



# Proven Organic Growth & Acquisition Potential



中国黄金国际资源有限公司  
China Gold International Resources Corp. Ltd.

TSX: CGG | HKEX: 2099

September 2019

# Forward Looking Statements

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# Why Invest in China Gold International

**1**

## SOLID STRATEGIC INVESTOR BACKING

Strong support from substantial shareholder: China National Gold Group

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**2**

## PROVEN STRATEGY FOR LONG-TERM VALUE CREATION

11<sup>th</sup> year of increased production

Series II of Jiama mine phase II expansion achieved commercial production ahead of schedule in mid-2018

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**3**

## INVESTMENT GRADE CREDIT RATING, ABILITY TO RAISE SIZABLE FINANCING AT LOW COST

BBB- long-term corporate credit rating by S&P

2014-2017: Combined issued over US\$1.0 billion bond(finance rates as low as 3.25%)

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**4**

## FOCUS ON BOTH ORGANIC GROWTH AND ACCRETIVE ACQUISITION

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**5**

## HIGH STANDARD OF CSR AND HSE



US\$14 billion credit facility



BBB Credit Rating by S&P



20 gold production bases  
and 4 non-ferrous  
production bases



1940t Gold Resources(#1  
in China)



40.4t gold production in  
2018



US\$15 billion sales  
revenue in 2018



US\$463M contribution  
to environmental  
protection and work  
safety from 2014-2018

# About China National Gold Group (CNG)

## A strong national platform in China's gold industry

Accounts for 20% total gold production in China /controls more than 30% of domestic reserves/Chair Member of China Gold Association

## Complete vertically integrated business chain

Exploration/Mining / Processing / EPC / Research with patents / Jewelry design / Retail

## A global mining player

- Global mineral resources portfolio
- Major Shareholder in both international and domestic listings

*TSX and HK Stock Exchanges: China Gold International (CGG) / 2099*

*Shanghai Stock Exchange: ZhongJin Gold (600489)*

## Unparalleled financing capacity

Ability to raise sizable financing at low cost / Strong ability to resist risk / Investment grade credit rating

# Proven strategy for long-term value creation

2008-2009

- CNG acquired Jinshan(changed name to CGG)
- Financed US\$38.10 million for CSH development

2010-2011

- Acquired Jiama mine
- Completed dual-primary listing on HK exchange
- CNG bought CGG shares on open market
- A 443% increase in resourced at Jiama based on the drilling result

2012-2013

- Completed pre-feasibility study on Jiama (53.7% IRR)
- CSH Mine completed its new additional 30,000 tpd crushing system and commences testing

2014-2015

- Jiama feasibility study completed, result positive
- Completed S\$627 MM Loan Facility
- Received BBB- rating, issued US\$500 million bond
- CSH 30,000tpd new processing system commenced commercial production

2016-2017

- Commissioning of Series I of Jiama Phase II Expansion commenced
- BBB- credit rate reaffirmed
- Issued US\$500 million bond
- Sixth straight year of increasing production at the Jiama mine.

2018-2019

- Achieved Commercial Production on Series I& Series II of Jiama Phase II Expansion
- Listed on Shenzhen-hong Kong Stock Connect
- Updated mine plan and life of mine production schedule for CSH

# Substantial Revenue Growth Leader

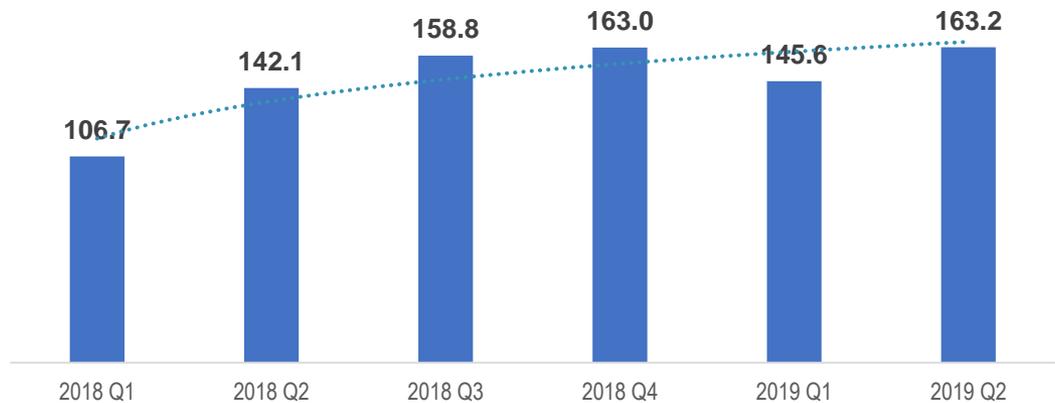
**31.12%**

Compound Annual Growth Rate

## CGG REVENUES FROM 2008-2018 (US\$MM)



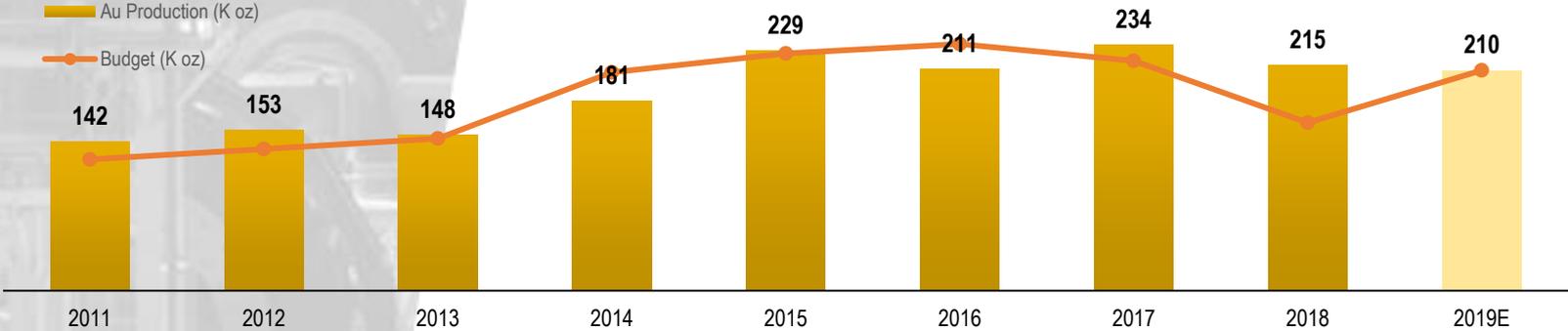
## CGG REVENUES FOR THE PAST 6 QUARTERS (US\$MM)



