. Songlin Zhang, a qualified person for the purposes of NI 43-101.

May 14, 2014

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, 2014

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2014

CONTENTS

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2014

	NOTES	Three months ended March 31, 2014 US$'000	2013 US$'000
Revenues	15	36,659	76,746
Cost of sales		(22,285)	(47,456)
Mine operating earnings		14,374	29,290
Expenses			
General and administrative expenses	3	(6,015)	(7,157)
Exploration and evaluation expenditure		(45)	(69)
		(6,060)	(7,226)
Income from operations		8,314	22,064
Other (expenses) income			
Foreign exchange gain, net		752	152
Interest and other income		195	1,112
Finance costs	4	(3,398)	(2,573)
		(2,451)	(1,309)
Profit before income tax		5,863	20,755
Income tax expense	5	(4,498)	(5,676)
Profit for the period		1,365	15,079
Other comprehensive (expense) income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		(7,451)	492
Fair value (loss) gain on available-for-sale investment		(2,645)	1,241
Total comprehensive income (expense) for the period		(8,731)	16,812
Profit for the period attributable to			
Non-controlling interests		207	568
Owners of the Company		1,158	14,511
		1,365	15,079
Total comprehensive income for the period attributable to			
Non-controlling interests		291	569
Owners of the Company		(9,022)	16,243
		(8,731)	16,812
Basic earnings per share	6	0.29 cents	3.66 cents
Diluted earnings per share	6	0.29 cents	3.66 cents
Basic weighted average number of common shares outstanding		396,413,753	396,354,753
Diluted weighted average number of common shares outstanding		396,413,753	396,393,854

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2014

	NOTES	March 31, 2014 US$'000	December 31, 2013 US$'000 (audited)
Current assets			
Cash and cash equivalents		120,982	105,887
Accounts receivable and other receivables	7	10,165	9,714
Prepaid expenses and deposits		5,146	6,987
Prepaid lease payments		230	235
Inventory	8	80,948	61,245
		217,471	184,068
Non-current assets			
Prepaid expenses and deposits		14,455	16,706
Prepaid lease payments		8,171	8,425
Inventory	8	-	2,001
Deferred tax assets		11,369	14,501
Available-for-sale investments		19,161	21,850
Property, plant and equipment	9	1,074,859	1,027,393
Mining rights		941,659	943,557
		2,069,674	2,034,433
Total assets		2,287,145	2,218,501
Current liabilities			
Accounts payable and accrued expenses	10	107,720	115,952
Borrowings	11	241,213	232,432
Tax liabilities		6,832	7,487
		355,765	355,871
Net current liabilities		(138,294)	(171,803)
Total assets less current liabilities		1,931,380	1,862,630

	NOTES	March 31, 2014 US$'000	December 31, 2013 US$'000 (audited)
Non-current liabilities			
Entrusted loan payable	12	32,172	-
Borrowings	11	318,025	272,074
Deferred tax liabilities		126,551	126,687
Deferred income		2,248	2,518
Environmental rehabilitation		29,700	29,826
		508,696	431,105
Total liabilities		864,461	786,976
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		26,130	36,304
Retained profits		157,224	156,066
		1,421,415	1,421,431
Non-controlling interests		10,269	10,094
Total owners' equity		1,422,684	1,431,525
Total liabilities and owners' equity		2,287,145	2,218,501

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on May 14, 2014 and are signed on its behalf by:

(Signed by) Xin Song	(Signed by) Bing Liu
Xin Song	Bing Liu
Director	Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2014

