CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.
中國黃金國際資源有限公司

(a company continued under the laws of British Columbia, Canada with limited liability)

(TSX Symbol: CGG / HKSE Stock Code: 2099)

FINAL RESULTS ANNOUNCEMENT

HIGHLIGHTS OF THE FINANCIAL RESULTS

	FOR THE YEAR ENDED DECEMBER 31,	
	2010	**2009**
	US$	*US$*
Revenues	**133,197,660**	81,047,414
Net income (loss)	**27,139,999**	(8,370,900)
Basic earnings (loss) per share	**0.1382**	(0.0558)
Diluted earnings (loss) per share	**0.1376**	(0.0558)
Net cashflows from operations	**10,908,799**	10,751,457
Property, plant and equipment	**297,901,855**	117,918,672
Property, plant and equipment expenditures	**13,230,847**	36,607,073
Cash and cash equivalents	**301,608,717**	23,984,660
Working capital (deficiency)	**224,796,158**	(9,449,740)

- The Company acquired Skyland Mining Limited, the owner of the Jiama Mine, on December 1, 2010 by issuing 170,252,294 common shares of the Company. The terms of the transaction were settled by a special committee of independent directors with the support of a valuation and fairness opinion by an independent securities firm. The terms of the transaction included a post-closing adjustment mechanism based on net working capital of Skyland as at December 1, 2010 which could adjust the total consideration paid. The working capital adjustment will be recorded in the second quarter of 2011 when the calculation and negotiations are finalized.

- On December 1, 2010, the Company completed a global equity offering of 53,660,000 common shares of the Company at a price of HK$44.68 (US$5.76) per common share. The Company realized gross proceeds of approximately HK$2.4 billion (approximately US$309 million).

- The Company also completed a dual primary listing of common shares on the Stock Exchange of Hong Kong Limited ("HKSE") and the Company's shares began trading on December 1, 2010 at the HKSE

- During December, the Company repaid its largest shareholder, CNG, the US$40 million term loan and accrued interest due to mature in December 2011 as well as the promissory notes of CAD7.5 million due to mature on June 26, 2011.

The Board of Directors (the "Board") of China Gold International Resources Corp. Ltd. (the "Company") is pleased to announce the audited consolidated financial statements and notes of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010 with comparative figures for 2009, as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

	NOTES	**2010** *US$*	**2009** *US$*
Revenues	3	133,197,660	81,047,414
Cost of sales		(68,641,323)	(56,178,404)
Mine operating earnings		64,556,337	24,869,010
Expenses			
General and administrative		5,341,038	3,714,554
Exploration and evaluation expenditure		721,296	1,909,015
		6,062,334	5,623,569
Income from operations		58,494,003	19,245,441
Other (expenses) income			
Gain on disposal of a subsidiary		20,000	—
Foreign exchange loss		(1,479,520)	(5,887,144)
Interest income		66,852	5,537
Listing expenses		(2,101,820)	(2,147,906)
Finance costs		(5,843,484)	(6,308,158)
Fair value change on warrant liabilities		(7,155,807)	(7,186,721)
		(16,493,779)	(21,524,392)
Profit (loss) before income tax		42,000,224	(2,278,951)
Income tax expense	4	14,860,225	6,091,949
Profit (loss) for the year		27,139,999	(8,370,900)
Other comprehensive income for the year			
Exchange difference arising on translation		237,244	—
Total comprehensive income (expense) for the year		27,377,243	(8,370,900)
Profit (loss) for the year attributable to			
Non-controlling interests		913,296	976,481
Owners of the Company		26,226,703	(9,347,381)
		27,139,999	(8,370,900)

	NOTES	2010	2009
		US$	US$
Total comprehensive income (expense) for the year attributable to			
Non-controlling interests		913,296	976,481
Owners of the Company		26,463,947	(9,347,381)
		27,377,243	(8,370,900)
Basic earnings (loss) per share	5	13.82 cents	(5.58) cents
Diluted earnings (loss) per share	5	13.76 cents	(5.58) cents
Basic weighted average number of common shares outstanding	5	189,770,654	167,629,459
Diluted weighted average number of common shares outstanding	5	190,669,565	167,629,459

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	NOTES	**2010** *US$*	**2009** *US$*
Current assets			
Cash and cash equivalents		301,608,717	23,984,660
Restricted cash		6,725,129	—
Accounts receivable		9,050,490	1,681,880
Prepaid expenses and deposits		3,418,499	1,734,181
Pepaid lease payments		137,808	—
Inventory	7	34,154,278	10,166,429
		355,094,921	37,567,150
Assets classified as held for sale		54,696	188,971
		355,149,617	37,756,121
Non-current assets			
Prepaid expense and deposits		2,395,882	—
Prepaid lease payments		6,634,081	—
Amount due from a non-controlling shareholder		419,768	—
Long-term receivable		—	49,689
Inventory	7	17,838,819	18,852,686
Property, plant and equipment		297,901,855	117,918,672
Intangible assets	8	975,282,711	—
		1,300,473,116	136,821,047
Total assets		1,655,622,733	174,577,168
Current liabilities			
Accounts payable and accrued expenses		90,836,277	35,072,604
Borrowings		31,861,146	12,092,005
Tax liabilities		7,631,847	—
		130,329,270	47,164,609
Liabilities classified as held for sale		24,189	41,252
		130,353,459	47,205,861

	NOTES	2010	2009
		US$	US$
Non-current liabilities			
Deferred lease inducement		143,213	193,758
Borrowings		180,785,118	80,841,331
Warrant liabilities		—	5,286,123
Deferred tax liabilities		138,310,971	1,339,601
Deferred income		712,610	—
Environmental rehabilitation		1,887,923	1,599,120
		321,839,835	89,259,933
Total liabilities		452,193,294	136,465,794
Net current assets (liabilities)		224,796,158	(9,449,740)
Total assets less current liabilities		1,525,269,274	127,371,307
Owners' equity			
Share capital		1,228,098,150	99,186,918
Reserve		11,397,030	3,125,447
Deficit		(39,246,500)	(65,473,203)
		1,200,248,680	36,839,162
Non-controlling interest		3,180,759	1,272,212
Total owners' equity		1,203,429,439	38,111,374
Total liabilities and owners' equity		1,655,622,733	174,577,168

Notes:

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with accounting policies which conform to International Financial Reporting Standards ("IFRS"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. NEW ACCOUNTING DEVELOPMENTS

New and revised Standards applied in the current year

In the current year, the Group has applied the following new and revised Standards issued by the International Accounting Standards Board ("IASB").

IFRS 3 (as revised in 2008)	Business Combinations
IAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements

HKFRS 3 (as revised in 2008) - Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

— HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognized identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of Skyland Group, the Group has elected to measure the non-controlling interests at the non-controlling interest's proportionate share of the net fair value of the assets and liabilities of the acquiree at the date of acquisition.

— HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognized at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognized in profit or loss.

— HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

— HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The application of the new and revised Standards in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

3. 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 to allocate resources to the segments and to assess their performance.

The chief operating decision-maker (“CODM”) which is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company.

Following to completion of acquisition of the Skyland Group, the CODM regularly reviews the following operations, the operating segments of the Group under IFRS 8:

(i) The mine-produced gold segment - the production of gold bullion through the Group’s integrated processes, i.e., mining, extraction, production and selling of gold ore to external clients through Inner Mongolia Pacific (owner of the CSH Mine).

(ii) The mine-produced copper segment - the production of copper multi products and other by-products.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the presentation for the year ended December 31, 2010.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by segment.

For the year ended December 31, 2010

	Mine-produced gold	**Mine-produced copper**	**Segment total and consolidated**
	US$	*US$*	*US$*
REVENUE - EXTERNAL	128,405,548	4,792,112	133,197,660
SEGMENT PROFIT	63,884,971	671,366	64,556,337
General and administrative			(5,341,038)
Exploration and evaluation expenditure			(721,296)
Gain on disposal of subsidiaries			20,000
Foreign exchange loss			(1,479,520)
Interest income			66,852
Listing expenses			(2,101,820)
Finance costs			(5,843,484)
Fair value change on warrant liabilities			(7,155,807)
Profit before income tax			42,000,224
Income tax expense			14,860,225
Profit for the year			27,139,999

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents gross profit of each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment after the acquisition of the Skyland Group.

For the year ended December 31, 2009, the Group had one operating segment of mine-produced gold and the relevant information was set out in the consolidated statement of comprehensive income.

