China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Nine months ended September 30, 2015
(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, 2015
(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 13, 2015. 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, 2015 and the nine months ended September 30, 2014, 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, 2015 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, 2015

- Revenue increased by 12% to US$99.9 million from US$89.3 million for the same period in 2014;
- Net profit/loss after income taxes decreased to loss US$5.2 million from profit US$16.4 million for the same period in 2014, mainly due to foreign exchange loss of US$8.6 million incurred during the current period.
- Gold production from the CSH Mine increased by 20% to 57,981 ounces from 48,124 ounces for the same period in 2014.
- Copper production from the Jiama Mine decreased by 8% to 3,934 tonnes (approximately 8.6 million pounds) from 4,255 tonnes (approximately 9.4 million pounds) for the same period in 2014.

Nine months ended September 30, 2015

- Revenue increased by 50% to US$261.0 million from US$174.5 million for the same period in 2014;
- Net profit after income taxes decreased by 55% to US$11.6 million from US$26.2 million for the same period in 2014.
- Gold production from the CSH Mine increased by 49% to 148,798 ounces from 99,813 ounces for the same period in 2014.
- Copper production from the Jiama Mine increased by 39% to 12,946 tonnes (approximately 28.5 million pounds) from 9,342 tonnes (approximately 20.6 million pounds) for the same period in 2014.

OUTLOOK

- Projected gold production of 226,000 ounces in 2015.
- The Jiama Mine's Phase II expansion is being executed in two stages. Stage I has been completed and is now in test run, at a throughput capacity of 28,000 tpd, up from the previous capacity of 6,000 tpd. Stage II of the project is under way and is expected to be commissioned in the second half of 2016, increasing capacity to 50,000 tpd.
- On March 15, 2015, the Company reported expected 2015 copper production guidance to be 53 million pounds. The Company revises this guidance to 40.5 million pounds. This is a 31% increase from the 2014 actual copper output of 31 million pounds. The downward revision of the forecast is due to the delayed grant of the mining license for the Phase II expansion project. The license was received on October 12, 2015. The delay was caused by recent adjustments in the review and approval procedures within state-level supervisory bodies. At the moment, the Company is applying for a permit to commission the Phase II production and a safety permit to enter into commercial production.
- 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 possibility of further expansion through continued exploration.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

QUARTER ENDED

	2015			2014				2013
(US$ in thousands except per share)	**30 - Sep**	30 - Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Revenues	**99,948**	83,647	77,387	103,326	89,257	48,541	36,659	68,507
Cost of sales	**82,752**	63,336	56,217	70,763	56,687	29,084	22,285	50,990
Mine operating earnings	**17,196**	20,311	21,170	32,562	32,570	19,457	14,374	17,517
General and administrative expenses	**5,330**	5,988	6,028	7,631	5,523	5,892	6,015	5,471
Exploration and evaluation expenses	**45**	62	38	319	129	53	45	83
Income from operations	**11,821**	14,261	15,104	24,613	26,918	13,512	8,314	11,962
Foreign exchange gain (loss)	**(8,606)**	1,482	(789)	5,631	(300)	182	752	(216)
Finance costs	**7,181**	6,570	8,524	8,913	7,826	3,781	3,398	2,916
Profit before income tax	**692**	13,742	10,813	24,485	21,221	11,147	5,863	8,861
Income tax expense	**5,850**	3,173	4,575	8,799	4,790	2,759	4,498	2,202
Net income	**(5,158)**	10,569	6,238	15,683	16,431	8,388	1,365	6,659
Basic earnings per share (cents)	**(1.41)**	2.54	1.49	3.78	4.02	1.93	0.29	1.60
Diluted earnings per share (cents)	**(1.41)**	2.54	1.49	3.78	4.02	1.93	0.29	1.60

Selected Quarterly Production Data and Analysis

CSH Mine	**Three months ended September 30,**		**Nine months ended September 30,**	
	2015	**2014**	**2015**	**2014**
Gold sales (US$ million)	**62.40**	54.24	**172.88**	113. 57
Realized average price[(1)] (US$) of gold per ounce	**1,100**	1,238	**1,135**	1,247
Gold produced (ounces)	**57,981**	48,124	**148,798**	99,813
Gold sold (ounces)	**56,741**	43,798	**152,361**	91,096
Total production cos[(2)] (US$ per ounce)	**874**	734	**855**	747
Cash production cost[(2)] (US$ per ounce)	**700**	561	**667**	539

(1) Net of resource compensation fees that are 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 20% from 48,124 ounces for the three months ended September 30, 2014 to 57,981 ounces for the three months ended September 30, 2015. The significant increase in gold production is mainly due to the successful commissioning of the mine expansion program doubling the mine capacity from 30,000 tpd to 60,000 tpd, in October 2014.

The cash production cost, and total production cost of gold for the three months ended September 30, 2015 both increased compared with the same period in 2014. The major reason is higher waste rock removal costs due to higher stripping ratio during the current quarter.

Jiama Mine	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
Copper sales(1) (million US$)	**26.09**	27.18	**62.43**	45.75
Realized average price(2) (US$ per pound of copper) after smelting fee discount	**1.80**	2.53	**1.82**	2.54
Copper produced (tonne)	**3,934**	4,255	**12,946**	9,342
Copper produced (pound)	**8,671,886**	9,380,799	**28,540,131**	20,595,939
Copper sold (tonne)	**6,434**	4,918	**14,326**	8,273
Copper sold (pound)	**14,184,671**	10,841,799	**31,583,047**	18,239,430
Gold produced (ounce)	**6,506**	4,882	**18,506**	11,217
Gold sold (ounce)	**9,024**	5,478	**19,877**	9,936
Silver produced (ounce)	**279,339**	306,463	**948,506**	684,435
Silver sold (ounce)	**478,890**	330,335	**1,076,428**	572,464
Total copper production cost(3) (US$ per pound)	**2.69**	2.71	**2.75**	2.96
Total copper production cost(3) (US$ per pound after by-products credits(4))	**1.80**	1.87	**1.87**	2.01
Cash copper production cost(4) (US$ per pound)	**2.41**	2.34	**2.33**	2.31
Cash copper production cost(4) (US$ per pound after by-products credits(4))	**1.53**	1.51	**1.46**	1.35

(1) Net of resource compensation fees that is based on revenue and paid to PRC government
(2) a discount factor of 18.9% - 23.5% is applied to the copper bench mark price to compensate the refinery costs incurred by the buyers
(3) Production costs include expenditures incurred at the mine sites for the activities related to production including mining, processing, mine site G&A and royalties etc.
(4) Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

During the three months ended September 30, 2015, the Jiama Mine produced 3,934 tonnes (approximately 8.7 million pounds) of copper, a decrease of 8% compared with the three months ended September 30, 2014 (4,255 tonnes, or 9.4 million pounds). The decrease in production was mainly due to lower ore grades during the current period.