# Excellent Track Record on Production

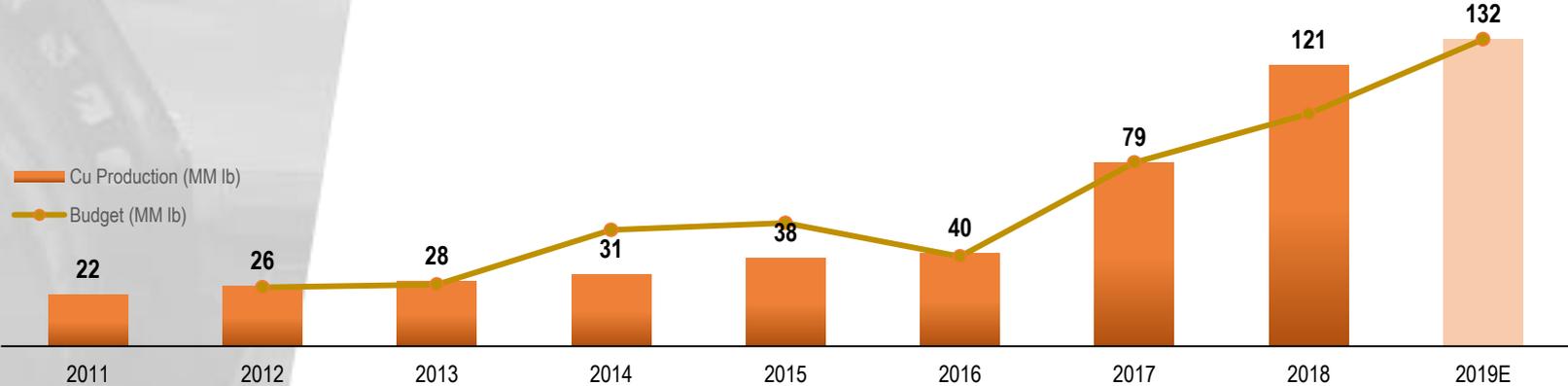
COMBINED GOLD PRODUCTION (K oz)

**5.32%**  
Compound Annual  
Growth Rate



COPPER PRODUCTION (MM lbs)

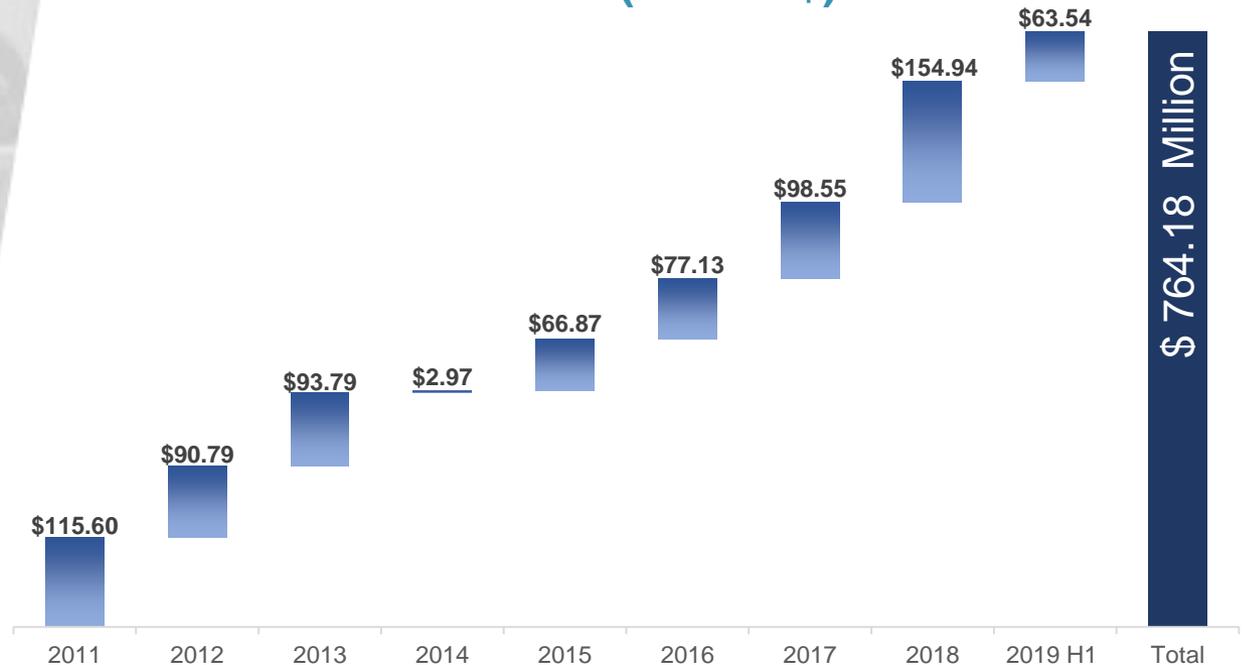
**23.75%**  
Compound Annual  
Growth Rate



# Strong Operation Cash Flow Generation

Cumulative operation cash flow of **\$764.18** million since 2011

## Cumulative net cash flow from operating activities (MM US\$)



- For H1 2019, net operating cash flow increased to US\$63.54 million, representing an increase of 13.28% compared to the same period in 2018.