	Number of shares	Share capital US$'000	Equity reserve US$'000 (note a)	Investment revaluation reserve US$'000	Exchange reserve US$'000	Statutory reserve US$'000 (note b)	Retained profits US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total owners' equity US$'000
At January 1, 2013 (audited)	396,318,753	1,228,731	11,251	559	8,018	3,933	107,166	1,359,658	8,136	1,367,794
Profit for the period	-	-	-	-	-	-	14,511	14,511	568	15,079
Fair value gain on available-for-sale investment	-	-	-	1,241	-	-	-	1,241	-	1,241
Exchange difference arising on translation	-	-	-	-	491	-	-	491	1	492
Total comprehensive income for the period	-	-	-	1,241	491	-	14,511	16,243	569	16,812
Exercise of stock options	40,000	142	(53)	-	-	-	-	89	-	89
Share based compensation	-	-	16	-	-	-	-	16	-	16
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(209)	(209)
At March 31, 2013 (unaudited)	396,358,753	1,228,873	11,214	1,800	8,509	3,933	121,677	1,376,006	8,496	1,384,502
At January 1, 2014 (audited)	396,413,753	1,229,061	11,169	187	14,883	10,065	156,066	1,421,431	10,094	1,431,525
Profit for the period	-	-	-	-	-	-	1,158	1,158	207	1,365
Fair value loss on available-for-sale investment	-	-	-	(2,645)	-	-	-	(2,645)	-	(2,645)
Exchange difference arising on translation	-	-	-	-	(7,535)	-	-	(7,535)	84	(7,451)
Total comprehensive income(expense) for the period	-	-	-	(2,645)	(7,535)	-	1,158	(9,022)	291	(8,731)
Exercise of stock options	-	-	-	-	-	-	-	-	-	-
Share based compensation	-	-	6	-	-	-	-	6	-	6
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(116)	(116)
At March 31, 2014 (unaudited)	396,413,753	1,229,061	11,175	(2,458)	7,348	10,065	157,224	1,412,415	10,269	1,422,684

Notes:

(a) Amounts represent equity reserve arising from share-based compensation provided to employees under the stock option plan of the Company and deemed contribution from shareholders in previous years.

(b) Statutory reserve which consists of appropriations from the profit after taxation of the subsidiaries established in the People's Republic of China ("PRC"), forms part of the equity of PRC subsidiaries. In accordance with the PRC Company Law and the Articles of Association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate an amount equal to a minimum of 10% of their profits after taxation each year to a statutory reserve until the reserve reaches 50% of the registered capital of the respective subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014

	Three months ended March 31, 2014 US$'000	Three months ended March 31, 2013 US$'000
Net cash from operating activities	1,558	16,325
Net cash used in investing activities		
Payment for acquisition of property, plant and equipment	(83,198)	(83,651)
Deposit paid for acquisition of property, plant and equipment	(1,909)	(24,988)
Deposit paid for acquisition of land use right	-	(1,276)
Payment for acquisition of land use right	-	(533)
	(85,107)	(110,448)
Net cash from financing activities		
Proceeds from borrowings	107,778	69,659
Proceeds from entrusted loan	32,172	-
Issuance of common shares upon exercise of stock options	-	89
Dividends paid to a non-controlling shareholder	(116)	(209)
Repayment of borrowings	(39,818)	(3,214)
	100,016	66,325
Net increase (decrease) in cash and cash equivalents	16,467	(27,798)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,372)	280
Cash and cash equivalents, beginning of period	105,887	181,740
Cash and cash equivalents, end of period	120,982	154,222
Cash and cash equivalents are comprised of Cash and saving deposits in banks	120,982	154,222

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting*.

At March 31, 2014, the Group's current liabilities exceeded its current assets by approximately US$138.3 million. In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection, including the Group's unutilised banking facilities, ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under 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, 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2013.

In the current interim period, the Group has applied the following new and revised standards, interpretation and amendments ("new and revised IFRSs") which have become mandatorily effective for the current interim period:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the above new and revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosure set out in these condensed consolidated financial statements.

3. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31, 2014 US$'000	Three months ended March 31, 2013 US$'000
Administration and office	2,300	2,858
Depreciation of property, plant and equipment	635	308
Professional fees	1,013	868
Salaries and benefits	1,730	2,375
Others	337	748
Total general and administrative expenses	6,015	7,157

4. FINANCE COSTS

	Three months ended March 31, 2014 US$'000	Three months ended March 31, 2013 US$'000
Effective interest on borrowings:		
- wholly repayable within 5 years	6,222	3,120
- accretion on environmental rehabilitation	668	163
	6,890	3,283
Less: Amount capitalised to property, plant and equipment	(3,492)	(710)
	3,398	2,573

5. INCOME TAX EXPENSE

	Three months ended March 31, 2014 US$'000	Three months ended March 31, 2013 US$'000
PRC Enterprise Income Tax	1,526	6,401
Deferred tax expense (credit)	2,972	(725)
Total income tax expense	4,498	5,676

6. EARNINGS PER SHARE

Earnings used in determining earnings per share are presented below:

	Three months ended March 31, 2014 US$'000	Three months ended March 31, 2013 US$'000
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	1,158	14,511
Weighted average number of shares, basic	396,413,753	396,354,753
Dilutive securities		
- Stock options	-	39,101
Weighted average number of shares, diluted	396,413,753	396,393,854
Basic earnings per share	0.29 cents	3.66 cents
Diluted earnings per share	0.29 cents	3.66 cents

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the period ended March 31, 2014.

7. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2014 US$'000	December 31, 2013 US$'000
Trade receivables	468	740
Less: allowance for doubtful debts	(134)	(145)
	334	595
Amounts due from related companies	3,264	3,354
Other receivables	6,567	5,765
Total accounts receivable and other receivables	10,165	9,714

The Group allows credit periods of 90 days and 180 days to its trade customers for gold doré bar sales and copper sales respectively.

7. **ACCOUNTS RECEIVABLES** – Continued

Below is an aged analysis of trade receivables (net of allowance) presented based on invoice date at the end of the reporting period:

	March 31, 2014 US$'000	December 31, 2013 US$'000
Less than 30 days	23	40
31 to 90 days	10	480
91 to 180 days	290	45
Over 180 days	11	30
	334	595

8. INVENTORY

	March 31, 2014 US$'000	December 31, 2013 US$'000
Gold in process	55,389	44,628
Gold doré bars	5,741	4,182
Consumables	4,636	5,959
Copper	1,484	122
Spare parts	6,400	8,355
Copper in-process	8,389	-
Total inventory	80,948	63,246
Less: Amounts expected to be recovered after 12 months (note) (shown under non-current assets)	-	(2,001)
Amounts shown under current assets	80,948	61,245

Note: As at December 31, 2013, management had taken into consideration the long-term process involved in recovering gold from a heap leaching system and had classified inventory, specifically, the gold in process, that was expected to be recovered more than twelve months after the end of the reporting period into non-current assets.

Inventory totaling US$21.0 million for the three months ended March 31, 2014 (three months ended March 31, 2013: US$46.0 million), respectively, was recognised in cost of sales.

9. PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2014, the Group incurred approximately US$55.1 million on construction in progress (three months ended March 31, 2013: approximately US$111.8 million) and approximately US$18.5 million on mineral assets (three months ended March 31, 2013: approximately US$19.5 million), respectively.

Depreciation of property, plant and equipment was US$10.4 million for three months ended March 31, 2014 (US$7.7 million for the three months ended March 31, 2013), respectively. The depreciation amounts were partly recognised in cost of sales and general and administrative expenses and partly capitalised in inventory.

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payables and accrued expenses comprise the following:

	March 31, 2014 US$'000	December 31, 2013 US$'000
Accounts payable	19,601	33,053
Construction cost payables	47,983	57,010
Advances from customers	15	513
Mining cost accrual	25,187	2,872
Payroll and benefit payables	2,934	4,551
Other accruals	3,008	4,253
Other tax payable	3,507	4,526
Other payables	5,485	9,174
	107,720	115,952

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

	March 31, 2014 US$'000	December 31, 2013 US$'000
Less than 30 days	3,413	28,533
31 to 90 days	2,546	214
91 to 180 days	9,451	141
Over 180 days	4,190	4,165
Total accounts payable	19,601	33,053

11. BORROWINGS

The borrowings are repayable as follows:

	March 31, 2014 US$'000	December 31, 2013 US$'000
Carrying amount repayable within one year	241,213	232,432
Carrying amount repayable within one to two years	249,658	181,217
Carrying amount repayable within two to five years	68,367	90,857
	559,238	504,506
Less: Amounts due within one year (shown under current liabilities)	(241,213)	(232,432)
Amounts shown under non-current liabilities	318,025	272,074

Analysed as:

	March 31, 2014 US$'000	December 31, 2013 US$'000
Secured	180,568	188,734
Unsecured	378,670	315,772
	559,238	504,506

Borrowings carry interest at effective interest rates ranging from 2.85 % to 6.08 % (December 31, 2013: 2.85% to 6.08%) per annum.

12. ENTRUSTED LOAN PAYABLE

On January 17, 2014, the Group entered into a three year entrusted loan agreement with China National Gold Group Corporation (“CNG”), a substantial shareholder (see Note 14) and China Construction Bank ("CCB") in which CNG provided a loan of RMB200 million (equivalent to approximately US$32,172,000) to the Group through CCB as the entrusted bank. The entrusted loan is unsecured and carries interest at a fixed rate of 3% per annum. The principal amount is to be repaid on January 17, 2017.

13. SHARE CAPITAL AND OPTIONS

(a) Common shares

Authorized - Unlimited common shares without par value

Issued and outstanding – 396,413,753 (December 31, 2013: 396,413,753) common shares at March 31, 2014.