The cash production cost of copper per pound increased due to the higher mining costs due to lower grade of ore during the current period; the total production costs of copper per pound slightly decreased due to less depreciation and amortization expenditures included in the production costs.

Review of Quarterly Data

Three months ended September 30, 2015 compared to three months ended September 30, 2014

Revenue of US$99.9 million for the third quarter of 2015 increased by US$10.6 million or 12%, from US$89.3 million for the same period in 2014.

Revenue from the CSH Mine was US$62.4 million (2014: US$53.9 million), an increase of US$8.5 million, due to a 30% increase in gold sales volume. Gold sold by the CSH Mine was 56,741 ounces (gold produced: 57,981 ounces), compared to 43,799 ounces (gold produced: 48,124 ounces) for the same period in 2014. The increase is attributed to the increased processing capacity from 30,000 tpd to 60,000 tpd.

Revenue from the Jiama Mine was US$37.5 million compared to US$35.4 million for the same period in 2014. Total copper sold was 6,434 tonnes (14.2 million pounds) for the three months ended September 30, 2015, an increase of 31% from 4,917 tonnes (10.84 million pounds) for the same period in 2014.

Cost of sales of US$82.8 million for the quarter ended September 30, 2015, an increase of US$26.1 million from US$56.7 million for the same period in 2014. CSH contributed to 67% of the overall increase in cost of sales, due to a 16% increase in its revenue resulting from higher production volume, increased processing capacity and increased waste rock removal costs. Jiama contributed to 33% of the increase in cost of sales. Cost of sales as a percentage of revenue for the Company increased to 83% from 64% for the three months ended September 30, 2015 compared to 2014.

Mine operating earnings of US$17.2 million for the three months ended September 30, 2015 decreased by 47%, or US$15.4 million, from US$32.6 million for the same period in 2014. Mine operating earnings as a percentage of revenue decreased to 17% from 36% for the three months ended September 30, 2015 compared to 2014. The decrease in mine operating earnings as a percentage of revenue can be attributed to a 19% decrease in the realized average price of copper per pound and an 11% decrease in the realized average price of gold per ounce for the three months ended September 30, 2014 and 2015, respectively

General and administrative expenses decreased by US$0.2 million, from US$5.5 million for the quarter ended September 30, 2014 to US$5.3 million for the quarter ended September 30, 2015. The decrease is consistent with the Company's cost reduction program.

Income from operations for the third quarter of 2015 of US$11.8 million decreased by US$15.1 million from US$26.9 million for the same period in 2014.

Finance costs of US$7.2 million for the three months ended September 30, 2015 decreased by US$0.6 million, from US$7.8 million for the same period in 2014. During the three months ended September 30, 2015, interest payments of US$6.4 million (2014: US$4.4 million) were capitalized for borrowing costs related to the Jiama Mine expansion.

Foreign exchange loss increased to a loss of US$8.6 million for the three months ended September 30, 2015 from a loss of US$0.3 million for the same 2014 period. The 2015 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. During August 2015, The People's bank of China depreciated the RMB by approximately 3% against the US dollar in an effort to correct exchange rate misalignment.

Interest and other income of US$4.7 million for the three months ended September 30, 2015 increased from US$2.4 million for the three months ended September 30, 2014, due to interest income earned on term deposits and related party loans using the proceeds of the bonds issued in July 2014.

Income tax expense of US$5.9 million for the third quarter of 2015 increased by 23%, from US$4.8 million for the comparative 2014 period. During the current quarter, the Company had US$3.5 million of deferred tax expense compared to US$1.4 million of deferred tax credit in 2014.

Net loss of the Company decreased by US$21.6 million from a net income of US$16.4 million for the three months ended September 30, 2014 to a net loss of US$5.2 million for the three months ended September 30, 2015.

Nine months ended September 30, 2015 compared to nine months ended September 30, 2014

Revenue of US$261 million for the nine months ended September 30, 2015 increased by US$86.5 million or 50%, from US$174.5 million for the same period in 2014.

Revenue from the CSH Mine was US$172.9 million (2014: US$113.6 million), an increase of US$59.3 million, due to a 67% increase in gold sales volume. Gold produced by the CSH Mine was 148,798 ounces (gold sold: 152,361 ounces), compared to 99,813 ounces (gold sold: 91,096 ounces) for the same period in 2014. The increase is directly attributed to the commencement of commercial production of the new heap leaching and processing system in October 2014. The CSH mine processing capacity has increased from 30,000 tpd to 60,000 tpd.

Revenue from the Jiama Mine was US$88.1 million compared to US$60.9 million for the same period in 2014. Total copper sold was 14,326 tonnes (31.6 million pounds) for the nine months ended September 30, 2015, an increase of 73% from 8,273 tonnes (18.2 million pounds) for the same period in 2014. The increase 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$202.3 million for the nine months ended September 30, 2015, increased by US$94.2 million from US$108 million for the same period in 2014. The increase in cost of sales is attributed to higher sales volumes of both gold and copper. CSH contributed US$62.3 million to the overall increase of cost of sales due a 52% increase in its revenue, resulting from the commencement of commercial production in October 2014. Jiama contributed US$32 million to the overall increase in cost of sales due to a 45% increase in its revenue. Cost of sales as a percentage of revenue for the Company increased to 78% from 62% for the nine months ended September 30, 2015 compared to 2014.

Mine operating earnings of US$58.7 million for the nine months ended September 30, 2015 decreased by 12%, or US$7.7 million, from US$66.4 million for the comparative 2014 period. Mine operating earnings as a percentage of revenue decreased from 38% to 22% for the nine months ended September 30, 2015 compared to 2014. The decrease in mine operating earnings as a percentage of revenue can be attributed to a 16% decrease in the realized average price of copper per pound and a 9% decrease in the realized average price of gold per ounce for the nine months ended September 30, 2014 and 2015, respectively.