## Company Assets and Prospect

# Jiama Polymetallic Mine

## One of China's largest Polymetallic Mines



### COMMODITIES

Copper, Gold, Silver, Zinc,  
Lead and Molybdenum



### LOCATION

68 km NE of  
Lhasa, Tibet



### MINE OPERATION

Open pit and  
underground



### PROCESSING CAPACITY

increasing to 50,000tpd  
when phase II  
expansion reaches full  
design capacity



### MINE LIFE

35 years

### JIAMA RESOURCES

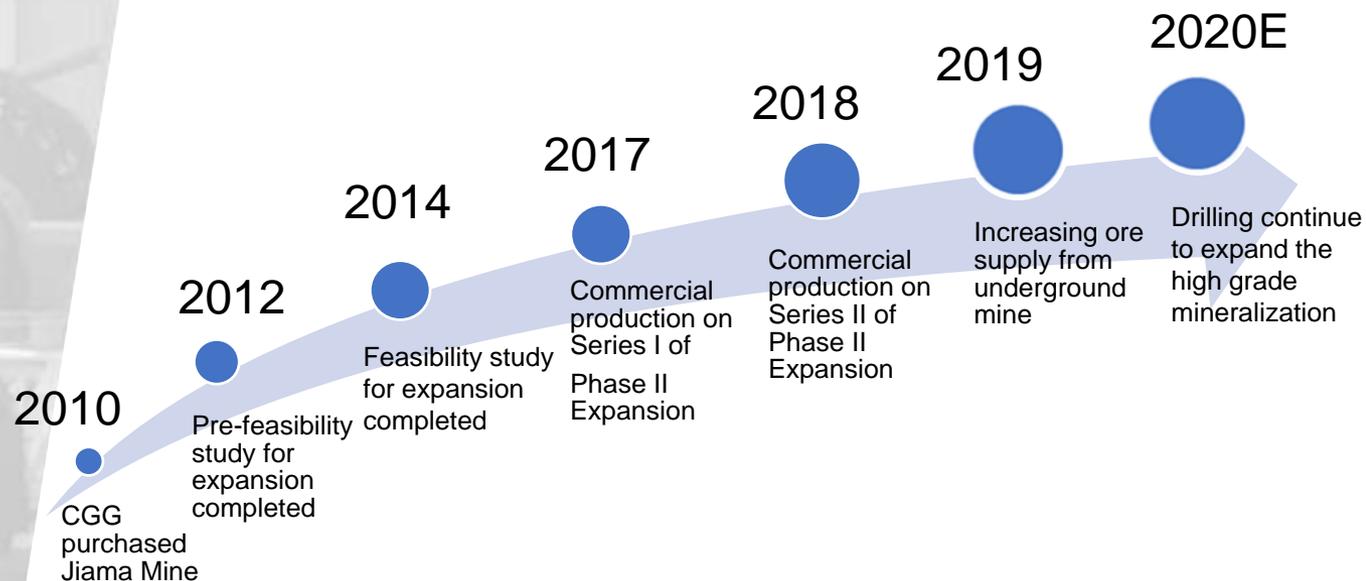
Resources	Ore (Mt)	Grade						Contained Metal					
		Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (kt)	Mo (kt)	Au (Moz)	Ag (Moz)	Pb (kt)	Zn (kt)
Measured	94.9	0.39	0.04	0.08	5.44	0.04	0.02	371	34.2	0.25	16.6	41.8	22.4
Indicated	1369.1	0.41	0.03	0.11	5.93	0.05	0.03	5590	463	4.76	261.15	732	460
<b>Total M&amp;I</b>	<b>1463.9</b>	<b>0.41</b>	<b>0.03</b>	<b>0.11</b>	<b>5.90</b>	<b>0.05</b>	<b>0.03</b>	<b>5961</b>	<b>497.4</b>	<b>5.01</b>	<b>277.74</b>	<b>773.7</b>	<b>482.4</b>
Inferred	406.1	0.30	0.00	0.10	5.10	0.10	0.00	1247	123	1.30	66.9	311	175

### JIAMA RESERVES

Reserves	Ore (Mt)	Grade						Contained Metal					
		Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (kt)	Mo (kt)	Au (Moz)	Ag (Moz)	Pb (kt)	Zn (kt)
Proved	20.8	0.61	0.05	0.21	8.99	0.05	0.03	126.4	9.5	0.14	6.03	10.3	6.9
Probable	398.4	0.56	0.03	0.18	11.21	0.13	0.08	2427.9	128.2	2.29	143.57	548.2	317.3
<b>Total</b>	<b>419.2</b>	<b>0.61</b>	<b>0.03</b>	<b>0.18</b>	<b>11.10</b>	<b>0.13</b>	<b>0.08</b>	<b>2554.3</b>	<b>137.8</b>	<b>2.43</b>	<b>149.6</b>	<b>558.5</b>	<b>324.2</b>

Note: The Mineral Resources and Reserve data was modified as of December 31, 2018, under NI 43-101 rules