(b) Segment assets and liabilities

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

	2010
	US$
Segment assets	
Mine-produced gold	174,669,469
Mine-produced copper	1,164,270,352
Total segment assets	1,338,939,821
Assets classified as held-for-sale	54,696
Cash and cash equivalents	301,608,717
Restricted cash	6,725,129
Accounts receivable	7,737,500
Prepaid expenses and deposits	354,089
Property, plant and equipment	202,781
Consolidated assets	1,655,622,733
Segment liabilities	
Mine-produced gold	33,832,667
Mine-produced copper	52,949,165
Total segment liabilities	86,781,832
Liabilities classified as held-for-sale	24,189
Amounts payable and accrued expenses	14,286,825
Borrowings	212,646,264
Deferred lease inducement	143,213
Deferred tax liabilities	138,310,971
Consolidated liabilities	452,193,294

As at December 31, 2009, the Group had one segment of mine-produced gold and the relevant information was set out in the consolidated statement of financial position.

(c) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	2010				
	Mine-produced gold	**Mine-produced copper**	**Segment total**	**Unallocated**	**Total**
	US$	*US$*	*US$*	*US$*	*US$*
Additions of property, plant and equipment	24,562,343	3,661,029	28,223,372	521,153	28,744,525
Depreciation of property, plant and equipment	8,808,446	602,013	9,410,459	224,564	9,635,023
Amortization of intangible assets	—	1,182,643	1,182,643	—	1,182,643
Release of prepaid lease payment	—	7,447	7,447	—	7,447
Gain on disposal of property, plant and equipment	15,777	—	15,777	—	15,777

For year ended December 31, 2009, the Group had one operating segment and relevant information was set out in the relevant notes to the consolidated financial statements.

(d) Geographical information

The Group operated in two geographical areas, Canada and China. The Group's corporate division located in Canada only earns revenues that are considered incidental to the activities of the Group and therefore does not meet the definition of an operating segment as defined in IFRS 8 Operating Segments. During the year ended December 31, 2010, the Group's revenue was generated from gold sales and copper multi products (2009: gold sales) to customers in China.

(e) Information about major customers

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

	2010	**2009**
	US$	*US$*
Revenue from customers attributable to gold sales		
- CNG	115,703,757	77,723,334

The Group sells approximately 90.1% and 95.9% of its gold to one creditworthy customer, CNG who is also the Group's substantial shareholder for the years ended December 31, 2010 and 2009, respectively. The sales to CNG do not constitute economic dependence for the Group as there are other customers in China to whom gold can be sold.

4. INCOME TAX EXPENSE

The Company and its subsidiaries incorporated in Canada are subject to Canadian federal and provincial taxes which are calculated at 28.5% (2009: 30%) of the estimated assessable profit for the year ended December 31, 2010. The Company and its subsidiaries incorporated in Canada had no assessable profit subject to Canadian federal and provincial tax since incorporation.

PRC Enterprise Income Tax is calculated at the prevailing tax rate of 25% on the taxable income of the group entities in the PRC for the years ended December 31, 2009 and 2010.

墨竹工卡縣甲瑪工貿有限公司 ("Jiama Industry and Trade"), a subsidiary acquired in December 2010 was established in the westward development area of the PRC and subject to preferential tax rate of 15% for 2010.

Under relevant PRC Tax Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated distributable profits of the PRC subsidiaries amounting to approximately US$67,300,000 and US$20,788,000 at December 31, 2010 and 2009, respectively, as the Company is able to control the timing of the reversal of temporary differences and it is probable the temporary differences will not reverse in the foreseeable future.

Taxation for other relevant jurisdictions is calculated at the rates prevailing in each of those jurisdictions respectively.

Tax expense comprises:

	2010	**2009**
	US$	*US$*
Current tax expense	13,498,808	4,752,348
Deferred tax expense	1,361,417	1,339,601
	14,860,225	6,091,949

The tax expense for the Group can be reconciled to the profit (loss) before income tax for the year per the consolidated statement of comprehensive income as follows:

	2010 *US$*	**2009** *US$*
Income (loss) before income tax	42,000,224	(2,278,951)
Canadian federal and provincial tax rates	28.50%	30.00%
Tax at the combined Canadian federal and provincial tax rates	11,970,064	(683,685)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(3,238,225)	(1,115,200)
Tax effect of tax losses not recognized	3,685,985	906,505
Tax effect of deductible temporary differences not recognized	250,178	1,332,787
Tax effect of non-deductible expenses and non-taxable income	1,829,924	4,915,682
Effect of change in future tax rates	362,299	735,860
	14,860,225	6,091,949

Certain deferred tax assets have been recognized to the extent of the deferred tax liabilities relating to taxable temporary differences recognized for the relevant entities. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010 *US$*	**2009** *US$*
Deferred income tax assets		
Property, plant and equipment	8,876,932	2,563,002
Prepaid expenses	—	1,357,529
Environmental rehabilitation	471,980	399,780
	9,348,912	4,320,311
Deferred income tax liabilities		
Intangible assets	(139,473,353)	—
Inventory	(6,886,439)	(4,989,052)
Prepaid lease payment	(102,100)	—
Others	(1,197,991)	(670,860)
	(147,659,883)	(5,659,912)
Net deferred income tax liabilities	(138,310,971)	(1,339,601)

The Group's unrecognized deferred income tax assets are as follows:

	2010	2009
	US$	*US$*
Deferred income tax assets		
Tax loss carry forwards	12,061,989	8,159,149
Other tax deductible temporary differences	4,496,825	4,246,647
Total unrecognized deferred income tax assets	16,558,814	12,405,796

Other deductible temporary differences primarily comprise of share issue costs, cumulative eligible capital expenditures and unrealized foreign exchange loss arising from inter-company loans that were incurred by the Company which are tax deductible according to relevant tax law in Canada. No deferred tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable and not probable.

The Group has unrecognized non-capital losses for income tax purposes that may be used to offset future taxable income as follows:

	December 31, 2010		
	Local currency	**US$ equivalent**	**Expiry date**
		US$	
Non-capital losses			
CAD	46,541,043	46,793,729	2013-2030
Chinese Renminbi ("RMB")	15,926,467	2,423,714	2015

	December 31, 2009		
	Local currency	**US$ equivalent**	**Expiry date**
		US$	
Non-capital losses			
CAD	34,268,100	32,636,597	2013-2029

5. EARNINGS (LOSS) PER SHARE

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

	2010	**2009**
	US$	*US$*
Income (loss) attributable to owners of the Company for the purpose of basic earnings (loss) per share	26,226,703	(9,347,381)
Weighted average number of shares, basic	189,770,654	167,629,459
Dilutive securities		
- Options	405,983	—
- Warrants	492,928	—
Weighted average number of shares, diluted	190,669,565	167,629,459
Basic earnings (loss) per share	13.82 cents	(5.58) cents
Diluted earnings (loss) per share	13.76 cents	(5.58) cents

Due to a net loss for the year ended December 31, 2009, all stock options and warrants were excluded from the diluted EPS computation because their effect would have been anti-dilutive.

All warrants have been exercised during the year ended December 31, 2010.

For the year ended December 31, 2010, the weighted average number of common shares has been adjusted for 53,660,000 shares issued in global offering and 170,252,294 shares issued to China National Gold (HK) Ltd. and Rapid Result Investment Ltd. for acquisition of 100% interest in Skyland Mining Limited ("Skyland"), both transactions occurring in December of 2010.

6. DIVIDEND

No dividends have been paid or declared by the Company during the years ended December 31, 2010 and 2009.

7. INVENTORY

	2010	2009
	US$	*US$*
Gold in process	34,391,977	27,076,254
Gold doré bars	9,044,958	1,069,014
Consumables	3,616,043	344,231
Copper	2,608,811	—
Spare parts	2,331,308	529,616
Total inventory	51,993,097	29,019,115
Less: Amounts expected to be recovered after 12 months (note) (shown under non-current assets)	(17,838,819)	(18,852,686)
Amounts shown under current assets	34,154,278	10,166,429

Note:

Management has allocated inventory, specifically, the gold in process, that are expected to be recovered more than twelve months after the end of the reporting period to take into consideration the long-term process involved in recovering gold from a heap leaching system.

Inventory totaling US$67,533,131 (2009: US$56,178,404) for the years ended December 31, 2010 was recognized in cost of sales.

The actual gold recovery rate of 43% from the uncrushed ore realized up to December 2009 was 8% lower than the predicted recovery rate of 51% used in the Group's inventory model and as such the Group has recorded an impairment of US$3,030,461 during the year ended December 31, 2009. Impairment of inventory was included in cost of sales during the year ended December 31, 2009.