General and administrative expenses decreased by US$0.1 million, from US$17.4 million for the nine months ended September 30, 2014 to US$17.3 million for the comparative period in 2015.

Income from operations for the nine months ended September 30, 2015 of US$41.2 million, decreased by US$7.5 million from US$48.7 million for the same period in 2014.

Finance costs of US$22.3 million for the nine months ended September 30, 2015 increased by US$7.3 million, from US$15.0 million for the same period in 2014. The increase is primarily due to the interest expense of the US$500 million bonds issued in July 2014. During the nine months ended September 30, 2015, US$18.7 million (2014: US$11.6 million) of interest payments were capitalized for borrowing costs related to the Jiama Mine expansion.

Foreign exchange Gain or loss decreased to a loss of US$7.9 million for the nine months ended September 30, 2015 from a gain of US$0.6 million for the same 2014 period. The 2015 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. During August 2015, The People's bank of China depreciated the RMB by approximately 3% against the US dollar in an effort to correct exchange rate misalignment.

Interest and other income of US$14.2 million for the nine months ended September 30, 2015 increased from US$3.9 million for the nine months ended September 30, 2014. The increase is due to interest income earned on term deposits and related party loans using the proceeds of the bonds issued in July 2014.

Income tax expense of US$13.6 million for the nine months ended September 30, 2015 increased by 13%, from US$12 million for the comparative 2014 period. During the current period, the Company had US$5 million of deferred income tax expense compared to US$2.35 million in 2014, the change is attributed to the depreciation of the RMB.

Net income of the Company decreased by US$14.6 million or 56% from US$26.2 million for the nine months ended September 30, 2014 to US$11.6 million for the nine months ended September 30, 2015. During the nine months ended September 30, 2015, the Company's production levels increased by 49% in gold and 39% in copper, however, were offset by the decline in commodity prices.

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 and Jiama Mine for the three and nine months ended September 30, 2015 and 2014:

CSH Mine

	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2015 US$	2014 US$	2015 US$	2014 US$
Cost of mining per tonne of ore	**1.43**	1.62	**1.43**	1.46
Cost of mining waste per tonne of ore	**3.66**	2.16	**2.92**	1.73
Other mining costs per tonne of ore	**0.29**	0.27	**0.30**	0.34
Total mining costs per tonne of ore	**5.38**	4.05	**4.65**	3.53
Cost of reagents per tonne of ore	**1.16**	1.11	**0.89**	0.79
Other processing costs per tonne of ore	**0.96**	2.03	**0.99**	1.12
Total processing cost per tonne of ore	**2.12**	3.14	**1.88**	1.91

Jiama Mine

	Three months ended Sep. 30,		Nine months ended Sep. 30,	
	2015 US$	2014 US$	2015 US$	2014 US$
Cost of mining per tonne of ore	**14.03**	14.94	**14.52**	15.51
Cost of mining waste per tonne of ore (1)	**-**	-	**-**	-
Other mining costs per tonne of ore	**8.18**	9.96	**7.95**	10.46
Total mining costs per tonne of ore	**22.20**	24.91	**22.46**	25.96
Processing costs per tonne of ore	**17.03**	16.83	**14.89**	17.58

(1) Mining activities were conducted in the underground mine during the period and no waste rocks removal costs incurred

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,**			
	2015		2014		**2015**		2014	
	US$	**US$ Per ounce**	US$	US$ Per ounce	**US$**	**US$ Per ounce**	US$	US$ Per ounce
Total production costs	**49,599,389**	**874**	32,145,747	734	**130,337,312**	**855**	68,067,189	747
Adjustments	**(9,871,894)**	**(174)**	(7,585,119)	(173)	**(28,746,561)**	**(189)**	(18,965,232)	(208)
Total cash production costs	**39,727,495**	**700**	24,560,628	561	**101,590,752**	**666**	49,101,957	539

Jiama Mine (Copper)

	Three months ended September 30,				**Nine months ended September 30,**			
	2015		2014		**2015**		2014	
	US$	**US$ Per Pound**	US$	US$ Per pound	**US$**	**US$ Per Pound**	US$	US$ Per pound
Total production costs	**38,116,793**	**2.69**	29,353,163	2.71	**86,774,293**	**2.75**	54,018,709	2.96
Adjustments	**(3,873,060)**	**(0.28)**	(3,956,245)	(0.36)	**(13,079,697)**	**(0.41)**	(11,971,287)	(0.66)
Total cash production costs	**34,243,733**	**2.41**	25,396,918	2.34	**73,694,596**	**2.33**	42,047,422	2.31
By-product credits	**(12,551,713)**	**(0.88)**	(9,054,383)	(0.84)	**(27,651,482)**	**(0.88)**	(17,387,019)	(0.95)
Total cash production costs after by-products credits	**21,692,020**	**1.53**	16,342,535	1.51	**46,043,114**	**1.46**	24,660,403	1.35

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 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. Ltd, a 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%.

The CSH mine has two open-pit mining operations and was operating at a 30,000 tpd capacity during Phase I. The Company completed Phase II expansion construction and entered into commercial production in the fourth quarter of 2014. Since the commencement of Phase II commercial production, CSH has increased its processing capacity to 60,000 tpd.

Production Update

CSH Mine

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
Ore placed on pad (tonnes)	**5,478,359**	6,498,088	**16,424,529**	17,500,907
Average grade of ore (g/t)	**0.54**	0.57	**0.55**	0.55
Recoverable gold (ounces)	**58,657**	69,544	**172,245**	182,495
Ending ore inventory (ounces)	**186,096**	152,787	**186,096**	152,787
Waste rock mined (tonnes)	**36,477,973**	24,793,829	**80,185,849**	61,102,549

For the three months ended September 30, 2015, the total amount of ore put on the leach pad was 5.5 million tonnes, with total contained gold of 58,657 ounces. The accumulative project-to-date gold recovery rate has increased from approximately 50.64 % at the end of June 2015 to 51.05% at the end of September 2015.