**Delivers solid performance during years**



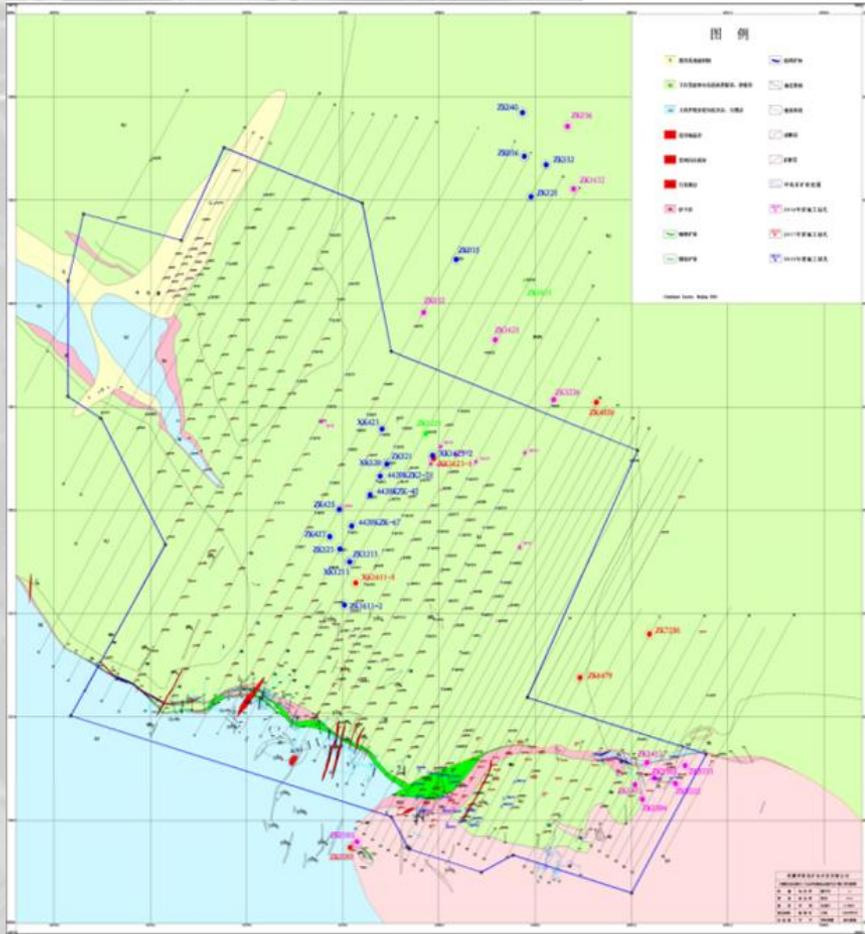
- Processing capacity increased from 6,000tpd to 50,000tpd after phase II expansion reaches full design capacity
- On track to deliver significant resource growth (resource [Cu, M+I] from 1,373.5 kt to 5,961 kt, reserve [Cu, P+P] from 879.1 kt to 2,554.3 kt)

## 2019 Q2 Jiama Mine Production data

Average copper ore grade	0.62%
Copper recovery rate	81%
Ore mined from open pit	33,000 Tonnes/Day
Ore mined from underground (Phase 1&Phase 2)	17,000 Tonnes/Day
Ore processed in Phase 1 plant	7,000 Tonnes/Day
Ore processed in Phase 2 plant	43,000 Tonnes/Day



# 2019 Drilling Program Progress



Drilling Hole Distribution Map

- The project includes surface drill of 33,390 +/-m, 25 drills, 500 +/- m of 1 hydrogeological drill and 800 +/- m of 2 engineering geological drills.
- Pre-construction preparation was completed in the second quarter, surface drill of 5,100 +/-m, 9 drills had completed.
- 6 surface drills are under preparation for the next stage.
- More positive results will be released when the program finished.

# CSH Gold Mine

## one of China's largest gold mines



### COMMODITIES

Gold dore with silver by-product

### LOCATION

210km NW of Baotou, Inner Mongolia

### MINE OPERATION

Large-scale open pit, heap leach

### PROCESSING CAPACITY

13.2MM tpy

- Well-established infrastructure with excellent access to roads and sufficient supplies of power, water and local labor
- Open pit re-design for optimization is underway

### CSH MINE RESOURCES

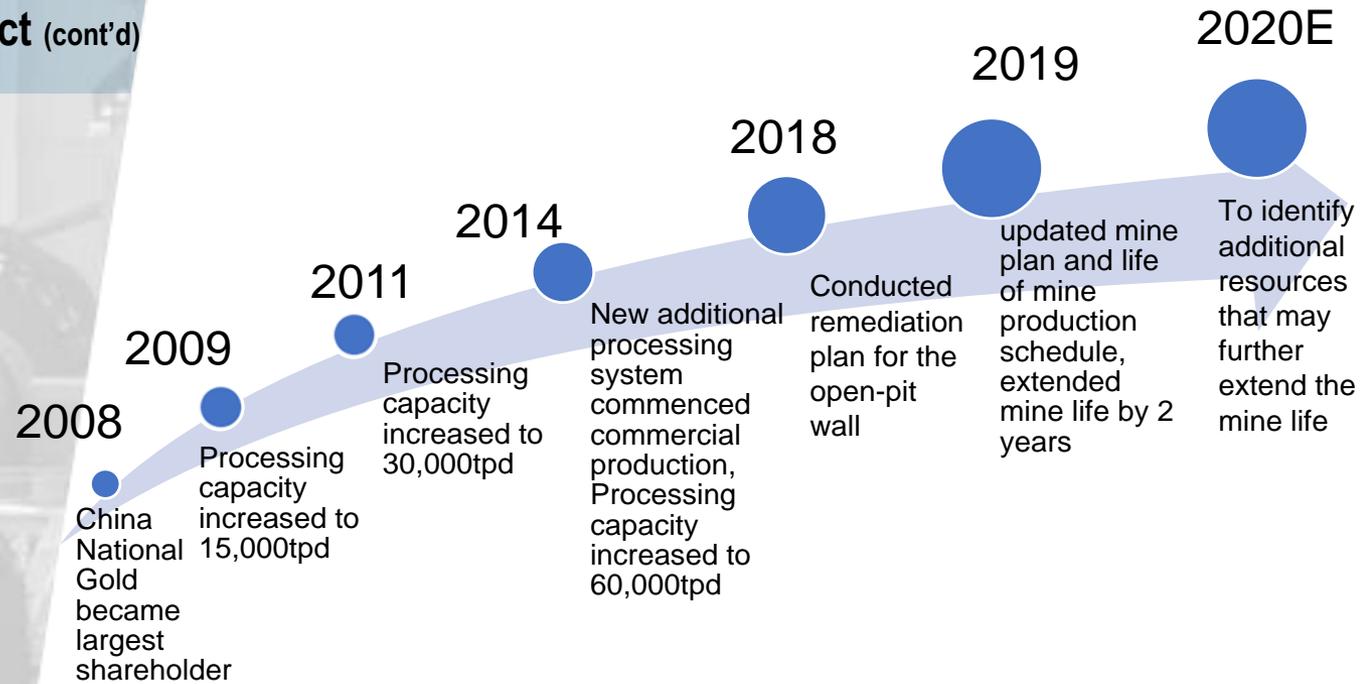
Resources	Tonnage (Mt)	Grade (g/t)	Gold Content (Moz)
Measured	12.34	0.62	0.24
Indicated	124.12	0.62	2.46
<b>Total M&amp;I</b>	<b>136.46</b>	<b>0.62</b>	<b>2.71</b>
Inferred	80.36	0.52	1.33

