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China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Nine months ended September 30, 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 nine month ended September 30, 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 November 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 nine months ended September 30, 2014 and the nine months ended September 30, 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. The CSH Mine 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 September 30, 2014

- Revenue increased by 18% to US$89.3 million from US$75.7 million for the same period in 2013;
- Net profit after income taxes increased by 3% to US$16.4 million from US$15.9 million for the same period in 2013.
- Gold production from the CSH Mine increased by 35% to 48,124 ounces from 35,536 ounces for the same period in 2013.
- Copper production from the Jiama Mine increased by 12% to 4,255 tonnes (approximately 9.4 million pounds) from 3,809 tonnes (approximately 8.4 million pounds) for the same period in 2013.

Nine months ended September 30, 2014

- Revenue decreased by 25% to US$174.5 million from US$234.1 million for the same period in 2013;
- Net profit after income taxes decreased by 48% to US$26.2 million from US$50.5 million for the same period in 2013.
- Gold production from the CSH Mine was 99,813 ounces, compared to 99,810 ounces for the same period in 2013.
- Copper production from the Jiama Mine decreased by 10% to 9,342 tonnes (approximately 20.6 million pounds) from 10,385 tonnes (approximately 22.9 million pounds) for the same period in 2013.

OUTLOOK

- On May 15, 2014, the Company forecast its 2014 annual gold production guidance at 208,000 ounces, and subsequently revised downward to 165,000 ounces, which is an 11% increase from the 2013 actual gold output of 148,326 ounces of gold. The downward revision is due to a longer commissioning and ramp-up time for the expansion at CSH, caused by repair and reinforcement of the heap leach pad. In addition, the revision is to take into consideration of the longer gold leaching time with an increased heap leach height. The two factors combined resulted in a reduced gold production in the first half of 2014. The Company has sufficient funding and operational and technical expertise to successfully resolve those challenges.
- In early 2014 the Company reported its plan to increase copper production through the commissioning of its phase II expansion at the Jiama Mine to approximately 50 million pounds of copper. In the second half of 2014, the Company revised downward its 2014 copper production guidance to 28.6 million pounds, which is a slight increase from the 2013 actual copper output of 28.3 million pounds. This revision is due to a prolonged power supply shortage experienced at the Jiama Mine in the first quarter of 2014, resulting in a substantial reduction in copper output in the quarter. The management is actively working on a long term solution to power supply shortages during the winter seasons. In addition, the revision is in consideration of lower flotation recovery rate of copper for higher oxide contents at the initial stage of the open pit mining operation.

- 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.
- On July 17, 2014, the Company, through its wholly-owned subsidiary Skyland Mining (BVI) Limited, completed a bond issuance with an aggregate principal amount of US$500 million at an issue price of 99.634%. The three year bond has a coupon rate of 3.5% with a maturity date of July 17, 2017. The bonds are listed on the HKSE.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

QUARTER ENDED

	2014			2013				2012
(US$ in thousands except per share)	**30-Sep**	30 - Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Revenues	**89,257**	48,541	36,659	68,507	75,733	81,622	76,746	93,387
Cost of sales	**56,687**	29,084	22,285	50,990	48,478	53,809	47,456	54,190
Mine operating earnings	**32,570**	19,457	14,374	17,517	27,255	27,813	29,290	39,197
General and administrative expenses	**5,523**	5,892	6,015	5,471	7,410	5,665	7,157	7,880
Exploration and evaluation expenses	**129**	53	45	83	45	50	69	149
Income from operations	**26,918**	13,512	8,314	11,962	19,800	22,098	22,064	31,168
Foreign exchange gain (loss)	**(300)**	182	752	(216)	894	684	152	(844)
Finance costs	**7,826**	3,781	3,398	2,916	2,665	2,500	2,573	3,230
Profit before income tax	**21,221**	11,147	5,863	8,861	19,162	24,769	20,755	28,545
Income tax expense	**4,790**	2,759	4,498	2,202	3,279	5,208	5,676	7,506
Net income	**16,431**	8,388	1,365	6,659	15,883	19,561	15,079	21,039
Basic earnings per share (cents)	**4.02**	1.93	0.29	1.60	3.84	4.78	3.66	5.13
Diluted earnings per share (cents)	**4.02**	1.93	0.29	1.60	3.84	4.78	3.66	5.13

Selected Quarterly Production Data and Analysis

CSH Mine	**Three months ended September 30,**		**Nine months ended September 30,**	
	2014	**2013**	**2014**	**2013**
Gold sales (US$ million)	**54.24**	43.10	**113.57**	136.73
Realized average price(1) (US$) of gold per ounce	**1,238**	1,307	**1,247**	1,403
Gold produced (ounces)	**48,124**	35,536	**99,813**	99,810
Gold sold (ounces)	**43,798**	32,971	**91,096**	97,432
Total production cos(2) (US$ per ounce)	**734**	786	**747**	870
Cash production cost(2) (US$ per ounce)	**561**	626	**539**	721

(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 increased by 35% from 35,536 ounces for the three months ended September 30, 2013 to 48,124 ounces for the three months ended September 30, 2014. The major reason for the increase in production is a faster pace of mining and processing activities related to the commissioning of CSH Expansion.

The cash production cost for the three months ended September 30, 2014 decreased compared with the same period in 2013, due to high-grade ores being put on the new leaching pad associated with the commissioning of the CSH Expansion.