8. INTANGIBLE ASSETS

	Mining rights
	US$
COST	
At January 1, 2009, December 31, 2009 and January 1, 2010	—
Acquired on acquisition of subsidiaries	976,092,004
Exchange realignment	374,486
At December 31, 2010	976,466,490
ACCUMULATED AMORTIZATION	
At January 1, 2009, December 31, 2009 and January 1, 2010	—
Additions	(1,182,643)
Exchange realignment	(1,136)
At December 31, 2010	(1,183,779)
CARRYING VALUE	
At December 31, 2010	975,282,711
At December 31, 2009	—

Mining rights represent mining rights in Jiama Mine acquired through acquisition of Skyland Group. The mining rights will expire in 2013 and in the opinion of the directors of the Company, the Group will be able to renew the mining rights with the relevant government authority continuously at insignificant cost.

Amortization on mining rights acquired is provided to write off the cost of the mining rights using the unit-of-production method based on the actual production volume over the estimated total proven and probable reserves of the mines.

BUSINESS REVIEW

THE COMPANY

Overview

China Gold International Resources Corp. Ltd. ("China Gold International"), previously known as Jinshan Gold Mines Inc., is a mineral development company based in Vancouver, Canada. China Gold International is focused on acquisition, exploration, development, mining and processing of gold and other non-ferrous metals.

The Company's principal properties are the Chang Shan Hao Gold Mine ("CSH Gold Mine" or "CSH Mine"), 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 partner holds the remaining 3.5% interest. China Gold International commenced gold production at the CSH Gold Mine in July 2007 and commenced commercial production on July 1, 2008.

The Company acquired 100% of Jiama on December 1, 2010. The Jiama Mine is a large scale copper-gold polymetallic deposit consisting of copper, molybdenum, gold, silver, lead and zinc. The mine commenced commercial production in September, 2010.

China Gold International's common shares are listed on the Toronto Stock Exchange ("TSX") and the HKSE under the symbol CGG (formerly JIN) and the stock code 2099, respectively. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com as well as Hong Kong Exchange News at www.hkexnews.hk.

Performance Highlights

- Gold production for the year from the CSH Mine increased by 33% from 83,570 ounces in 2009 to 111,289 ounces in 2010.

- The Company significantly increased net income in the second half of 2010, supported by gold production of 75,102 ounces, and almost 70,954 ounces of gold sold at an average price of US$1,296.4 per ounce with net income for the Company amounting to approximately US$26.2 million.

- Operations were enhanced at the CSH Mine during 2010. Construction on the heap leach pad extension was completed by the end of July. Five new CIC columns were added, drip meters were buried and additional water needed for processing was secured.

- Jiama began production in September 2010. By December, the Jiama Mine was producing 6,000 tonnes of ore per day. Construction of Phase I of the mine development plan was completed.

- The Company successfully completed its diamond drilling plan on eight holes (4,187.57 meters) at its CSH Mine, intercepting mineralization at depth for six holes and discovering anomalous gold values in the two holes drilled to test for the surface trenching intercepts.

- The Company successfully completed its planned 50,000 meter drilling program from ninety-five holes at its Jiama Mine. Drilling results will be included in an updated resource estimate expected to be completed by second quarter. The high drilling success rate of 95%, confirmed that the high-grade skarn type mineralization is continuous in the licensed area and should result in an expanded resource estimate of skarn and hornfels type mineralization. A new standalone high grade quartz diorite porphyry type gold mineralization zone was also identified which may add a significant amount of gold resources to the project.

- The Company changed its name effective on July 19, 2010 from Jinshan Gold Mines Inc. to China Gold International Resources Corp Ltd. and received from CNG a non-compete undertaking in its favour for gold and non-ferrous projects outside of China, which is intended to support the Company's mandate as CNG's international vehicle.

	Year ended December 31, 2010	**Year ended December 31, 2009**
Commercial gold production (ounces) -CSH	**111,289**	83,570
Commercial gold production (ounces) - Jiama	**145**	—
Total gold production (ounces)	**111,912**	83,570
Total copper production (tonnes)	**225.91**	—

	Year ended December 31, 2010	Year ended December 31, 2009
Net income (loss)	**$27.1 Million**	($8.4) Million
Basic income (loss) per share	**$0.14**	($0.06)
Net cash flows from operations	**$10.9 Million**	$10.8 Million
Property, plant and equipment capital expenditures	**$13.2 Million**	$36.6 Million

	Balance as of December 31, 2010	Balance as of December 31, 2009
Cash and cash equivalents	**$301.6 Million**	$24.0 Million
Working capital(deficiency)*	**$224.8 Million**	($9.4) Million

* Working capital consists of current assets less current liabilities

HISTORICAL FINANCIAL INFORMATION

The condensed consolidated financial statements of the Company include the condensed consolidated financial statements of China Gold International and our controlled subsidiaries (including our operating subsidiaries, namely, the CSH Chinese Joint Venture ("CJV") and newly acquired Jiama). The assets and liabilities of the Dadiangou CJV have been segregated and held for sale. Our financial statements are presented in U.S. dollars.

Principal Income Statement Components

Revenue is derived from the principal product produced at the CSH Mine which is the gold dore bar. The sales price of gold dore bars is primarily determined based on prevailing gold prices in the market, with reference to prices on the Shanghai Gold Exchange, which in turn have historically correlated with international gold prices.

The following table sets forth the monthly weighted average sales price for the gold produced at the CSH Mine for 2009 and 2010:

	Weighted average sales price ($ per ounce)		**Weighted average sales price ($ per ounce)**
January 2009	856.0	January 2010	1,090.6
February 2009	948.0	February 2010	1,115.9
March 2009	912.0	March 2010	1,108.4
April 2009	870.4	April 2010	1,097.9
May 2009	951.1	May 2010	1,178.6
June 2009	937.4	June 2010	1,215.5
July 2009	931.7	July 2010	1,156.9
August 2009	952.9	August 2010	1,224.3
September 2009	992.3	September 2010	1,277.0
October 2009	1,027.0	October 2010	1,297.9
November 2009	1,098.2	November 2010	1,343.2
December 2009	1,063.0	December 2010	1,248.1

Historically, the market prices for these metals have fluctuated significantly. The prices may be influenced by numerous factors beyond our control such as world supply and demand, selling and purchase activities by central banks and other macro-economic factors such as expectations regarding inflation rates, interest rates, currency exchange rates, as well as general global economic conditions and political trends. We do not currently employ any financial instruments to hedge market fluctuations. Fluctuations in market prices will lead to fluctuations in our financial results.

The Company produced limited amounts of copper and molybdenum concentrate from the Jiama Mine from the date of acquisition on December 1, 2010 until year-end. Production at the Jiama Mine commenced in September 2010 and the facility is still going through the commissioning stage when revenues will be highly variable. However, production of copper and molybdenum concentrate is expected to represent a substantial portion of revenue of the Company in future financial periods.

Our production volume is primarily determined by the reserves, our production capacity and our recovery rate with respect to the CSH Mine. The average monthly commercial production volume at the CSH Mine for the three months ended December 31, 2010 and 2009 was approximately 11,860 ounces and 8,412 ounces respectively while the average monthly commercial production volume at the CSH Mine for year ended December 31, 2010 and 2009 was approximately 9,274 ounces and 6,964 ounces respectively.

Our **cost of sales** primarily consists of mining costs (which primarily include fees paid to third-party contractors), ore processing costs (for the CSH Mine primarily includes costs of raw materials used in the production process such as chemicals and drip meters, labor costs and utilities costs), other mine operating costs (primarily operating expenses such as administrative and management staff salaries and benefits and office expenses), taxes, and depreciation and depletion. Historically, mining costs have been the largest component of our cost of production at the CSH Mine. Additional capital expenditures increase our depreciation and depletion which will in turn increase our cost of sales. With respect to the CSH Mine, we are subject to the People's Republic of China ("PRC") resource tax at RMB3 per tonne of ore processed as well as a resource compensation fee at a rate of 2.8% of the revenue from the CSH CJV. With respect to the Jiama Mine, we are subject to the PRC resource tax at RMB15 per tonne of ore processed as well as a resource compensation fee at a rate of 2% of the revenue from the Jiama Mine. The rates of this tax and fee are subject to adjustment by relevant PRC government authorities from time to time. Cost of sales is netted against sales of the silver by-product from the CSH Mine because the amount of proceeds from silver sales is small. Fees paid to third-party contractors are primarily for the provision of mine construction work and mining services

Depreciation and depletion primarily consist of (i) depreciation of property, plant and equipment; and (ii) depletion of exploration expenditures incurred on sites within an existing mine or in areas within the boundary of a known mineral deposit which contain proven and probable reserves, provided that such exploration costs are economically recoverable and commercial production has already commenced at such sites. For the accounting treatment of exploration expenditure incurred at other stages, see "Exploration and evaluation expenses" below.