### CSH MINE RESERVES

Reserves	Tonnage (Mt)	Grade (g/t)	Gold Content (Moz)
Proven	10.59	0.63	0.22
Probable	66.49	0.65	1.39
<b>Total</b>	<b>77.08</b>	<b>0.65</b>	<b>1.61</b>

Note: Northeast and Southwest pits combined data was modified as of December 31, 2018, under NI 43-101 rules

## Exceptional Operation Execution



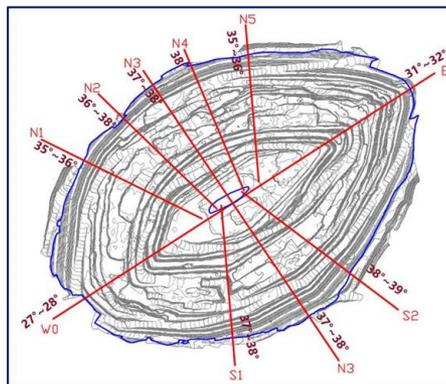
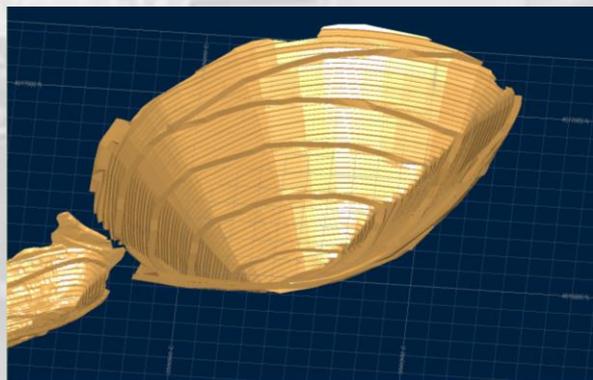
## 2019 Q2 CSH Mine Production data

Average ore grade	0.55 gram/Tonnes
Ore mined and placed on pad	4,014,071 Tonnes
Overall accumulative project-to-date gold recovery rate	54.19%
Cash production cost	US\$805/Ounce
AISC	US\$1134/Ounce

Based on the mine optimization study:

- The ultimate pit limit based on the changed pit slope angle is expected to provide a sustainable mining production of the north-east pit.
- The Company continues to assess underground development plans for the mineralization extending below and around the ultimate pit limit at the CSH Mine.
- During the second quarter of 2019, CSH conducted research on geological prospecting results of recent years.
- The Company is also conducting exploration around the CSH Mine to identify additional resources that may further extend the mine life.

# CSH updates production schedule



- The new recommended final pit slopes of the north-east pit is 36.5 degrees (from 42 degrees) for the south wall and 38 degrees (from 44 degrees) for the north wall\*
- The mine life is extended to 7 years

Item	Unit	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Ore	t	13,086,505	9,964,463	13,163,700	13,172,500	13,186,000	13,171,000	1,331,805					77,075,973
Grade	g/t	0.64	0.69	0.63	0.66	0.62	0.66	0.65					0.65
Waste	t	60,118,495	62,915,900	59,047,100	39,443,703	9,852,400	5,640,700	775,005					237,793,303
Total	t	73,205,000	72,880,363	72,210,800	52,616,203	23,038,400	18,811,700	2,106,810					314,869,276
Strp Ratio	t/t	4.59	6.31	4.49	2.99	0.75	0.43	0.58					3.09
Metal	oz	268,211	220,766	264,789	281,581	263,845	279,489	28,031					1,606,713
Metal	g	8,342,316	6,866,600	8,235,860	8,758,160	8,206,490	8,693,100	871,866					49,974,391
Gold Dore	oz	127,050	131,912	153,643	148,102	156,211	164,945	63,701	17,205	6,444	2,939	541	972,691
Gold Dore	g	3,951,687	4,102,910	4,778,821	4,606,486	4,858,710	5,130,368	1,981,313	535,139	200,416	91,412	16,825	30,254,087

Note: Based on a slope stability study conducted by the State Key Laboratory for GeoMechanics and Deep Underground Engineering (China University of Mining and Technology)

## CSH exploration program updates

**Significant  
Upside Potential**

- CSH finished 32 drills of 30,096m since 2015
- Conducting the preliminary economic and technical research on the possibility of employing block caving method for the mineralization extending below and around the ultimate pit limit at the CSH Mine\*
- Expecting significant increase in mineral resources\*

*Note: Studies conducted by Changchun Gold Design Institute and Changchun Gold Research Institute following the pre-feasibility study standard from China*

# Investment Grade Rating



China Gold International's  
Rating

China National Gold Group's  
Rating

**BBB-**

**BBB**

- Company with a rating of BBB- or better are considered “investment-grade.”
- Only 9 gold companies in the world have BBB- or better ratings; only 5 gold companies have BBB rating.

# Superior Financing Capability

### July 2017 - US\$500 MM Bond Issue

- Second time CGG has successfully managed a bond offering in the international capital markets
- Financing costs were significantly lower than the industry standard
- Debenture bond

### 2015 - RMB 3.98 Billion (US\$627 MM Loan Facility)

- Low cost financing
- Secured by Jiama's mining rights
- No repayment until May 2019
- Term: 14 years

#### US\$500 million

Date	July 6, 2017
Credit Rating	BBB-
Price	99.663%
Coupon	<b>3.25% per annum</b>
Maturity	July 6, 2020
Use of Proceeds	Repaying existing indebtedness, working capital, general corporate purposes
Joint Lead Managers	China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited, CCB International Capital Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Standard Chartered Bank.