The production cost of gold for the three months ended September 30, 2014 decreased compared with the same period in 2013. The major reason is more high-grade ores are mined and put on leaching pad for processing.

Jiama Mine	**Three months ended September 30,**		**Nine months ended September 30,**	
	2014	2013	**2014**	2013
Copper sales[1] (million US$)	**27.18**	26.25	**45.75**	77.47
Realized average price[2] (US$ per pound of copper) after smelting fee discount	**2.53**	2.72	**2.54**	2.85
Copper produced (tonne)	**4,255**	3,809	**9,342**	10,385
Copper produced (pound)	**9,380,799**	8,398,059	**20,595,939**	22,896,072
Copper sold (tonne)	**4,918**	3,744	**8,273**	10,583
Copper sold (pound)	**10,841,799**	8,253,557	**18,239,430**	23,331,328
Gold produced (ounce)	**4,882**	4,887	**11,217**	13,016
Gold sold (ounce)	**5,478**	4,780	**9,936**	13,106
Silver produced (ounce)	**306,463**	274,145	**684,435**	813,735
Silver sold (ounce)	**330,335**	281,995	**572,464**	815,442
Total copper production cost[3] (US$ per pound)	**2.71**	3.48	**2.96**	3.61
Total copper production cost[3] (US$ per pound after by-products credits[4])	**1.87**	2.32	**2.01**	2.27
Cash copper production cost[4] (US$ per pound)	**2.34**	2.84	**2.31**	2.95
Cash copper production cost[4] (US$ per pound after by-products credits[4])	**1.51**	1.68	**1.35**	1.62

(1) Net of resource compensation fees that are based on revenue and paid to the PRC government
(2) a discount factor of 15-17% is applied to the copper bench mark price to compensate for refinery costs incurred by the buyers
(3) Production costs include expenditures incurred at the mine sites for 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 September 30, 2014, the Jiama Mine produced 4,255 tonnes (approximately 9.4 million pounds) of copper, an increase of 12% compared with the three months ended September 30, 2013 (3,809 tonnes, or 8.4 million pounds). The increase in production was mainly due to higher grade ores mined during the current period.

The cash production cost of copper per pound, and the total production cost of copper per pound both decreased due to the increase in the grade of ores during the current period.

Review of Quarterly Data

Three months ended September 30, 2014 compared to three months ended September 30, 2013

Revenue of US$89.3 million for the third quarter of 2014 increased by US$13.6 million or 18%, from US$75.7 million for the same period in 2013.

Revenue from the CSH Mine was US$53.9 million (2013: US$43.1 million), an increase of US$10.8 million, due to a 33% increase in gold sales volume. Gold produced by the CSH Mine was 48,124 ounces (gold sold: 43,799), compared to 35,536 ounces (gold sold: 32,971 ounces) for the same period in 2013. The increase in production is attributed to the commissioning of the mine expansion, which also accounted for a significant portion of sales during the current quarter.

Revenue from the Jiama Mine was US$35.4 million compared to US$32.6 million for the same period in 2013. Total copper sold was 4,917 tonnes (10.84 million pounds) for the three months ended September 30, 2014, an increase of 31% from 3,744 tonnes (8.25 million pounds) for the same period in 2013, primarily due to higher grades of ore mined and processing of copper concentrate stockpiled in prior periods.

Cost of sales of US$56.7 million for the quarter ended September 30, 2014, an increase of US$8.2 million or 17% from US$48.5 million for the same period in 2013. CSH contributed to 76% of the increase in cost of sales, primarily due to higher production volume. Jiama contributed to 24% of the increase in cost of sales. Cost of sales as a percentage of revenue for the Company remained consistent at 64% for the three months ended September 30, 2014 compared to 2013.

Mine operating earnings of US$32.6 million for the three months ended September 30, 2014 an increase of 19%, or US$5.3 million, from US$27.3 million for the same period in 2013. Mine operating earnings as a percentage of revenue remained consistent at 36% for the three months ended September 30, 2014 compared to 2013.

General and administrative expenses decreased by US$1.9 million, from US$7.4 million for the quarter ended September 30, 2013 to US$5.5 million for the quarter ended September 30, 2014. The decrease is a result of the Company's implementation of cost reduction plans.

Income from operations for the third quarter of 2014 of US$26.9 million, an increase of US$7.1 million from US$19.8 million for the same period in 2013.

Finance costs of US$7.8 million for the three months ended September 30, 2014 increased by US$5.1 million, from US$2.7 million for the same period in 2013. The increase is due to interest expense incurred from short-term loans obtained by CSH in addition to the interest expense of the US$500 million bonds issued in July 2014. During the three months ended September 30, 2014, interest payments of US$4.4 million (2013: US$1.8 million) were capitalized for borrowing costs related to the Jiama Mine expansion.

Foreign exchange decreased to a loss of US$0.3 million for the three months ended September 30, 2014 from a gain of US$0.9 million for the same 2013 period. The 2014 loss 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$2.4 million for the three months ended September 30, 2014 increased from US$1.1 million for the three months ended September 30, 2013, due to an increase in interest income earned on term deposits.

Income tax expense of US$4.8 million for the third quarter of 2014 increase by 46%, from US$3.3 million for the comparative 2013 period, primarily due to increased sales from both mines. During the current quarter, the Company had US$1.4 million of deferred tax credit compared to US$1.5 million in 2013, the change is attributed to the depreciation of the RMB.