Exploration

The Company continues to conduct surface reconnaissance and exploration for expansion opportunities around the CSH Mine, with specific focus for 2015 on the mineralization below the current final open pit shell, especially the west end of the Northeast Pit, where a 2012 deep drill hole intersected over 306 meters (from 391.42m to 697.66m) of continuous gold mineralization averaging 0.54 g/t Au, which may further increase the open-pitable resource for the Northeast Pit and lead to possible joining up the Northeast Pit and Southwest Pit. Over 4000 meters of deep drilling has been planned for 2015 in this area. Currently, due to very broken ground conditions, the drilling is progressing slowly with assay results pending.

Mineral Resource Update

CSH Mine Resources by category, Northeast and Southwest pits combined at December 31, 2014 under NI 43-101:

			Contained Gold	
Type	**Quantity Mt**	**Au g/t**	**tonne**	**Moz**
Measured	50.67	0.65	32.90	1.06
Indicated	152.10	0.60	90.65	2.91
M+I	202.77	0.61	123.55	3.97
Inferred	85.40	0.51	43.38	1.39

Mineral Reserves Update

CSH Mine Reserves by category, Northeast and Southwest pits combined at December 31, 2014 under NI 43-101:

			Contained Gold	
Type	**Quantity Mt**	**Au g/t**	**tonne**	**Moz**
Proven	49.83	0.65	32.55	1.05
Probable	108.82	0.61	66.64	2.14
Total	**158.65**	**0.63**	**99.19**	**3.19**

The Jiama Mine

The Company acquired the Jiama Mine on December 1, 2010. Jiama is a large copper-gold 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. Phase I of the Jiama Mine commenced mining operations in the latter half of 2010 and reached its design capacity of 6,000 tpd in early 2011.

Phase II Expansion
The Jiama Expansion Program

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

The expansion program is implemented in two stages, adding 22,000 tpd mineral processing capacity in each stage. Two source pits ready to provide ore feed. Stage one of the processing plant is also ready for loaded test run, and started the commissioning in October 2015. Stage two of the expansion has been started and construction is expected to be completed in the second half of 2016, along with the completion of the underground development system.

Production Update

Jiama Mine	**Three months ended September 30,**		**Nine months ended September 30,**	
	2015	2014	**2015**	2014
Ore mined (tonnes)	**666,607**	404,133	**1,792,348**	1,058,849
Waste mined (tonnes)	**-**	-	**-**	-
Average copper grade of ore (%)	**0.73**	0.76	**0.79**	0.79
Copper recovery rate (%)	**92**	91	**92**	91
Average gold grade of ore (g/t)	**0.47**	0.37	**0.45**	0.40
Gold recovery rate (%)	**71**	67	**68**	67
Average silver grade of ore (g/t)	**19.40**	21.38	**22.16**	25.34
Silver recovery rate(%)	**69**	66	**68**	66

Exploration

The Company has not carried out any additional exploration at the Jiama Mine in the three months ended September 30, 2015 as it has been focusing on the phase II expansion program.

Mineral Resources Estimate

An NI 43-101 compliant mineral resource estimate was independently completed by Mining One Pty Ltd. in November 2013, based on information collected up to November 12, 2012. The drilling program subsequent to November 2012, including an extensive drill program conducted in 2013, will be included in future updates of the Mineral Resources and Reserves.

Mining One Pty Ltd. noted that gold and silver mineralization within the ore body had a significantly higher spatial variability than the other elements, and as a result, classified the Au and Ag resource presented in the Table separately. This classification takes into account the proposed large scale mining techniques where Au and Ag will only be credits to the overall products from the operations. Mining One Pty Ltd has assumed that Au and Ag will not be assigned a single cut-off grade for a selected mining block and will be mined in conjunction with the other elements.

Jiama Project - Cu, Mo, Pb, Zn ,Au, and Ag Mineral Resources under NI 43-101

Reported at a 0.3% Cu Equivalent Cut off grade*, as of December 31, 2014

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Measured	99.00	0.41	0.04	0.04	0.02	0.11	6.53	405	35	43	23	0.306	19.526
Indicated	1385.00	0.41	0.03	0.05	0.03	0.11	6.11	5716	468	751	471	4.985	272.349
M+I	1484.10	0.41	0.03	0.05	0.03	0.11	6.14	6121	503	794	494	5.334	293.389
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1247	123	311	175	1.317	66.926

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

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

CuEq Resources = (Ag Grade * Ag Price + Au Grade * Au Price + Cu Grade * Cu Price + Pb Grade * Pb Price + Zn Grade * Zn Price + Mo Grade * Mo Price) / Copper Price

Mineral Reserves Estimate

A Mineral Reserve estimate, dated November 20, 2013, has been independently verified by Mining One Pty Ltd. in accordance with the CIM Definitions Standards under NI 43-101.

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2014

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Proven	23.76	0.63	0.04	0.05	0.03	0.24	10.72	150	10	11	8	0.185	8.192
Probable	415.07	0.61	0.03	0.13	0.08	0.19	11.50	2541	133	551	319	2.490	153.495
P+P	438.83	0.61	0.03	0.13	0.07	0.19	11.46	2692	143	562	326	2.674	161.686

Notes:

1. All Mineral Reserves have been estimated in accordance with the JORC code and have been reconciled to CIM standards as prescribed by the NI 43-101.
2. Mineral Reserves were estimated using the following mining and economic factors:

Open Pits:

- a) 5% dilution factor and 95% recovery were applied to the mining method;
- b) overall slope angles of 43 degrees;
- c) a copper price of US$2.9/lbs;
- d) an overall processing recovery of 88 - 90% for copper

Underground:

- a) 10% dilution added to all Sub-Level Open Stoping;
- b) Stope recovery is 87% for Sub-Level Open Stoping;
- c) An overall processing recovery of 88 – 90% for copper.

3. The cut-off grade for Mineral Reserves has been estimated at copper equivalent grades of 0.3% Cu (NSR) for the open pits and 0.45% Cu (NSR) for the underground mine.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for working capital to finance the expansion of its mining and processing operations, exploration activities and acquisition of exploration and mining rights. The Company's principal sources of funds have been proceeds from borrowing from commercial banks in China, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

At September 30, 2015, the Company had an accumulated surplus of US$205 million, working capital deficit of US$204 million and borrowings of US$907 million. The Company's cash balance at September 30, 2015 was US$92.0 million. Management believes that its forecast operating cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures and current debt repayments.