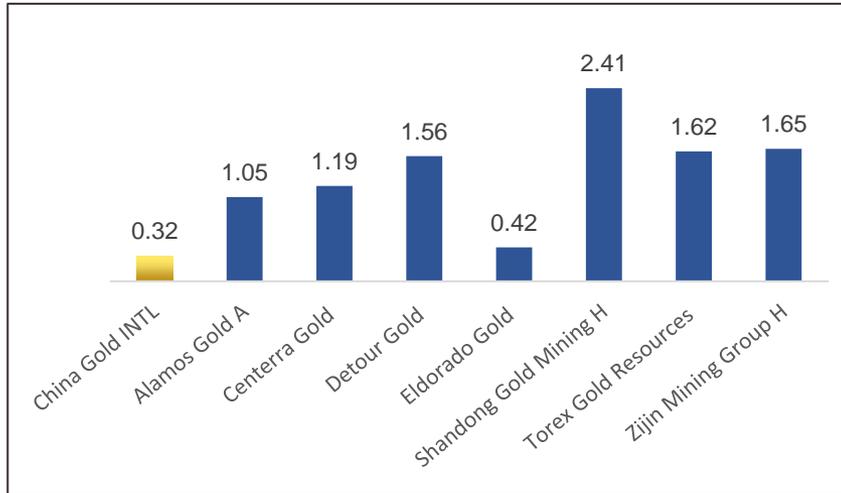
#### RMB 3.98 billion (\$US627 million)

Date	November 3, 2015
Rate of Interest	<b>2.83% per annum</b> (at time of issue) People's Bank of China Lhasa Center Branch's interest rate LESS 0.07%
Repayment	November 2029
Use of Proceeds	Jiama Mine
Managers	Bank of China, Agricultural Bank of China, China Construction Bank, China Development Bank, Bank of Tibet.

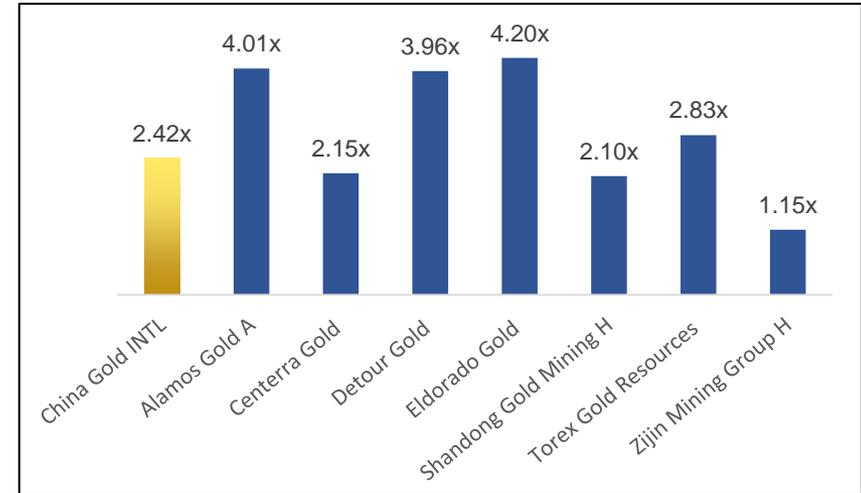
## Company Strength (cont'd)