13. SHARE CAPITAL AND OPTIONS - continued

(b) Stock options

The Group has a stock option plan which permits the Board of Directors of the Company to grant options to directors and employees of the Group to acquire common shares of the Company at the fair market value on the date of approval by the Board of Directors. A portion of the stock options vest immediately on the grant date and the balance vest over a period of up to five years from the grant date.

The stock options have a life of up to six years from the grant date. The fair value of the exercise price is the weighted average price of the common shares for the five days on which they were traded immediately preceding the approval by the board of directors.

The following is a summary of option transactions under the Company's stock option plan:

	January 1, 2014 to March 31, 2014		January 1, 2013 to December 31, 2013	
	Number of options	Weighted average exercise price CAD	Number of options	Weighted average exercise price CAD
Balance at January 1	400,000	5.56	540,000	4.62
Options exercised	-	-	(95,000)	2.20
Options expired	-	-	(45,000)	2.20
Balance, end of period	400,000	5.56	400,000	5.56

No stock options were granted during the three months ended March 31, 2014 and the year ended December 31, 2013.

The following table summarises information about stock options outstanding and exercisable at March 31, 2014.

	Options outstanding			Options exercisable	
Expiring in	Number outstanding at March 31, 2014	Remaining contractual life (years)	Weighted average exercise price CAD	Number exercisable at March 31, 2014	Weighted average exercise price CAD
2015	400,000	1.17	5.56	320,000	5.43
	400,000		5.56	320,000	5.43

13. SHARE CAPITAL AND OPTIONS - continued

The following table summarises information about stock options outstanding and exercisable at December 31, 2013.

	Options outstanding			Options exercisable	
Expiring in	Number of stock options	Remaining contractual life (years)	Weighted average exercise price	Number of stock options	Weighted average exercise price
			CAD		CAD
2015	400,000	1.42	5.56	320,000	5.43
	400,000		5.56	320,000	5.43

14. RELATED PARTY TRANSACTIONS

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled or significantly influenced by the PRC government (hereinafter collectively referred to as "Government-related entities"). In addition, the Group itself is a Government-related entity. CNG, a substantial shareholder with significant influence over the Group, is 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.

During the period, except as disclosed below, the Group did not have any individually significant transactions with other government-related entities in its ordinary and usual course of business.

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

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

	March 31, 2014	December 31, 2013
	%	%
CNG	39.3	39.3

14. RELATED PARTY TRANSACTIONS – continued

(a) Transactions/balances with Government-related entities in the PRC

(i) Transactions/balances with CNG and its subsidiaries

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

	Three months ended March 31, 2014 US$'000	Three months ended March 31, 2013 US$'000
Gold doré bars sales by the Group	31,593	45,300
Copper and other product sales by the Group	5,066	-
Provision of transportation services by the Group	1,187	-
Construction services provided to the Group	53,207	66,483
Entrusted loan provided to the Group	32,172	-

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

	March 31, 2014 US$'000	December 31, 2013 US$'000
Assets		
Amounts due from related companies	3,264	3,354
Deposits	88	931
Total amounts due from CNG and its subsidiaries	3,352	4,285

The amounts due from CNG and its subsidiaries which are included in accounts receivable, are non-interest bearing, unsecured and repayable on demand.

	March 31, 2014 US$'000	December 31, 2013 US$'000
Liabilities		
Other payable to CNG’s subsidiaries	23,885	2,185
Customer advance paid by CNG's subsidiary	640	6,595
Entrusted loan payable to CNG	32,172	-
Total amounts due to CNG and its subsidiaries	56,697	8,780

The amounts due to CNG's subsidiaries which are included in other payables, are non-interest bearing, unsecured and repayable on demand.

14. RELATED PARTY TRANSACTIONS – continued

(a) Transactions/balances with Government-related entities in the PRC

(ii) Transactions/balances with other Government-related entities in the PRC

Apart from the transactions with CNG and its subsidiaries disclosed above, the Group has also entered into transactions of bank deposits, borrowings and other general banking facilities with other Government-related entities in its ordinary course of business.

(b) Transactions/balances with other non-government related parties/entities

The Group has the following significant balances with related parties at the end of each reporting period:

	March 31, 2014 US$'000	December 31, 2013 US$'000
Asset		
Amount due from a non-controlling shareholder of a subsidiary (included in other receivable)	424	435

The amount due from the related party is non-interest bearing, unsecured and repayable on demand.