Inner Mongolia Pacific, Huatailong and China Gold Finance entered into a Financial Services Agreement on May 29, 2015 pursuant to which China Gold Finance will satisfy the financial services needs of Inner Mongolia Pacific and Huatailong by providing the certain functions performed by financial institutions offering flexibility and favourable terms for three years with an effect from the date of satisfaction of (i) China Gold Finance successfully obtaining all necessary licenses and permits required to carry out the financial services contemplated under the Financial Services Agreement, and (ii) the approval of the Financial Services Agreement by the Shareholders at the Meeting.

On November 3, 2015, The Company announced that Tibet Huatailong Mining Development Corp. Ltd. ("Tibet Huatailong"), the Company's wholly-owned subsidiary, entered into a Loan Facility Agreement with a syndicate of banks ("The Lenders"), for the aggregate principal amount of RMB3.98 billion, approximately US$627 million. The syndicate of banks include the Bank of China as the "Lead Manager", in addition to the other Lenders consisting of Agricultural Bank of China, China Construction Bank and Bank of Tibet. The Loan Facility is subject to a floating rate, currently set at 2.83% per annum, set by the People's Bank of China Lhasa Center Branch's interest rate bench mark, discounted by 7 base points (or 0.07%). Repayment of the Loan Facility is scheduled to begin in May 2019 and will reach full maturity and repayment in November 2029. The proceeds of the Loan Facility are to be used for the development of the Company's Jiama Copper-Gold Polymetallic Mine.

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, 2015 and September 30, 2014.

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Net cash from (used in) operating activities	**19,659**	(15,476)	**5,043**	(25,291)
Net cash used in investing activities	**(45,126)**	(64,052)	**(200,404)**	(203,710)
Net cash (used in) from financing activities	**(1,077)**	554,747	**(277,560)**	707,139
Net increase (decrease) in cash and cash equivalents	**(26,544)**	475,219	**(472,921)**	478,138
Effect of foreign exchange rate changes on cash and cash equivalents	**(624)**	1,031	**(672)**	(1,360)
Cash and cash equivalents, beginning of period	**119,153**	106,415	**565,578**	105,887
Cash and cash equivalents, end of period	**91,985**	582,665	**91,985**	582,665

Operating cash flow

For the three months ended September 30, 2015, the net cash inflow from operating activities was US$19.7 million which is primarily attributable to (i) depreciation and depletion of US$18.5 million, (ii) unrecognized foreign exchange loss of US$16.4 million and (iii) finance cost of US$7.2 million, partially offset by (i) interest paid of US $12.9 million, (ii) increase in prepaid expenses and deposits of US$4.0 million, and (iii) income tax paid of US$3.0 million.

For the nine months ended September 30, 2015, the net cash inflow from operating activities was US$5.0 million which is primarily attributable to by (i) depreciation and depletion of US$53.2 million, (ii) profit before income tax of US$25.2 million and (iii) finance cost of US$22.3 million, partially offset by (i) interest paid of US$39.0 million, (ii) increase in accounts receivable of US$35.1 million and (iii) increase in inventory of US$31.5 million.

Investing cash flow

For the three months ended September 30, 2015, the net cash outflow from investing activities was US$45.1 million, which is primarily attributable to payment for the acquisition of property, plant and equipment of US$45.5 million.

For the nine months ended September 30, 2015, the net cash outflow from investing activities was US$ 200.4 million, which is primarily attributable to payment for the acquisition of property, plant and equipment of US$186.2 million.

Financing cash flow

For the three months ended September 30, 2015, the net cash outflow from financing activities was US$1.1 million, which is primarily attributable to repayments of borrowings of US$19.3 million, partially offset by proceeds from borrowings of US$18.2 million.

For the nine months ended September 30, 2015, the net cash outflow from financing activities was US$277.6 million, which is primarily attributable to repayments of borrowings of US$453.5 million, partially offset by proceeds bank loans of US$176.2 million.

Restrictive covenants

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

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. Jiama mine must maintain its debt ratio (defined in the loan agreement as Jiama's total liabilities divided by total assets) at or smaller than 75%.

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, 2015 and June 30, 2015. The following table outlines principal payments on bank loans for the periods indicated:

	Total	Within One year	Within Two to five years	Over 5 years
	US$'000	US$'000	US$'000	US$'000
Principal repayment of bank loans	**406,802**	**356,306**	**50,496**	-
Repayment of bonds	**500,219**	**17,136**	**483,083**	-
Total	**907,021**	**373,442**	**533,579**	-

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, 2015 and September 30, 2014.

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 gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of silver as quoted on the Shanghai Huatong Platinum & Silver Exchange prevailing at the time of each relevant purchase order during the contract period. On January 27, 2012, the 2008 Contract was renewed for another three years ending December 31, 2014 and subsequently on June 30, 2014 for the period of January 1, 2015 to December 31, 2017.

Revenue from sales of gold doré bars to CNG increased from US$113.6 million for the nine months ended September 30, 2014 to US$172.9 million for the nine months ended September 30, 2015.

On May 29, 2015, the Company entered into a revised continuing connected transaction and major transaction amending the Product and Service Framework Agreement with CNG. According to the amendments, CNG purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. For the nine month ended September 30, 2015, revenue from sales of copper concentrate and other products to CNG was US$17.7 million, compared to US$5.8 million for the same period in 2014.

For the nine months ended September 30, 2015, construction services of US$48.2 million were provided to the Company by subsidiaries of CNG (US$81.9 million for the nine months ended September 30, 2014).

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, including a Financial Services Agreement entered on May 29, 2015 among Inner Mongolia Pacific, Huatailong and China Gold Finance.

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, 2015.

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, 2014.

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, 2014.