## Comparison with peers - Good timing to buy

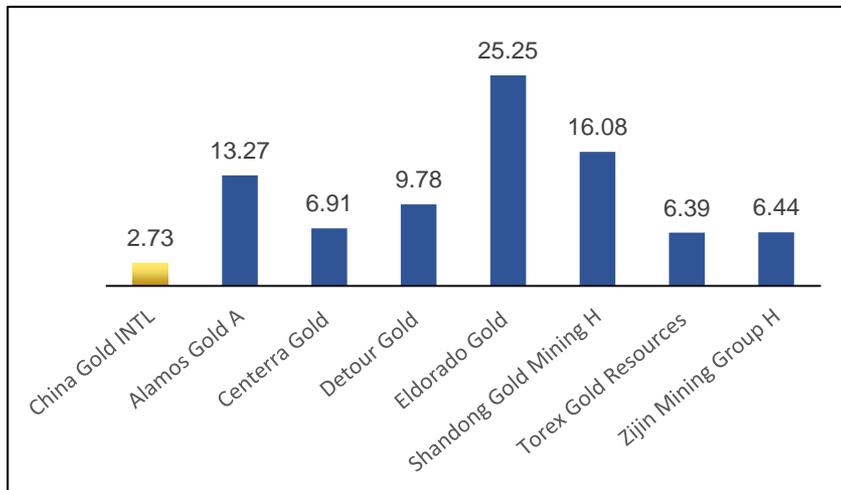
### Price/Book Value



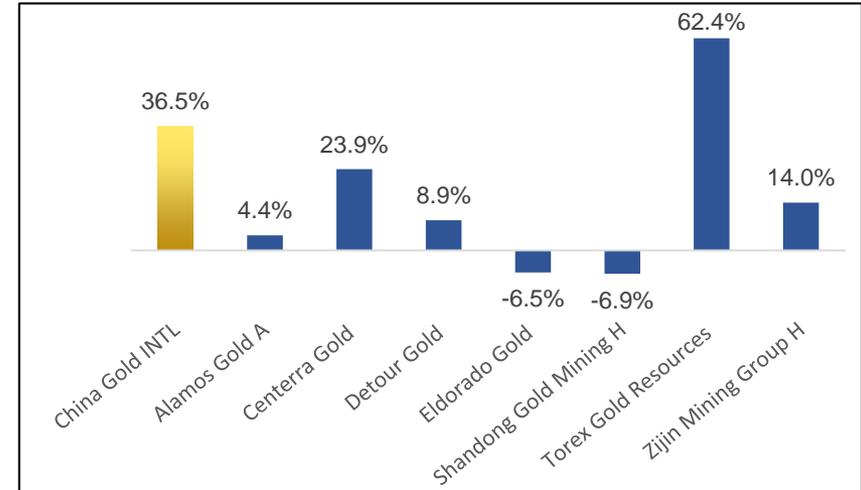
### Enterprise Value/Sales



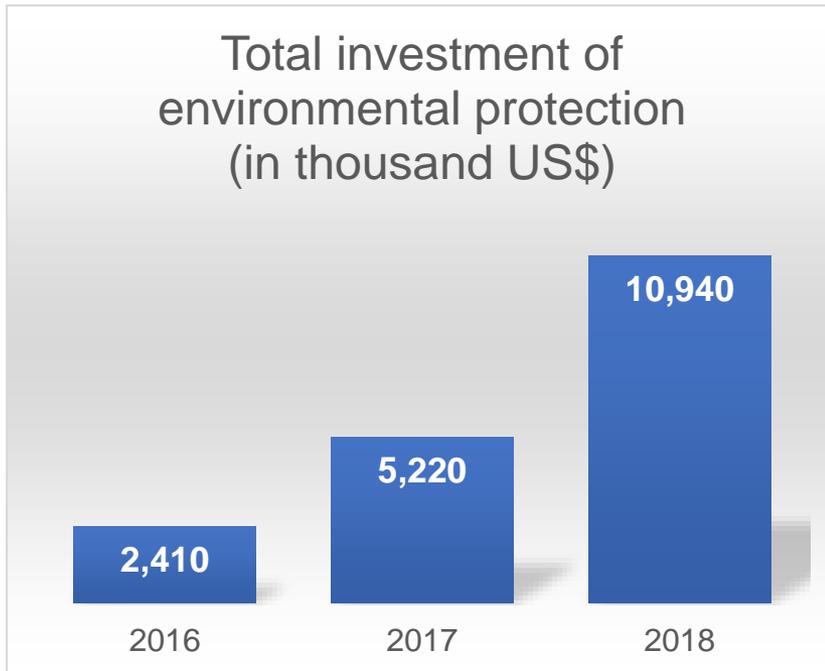
### Price to Cash Flow (Actual)



### Sales Growth Year over Year



# High Standard of CSR and HSE



- US\$18.57 million was invested in environmental protection and US\$4.71 million was invested into work safety from 2016-2018.

# 2018 Sustainability Performance Highlights

- ❑ Both mines are proud to be recognized as an industry leader, great employer and corporate citizen
  - National High-tech Enterprise - CSH Gold mine 2018
  - National Green Mines & Golden Digital mine - Jiama mine 2018
- ❑ As of 2018, the Company recorded zero occupational disease case, keeping a good track record of no additional occupational disease cases since its establishment.
- ❑ In 2018, the Company and its subsidiaries had 126 safety training sessions, with total participants of 7,901 employees.
- ❑ In Canada, CGG supports two environmental protection research projects from UBC; Supporting Canadian cancer research since 2011 (added 2 new research projects in 2017)



# 2019 Corporate Strategy



- Increase production
  - Projected copper production of 132 million pounds
  - Projected gold production of 210,000 ounces
- Increase ore grade and recovery rate from Jiama
- Increase investment on exploration program at Jiama
- Continue exploring the potential mineral resource at CSH
- Aggressively looking for potential acquisition targets

# Accretive Acquisition Strategy

## TARGET PROJECT PHASE

- Mines at operating stage with ramp-up plan or near production
- High quality mine assets under development stage

## GEOGRAPHY

- Established mining jurisdictions
- Stable political environment

## METAL

- Gold and Copper focus
- Polymetallic mineral resources

## RESOURCES

- Large-scale mines: 3-5MM oz gold; 1MM Tonnes copper
- Mine assets with significant exploration potential

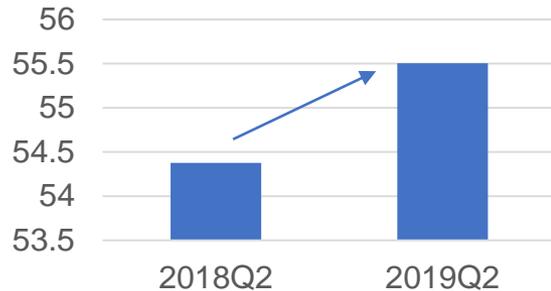
## TRANSACTION STRUCTURE

- Flexible transaction structure: equity participation, holding or Joint Venture

# Appendix

# 2019 Q2&Half Year Production Overview

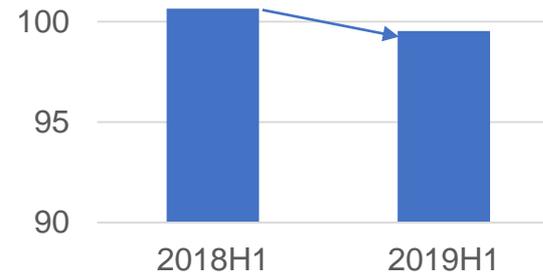
Gold Production  
Q2 2018 VS Q2 2019



**2%**  
Increase

In line with the budget

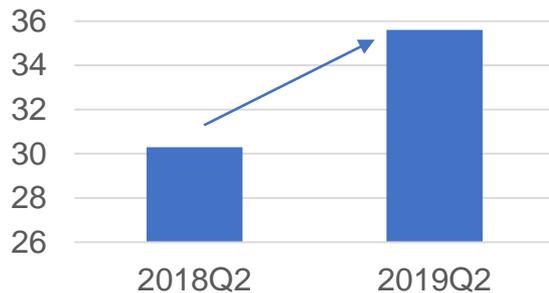
Gold Production  
Half year 2018 VS half year  
2019