General and administrative expenses primarily consists of administrative and management staff salaries, benefits and travel expenses of administrative and management staff of our head office in Canada, office expenses, investor relations expenses, professional fees, and other miscellaneous expenses relating to general administration of the Company.

Exploration and evaluation expenditures primarily consist of fees paid to third-party contractors for exploration activities such as drilling on sites other than the operating mine and on areas outside the boundary of a known mineral deposit which contains proved and probable reserves and preparing drilling reports, fees paid to obtain exploration permits, and in-house exploration staff costs.

Exploration and evaluation expenditures are charged to the consolidated statement of comprehensive income in the period incurred until such time when our management has determined that a mineral property has economically recoverable reserves. For the criteria our management uses when making assessment of economic recoverability, see note 3 in our annual audited Consolidated Financial Statements. Following the establishment of economic recoverability, exploration and evaluation expenditures are capitalized and included in the carrying amount of mineral assets under property, plant and equipment.

Foreign exchange gain (loss) primarily consists of foreign exchange differences arising from the conversion of the balances of RMB denominated term loans or the syndicated loan to U.S. dollars and the conversion of foreign subsidiaries denominated in RMB to U.S. dollars.

With the exception of the newly acquired subsidiaries in the Skyland Group, our reporting currency and the functional currency of our operations is the U.S. dollar. Transactions in currencies other than the U.S. dollar are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the U.S. dollar are retranslated at the functional currency rate of exchange at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a currency other than the U.S. dollar are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on translation of these foreign currency transactions are included in our consolidated statements of comprehensive income.

For the year ended December 31, 2010 and 2009, we had foreign exchange losses of US$1.5 million and US$5.9 million, respectively. Both were largely attributable to the Canadian dollar denominated promissory notes and the volatility or lack thereof between the CAD and U.S. dollar. With the balance of Series B Notes repaid in January 2010 and the repayment of the Series C Note for CAD7.5 million to CNG in December 2010, no more promissory notes remain outstanding.

Interest income primarily consists of interest on bank deposits. With the proceeds of the IPO deposited, interest income has increased.

Finance costs consist of effective interest accrued on our borrowings and accretion on environmental rehabilitation liabilities, net of capitalized interest. Interest expenses are capitalized if the borrowings underlying the interest expenses are for the construction or development of qualifying assets.

Effective interest consists of interest expense and interest accretion on our borrowings. For the years ended December 31, 2010 and 2009, our effective interest expense (including the amount capitalized) was US$6.6 million and US$9.5 million, respectively. Finance costs, as an item on our income statement, which excludes capitalized interest, have been significantly less than our effective interest. For the years ended December 31, 2010 and 2009, our finance costs totaled US$5.8 million and US$6.3 million, respectively.

In the future, we expect our working capital and capital expenditure needs to continue to be partially met with bank loans. Accordingly, we expect finance costs to continue to affect our results of operations. Fluctuations in interest rates will affect our finance costs, which may in turn affect our results of operations.

Fair value change on warrant liabilities records the change between two consecutive reporting periods in the fair value of warrants that were granted and outstanding as of the end of the previous reporting period. The fair value of warrants is determined using the Black-Scholes option pricing model and requires the input of various subjective assumptions such as the expected volatility of our share price and the expected per share dividend.

In December 2006 and July 2007, we issued warrants as part of a series of issuances of promissory notes. In December 2006, as part of our issuance of the Series A Notes, we issued 6 million warrants with an exercise price of CAD1.60 per Share. In June 2007, as part of our issuance of the Series B and Series C Notes, we issued 4 million warrants with an exercise price of CAD2.50 per Share. The fair value change on our warrant liabilities has been significant since the issuance of these warrants. For the years ended December 31, 2010 and 2009, we had fair value losses of US$7.2 million and US$7.2 million, respectively, on our warrant liabilities. The significant change in fair value on our warrant liabilities has been attributable to a number of factors including a higher share price, a decrease in exchange rate between Canadian and U.S. dollars, a lower interest rate, and a shorter expected life of the warrants. As a result of our rising stock price, we were able to exercise the accelerated expiry right for the CAD1.60 per Share warrants on March 18, 2010, resulting in all CAD1.60 per Share warrants subsequently exercised by April 17, 2010. We also exercised the accelerated expiry right for the CAD4.25 per Share warrants on April 16, 2010, resulting in all CAD4.25 warrants subsequently exercised by May 13, 2010.

Income tax for the Company is subject to Canadian federal and provincial tax rates of 28.5% and 30.0% for the years ended December 31, 2010 and 2009, respectively. The Company and its subsidiaries incorporated in Canada however have had no assessable profit since incorporation. During the same periods, our CSH Chinese Joint Venture was subject to the PRC enterprise income tax at a rate of 25% and 25%, respectively for the year ended December 31, 2010 and 2009. Subsequent to completion of the acquisition, our newly acquired subsidiary, Jiama Industry and Trade, established in the westward area of the PRC, was subject to a preferential enterprise income tax of 15% due to its location in Tibet.

For the years ended December 31, 2010 and 2009, we recognized a deferred tax expense of US$1.4 million and US$1.3 million respectively and current income tax expense of US$13.5 million and US$4.8 million respectively, for total tax expense of US$14.9 million and US$6.1 million, respectively.

RESULTS OF OPERATIONS

Summarized Annual Financial Results

	Years ended December 31		
CONSOLIDATED	**2010**	**2009**	**2008**
(US$ in thousands, except per share information)			
Revenue	133,198	81,047	29,371
Exploration expenses	721	1,909	5,287
Net income (loss)	27,140	(8,371)	14,876
Basic income (loss) per share	0.14	(0.06)	0.09
Cash and cash equivalents	301,609	23,985	12,143
Property, plant and equipment	297,902	117,919	66,982
Inventory	51,993	29,019	27,645
Intangible assets	975,283	—	—
Total assets	1,655,623	174,577	119,311
Total long-term liabilities	321,840	89,260	19,335

Revenue for the Company has increased significantly year over year from 2008 until 2010. The increase in revenue is attributed to the increase in the amount of gold produced and sold from the CSH Mine, as well as an increase in the weighted average price of gold. As commercial production began in July 2008, there is only six months of revenue included in 2008 with amounts sold prior to the commercial production stage offset against cost of sales.

Exploration expense has continued to decline as the CSH Mine site concentrated on the ramp up of the crusher and developing more efficient production.

The increase in net income and basic income per share are a direct result of the profitable operations of the CSH Mine operations.

The sharp increase in cash and cash equivalents is due to the proceeds of the Global Offering just completed in December 2010 while the increase in property, plant and equipment, intangible assets, inventory, total assets and total long-term liabilities largely resulted from the acquisition of the Skyland and the Jiama Mine.

Review of Annual Data

	CSH Mine		**CSH and Jiama**	CSH Mine		**Jiama Mine**
	Three months ended December 31, 2010	**Year ended December 31, 2010**	**Year ended December 31, 2010**	Three months ended December 31, 2009	Year ended December 31, 2009	**One month ended December 31, 2010**
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
Revenue	44,094,212	128,405,548	133,197,660	34,008,893	81,047,414	4,792,112
Cost of sales	22,702,727	64,520,577	68,641,323	23,579,589	56,178,404	4,120,746
Mine operating earnings	21,391,485	63,884,971	64,556,337	10,429,304	24,869,010	671,366
Gold produced (ounces)	35,582	111,289	111,434	25,758	83,570	145
Gold sold (ounces)	32,998	103,673	104,296	33,073	83,376	623
Copper produced(tonnes)	—	—	225.91	—	—	225.91
Copper sold (tonnes)	—	—	519.46	—	—	519.46
Total cost of gold sold per ounce	688	633	633	713	674	—
Total cost of copper sold per tonne	—	—	5,842	—	—	5,842
Cash cost* per ounce of gold	609	542	542	666	605	—
Cash cost* per tonne of copper	—	—	4,805	—	—	4,805

* *Non-IFRS measure*

Revenue increased by 64.3%, or US$52.2 million, from US$81.0 million for the year ended December 31, 2009, to US$133.2 million for the year ended December 31, 2010. The increase was due to an increase in the ounces of gold sold at the CSH Mine as well as a US$266.90 per ounce increase in the weighted average price of gold. For the year ended December 31, 2010, the CSH Mine produced a total of 111,289 ounces of gold and sold 103,645 ounces of gold at a weighted average price of US$1,238.9 per ounce. For the year ended December 31, 2009, the CSH Mine produced a total of 83,570 ounces of gold and sold 83,376 ounces of gold at a weighted average price of

US$972 per ounce. The reason for the increase in gold production this year compared to 2009 was primarily due to the addition of the crushing facility at the CSH Mine and its continued operation at 30,000 tonnes per day which greatly reduced the ore size added to the leach pad allowing more gold to leach resulting in higher gold production.