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, 2015.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2015, 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, 2015 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, 2015 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, 2015, 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, 2015 and have concluded that these controls and procedures were effective as of September 30, 2015 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, 2015, 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 13, 2015

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

(incorporated in British Columbia, Canada with limited liability)

Report and Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

CONTENTS

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	NOTES	Three months ended September 30, 2015 US$'000	Three months ended September 30, 2014 US$'000	Nine months ended September 30 2015 US$'000	Nine months ended September 30 2014 US$'000
Revenues	15	99,948	89,257	260,982	174,457
Cost of sales		(82,752)	(56,687)	(202,305)	(108,057)
Mine operating earnings		17,196	32,570	58,677	66,400
Expenses					
General and administrative expenses	3	(5,330)	(5,523)	(17,346)	(17,430)
Exploration and evaluation expenditure		(45)	(129)	(145)	(226)
		(5,375)	(5,652)	(17,491)	(17,656)
Income from operations		11,821	26,918	41,186	48,744
Other (expenses) income					
Foreign exchange (loss) gain, net		(8,606)	(300)	(7,913)	633
Interest and other income		4,658	2,429	14,249	3,858
Finance costs	4	(7,181)	(7,826)	(22,275)	(15,004)
		(11,129)	(5,697)	(15,939)	(10,513)
Profit before income tax		692	21,221	25,247	38,231
Income tax expense	5	(5,850)	(4,790)	(13,598)	(12,047)
Profit (loss) for the period		(5,158)	16,431	11,649	26,184
Other comprehensive (expense) income for the period					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation		(5,944)	3,349	(5,700)	(3,569)
Fair value loss on available-for-sale investment		(6,003)	(1,215)	(5,635)	(3,209)
Total comprehensive income (expense) for the period		(17,105)	18,565	314	19,406
Profit (Loss) for the period attributable to					
Non-controlling interests		417	502	1,234	1,437
Owners of the Company		(5,575)	15,929	10,415	24,747
Income (expense) from operations		(5,158)	16,431	11,649	26,184
Total comprehensive income (expense) for the period attributable to					
Non-controlling interests		396	676	1,055	1,590
Owners of the Company		(17,501)	17,889	(741)	17,816
		(17,105)	18,565	314	19,406
Earnings (loss) per share					
Basic and diluted ($US)	6	(1.41) cents	4.02 cents	2.63 cents	6.24 cents
Weighted average number of common shares outstanding					
Basic and diluted ($US)	6	396,413,753	396,413,753	396,413,753	396,413,753

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2015

	NOTES	September 30, 2015 US$'000	December 31, 2014 US$'000 (audited)
Current assets			
Cash and cash equivalents		91,985	565,578
Trade and other receivables	7	62,024	13,058
Prepaid expenses and deposits		11,332	17,719
Prepaid lease payments		229	232
Inventory	8	190,717	159,580
		356,287	756,167
Non-current assets			
Prepaid expenses and deposits		10,580	6,466
Prepaid lease payments		7,819	8,140
Deferred tax assets		3,499	9,037
Available-for-sale investments		15,856	21,544
Property, plant and equipment	9	1,422,368	1,274,334
Mining rights		932,989	937,806
		2,393,111	2,257,327
Total assets		2,749,398	3,013,494
Current liabilities			
Accounts payable and accrued expenses	10	179,100	162,669
Borrowings	11	373,442	526,839
Tax liabilities		7,588	8,912
		560,130	698,420
Net current (liabilities) assets		(203,843)	57,747
Total assets less current liabilities		2,189,268	2,315,074

	NOTES	September 30, 2015 US$'000	December 31, 2014 US$'000 (audited)
Non-current liabilities			
Entrusted loan payable	12	31,462	32,221
Borrowings	11	533,579	658,936
Deferred tax liabilities		125,610	126,036
Deferred income		1,311	1,791
Environmental rehabilitation		32,136	30,932
		724,098	849,916
Total liabilities		1,284,228	1,548,336
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		18,271	29,427
Retained profits		204,920	194,505
		1,452,252	1,452,993
Non-controlling interests		12,918	12,165
Total owners' equity		1,465,170	1,465,158
Total liabilities and owners' equity		2,749,398	3,013,494

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on November 13, 2015 and are signed on its behalf by:

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	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, 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 gain on available-for-sale investment	-	-	-	(3,209)	-	-	-	(3,209)	-	(3,209)
Exchange difference arising on translation of foreign operation	-	-	-	-	(3,722)	-	-	(3,722)	153	(3,569)
Total comprehensive income for the period	-	-	-	(3,209)	(3,722)	-	24,747	17,816	1,590	19,406
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
At January 1, 2015 (audited)	396,413,753	1,229,061	11,179	(722)	7,615	11,355	194,505	1,452,993	12,165	1,465,158
Profit for the period	-	-	-	-	-	-	10,415	10,415	1,234	11,649
Fair value loss on available-for-sale investment	-	-	-	(5,635)	-	-	-	(5,635)	-	(5,635)
Exchange difference arising on translation	-	-	-	-	(5,521)	-	-	(5,521)	(179)	(5,700)
Total comprehensive income (expense) for the period	-	-	-	(5,635)	(5,521)	-	10,415	(741)	1,055	314
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(302)	(302)
At September 30, 2015 (unaudited)	396,413,753	1,229,061	11,179	(6,357)	2,094	11,355	204,920	1,452,252	12,918	1,465,170

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.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Net cash (used in) from operating activities	19,659	(15,476)	5,043	(25,291)
Net cash used in investing activities				
Payment for acquisition of property, plant and equipment	(45,496)	(57,008)	(186,204)	(193,795)
Deposit paid for acquisition of property, plant and equipment	-	(7,044)	(551)	(9,915)
Proceeds from disposal of property, plant And equipment	370	-	370	-
Loan to a related company	-	-	(14,019)	-
	(45,126)	(64,052)	(200,404)	(203,710)
Net cash (used in) from financing activities				
Repayments of borrowings	(19,253)	(62,436)	(453,504)	(146,494)
Proceeds from borrowings	18,176	600,547	176,246	805,032
Proceeds from entrusted loan	-	16,636	-	48,808
Dividends paid to a non-controlling shareholder	-	-	(302)	(207)
	(1,077)	554,747	(277,560)	707,139
Net (decrease) increase in cash and cash equivalents	(26,544)	475,219	(472,921)	478,138
Effect of foreign exchange rate changes on cash and cash equivalents	(624)	1,031	(672)	(1,360)
Cash and cash equivalents, beginning of period	119,153	106,415	565,578	105,887
Cash and cash equivalents, end of period	91,985	582,665	91,985	582,665

1. BASIS OF PREPARATION

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

At September 30, 2015, the Group's current liabilities exceeded its current assets by approximately US$204 million. In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has successfully obtained a loan facility with a syndicate of banks, for the aggregate principal amount of RMB3.98 billion, approximately US$627 million, as disclosed in Note 19, on November 3, 2015. Taking into account the Group's future capital expenditure in respect of its non-cancellable capital commitments, the directors of the Company consider that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended September 30, 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2014.