Net income of the Company increased by US$0.5 million from US$15.9 million for the three months ended September 30, 2013 to US$16.4 million for the three months ended September 30, 2014.

Nine months ended September 30, 2014 compared to nine months ended September 30, 2013

Revenue of US$174.5 million for the nine months ended September 30, 2014 decreased by US$59.6 million or 25%, from US$234.1 million for the same period in 2013.

Revenue from the CSH Mine was US$113.6 million (2013: US$136.7 million), a decrease of US$23.2 million, due to a 7% decrease in gold sales volume and significantly lower gold prices. Gold produced by the CSH Mine was 99,813 ounces (gold sold: 91,096), compared to 99,810 ounces (gold sold: 97,432 ounces) for the same period in 2013, due to longer recovery periods as a result of the increased height of the leaching heap.

Revenue from the Jiama Mine was US$60.9 million compared to US$97.4 million for the same period in 2013. Total copper sold was 8,273 tonnes (18.2 million pounds) for the nine months ended September 30, 2014, a decrease of 22% from 10,853 tonnes (23.3 million pounds) for the same period in 2013. The decrease in revenue is primarily attributed to a significant decrease in copper production during the first quarter of 2014, due to a seasonal electricity shortage experienced by the Jiama Mine.

Cost of sales of US$108 million for the nine months ended September 30, 2014, a decrease of US$41.2 million or 28% from US$149.7 million for the same period in 2013. The decrease in cost of sales was substantially due to Jiama's lower production volume during the first quarter of 2014. CSH contributed to 40% 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 62% from 64% for the nine months ended September 30, 2014 compared to 2013.

Mine operating earnings of US$66.4 million for the nine months ended September 30, 2014 decreased by 21%, or US$18 million, from US$84.4 million for the comparative 2013 period. Mine operating earnings as a percentage of revenue increased to 38% from 36% for the nine months ended September 30, 2014 compared to 2013.

General and administrative expenses decreased by US$2.8 million, from US$20.2 million for the nine months ended September 30, 2013 to US$17.4 million for the comparative period in 2014. The decrease is due to the Company's implementation of an overall cost reduction program.

Income from operations for the nine months ended September 30, 2014 of US$48.7 million, decreased by US$15.2 million from US$63.9 million for the same period in 2013.

Finance costs of US$15 million for the nine months ended September 30, 2014 increased by US$7.3 million, from US$7.7 million for the same period in 2013. The increase is due to interest expense incurred from short-term loans obtained by CSH in addition to the interest expense of the US$500 million bonds issued in July 2014. During the nine months ended September 30, 2014, US$11.6 million (2013: US$3.7 million) of interest payments were capitalized for borrowing costs related to the Jiama Mine expansion.

Foreign exchange gain decreased to a gain of US$0.6 million for the nine months ended September 30, 2014 from a gain of US$1.7 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$3.9 million for the nine months ended September 30, 2014 decreased from US$6.7 million for the nine months ended September 30, 2013, due to reduced interest income earned on term deposits which were utilized during 2013.

Income tax expense of US$12 million for the nine months ended September 30, 2014 decreased by 15%, from US$14.1 million for the comparative 2013 period, primarily due to Jiama's reduced income tax expense. During the current period, the Company had US$2.35 million of deferred income tax expense compared to US$5.5 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$24.3 million from US$50.5 million for the nine months ended September 30, 2013 to US$26.2 million for the nine months ended September 30, 2014.

NON-IFRS MEASURES

The following table provides certain unit cost information on a cash cost of production per tonne (non-IFRS) basis for the CSH Gold Mine for the three and nine months ended September 30, 2014 and 2013:

CSH Mine

	Three months ended September 30,		**Nine months ended September 30,**	
	2014	2013	**2014**	2013
	US$	US$	**US$**	US$
Cost of mining per tonne of ore	**1.62**	1.48	**1.46**	1.44
Cost of mining waste per tonne of ore	**2.16**	1.75	**1.73**	2.12
Other mining costs per tonne of ore	**0.27**	0.47	**0.34**	0.49
Total mining costs per tonne of ore	**4.05**	3.70	**3.53**	4.05
Cost of reagents per tonne of ore	**1.11**	1.32	**0.79**	1.36
Other processing costs per tonne of ore	**2.03**	1.02	**1.12**	1.10
Total processing cost per tonne of ore	**3.14**	2.34	**1.91**	2.46

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 September 30,				**Nine months ended September 30,**			
	2014		2013		**2014**		2013	
	US$	**US$ Per ounce**	US$	US$ Per ounce	**US$**	**US$ Per ounce**	US$	US$ Per ounce
Total production costs	**32,145,747**	**734**	25,928,646	786	**68,067,189**	**747**	84,746,136	870
Adjustments	**(7,585,119)**	**(173)**	(5,304,557)	(161)	**(18,965,232)**	**(208)**	(14,476,619)	(149)
Total cash production costs	**24,560,628**	**561**	20,624,088	625	**49,101,957**	**539**	70,269,517	721

Jiama Mine (Copper)