Cost of sales increased by 22.2% or US$12.5 million, from US$56.2 million for the year ended December 31, 2009 to US$68.6 million, for the year ended December 31, 2010. Cost of sales as a percentage of revenue decreased from 69.3% for the year ended December 31, 2009 to 51.5% for the year ended December 31, 2010. The decrease would have been greater without the addition of Jiama and the loss of power it experienced in the latter half of December. A concentrated effort to reduce the cost of sales at the CSH Mine by fine tuning processes, reducing costs of suppliers, finding and retaining the right management and employees, continually improving productivity, and building operating experience amongst other things has certainly cut costs.

As a result of the foregoing, **mine operating earnings** increased by US$39.7 million from US$24.9 million for the year ended December 31, 2009 to US$64.6 million for the year ended December 31, 2010. Mine operating earnings as a percentage of revenue rose from 30.7% to 48.5% due to reduced cost of sales and an increase in the weighted average sale price of gold for the year ended December 31, 2010 compared to the prior year.

General and administrative expenses increased by 43.8%, or US$1.6 million, from US$3.7 million for the year ended December 31, 2009 to US$5.3 million for the year ended December 31, 2010. This increase was primarily attributable to addition of Jiama for US$1.5 million.

Exploration and evaluation expenditure decreased by 62.2%, or US$1.2 million, from US$1.9 million for the year ended December 31, 2009 to US$721,000 for the year ended December 31, 2010. Although a drilling program had been carried out at the CSH Mine during 2010, the amount expended on exploration has decreased considerably compared with the prior year as more attention was paid to the installation of the crusher and improving production.

As a result of the foregoing, **income from operations** increased by 203.9%, or US$39.2 million, from income of US$19.2 million for the year ended December 31, 2009 to income of US$58.5 million for the year ended December 31, 2010.

Listing expenses remained constant from 2009 to 2010 at US$2.1 million.

Finance costs decreased by 7.4%, or US$465,000, from US$6.3 million for the year ended December 31, 2009 to US$5.8 million for the year ended December 31, 2010. Although effective interest decreased by US$2.9 million, it was offset by a decrease in capitalized interest expense of US$3.1 million. The decrease in the capitalized interest is due to the crusher being put into production requiring any loan interest to be expensed instead.

The **fair value change of warrant liabilities** remained fairly constant at about US$7.2 million from 2009 to 2010. All warrants have now been exercised.

Foreign exchange decreased by 74.9% or US$4.4 million from a loss of US$5.9 million for the year ended December 31, 2009 to a loss of US$1.5 million for the year ended December 31, 2010. The greater stability between the CAD and US dollar as well as only one remaining CAD7.5 million promissory note up until December accounts for the decrease in 2010.

Interest and other income increased by US$61,000, from US$5,500 for the year ended December 31, 2009 to US$67,000 for the year ended December 31, 2010. This increase was primarily due to the addition of other income from the Jiama Industry and Trade and the increase in bank deposits as a result of the increase in funds from the Global Offering that closed on December 1st.

Income tax expense increased by 143.9%, or US$8.8 million, from US$6.1 million for the year ended December 31, 2009 to US$14.9 million for the year ended December 31, 2010 due to an increase in taxable income during the period.

As a result of the foregoing, **net income and comprehensive income** attributable to the owners of the Company increased US$35.5 million from a loss of US$8.4 million for the year ended December 31, 2009 to income of US$27.1 million for the year ended December 31, 2010.

NON-IFRS MEASURES

The following table provides certain unit costs information to determine the cash cost of production per ounce (non-IFRS) for the CSH Gold Mine for the three month period and years ended December 31, 2010 and 2009:

	Three months ended December 31, 2010	**Year ended December 31, 2010**	**Three months ended December 31, 2009**	**Year ended December 31, 2009**
	US$	*US$*	*US$*	*US$*
Cost of mining per tonne of ore	**1.25**	**1.24**	3.71	1.69
Cost of mining waste per tonne of ore	**3.04**	**1.74**	1.56	1.44
Other mining costs per tonne of ore	**0.53**	**0.38**	0.10	0.22
Total mining costs per tonne of ore	**4.82**	**3.36**	5.37	3.35

The cash cost of production is a measure that is not in accordance IFRS.

The Company has included cash cost per gold ounce data to supplement its 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 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 costs are determined in accordance withthe 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 or per copper tonne:

	Three months ended December 31, 2010		Year ended December 31, 2010		Three months ended December 31, 2009		Year ended December 31, December 31, 2009		One month ended December 31, 2010	
	US$	US$ per gold ounce	US$	US$ per gold ounce	US$	US$ per gold ounce	US$	US$ per gold ounce	US$	US$ per ore tonne
Cost of sales	**22,702,727**	**688**	**64,520,576**	633	23,579,589	713	56,178,404	674	**4,120,747**	**5,842**
Adjustments	**(2,592,229)**	**(79)**	**(8,945,174)**	(91)	(1,553,301)	(47)	(5,703,338)	(68)	**(1,829,820)**	**(1,037)**
Total cash costs	**20,110,498**	**609**	**55,575,402**	542	22,026,288	666	50,475,066	605	**2,290,927**	**4,805**

The adjustments above include depreciation, amortization and selling expenses. The total cash costs per gold ounce. above differ from the unit cash costs disclosed in the Independent Technical Report by Behre Dolbear Asia Inc. (the "Behre Dolbear ITR") for the CSH Mine for two reasons. First, the Behre Dolbear ITR is prepared on a cash basis while the calculation above is prepared on an accrual basis. The cost of sales above includes an allocation of costs experienced over time while the Behre Dolbear ITR does not. Second, the Behre Dolbear ITR is prepared based on the units produced while the calculations above are based on the units sold. As the selling costs of the CSH Mine are small in relation to the amount being sold, the cost of sales and cash costs are almost the same.

MINERAL PROPERTIES

The CSH Mine

The CSH Gold Project is located in Inner Mongolia Autonomous Region of Northern 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 Gold Project is operated and owned by Inner Mongolia Pacific Mining Co., a CJV in which China Gold International holds a 96.5% interest and Brigade 217 holds the remaining 3.5%.

The following table shows the cumulative expenditures on exploration and development from 2008 to December 31, 2010:

	December 31, 2008	Increased/ Decreased during the period	December 31, 2009	Increased/ Decreased during the period (3)	December 31, 2010
	US$	*US$*	*US$*	*US$*	*US$*
Exploration expenditure charged to profit or loss	8,903,877	267,299	9,171,176	594,453	**9,765,629**
Mineral assets[(1)]	11,957,158	6,803,216	18,760,374	9,137,168	**27,897,542**
Construction in progress[(2)(3)]	28,727,117	47,255,828	75,982,945	(73,550,642)	**2,432,303**

(1) During the year ended December 31, 2010, an addition of US$56,000 was made from changes in the discount rate (2009: a reduction of US$3.1 million) from changes in estimated timing and amount of cash flows for nvironmental rehabilitation.

(2) During the year ended December 31, 2009, US$1.0 million was transferred out from construction in progress to the crusher in property, plant and equipment.

(3) During the year ended December 31, 2010, US$71.7 million was transferred out from construction in progress to the crusher in property, plant and equipment and the Company reversed US$5.7 million in accruals on construction in progress upon the completion of crushing facility construction.

Mineral Resources and Ore Reserves

An updated mine plan for the CSH Gold Project was developed and reported as at June 30, 2010 in the Behre Dolbear ITR dated November 18, 2010. This plan was prepared for heap leaching with a crushing plant throughput rate of 30,000 tonnes per day which was reached as planned by the end of the first quarter of 2010. Further information can be found in the technical report filed at www.sedar.com and www.hkexnews.hk.