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

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the amendments to IFRSs in the current interim period has had no material effect on the amounts reported 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,	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Administration and office	2,071	1,815	6,370	5,918
Professional fees	605	400	1,534	2,045
Salaries and benefits	1,885	2,464	6,942	6,703
Depreciation of property, plant and equipment	619	663	1,926	1,933
Others	150	181	574	831
Total general and administrative expenses	5,330	5,523	17,346	17,430

4. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Effective interest on borrowings	12,921	11,569	39,029	24,651
Accretion on environmental rehabilitation	651	662	1,966	1,985
	13,572	12,231	40,995	26,636
Less: Amount capitalised to property, plant and equipment	(6,391)	(4,405)	(18,720)	(11,632)
	7,181	7,826	22,275	15,004

5. INCOME TAX EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
PRC Enterprise Income Tax	2,318	6,204	8,578	9,695
Deferred tax expense (credit)	3,532	(1,414)	5,020	2,352
Total income tax expense	5,850	4,790	13,598	12,047

6. EARNINGS (LOSS) PER SHARE

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Profit (loss) for the period attributable to owners of the Company for the purposes of basic and diluted EPS (US$'000)	(5,575)	15,929	10,415	24,747
Weighted average number of shares, basic and diluted	396,413,753	396,413,753	396,413,753	396,413,753
Basic and diluted EPS (US)	(1.41) cents	4.02 cents	2.63 cents	6.24 cents

The computation of diluted EPS for the three and nine months ended September 30, 2015 and 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 of shares for the current period.

7. TRADE AND OTHER RECEIVABLES

	September 30, 2015 US$'000	December 31, 2014 US$'000
Trade receivables	39,115	8,303
Less: allowance for doubtful debts	(227)	(167)
	38,888	8,136
Amounts due from related companies (note 14(a))	2,948	4,591
Loan receivable (note 14(a))	14,198	-
Other receivables (Note)	5,990	331
Total accounts receivable and other receivables	62,024	13,058

Note: Included in the balance as at September 30, 2015 is an amount of approximately US$5.9 million value-added tax recoverable which is expected to be recovered within twelve months after the end of the reporting period.

The Group allows an average credit period ranging from 30 days and 180 days to its trade customers for gold doré bar sales and copper sales respectively.

7. TRADE AND OTHER RECEIVABLES - continued

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

	September 30, 2015 US$'000	December 31, 2014 US$'000
Less than 30 days	21,009	7,852
31 to 90 days	17,565	202
91 to 180 days	24	21
Over 180 days	290	61
	38,888	8,136

8. INVENTORY

	September 30, 2015 US$'000	December 31, 2014 US$'000
Gold in process	162,415	124,850
Gold doré bars	10,069	11,861
Consumables	7,085	5,674
Copper	833	7,327
Spare parts	10,315	9,868
Total inventory	190,717	159,580

Inventory totaling US$82 million and US$199 million for the three and nine months ended September 30, 2015 (three and nine months ended September 30, 2014: US$56.0 and US$105.6 million), respectively, were recognised in cost of sales.

9. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended September 30, 2015, the Group incurred approximately US$155.6 million on construction in progress (nine months ended September 30, 2014: approximately US$132.4 million) and approximately US$63.4 million on mineral assets (nine months ended September 30, 2014: approximately US$69 million), respectively.

Depreciation of property, plant and equipment was US$18.4 million and US$53.2 million (US$14.5 million and US$37.7 million for the three and nine months ended September 30, 2014) for three and nine months ended September 30, 2015. 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, 2015 US$'000	December 31, 2014 US$'000
Accounts payable	20,621	54,374
Construction cost payables	102,594	84,095
Advances from customers	14	14
Mining cost accrual	40,798	6,895
Payroll and benefit payables	1,595	4,249
Other accruals	4,382	5,976
Other tax payable	4,152	4,847
Other payables	4,944	2,219
	179,100	162,669

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

	September 30, 2015 US$'000	December 31, 2014 US$'000
Less than 30 days	7,727	44,446
31 to 90 days	1,884	2,521
91 to 180 days	1,113	1,584
Over 180 days	9,897	5,823
Total accounts payable	20,621	54,374

11. BORROWINGS

The borrowings are repayable as follows:

	September 30, 2015 US$'000	December 31, 2014 US$'000
Carrying amount repayable within one year or on demand	373,442	526,839
Carrying amount repayable within one to two years	502,117	183,661
Carrying amount repayable within two to five years	31,462	475,275
	907,021	1,185,775
Less: Amounts due within one year (shown under current liabilities)	(373,442)	(526,839)
Amounts shown under non-current liabilities	533,579	658,936

Note: As at September 30, 2015, a loan with principal amount of RMB136 million, equivalent to approximately US$21 million (December 31, 2014: RMB397 million, equivalent to US$64 million) with original repayment terms due in November 2015, did not meet the loan covenants primarily related to the current ratio of a PRC subsidiary of the Company. The lender did not request accelerated repayment of the loan.

Analysed as:

	September 30, 2015 US$'000	December 31, 2014 US$'000
Secured	-	80,553
Unsecured	907,021	1,105,222
	907,021	1,185,775

Borrowings carry interest at effective interest rates ranging from 3.5% to 6.0% (December 31, 2014: 3.5% to 6.0%) per annum.

12. ENTRUSTED LOAN PAYABLE

On January 17, 2015, the Group entered into a three-year entrusted loan agreement with China National Gold Group Corporation ("CNG"), a substantial shareholder of the Company (Note 14) and China Construction Bank ("CCB") in which CNG provided a loan of RMB200 million (equivalent to approximately US$31,462,000) 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 and repayable quarterly until the maturity date. The principal amount is to be repaid on January 17, 2017.

13. SHARE CAPITAL AND OPTIONS

(a) Common shares

Authorized - Unlimited common shares without par value

Issued and outstanding – 396,413,753 (December 31, 2014: 396,413,753) common shares at September 30, 2015.

(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 remaining 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 exercise price is the weighted average price of the common shares for the five days on which they were traded immediately preceding the approval by the board of directors.

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

	January 1, 2015 to September 30, 2015		January 1, 2014 to December 31, 2014	
	Number of options	Weighted average exercise price CAD	Number of options	Weighted average exercise price CAD
Balance at January 1	400,000	5.56	400,000	5.56
Options expired	(400,000)	5.56	-	-
Balance, end of period	-	-	400,000	5.56

No stock options were granted during the nine months ended September 30, 2015 and the year ended December 31, 2014.