**1%**  
decrease

In line with the budget

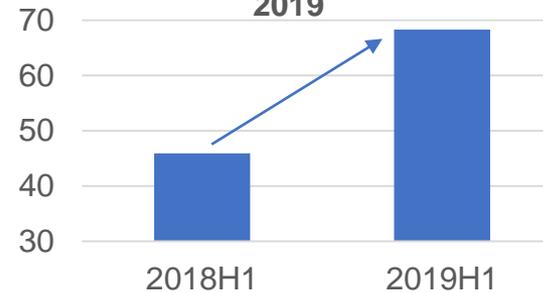
Copper Production  
Q2 2018 VS Q2 2019



**17%**  
Increase

In line with the budget

Copper Production  
Half year 2018 VS half year  
2019

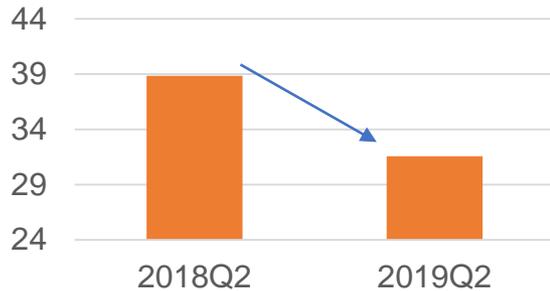


**49%**  
Increase

In line with the budget

# 2019 Q2&Half Year Financial Overview

Cash cost  
Q2 2018 VS Q2 2019



**19%**  
Decrease

In line with the budget

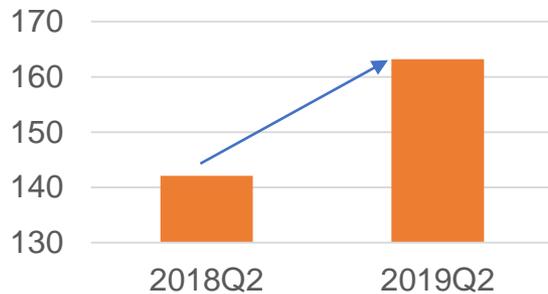
Cash Cost  
Half year 2018 VS half year  
2019



**6.7%**  
Decrease

In line with the budget

Revenue  
Q2 2018 VS Q2 2019



**15%**  
Increase

In line with the budget

Revenue  
Half year 2018 VS half year  
2019



**24%**  
Increase

In line with the budget

## 2019 Q2 Financial Overview

- Revenue increased to US\$163.2 million, representing an increase of 15% compared to the same period in 2018
- Net operating cash flow from operating activities increased to US\$56.55 million, representing an increase of 40% compared to the same period in 2018
- EBITDA was US\$59.70 million

## 2018 Annual Financial Overview

- Revenue increased to US\$570.6 million, representing an increase of 39% compared to the same period in 2017
- Net cash from operating activities was US\$154.94 million

	Q2 Ended Jun 30, 2019	Q2 Ended Jun 30, 2018	Year Ended Dec 31, 2018
Revenues (MM USD\$)	\$163.2	\$142.1	\$570.6
Mine operating earning (MM US\$)	\$7.3	\$35.8	\$110.7
Net Profit (MM US\$)	(\$23.0)	\$0.4	(\$4.2)
Net Operating Cash Flow (MM US\$)	\$56.55	\$40.26	\$154.9
Earning per share (US\$)	(5.79) cents	0.05 cents	(1.22) cents
Cash Costs – CSH (US\$/oz)	\$805	\$806	\$750
Cash Costs – Jiamá (after by-product credit) (US\$/lb)	\$1.70	\$1.37	\$1.36
Gold produced by CSH (oz)	39,875	33,880	144,896
Copper produced by Jiamá (MM lbs)	35.55	30.27	121.3

# Capital Structure

**LISTINGS** (The company stock is fungible between TSX & HKEX)

TSX: CGG  
HKEX: 2099

**ISSUED & OUTSTANDING SHARES<sup>2</sup>**

396.41 MM

**MARKET CAP<sup>1</sup>**

CDN\$598.6 MM

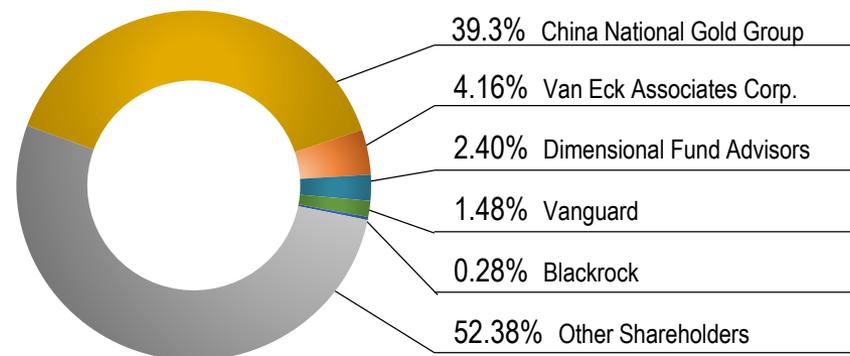
**CASH<sup>2</sup>**

US\$175.2 MM

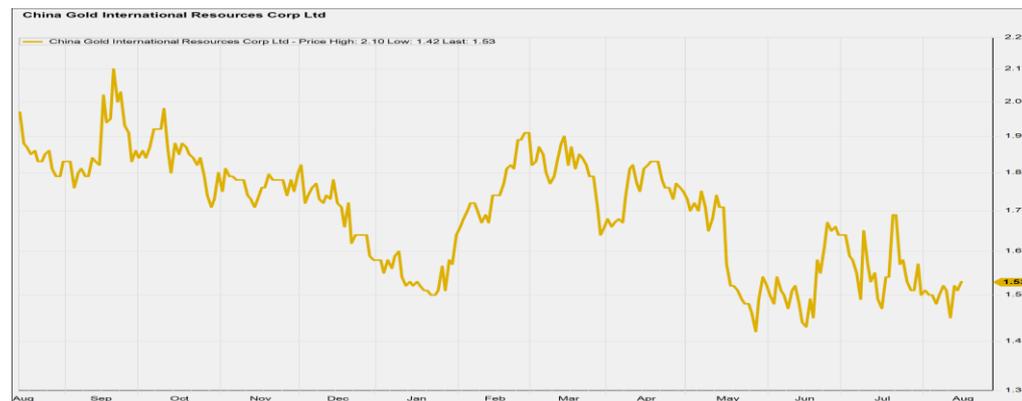
**52 WEEK STOCK PRICE RANGE<sup>1</sup>**

CDN\$1.41-\$2.33

## MAJOR SHAREHOLDERS<sup>1</sup>



## STOCK PERFORMANCE TSX: CGG (Aug/15/18-Aug/15/19)



1. Source: Factset, as of August 15, 2019  
2. 2019 interim data



## Contact Information

**China Gold International Resources Corp. Ltd.**

**TSX: CGG | HKEX: 2099**

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