	Three months ended September 30, 2014 US$	2014 US$ Per Pound	2013 US$	2013 US$ Per pound	Nine months ended September 30, 2014 US$	2014 US$ Per Pound	2013 US$	2013 US$ Per pound
Total production costs	**29,353,163**	**2.71**	28,723,693	3.48	**54,018,709**	**2.96**	84,174,917	3.61
Adjustments	**(3,956,245)**	**(0.36)**	(5,289,455)	(0.64)	**(11,971,287)**	**(0.66)**	(15,297,951)	(0.66)
Total cash production costs	**25,396,918**	**2.34**	23,434,238	2.84	**42,047,422**	**2.31**	68,876,966	2.95
By-product credits	**(9,054,383)**	**(0.84)**	(9,588,373)	(1.16)	**(17,387,019)**	**(0.95)**	(31,131,554)	(1.33)
Total cash production costs after by-products credits	**16,342,535**	**1.51**	13,845,865	1.68	**24,660,403**	**1.35**	37,745,412	1.62

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 was operating at a 30,000 tpd capacity, producing over 133,000 ounces of gold per annum. 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"). The CSH Technical Report supports an expansion plan to increase the mining and 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. 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. Gold production will be increased from the current 133,000 ounces per annum to about 260,000 ounces per annum by 2016.

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 110 kilovolt ("KV") power line was also completed by the end of November 2013 and began providing power for testing in December 2013. Test runs on the new 30,000 tpd crushing and processing system produced approximately 19,000 ounces of gold during the third quarter of 2014. During October 2014, the Company determined that the expansion project has entered into commercial production. Commercial production was deemed to have commenced when management determined that operational commissioning of major mine and plant components were completed, operating results were being achieved consistently for a period of time and that there were indicators that these operating results were being sustained.

Production Update

CSH Mine

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Ore placed on leach pad (tonnes)	**6,495,088**	3,598,675	**17,500,907**	10,109,669
Average ore grade (g/t)	**0.57**	0.47	**0.55**	0.46
Recoverable gold (ounces)	**69,544**	38,359	**182,495**	109,077
Ending ore inventory (ounces)	**152,787**	48,584	**152,787**	48,584
Waste rock mined (tonnes)	**24,793,829**	15,221,077	**61,102,549**	59,610,764

For the three months ended September 30, 2014, the total amount of ore put on the leach pad was 6.5 million tonnes, with total contained gold of 69,544 ounces. The accumulative project-to-date gold recovery rate has decreased slightly from approximately 50.45% at the end of June 2014 to 50.05% at the end of September 2014, primarily due to fresh ore being put on the new leach pad.

Exploration

The Company conducted a three hole diamond drilling program to test the western extension of mineralization at CSH during the nine months ended September 30, 2014. Abundant pyritic slate, phyllite and schist were intersected with assays pending. 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 Jiama Mine 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 is expected to 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 plans to expand the Jiama Mine from its current mining and processing capacity from 6,000 tpd to 50,000 tpd of ore in two stages through the expansion of current open-pit and the development of new open-pits and underground mining operations.

The initial feasibility study for the Phase II expansion project was prepared by Changchun Gold Design Institute. The Company retained engineering firm Mining One Pty Ltd, in collaboration with independent consulting engineers and management to review the 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 ("Jiama Technical Report"), which was filed at sedar.com and hkexnews.hk on February 4, 2014. Phase II Expansion will include four open pits, one underground mine, and a new mill with two identical process trains with a combined processing capacity of 44,000 tpd. The annual mill processing capacity is expected to 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 an after-tax Internal Rate of Return (IRR) of 24% and a payback period of 6.7 years.

For mineral processing facilities, the expansion program including civil engineering and procurement of long lead time items have progressed as scheduled. Construction of the first process train, including ore storage silo, crusher, mills floatation circuits, thickeners, and power and water supply system was completed in the second quarter of 2014. The mill processing capacity was increased from 6,000 tpd to 28,000 tpd. The facilities are currently under commissioning. Based on the mine site construction progress, geological data and the market price of copper and gold, the Company is optimizing its construction and production plan. The new production guidance is expected to be issued in the first half of 2015.

Production Update

Jiama Mine	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
Ore mined (tonnes)	**404,133**	581,697	**1,058,849**	1,715,708
Waste mined (tonnes)	**-**	192,872	**-**	958,453
Average copper grade of ore (%)	**0.76**	0.70	**0.79**	0.67
Copper recovery rate(%)	**91**	91	**91**	90
Average gold grade of ore (g/t)	**0.37**	0.39	**0.40**	0.35
Gold recovery rate(%)	**67**	65	**67**	65
Average silver grade of ore (g/t)	**21.38**	20.85	**25.34**	20.96
Silver recovery rate(%)	**66**	62	**66**	64

Exploration

The Company has not carried out any additional exploration at the Jiama Mine in 2014 as it has been focusing on phase II expansion.

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 are reported at cutoff grades 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, public debt and 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 September 30, 2014, the Company had an accumulated surplus of US$181 million, working capital of US$186.5 million and borrowings of US$1,147 million. The Company's cash balance at September 30, 2014 was US$582.7 million.

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 September 30, 2014 and September 30, 2013.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Net cash from (used in) operating activities	(15,476)	17,379	(25,291)	50,118
Net cash used in investing activities	(64,052)	(107,717)	(203,710)	(325,268)
Net cash from financing activities	554,747	89,902	707,139	187,633
Net increase (decrease) in cash and cash equivalents	475,219	(436)	478,138	(87,517)
Effect of foreign exchange rate changes on cash and cash equivalents	1,031	946	(1,360)	2,619
Cash and cash equivalents, beginning of period	106,415	96,332	105,887	181,740
Cash and cash equivalents, end of period	582,665	96,482	582,665	96,842

Operating cash flow

For the three months ended September 30, 2014, the net cash outflow from operating activities was US$ 15.5 million which is primarily attributable to (i) increase in inventory of US$25.1 million, (ii) interest paid of US$11.2 million (iii) increase in accounts receivables of US$12.8 million, partially offset by (i) depreciation and depletion of US$14.5 million, (ii) profit before income tax of US$21.6 million and (iii) increase in accounts payable and accrued liabilities of US$ 11.5 million.