13. SHARE CAPITAL AND OPTIONS - continued

(b) Stock options - continued

The following table summarises information about stock options outstanding and exercisable at December 31, 2014:

	Options outstanding			Options exercisable	
Expiring in	Number outstanding	Remaining contractual life (years)	Weighted average exercise price CAD	Number exercisable	Weighted average exercise price CAD
June 2015	400,000	0.42	5.56	400,000	5.56

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, 2015 %	December 31, 2014 %
CNG	39.3	39.3

14. RELATED PARTY TRANSACTIONS - continued

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

(i) Transactions/balances with CNG and its subsidiaries

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Gold doré bar sales by the Group	62,400	53,912	172,877	113,573
Copper and other product sales by the Group	17,768	701	17,768	5,767
Provision of transportation services by the Group	162	2,251	1,369	3,438
Construction services provided to the Group	4,099	12,579	48,159	81,881
Entrusted loan provided to the Group	-	16,292	31,462	48,876
Loan advanced by the Group	-	-	14,019	-
Loan provided to the Group	15,731	-	15,731	-

14. RELATED PARTY TRANSACTIONS - continued

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

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

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

	September 30, 2015 US$'000	December 31, 2014 US$'000
Assets		
Amounts due from related companies	2,948	4,591
Deposits	931	926
Loan receivable from a CNG subsidiary	14,198	-
Trade receivable from CNG	22,199	-
Total amounts due from CNG and its subsidiaries	40,276	5,517

Trade receivables from CNG are non-interest bearing, unsecured and repayable within 30 days from the invoice date, loan receivable from a CNG subsidiary carries a fixed interest rate of 5% per annum and is unsecured and repayable in April 2016. The remaining amounts due from CNG and its subsidiaries, which are included in trade and other receivables and deposits, are non-interest bearing, unsecured and repayable on demand.

	September 30, 2015 US$'000	December 31, 2014 US$'000
Liabilities		
Construction payable to CNG's subsidiaries	4,758	9,597
Customer advance paid by CNG's subsidiary	-	37
Entrusted loan payable to CNG	31,462	32,221
Other payable to CNG's subsidiaries	1,453	1,687
Loan payable to a CNG subsidiary	15,731	-
Total amounts due to CNG and its subsidiaries	53,404	43,542

The loan payable to a CNG subsidiary carries a fixed interest rate of 4.37% per annum and is unsecured and repayable in September 2016. With the exception of the entrusted loan payable to CNG and loan payable to a CNG subsidiary, the amounts due to CNG and its subsidiaries which are included in accounts payable and accrued expenses, are non-interest bearing, unsecured and repayable on demand.

(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, 2015 US$'000	December 31, 2014 US$'000
Asset		
Amount due from a non-controlling shareholder of a subsidiary (included in other receivable)	393	449

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 including the directors of the company during the years:

	Three months ended September 30,		Nine months ended September 30,	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Salaries and other benefits	197	225	605	641
Post employment benefits	-	-	13	12
	197	225	618	653

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.

15. SEGMENT INFORMATION - continued

(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.

(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, 2015

	Mine - produced gold US$'000	Mine - produced copper US$'000	Segment total US$'000	Unallocated US$'000	Consolidated US$'000
Revenue - External	172,877	88,105	260,982	-	260,982
Cost of sales	(130,337)	(71,968)	(203,305)	-	(202,305)
Mining operating earnings	42,540	16,137	58,677	-	58,677
Income from operations	42,395	4,188	46,583	(5,397)	41,186
Foreign exchange (loss), net	2,220	(9,644)	(7,424)	(489)	(7,913)
Interest and other income	(1,382)	2,546	1,164	13,085	14,249
Finance costs	(3,905)	(3,982)	(7,887)	(14,388)	(22,275)
Profit (loss) before income tax	39,328	(6,892)	32,436	(7,189)	25,247

Note: Exchange loss for the period is mainly from the revaluation of US$ denominated bonds which was converted into RMB for the Jiama Mine development.

For the nine months ended September 30, 2014

	Mine - produced gold US$'000	Mine - produced copper US$'000	Segment total US$'000	Unallocated US$'000	Consolidated 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

15. SEGMENT INFORMATION - continued

(a) Segment revenues and results - 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, 2015 and 2014.

(b) Segment assets and liabilities

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

	Mine - produced gold	Mine - produced copper	Segment total	Unallocated	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000
As of September 30, 2015					
Total assets	653,422	1,994,015	2,647,437	101,961	2,749,398
Total liabilities	179,609	602,621	782,230	501,998	1,284,228
As of December 31, 2014					
Total assets	590,157	1,898,623	2,488,780	524,714	3,013,494
Total liabilities	199,809	848,552	1,048,361	499,975	1,548,336

16. FINANCIAL INSTRUMENTS

As at September 30, 2015 and December 31, 2014, 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, 2015, US$13,654,000 (December 31, 2014: US$19,289,000) 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, 2015, the fair value decrease of US$5,635,000 was recorded in other comprehensive income.

As at September 30, 2015, US$2,202,000 (December 31, 2014: US$2,255,000) 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, 2014. 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 potential loss cannot be measured reliably.

18. EVENTS AFTER THE REPORTING PERIOD

On November 3, 2015, The Company announced that Tibet Huatailong Mining Development Corp. Ltd. (“Tibet Huatailong”), the Company’s wholly-owned subsidiary, entered into a Loan Facility Agreement with a syndicate of banks (“The Lenders”), for the aggregate principal amount of RMB3.98 billion, approximately US$627 million. The syndicate of banks include the Bank of China as the “Lead Manager”, in addition to the other Lenders consisting of Agricultural Bank of China, China Construction Bank and Bank of Tibet. The Loan Facility is subject to a floating rate, currently set at 2.83% per annum, set by the People’s Bank of China Lhasa Center Branch’s interest rate bench mark, discounted by 7 base points (or 0.07%). Repayment of the Loan Facility is scheduled to begin in May 2019 and will reach full maturity and repayment in November 2029. The proceeds of the Loan Facility are to be used for the development of the Company’s Jiama Copper-Gold Polymetallic Mine.