Mineral reserves were reported for the final pit designs at a positive net value cutoff that corresponds to a gold grade cutoff of approximately 0.3 grams per tonne gold as scheduled in the mine plan. The proven and probable reserves at CSH Mine as of December 31, 2009 stood at approximately 138 million tonnes of ore with an average grade of 0.67 g/t gold, representing approximately 3.0 million ounces of contained gold.

The reserves are summarized in the table below:

CSG Gold Mine Total Reserves at December 31, 2010

Classification		**Cutoff Au**	**Ore**	**Grade Au**	**Contained Au**	
		(g/t)	*(M tonnes)*	*(g/t)*	*(Kg)*	*(Million oz)*
Proven	>+	0.3	74.6	0.70	52.227	1.679
Probable	>=	0.3	51.2	0.65	33,264	1.069
Total	>=	0.30	125.9	0.68	85.491	2.749

Resource Estimate

The latest CSH Mine resource estimate was also reported in the Behre Dolbear ITR as at June 30, 2010. The 2008 drilling campaign added significant tonnages above cutoff and also improved the grade compared to prior resource estimates, partly due to the confirmation of grades and upgrade in resource classification down-dip and laterally. The CSH deposit in the Southwest (SW) area is now well delineated, and still significant potential exists for down- dip extensions to the mineralization. Mineralization at depth in the Northeast (NE) has been confirmed, with increases in both tonnages and confidence.

At the end of December 2010, the project's Measured and Indicated Gold Resources, using 0.3 grams per tonne ("g/t") Au cut-off grade, stand at 230 million tonnes averaging 0.64 (g/t) gold. This translates into 4.74 million ounces of contained gold (inclusive of reserves) in the deposit. In the previous March 2008 ITR, 183 million tonnes of Measured and Indicated resources averaging 0.69 g/t gold were reported at the same 0.30 g/t gold cut-off grade.

Details of the new resources update based on the Behre Dolbear ITR dated June 30, 2010 after depletion in the balance of 2010 are summarized in the following table:

Resources estimates for the CSH Gold Mine as of December 31, 2010

Cutoff (g/t)	Measured		Indicated		Measured+Indicated			Inferred		
	Million Tonnes	Au Grade (g/t)	Million Tonnes	Au Grade (g/t)	Million Tonnes	Au Grade (g/t)	Au Million Ounces	Million Tonnes	Au Grade (g/t)	Au Million Ounces
0.30	96.7	0.68	133.6	0.61	230.3	0.64	4.736	0.52	0.43	0.007
0.40	78.8	0.75	101.7	0.69	180.5	0.72	4.176	0.24	0.54	0.004
0.50	61.7	0.84	74.7	0.78	136.5	0.81	3.542	0.12	0.62	0.002

Note: "Resources are inclusive of Reserves"

Production Update

Since March, 2010, mine production has consisted almost entirely of crushed ore, and the crusher facility has consistently reached its design capacity of 30,000 tpd. According to the most recent column leach test done by Metcon Research of KDE, once the ore is crushed, the gold recovery will greatly improve to approximately 70% to 80% depending on the gold grades. The higher the gold grade, the better the recovery will be. The Behre Dolbear ITR as of June 30, 2010 forecasted total gold production for 2010 and 2011 to be approximately 115,000 ounces and 146,570 ounces, respectively.

	Three months ended December 31, 2010	Year ended December 31, 2010	Three months ended December 31, 2009	Year ended December 31, 2009
	US$	*US$*	*US$*	*US$*
Ore mined and placed on pad (tonnes)	2,489,654	12,421,839	3,063,135	9,698,571
Average grade of ore (grams per tonne)	0.594	0.668	0.602	0.630
Recoverable gold at 43% recovery rate (ounces)	20,371	111,552	30,391	98,865
Ending ore inventory (ounces)	58,944	58,944	55,610	55,610
Waste rock mined (tonnes)	8,129,131	22,417,577	3,201,852	9,621,554

For the year ended December 31, 2010, the total amount of ore put on the leach pad was 12,421,839 tonnes, while the total amount of gold put on the leach pad was 8,299,094 grams (266,822oz). The amount of gold put on pad was higher due to increased mining amount.

The amount of gold poured for the year ended December 31, 2010 was lower than targeted. This was mainly due to a harsh and long winter and some frozen drip meters which were not buried, causing the sharp production shortfall experienced in the first half of 2010. In addition, most of the ore was placed on top (3rd to 4th) lifts, farther away from the process plant, which requires more time for the solution to circulate. Although leaching was slow until the end of May, following the thaw from last year's extremely harsh winter and the completion of the leach pad extension at the end of July, the daily production began to rise as expected. The Company poured 13,897 and 14,307 ounces of gold in August and September respectively. At that time, the Company believed that it was still likely to achieve aggregate gold production estimates for 2010 as outlined in the June CSH Technical Report. However, from mid-August 2010, the PH levels of the leaching solution exceeded normal levels and remained high for over two months, which reduced the gold leaching rate and moderated gold production starting in October (approximately 13,400 ounces). Accordingly, the Company was not able to fully compensate for the lower than targeted production in the first half of the year. PH levels have now returned to a more normal state and gold production is realizing its targets.

Gold inventory stabilized in August and September with small decreases in the amount of gold inventory still in the circuit. The amount of gold in the circuit has continued to stabilize through to the year end. The Company continues to carefully monitor the behavior of gold inventory in the circuit.

Project Economics

According to the latest mine plan, the CSH Mine life was extended from 2018 to 2023 with four more years of leaching afterwards. By the end of 2009 and prior to the use of the crusher, approximately 20 million tonnes of ROM ore were put under leach. The observed recovery from this uncrushed ROM material based on gold poured has been 37.3%. It is estimated that the ultimate recovery rate for the uncrushed ROM ore already on pad will be over 53%. With the new crusher now at the design capacity of 30,000 tpd, it is expected that the gold recovery will continue to stabilize. According to the column test done by Metcon Research of KDE in 2009, the recovery rate for the crushed ore is a function of the ore grade. The higher the ore grade the higher the recovery rate, which ranges from the lowest of 62.1% in the SW pit to the highest of 80.9% in the NE pit. According to the updated Behre Dolbear ITR as of

June 30, 2010 and the new mine production plan, approximately 2.35 million ounces of gold will be produced in the next 15 years starting with annual production of approximately 146,570 ounces in 2011, gradually increasing to over 150,000 ounces in 2015 and then to over 200,000 ounces in 2022.

In the Behre Dolbear ITR as at June 30, 2010, gold prices ranging from US$1,033 per ounce to US$849 per ounce over the next 5 years were used to estimate the Pre-Income Tax NPV as of the end of December 2009 at US$517 million at a % discount at the exchange rate of US$1: RMB 6.83. Please refer to the Behre Dolbear ITR as at June 30, 2010 for more information. Gold prices and the recovery rate are still the two most sensitive factors for the project economics.

Most of the development work at the CSH Gold Project has been completed. The heap leach pad Phase II extension was completed in July 2010. Further capital expenditures for the project include a conveyor system from the crusher to the leach pad and future leach pad Phase III to VI extension. The total capital cost is estimated at approximately US$29 million.

Exploration

Exploration and drilling continued at the CSH gold Mine during the 2010 field season within the company's 25 square kilometer licensed area immediately adjoining the mining permit and mineralization at depths below the current mining permit. Priorities for exploration were given to trenching and drilling on several gold anomalies along the prospective stratigraphy that was defined by grid rock sampling during the previous field seasons, with deeper drill holes planned to explore for higher grades down dip.

The Company successfully completed its diamond drilling plan on eight holes (4,187.57 meters) at its CSH Mine, confirming continued mineralization at depth for six holes and the discovery of anomalous gold values for the two holes drilled to test for surface trenching intercepts. An aggressive three year exploration program has been planned for the CSH Mine starting 2011 to fully evaluate the mineralization at depth and the potential of a new northwest zone of gold mineralization.

Processing Plant Upgrade

The upgrading construction for the additional processing capacity of 2000 m^3 PLS solution per hour started in March, 2010, and was completed by the end of July 2010. Five new CIC columns were built each with a volume of 353.25 cubic meters (7.5 meter diameter and 8 meter tall). A new 4192 m^3 PLS pond and a 1551 m^3 BLS pond were built with 3 extra PLS pumps and 3 extra BLS pumps and all the necessary piping installed.

The following is an update of the current major processing equipment list:

CSH Mine Major Carbon Absorption & Stripping Equipment List

CIC Columns		# of Columns	Volume of Each Column	Total Volume	Designed Processing Capacity	# of PLS Pumps	Pumping Capacity	# of BLS Pumps	Pumping Capacity
			m^3	m^3	m^3/hr		m^3/hr		m^3/hr
Existing CIC Columns	Series 1	6	33	206	800	3	1800	4	1600
	Series 2	6	41	238	800				
New Addition	Series 3	5	353	1765	2000	3	2250	3	2400

A New 5 tonne Carbon Stripping Circuit is added to the processing plant, the total carbon stripping capacity is at 10 tonnes at a time.