For the nine months ended September 30, 2014, the net cash outflow from operating activities was US$25.3 million which is primarily attributable to (i) increase in inventory of US$76.0 million, (ii) interest paid of US$24.3 million, and (iii) increase in accounts receivable of US$11.2 million, partially offset by (i) depreciation and depletion of US$37.7 million, (ii) profit before income tax of US$38.6 million and (iii) finance cost of US $14.6 million.

Investing cash flow

For the three months ended September 30, 2014, the net cash outflow from investing activities was US$ 64.1 million, which is primarily attributable to payment for the acquisition of property, plant and equipment of US$57.0 million.

For the nine months ended September 30, 2014, the net cash outflow from investing activities was US$ 203.7 million, which is primarily attributable to payment for the acquisition of property, plant and equipment of US$193.8 million.

Financing cash flow

For the three months ended September 30, 2014, the net cash inflow from financing activities US$554.7 million, which is primarily attributable to proceeds from borrowing of US$600.5 million, partially offset by repayments of borrowings of US$62.4 million.

For the nine months ended September 30, 2014, the net cash inflow from financing activities was US$707.1 million, which is primarily attributable to proceeds from borrowing of US$805.0 million, and from an entrusted loan of US$48.8 million, partially offset by repayments of borrowings of US$146.5 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at September 30, 2014, the Company's total debt was US$1,485 million and the total equity was US$1,452 million. The Company's gearing ratio was therefore 1.02 as at September 30, 2014 and 0.44 as at September 30, 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.

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 September 30, 2014 and June 30, 2014.

On July 17, 2014, the Company, through its wholly owned subsidiary Skyland Mining (BVI) Limited, issued bonds on the HKSE, denominated in U.S. dollars, which mature and become payable on July 17, 2017. The face value of the bonds total US$500 million, were issued at a price of 99.634% and carry an interest rate of 3.5% annum. Interest is payable in semi-annual instalments on January 17 and July 17 of each year. At September 30, 2014, the bonds had a carrying value of US$498.48 million.

The following table outlines payments due on debt 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	**648,501**	413,897	234,604	-
Repayment of bonds	**498,480**	-	498,480	-
	1,146,983	413,897	709,879	

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 September 30, 2014 and September 30, 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$133.4 million for the nine months ended September 30, 2013 to US$113.6 million for the nine months ended September 30, 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$5.8 million for the nine months ended September 30, 2014, compared with US$30.3 million in the same period in 2013.

For the nine months ended September 30, 2014, construction services of US$81.2 million were provided to the Company by subsidiaries of CNG (US$165.6 million for the nine months ended September 30, 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 September 30, 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 September 30, 2014.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 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 Toronto Stock Exchange and Hong Kong Stock Exchange, 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 September 30, 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 September 30, 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 of September 30, 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 2013 to evaluate the Company’s ICFR as of September 30, 2014 and have concluded that these controls and procedures were effective as of September 30, 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 nine months ended September 30, 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.

November 14, 2014

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

(Incorporated in British Columbia, Canada with limited liability)

Condensed Consolidated Financial Statements

For the Nine Months Ended September 30, 2014

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

	NOTES	Three months ended September 30, 2014 US$'000	Three months ended September 30, 2013 US$'000	Nine months ended September 30 2014 US$'000	Nine months ended September 30 2013 US$'000
Revenues	15	89,257	75,733	174,457	234,101
Cost of sales		(56,687)	(48,478)	(108,057)	(149,743)
Mine operating earnings		32,570	27,255	66,400	84,358
Expenses					
General and administrative expenses	3	(5,523)	(7,410)	(17,430)	(20,232)
Exploration and evaluation expenditure		(129)	(45)	(226)	(164)
		(5,652)	(7,455)	(17,656)	(20,396)
Income from operations		26,918	19,800	48,744	63,962
Other (expenses) income					
Foreign exchange gain, net		(300)	894	633	1,730
Interest and other income		2,429	1,133	3,858	6,732
Finance costs	4	(7,826)	(2,665)	(15,004)	(7,738)
		(5,697)	(638)	(10,513)	724
Profit before income tax		21,221	19,162	38,231	64,686
Income tax expense	5	(4,790)	(3,279)	(12,047)	(14,163)
Profit for the period		16,431	15,883	26,184	50,523
Other comprehensive (expense) income for the period					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation		3,349	(383)	(3,569)	3,549
Fair value gain (loss) on available-for-sale investment		(1,215)	(1,181)	(3,209)	3,080
Income tax relating to the gain (loss) on available-for-sale investment		-	177	-	(425)
Total comprehensive income (expense) for the period		18,565	14,496	19,406	56,727
Profit for the period attributable to					
Non-controlling interests		502	647	1,437	1,845
Owners of the Company		15,929	15,236	24,747	48,678
Income from operations		16,431	15,883	26,184	50,523
Total comprehensive income (expense) for the period attributable to					
Non-controlling interests		676	647	1,590	1,853
Owners of the Company		17,889	13,849	17,816	54,874
		18,565	14,496	19,406	56,727
Basic earnings per share	6	4.02 cents	3.84 cents	6.24 cents	12.28 cents
Diluted earnings per share	6	4.02 cents	3.84 cents	6.24 cents	12.28 cents
Basic weighted average number of common shares outstanding	6	396,413,753	396,408,047	396,413,753	396,374,046
Diluted weighted average number of common shares outstanding	6	396,413,753	396,410,289	396,413,753	396,395,285