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

	Three months ended March 31, 2014 US$'000	2013 US$'000
Salaries and other benefits	206	133
Post-employment benefits	7	5
	213	138

15. 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 chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company. The chief operating decision-maker has identified two operating segments as follows:

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

During the year ended December 31, 2013, for performance assessment and resources allocation, the CODM not just focused on mining operating earnings but also profit (loss) before income tax attributable to respective segment. The change in basis is to align with the Group’s long term strategy. Following the change, the segment information for the three months period ended March 31, 2013 has been represented to conform to the presentation of current period’s financial statements.

(a) Segment revenues and results

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

For the three months ended March 31, 2014

	Mine - produced gold	Mine – Produced copper	Segment Total	Unallocated	Consolidated
	US$’000	US$’000	US$’000	US$’000	US$’000
Revenue – External	31,593	5,066	36,659	-	36,659
Cost of sales	(19,449)	(2,836)	(22,285)	-	(22,285)
Mining operating Earnings	12,144	2,230	14,374	-	14,374
Income from operations	12,099	(1,781)	10,318	(2,004)	8,314
Foreign exchange gain (loss), net	882	(130)	752	-	752
Interest and other income	113	(745)	(632)	827	195
Finance costs	(1,148)	(2,250)	(3,398)	-	(3,398)
Profit (loss) before income tax	11,947	(4,906)	7,041	(1,178)	5,863

15. SEGMENT INFORMATION - continued

For the three months ended March 31, 2013

	Mine - produced gold US$'000	Mine – Produced copper US$'000	Segment Total US$'000	Unallocated US$'000	Consolidated US$'000
Revenue – External	47,395	29,351	76,746	-	76,746
Cost of sales	(28,687)	(18,769)	(47,456)	-	(47,456)
Mining operating Earnings	18,708	10,582	29,290	-	29,290
Income from operations	18,638	5,828	24,465	(2,401)	22,065
Foreign exchange gain (loss), net	(73)	151	78	74	152
Interest and other income	789	(484)	305	807	1,112
Finance costs	(450)	(2,123)	(2,573)	-	(2,573)
Profit (loss) before income tax	18,903	3,372	22,275	(1,520)	20,755

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the mine operating earnings by each segment representing the revenue less direct cost of sales as shown on the condensed consolidated statement of profit or loss and other comprehensive income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for the three months ended March 31, 2014 and 2013.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

	Mine - produced gold US$'000	Mine – Produced copper US$'000	Segment Total US$'000	Unallocated US$'000	Consolidated US$'000
As of March 31, 2014					
Total assets	465,719	1,761,902	2,227,621	59,524	2,287,145
Total liabilities	139,877	723,121	862,998	1,463	864,461
As of December 31, 2013					
Total assets	430,543	1,724,209	2,154,752	63,749	2,218,501
Total liabilities	111,499	673,841	785,340	1,636	786,976

16. FINANCIAL INSTRUMENTS

As at March 31, 2014 and December 31, 2013, the Group's available-for-sale investment include investment in equity securities listed in Hong Kong and investment in an unlisted company incorporated in the PRC.

Subsequent to initial recognition at fair value, investment in equity securities listed on the Stock Exchange is measured at quoted price (unadjusted) in active market (Level 1 fair value measurement). As at March 31, 2014, US$17,553,000 (December 31, 2013: US$20,198,000) investment in listed equity securities is measured at fair value on a recurring basis. The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals in the PRC. For the three months ended March 31, 2014, the fair value decrease of US$ 2,645,000 was recorded in other comprehensive income.

As at March 31, 2014, US$1,608,000 (December 31, 2013: US$1,652,000) investment in an unlisted company incorporated in the PRC is measured at cost since the investment in unlisted equity instrument does not have a quoted market price and the fair value cannot be measured reliably.

Fair value hierarchy has been defined in the Group's consolidated financial statements for the year ended December 31, 2013. There was no transfer between Levels 1, 2 and 3 in the current and prior periods.

17. CONTINGENT LIABILITIES

During the year ended December 31, 2012, the Company received a notice from China International Economic and Trade Arbitration Commission (the "Commission") alleging that the Company breached the agreement with one of its construction suppliers. The Company filed a countersuit against the construction supplier to the Commission for the unsatisfactory result of the construction and the destruction of certain plant, property and equipment. As a result, the Commission assigned a third party expert for evaluation of the validity of the claims made by both parties. As of the date of the report, the evaluation is still in progress, and therefore, the management considers the arbitration to be in a preliminary stage and the potential loss cannot be measured reliably.

18. EVENTS AFTER THE REPORTING PERIOD

The Group has no material subsequent events after the end of the reporting period.