Two water supply wells at the river were renovated with more, longer, coarser radiating perforated water collection pipes buried below the alluvial sandy bed, which allowed additional water to be pumped into the system since early July. By the end of September 2010, the PLS processing rate had been increased to 2942 m^3 per hour and stabilized at that level.

Environmental and Community Considerations

The Company is committed and dedicated to observing and complying with Chinese and global environmental and social responsibility standards.

Various social issues were addressed in a series of studies which focused on the protection of local social heritage and culture, the employment of local people (currently approximately 30% of the workforce), employment of women (currently approximately 10% of the workforce). The Company makes contributions towards local education, medical equipment, various community activities and support of poor families with food and coal (collectively at a cost of approximately RMB1.6 million to date) having been implemented by the Company.

Several studies were completed since 2006 concerning the lack of water at the CSH Mine. The objective of the mine project in securing its water supply was to balance the extraction of water from local sources with the capacity for recharge of these sources. The collective studies have determined that a sustainable water extraction rate would be 4,000 m^3/day in an average year and 3,000 m^3/day in a dry year, which is sufficient to meet the demand of the mining operation. The current Water Permit allows water to be pumped from the Molen River and Xinhure alluvial aquifer as well as the Hushaogou bedrock aquifer, at a rate of up to approximately 1 Mm^3/year.

Environment protection measures for the mine site include programs for water management, solid waste, rock dust mitigation, noise control, rehabilitation and seismic safety and flood risk control.

The Jiama Mine

The Company acquired the Jiama Mineral Property ("Jiama") on December 1, 2010. Jiama is a significant copper-gold poly-metallic deposit consisting of copper, gold, silver, molybdenum, and other minerals located in the Gandise metallogenic belt in Tibet, China.

The deposit is presently being mined as a combined open-pit and underground mining operation. The development includes two open pits, being the smaller Tongqianshan pit and larger Niumatang Pit, as well as an underground operation that will be accessed through two shafts having an initial 355m depth and extending to a final depth of 600m. The first phase of development which primarily involved the development of an open-pit infrastructure at the Tongqianshan open pit, ore processing facilities and an underground ore transportation system is now complete. Skyland commenced mining from the Tongqianshan pit and processing operations in the latter half of 2010 with production reaching the planned 6,000 tonnes per day ("tpd") as planned for Phase I. The Company has retained a consultant to create a conceptual mine model using additional drilling results that may cause the mine plan to change to support expanded operations in the future.

	December 1, 2010	**Increased during the period**	**December 31, 2010**
	$	*$*	*$*
Exploration expenditure charged to profit or loss	—	39,112	**39,112**
Mineral assets	—	584,913	**584,913**
Construction in progress	40,041,466	3,970,958	**44,012,424**

Mineral Resources and Ore Reserves

In September 2010, Behre Dolbear completed a technical review and, as part of its engagement, produced an NI 43-101 technical report on the Jiama Property as at June 30, 2010 dated November 16, 2010. Set forth below are the mineral resource and reserve estimates for the property. Further information can be found in the technical report filed at www.sedar.com and www.hkexnews.hk.

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The following skarn-type resources and reserves have been identified at the Jiama Property, as at June 30, 2010. The skarn-type resources are reported at a cut-off grade of 0.3% copper, 0.03% molybdenum, or 1% lead, or 1% zinc. Resources are inclusive of reserves.

Skarn Zone Resource Estimate as of December 31, 2010

	Grade						Metals					
Kt	Copper ("Cu") %	Molybdenum ("Mo") %	Gold ("Au")	Silver ("Ag") g/t	Lead ("Pb") %	Zinc ("Zn") %	Cu Kt	Mo Kt	Au t	Ag t	Pb Kt	Zn Kt
Measured Resource												
82,814	0.83	0.042	0.30	16.0	0.06	0.05	682.4	34.22	24.84	1,325	49.6	38.2
Indicated Resource												
101,641	0.68	0.041	0.22	13.7	0.10	0.05	691.1	41.67	22.21	1,392	81.3	50.84
Measured + Indicated Resource												
184,455	0.74	0.041	0.26	14.7	0.08	0.05	1,373.5	75.89	46.05	2,717	130.9	894.0
Inferred Resource												
164,916	0.64	0.053	0.21	13.1	0.14	0.06	1,055.4	87.43	34.63	2,160	230.8	98.9

The estimate was prepared using Minesight computer mining software, based on a database of 210 diamond drill holes with a total drilled length of 69,029 meters, and 10 surface trenches with a total length of 349 meters. The database contains 26,606 assay intervals.

Skarn-type ore reserve estimates were summarized based on the block/stope unit economic values calculated for the resource blocks within the final Tongqianshan pit and Niumatang pit designs and for stopes within the planned underground mining areas.

The cutoff unit economic values used to separate ore and waste are listed below:

Cutoff Unit Economic Value for Reserve Estimation of the Jiama Project

Area	Cutoff Unit Economic Value	Total Unit Ore Operating Cost In Project Financial analysis
Tongqianshan Pit	RMB276.5/t (US$40.78/t)	RMB133.2/t (US$19.65/t)
Niumatang Pit	RMB249.0/t (US$36.73/t)	RMB128.9/t (US$19.01/t)
Underground (+4,600 m) Sublevel Stoping	RMB276.5/t (US$40.78/t)	RMB201.0/t (US$29.65/t)
Underground (-4,600 m) Panel Sublevel Stoping	RMB249.0/t (US$36.73/t)	RMB201.0/t (US$29.65/t)

The following table shows the reserves remaining as of the end of 2010 after depletion:

Ore Reserve Estimates for the Jiama Project

(December 31, 2010)

		Grade						Contained Metals					
		Cu	Mo	Au	Ag	Pb	Zn	Cu	Mo	Au	Ag	Pb	Zn
Type	**Kt**	**%**	**%**	**g/t**	**g/t**	**%**	**%**	**Kt**	**Kt**	**t**	**t**	**Kt**	**Kt**
Tongqianshan Pit													
Proved	1,208	0.64	0.15	0.20	10.0	0.21	0.05	7.7	0.18	0.24	12	2.5	0.6
Probable	2,004	0.77	0.012	0.24	13.4	0.51	0.09	15.4	0.24	0.48	27	10.2	1.8
Subtotal	3,212	0.73	0.013	0.23	12.3	0.41	0.08	23.1	0.41	0.72	39	12.7	2.4
Waste	20,826												
Strip Ratio	5.58												
Niumatang Pit													
Proved	14,376	1.04	0.039	0.45	21.6	0.03	0.03	149.5	5.60	6.46	310	4.2	3.9
Probable	5,423	1.06	0.035	0.49	21.7	0.03	0.03	57.7	1.89	2.63	118	1.8	1.8
Subtotal	19,799	1.05	0.038	0.46	21.6	0.03	0.03	208.6	7.55	9.19	430	6.0	5.6
Waste	146,224												
Strip Ratio	7.35												
Total Open Pits													
Proved	15,584	1.01	0.037	0.43	20.7	0.04	0.03	157.2	5.47	6.70	322	6.7	4.5
Probable	7.427	0.97	0.027	0.41	19.1	0.19	0.05	73.1	2.13	3.11	145	12.0	3.6
Subtotal	23,011	1.00	0.034	0.42	20.1	0.09	0.04	230.3	7.6	9.81	467	18.7	8.1
Waste	167,050												
Strip Ratio	7.07												
Underground Reserve													
Proved	37,860	0.75	0.038	0.27	14.5	0.06	0.04	284.2	14.48	10.3	550	22.9	16.9
Probable	44,410	0.82	0.042	0.27	16.0	0.09	0.05	365.6	18.77	12.0	712	40.6	23.2
Subtotal	82,269	0.79	0.040	0.27	15.3	0.08	0.05	649.8	33.25	22.3	1262	63.5	40.1
Total Reserves													
Proved	53,444	0.83	0.038	0.32	16.3	0.06	0.04	441.4	29.95	17.0	872	29.6	21.4
Probable	51,837	0.85	0.040	0.29	16.5	0.11	0.05	438.7	20.90	15.11	857	52.6	26.8
Total	105,281	0.84	0.039	0.31	16.4	0.08	0.05	879.1	40.85	32.11	1729	82.2	48.2

Mining and Production Operations

Open pit mining is conducted using hydraulic excavators loading onto 45t and 20t trucks. Underground mining will include open stope mining, with flatter, thick zones backfilled and steeply dipping zones not backfilled. These two mining methods will account for around 90% of the ore reserves. For zones where open stoping methods are not appropriate, room and pillar or shrinkage stoping mining methods are planned.