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2014

	NOTES	September 30, 2014 US$'000	December 31, 2013 US$'000 (audited)
Current assets			
Cash and cash equivalents		582,665	105,887
Accounts receivable and other receivables	7	20,813	9,714
Prepaid expenses and deposits		9,246	6,987
Prepaid lease payments		234	235
Inventory	8	139,136	61,245
		752,094	184,068
Non-current assets			
Prepaid expenses and deposits		14,829	16,706
Prepaid lease payments		8,274	8,425
Inventory	8	-	2,001
Deferred tax assets		11,472	14,501
Available-for-sale investments		18,618	21,850
Property, plant and equipment	9	1,189,415	1,027,393
Mining rights		940,008	943,557
		2,182,616	2,034,433
Total assets		2,934,710	2,218,501
Current liabilities			
Accounts payable and accrued expenses	10	118,242	115,952
Borrowings	11	437,104	232,432
Tax liabilities		10,255	7,487
		565,601	355,871
Net current assets (liabilities)		186,493	(171,803)
Total assets less current liabilities		2,369,109	1,862,630

	NOTES	September 30, 2014 US$'000	December 31, 2013 US$'000 (audited)
Non-current liabilities			
Entrusted loan payable	12	48,876	-
Borrowings	11	709,879	272,074
Deferred tax liabilities		126,011	126,687
Deferred income		2,200	2,518
Environmental rehabilitation		31,409	29,826
		918,375	431,105
Total liabilities		1,483,976	786,976
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		29,383	36,304
Retained profits		180,813	156,066
		1,439,257	1,421,431
Non-controlling interests		11,477	10,094
Total owners' equity		1,450,734	1,431,525
Total liabilities and owners' equity		2,934,710	2,218,501

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

(Signed by) Xin Song
Xin Song
Director

(Signed by) Bing Liu
Bing Liu
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	-	-	-	-	-	-	48,678	48,678	1,845	50,523
Fair value gain on available-for-sale investment	-	-	-	2,655	-	-	-	2,655	-	2,655
Exchange difference arising on translation	-	-	-	-	3,541	-	-	3,541	8	3,549
Total comprehensive income for the period	-	-	-	2,655	3,541	-	48,678	54,874	1,853	56,727
Exercise of stock options	95,000	330	(124)	-	-	-	-	206	-	206
Share based compensation	-	-	36	-	-	-	-	36	-	36
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(207)	(207)
At September 30, 2013 (unaudited)	396,413,753	1,229,061	11,163	3,214	11,559	3,933	155,844	1,414,774	9,782	1,424,556
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	-	-	-	-	-	-	24,747	24,747	1,437	26,184
Fair value loss on available-for-sale investment	-	-	-	(3,209)	-	-	-	(3,209)	-	(3,209)
Exchange difference arising on translation	-	-	-	-	(3,722)	-	-	(3,722)	153	(3,569)
Total comprehensive income(expense) for the period	-	-	-	(3,209)	(3,722)	-	24,747	17,816	1,590	19,406
Exercise of stock options	-	-	-	-	-	-	-	-	-	-
Share based compensation	-	-	10	-	-	-	-	10	-	10
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(207)	(207)
At September 30, 2014 (unaudited)	396,413,753	1,229,061	11,179	(3,022)	11,161	10,065	180,813	1,439,257	11,477	1,450,734

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 NINE MONTHS ENDED SEPTEMBER 30, 2014

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Net cash (used in) from operating activities	(15,476)	17,379	(25,291)	50,118
Net cash used in investing activities				
Payment for acquisition of property, plant and equipment	(57,008)	(93,717)	(193,795)	(324,481)
Deposit paid for acquisition of property, plant and equipment	(7,044)	(14,566)	(9,915)	(17,879)
Payments for acquisition of land use rights	-	-	-	(1,809)
Interest received from entrusted loan from a substantial shareholder	-	-	-	452
Receipt of government grants	-	566	-	2,397
Repayment of entrusted loan from a substantial shareholder	-	-	-	16,052
	(64,052)	(107,717)	(203,710)	(325,268)
Net cash (used in) from financing activities				
Repayments of borrowings	(62,436)	(4,897)	(146,494)	(27,608)
Proceeds from borrowings	600,547	94,683	805,032	215,244
Proceeds from entrusted loan	16,636	-	48,808	-
Dividends paid to a non-controlling shareholder		-	(207)	(209)
Issuance of common shares upon exercise of stock options	-	116	-	206
	554,747	89,902	707,139	187,633
Net increase (decrease) in cash and cash equivalents	475,219	(436)	478,138	(87,517)
Effect of foreign exchange rate changes on cash and cash equivalents	1,031	946	(1,360)	2,619
Cash and cash equivalents, beginning of period	106,415	96,332	105,887	181,740
Cash and cash equivalents, end of period	582,665	96,842	582,665	96,842

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*.

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 nine months ended September 30, 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 September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Administration and office	1,815	3,091	5,918	8,269
Professional fees	400	1,710	2,045	3,071
Salaries and benefits	2,464	1,961	6,703	6,788
Depreciation of property, plant and equipment	663	411	1,933	1,039
Others	181	237	831	1,065
Total general and administrative expenses	5,523	7,410	17,430	20,232

4. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Effective interest on borrowings	11,569	4,294	24,651	10,894
Accretion on environmental rehabilitation	662	203	1,985	564
	12,231	4,497	26,636	11,458
Less: Amount capitalised to property, plant and equipment	(4,405)	(1,832)	(11,632)	(3,720)
	7,826	2,665	15,004	7,738

5. INCOME TAX EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
PRC Enterprise Income Tax	6,204	4,789	9,695	19,679
Deferred tax expense (credit)(note)	(1,414)	(1,510)	2,352	(5,516)
Total income tax expense	4,790	3,279	12,047	14,163

Note:

During the period, deferred tax expenses mainly arose from reversal of temporary differences associated with inventories and property, plant and equipment.

6. EARNINGS PER SHARE

Earnings used in determining earnings per share ("EPS") are presented below:

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Profit for the period attributable to owners of the Company for the purposes of basic and diluted EPS (US$000)	15,929	15,236	24,747	48,678
Weighted average number of shares, basic	396,413,753	396,408,047	396,413,753	396,374,046
Dilutive securities				
- Stock options	-	2,242	-	21,239
Weighted average number of shares, diluted	396,413,753	396,410,289	396,413,753	396,395,285
Basic EPS	4.02 cents	3.84 cents	6.24 cents	12.28 cents
Diluted EPS	4.02 cents	3.84 cents	6.24 cents	12.28 cents

The computation of diluted EPS for the three and nine months ended September 30, 2014 does not assume the exercise of the Company's stock options because the exercise price of these options was higher than the average market price for shares for the current period.

7. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	September 30, 2014 US$'000	December 31, 2013 US$'000
Trade receivables	10,013	740
Less: allowance for doubtful debts	(135)	(145)
	9,878	595
Amounts due from related companies	10,188	3,354
Other receivables	747	5,765
Total accounts receivable and other receivables	20,813	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:

	September 30, 2014 US$'000	December 31, 2013 US$'000
Less than 30 days	9,693	40
31 to 90 days	7	480
91 to 180 days	26	45
Over 180 days	152	30
	9,878	595

8. INVENTORY

	September 30, 2014 US$'000	December 31, 2013 US$'000
Gold in process	106,011	44,628
Gold doré bars	10,259	4,182
Consumables	6,560	5,959
Copper	5,460	122
Spare parts	9,914	8,355
Copper in-process	932	-
Total inventory	139,136	63,246
Less: Amounts expected to be recovered after 12 months (note) (shown under non-current assets)	-	(2,001)
Amounts shown under current assets	139,136	61,245

Note: 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$56.0 million and US$105.6 million for the three and nine months ended September 30, 2014 (three and nine months ended September 30, 2013: US$46.9 and US$144.9 million), respectively, were recognised in cost of sales.

9. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended September 30, 2014, the Group incurred approximately US$132.4 million on construction in progress (nine months ended September 30, 2013: approximately US$303.3 million) and approximately US$69 million on mineral assets (nine months ended September 30, 2013: approximately US$59.2 million), respectively.

Depreciation of property, plant and equipment was US$14.5 million and US$37.7 million (US$8.1 million and US$24.4 million for the three and nine months ended September 30, 2013) for three and nine months ended September 30, 2014. 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:

	September 30, 2014 US$'000	December 31, 2013 US$'000
Accounts payable	31,289	33,053
Construction cost payables	48,969	57,010
Advances from customers	30	513
Mining cost accrual	21,286	2,872
Payroll and benefit payables	3,979	4,551
Other accruals	4,196	4,253
Other tax payable	3,725	4,526
Other payables	4,768	9,174
	118,242	115,952

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

	September 30, 2014 US$'000	December 31, 2013 US$'000
Less than 30 days	11,791	28,533
31 to 90 days	2,476	214
91 to 180 days	1,171	141
Over 180 days	15,851	4,165
Total accounts payable	31,289	33,053

11. BORROWINGS

The borrowings are repayable as follows:

	September 30, 2014 US$'000	December 31, 2013 US$'000
Carrying amount repayable within one year(Note 1)	437,104	232,432
Carrying amount repayable within one to two years	234,604	181,217
Carrying amount repayable within two to five years(Note 2)	475,275	90,857
	1,146,983	504,506
Less: Amounts due within one year (shown under current liabilities)	(437,104)	(232,432)
Amounts shown under non-current liabilities	709,879	272,074

Note:
1. As at September 30, 2014, a loan principal amount of RMB396 million (equivalent to approximately US$65 million) with original repayment term due in 2015 was reclassified from non-current liability to current liability due to a breach of the loan covenant which primarily related to the asset/debt ratio of a PRC established subsidiary of the Company.

2. On July 17, 2014, the Company, through its wholly-owned subsidiary, Skyland Mining (BVI) Limited, completed the issuance of bonds in an aggregate principal amount of US$500 million, listed on The Stock Exchange of Hong Kong Limited. The Bonds were issued at a price of 99.634%, bearing interest rate of 3.5% with a maturity date of July 17, 2017. Interest is payable in equal semi-annual instalments on January 17 and July 17 in each year. The Bonds are unconditionally and irrevocably guaranteed by the Company.

Analysed as:

	September 30, 2014 US$'000	December 31, 2013 US$'000
Secured	129,114	188,734
Unsecured	1,017,869	315,772
	1,146,983	504,506

Borrowings carry interest at effective interest rates ranging from 2.85 % to 6.00 % (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 (Note 14) and China Construction Bank ("CCB") in which CNG provided a loan of RMB200 million (equivalent to approximately US$32,584,000) 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.

On July 8, 2014, the Group entered into a six month entrusted loan agreement with CNG (Note 14) and Agricultural Bank of China ("ABC") in which CNG provided a loan of RMB100 million (equivalent to approximately US$16,292,000) to the Group through ABC as the entrusted bank. The entrusted loan is unsecured and carries interest at a fixed rate of 5.6% per annum. The principal amount is to be repaid on January 7, 2015.

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 September 30, 2014.

(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.

13. SHARE CAPITAL AND OPTIONS - continued

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

	January 1, 2014 to September 30, 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 nine months ended September 30, 2014 and the year ended December 31, 2013.

The following table summarises information about stock options outstanding and exercisable at September 30, 2014.

	Options outstanding			Options exercisable	
Expiring in	Number outstanding at September 30, 2014	Remaining contractual life (years)	Weighted average exercise price CAD	Number exercisable at September 30, 2014	Weighted average exercise price CAD
2015	400,000	0.67	5.56	400,000	5.56
	400,000		5.56	400,000	5.56

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 CAD	Number of stock options	Weighted average exercise price 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/year, 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:

	September 30, 2014 %	December 31, 2013 %
CNG	39.3	39.3

(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 September 30,		Nine months ended September 30,	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Gold doré bar sales by the Group	53,912	43,087	113,573	133,421
Copper and other product sales by the Group	701	30,316	5,767	30,316
Provision of transportation services by the Group	2,251	358	3,438	1,872
Construction services provided to the Group	12,579	28,319	81,881	165,556
Entrusted loan provided to the Group	16,292	-	48,876	-

14. RELATED PARTY TRANSACTIONS – continued

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

	September 30, 2014 US$'000	December 31, 2013 US$'000
Assets		
Amounts due from related companies	10,188	3,354
Deposits	1,800	931
Total amounts due from CNG and its subsidiaries	11,988	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. Amounts due to related companies include US$6.4 million of trade receivables which are aged within 30 days.

	September 30, 2014 US$'000	December 31, 2013 US$'000
Liabilities		
Other payable to CNG's subsidiaries	7,707	2,185
Customer advance paid by CNG's subsidiary	-	6,595
Entrusted loan payable to CNG	48,876	-
Total amounts due to CNG and its subsidiaries	56,583	8,780

With the exception of the entrusted loan payable to CNG (see Note 12), the amounts due to CNG and its subsidiaries which are included in other payables, are non-interest bearing, unsecured and repayable on demand.

(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.

14. RELATED PARTY TRANSACTIONS – continued

(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:

	September 30, 2014 US$'000	December 31, 2013 US$'000
Asset		
Amount due from a non-controlling shareholder of a subsidiary (included in other receivable)	454	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 September 30,		Nine months ended September 30,	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Salaries and other benefits	225	334	641	715
Post employment benefits	-	3	12	12
	225	337	653	727

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.

15. SEGMENT INFORMATION - continued

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, since December 31, 2014, is to align with the Group's long term strategy. Following the change, the segment information for the nine month period ended September 30, 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 nine months ended September 30, 2014

	Mine - produced gold	Mine – Produced copper	Segment Total	Unallocated	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue – External	113,573	60,884	174,457	-	174,457
Cost of sales	(68,068)	(39,989)	(108,057)	-	(108,057)
Mining operating Earnings	45,505	20,895	66,400	-	66,400
Income from operations	45,281	9,318	54,599	(5,855)	48,744
Foreign exchange gain (loss), net	312	(84)	228	405	633
Interest and other income	574	(329)	245	3,613	3,858
Finance costs	(4,743)	(6,308)	(11,051)	(3,953)	(15,004)
Profit (loss) before income tax	41,424	2,597	44,021	(5,790)	38,231

For the nine months ended September 30, 2013

	Mine - produced gold	Mine – Produced copper	Segment Total	Unallocated	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue – External	136,734	97,367	234,101	-	234,101
Cost of sales	(84,746)	(64,997)	(149,743)	-	(149,743)
Mining operating Earnings	51,988	32,370	84,358	-	84,358
Income from operations	51,827	19,334	71,161	(7,199)	63,962
Foreign exchange gain (loss), net	78	705	783	947	1,730
Interest and other income	1,881	2,240	4,121	2,611	6,732
Finance costs	(1,693)	(6,045)	(7,738)	-	(7,738)

Profit (loss) before income tax	52,093	16,234	68,327	(3,641)	64,686

15. SEGMENT INFORMATION - continued

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents profits (loss) before income tax attributable to respective segment. 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 nine months ended September 30, 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 September 30, 2014					
Total assets	547,695	1,834,353	2,382,048	552,662	2,934,710
Total liabilities	198,940	784,194	983,134	500,842	1,483,976
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 September 30, 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 of Hong Kong Limited ("Stock Exchange") is measured based on the quoted price (unadjusted) available on the Stock Exchange (Level 1 fair value measurement). As at September 30, 2014, US$16,989,000 (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 nine months ended September 30, 2014, the fair value decrease of US$3,209,000 was recorded in other comprehensive income.

As at September 30, 2014, US$1,629,000 (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.