The Company is developing the mining facilities in phases. According to the Behre Dolbear ITR for Jiama, the Jiama Project is to be developed as a combined open-pit and underground mining operation at a production rate of 3.6 million tpa (12,000 tpd) based on 300 working days per annum over a mine life of approximately 31 years. At December 31, 2010, Phase I was complete with production at 6,000 tpd from the Tongqianshan open pit. Open-pit mining at the Niumatang pit to increase the total open-pit mining production; underground mining to increase total mine production and finally, underground mining to ramp up production after the Tongqianshan pit is depleted were all part of the original Phase II plan. The Company is now conducting a mine plan and reserve analysis with the view to increase the size and scope of the Phase II expansion of its mining operations. This process is expected to culminate in an updated feasibility study, currently anticipated to be completed in the second or third quarter of 2011.

Production will consist of copper concentrate, molybdenum concentrate and lead concentrate. Gold and silver will be separated and smelted in downstream processing.

According to the review, the currently defined skarn-type reserves of the Jiama Mine are expected to support approximately 30 years of mine production based on an assumed production rate of 12,000 tpd (3.6 million tonnes per annum).

Operating and Capital Costs

Behre Dolbear calculated an overall unit cost for mine operations at US$24.82 to US$34.57 with a life of mine average at US$29.60 and unit production cost (which includes total unit cost for mine operations, unit depreciation and amortization costs) of US$31.99 to US$50.04 per tonne of processed ore with a life of mine average at US$35.28 per tonne of processed ore. Behre Dolbear also calculated a copper equivalent production in concentrate for the project based on metal in annual concentrate sales prices (excluding VAT). This calculation resulted in estimates of

CuEq in annual concentrate production amounting to between approximately 28,000 to 50,000 tonnes, CuEq operating costs ranging from approximately US$2,000 to US$4,000 per tonne, and CuEq production costs ranging from approximately US$2,500 to US$4,500 per tonne.

In the Behre Dolbear Report, the original mine development plan estimated total capital costs at approximately US$400 million to bring the project to 12,000 tpd of production. To date, approximately 56% of the capital costs have been expended, with an additional approximately US$170 million to be expended in the balance of 2010 through to 2012. The original mine development plan estimated further sustaining capital expenditures required through the life of the mine of approximately US$230 million. These amounts will change with the updated mine development plan expected to be completed in the second quarter.

Economic Analysis

Behre Dolbear completed an economic analysis of the mining operation based on its reserves. Behre Dolbear used copper, molybdenum, and lead prices that represent the actual average metal market prices for the last 3 to 5 years in China. Gold and silver prices are slightly higher than the past 3-year actual averages, but they represent the expectation for the long- term prices for these two metals. In addition to the metal prices, a copper concentrate transportation credit of RMB200/t (US$29.50/t) of copper metal contained in the copper concentrate was applied based on the preliminary current sales contract with a copper concentrate buyer.

Metal Prices Used for Base Case Economic Analysis for the Jiama Project

Metal	**Metal with VAT Price[1]**		**Metal in Concentrate with VAT Price**		**Metal in Concentrate without VAT Price**	
	RMB	*US$*	*RMB*	*US$*	*RMB*	*US$*
Copper	55,000/t	8,112.09/t	49,275/t	7,267.70/t	42,115.39/t	6,362.80/t
Molybdenum			300,000/t	44,247.79/t	256,410.26/t	37,818.62/t
Gold	200/g	917.51/oz	166/g	761.53/oz	166/g	761.53/oz
Silver	3,500/kg	16.06/oz	2,712.5/kg	12.44/oz	2,318.38/kg	10.64/oz
Lead			12,500/t	1,843.66/t	10,683.76/t	1,575.78/t

Note: (1) VAT is 17% for all metals except gold; gold sales are not subject to VAT.

Under the base case analysis, revenue from metal sales amounts to between US$200 million to US$300 million per year once full Phase II production is achieved, with after tax cash flow amounting to approximately US$100 million per year for most years, and with negative after tax cash flow recorded in 2010 when substantial capital programs are contemplated.

Behre Dolbear adopted a discount rate of 9% for the net present value calculation. Based on these assumptions, Behre Dolbear calculated the after tax net present value of the discounted cash flow at US$777.2 million. Payback of capital costs was estimated at 5.2 years starting from January 1, 2010.

Sensitivity analyses indicate that the NPV of the Jiama Project is very sensitive to variations in the metal prices and processing metal recoveries, moderately sensitive to variations in operating costs, and less sensitive to variations in capital costs.

Hornfels-type Resource Estimate

In addition to the skarn-type resource and reserve estimates reported above, Behre Dolbear conducted an analysis of a large, lower grade hornfels-type copper-polymetallic deposit located above the skarn-type deposit at the Jiama property. Results of geological modeling show that the hornfels-type mineralization is likely to consist of a large, massive mineralized body over 1,500 m long, up to 1,000 m wide and up to 820 m thick. In general, the upper portion of the mineralized body is copper rich, and the lower portion of the body is molybdenum rich. A total of 3,434 assay intervals with a total length of 6,017 m are located inside the defined hornfels-type mineralized envelopes for the Jiama Project. Therefore, the average assay interval length inside the hornfels-type mineralized envelopes is 1.75 m.

The hornfels-type mineral resources, estimated as of June 30, 2010 by Behre Dolbear for the Jiama Project, are summarized in the table below. The cutoff grade used for the hornfels-type resource summary is 0.3% copper, or 0.03% molybdenum, or 1% lead, or 1% zinc. Only inferred resources were estimated for the hornfels-type mineralization.

Hornfels Zone Inferred Mineral Resource Estimate as of June 30, 2010												
Kt	**Grade**						**Contained Metal**					
	Cu %	**Mo %**	**Au g/t**	**Ag g/t**	**Pb %**	**Zn %**	**Cu Kt**	**Mo Kt**	**Au t**	**Ag t**	**Pb Kt**	**Zn Kt**
655,000	0.23	0.045	0.02	1.17	0.00	0.01	1,500	290	13	770	—	—

Behre Dolbear estimated hornfels-type inferred resources of 655 million tonnes with average grades of 0.23% Cu, 0.045% Mo, 0.02 g/t Au and 1.17g/t Ag and contained metal of 1,500,000 tonnes of Cu, 290,000 tonnes of Mo, 13 tonnes of Au and 770 tonnes of Ag . The cutoff grades used are 0.3% copper, or 0.03% molybdenum, or 1% lead, or 1% zinc. The resource estimate was identified by Behre Dolbear as being at an early stage, and the Company cautions that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Environment and CommunityConsiderations

Environment protection measures for the mine site comprise water management, solid waste, dust and air quality mitigation, noise control, rehabilitation, and tailings storage.

The Jiama Project has a policy of social responsibility towards the local community, with a focus on providing assistance and contributing towards social development, through financially supporting local economic development, education, employment, training initiatives, local transport, communications, drinking water supply, and other social initiatives such as assisting poor families and rectifying both contamination issues and outstanding debts due to the community that were generated by previous mining operations on the Jiama Project site.

The community has welcomed the opportunity for employment in the area and has participated in ongoing dialogue with both Huatailong and the local government through the "Jiama Project Coordination and Development Management Committee" concerning the development and operation of the mine, potential environmental impacts and their management, and the scope and nature of community benefits to be generated by the development. Over RMB50 million (US$7.3 million) has been expended to date by Huatailong through the implementation of its community development plan.

Huatailong employs approximately 125 local Tibetan mine workers, is providing training and around thirty tertiary education scholarships to local people, has already employed approximately 26,000 days of contracted local labour and is ensuring that non-Tibetan staff are learning the local language.

Actual Commissioning and Production during the Commissioning Process

The Jiama Mine went into commissioning for commercial production in September 2010 and by December; the mine was processing 6,000 tonnes of ore per day. The mine is presently producing copper, gold and silver. Because the Jiama Mine is situated in a remote location in China, the mine experienced interruptions or shortages in its electricity supply from December 12th. According to the Jiama Technical Report, the Company was warned that the Jiama Project may experience power shortages until the central power grid of Tibet is connected to China's national power grid and shortage in electricity supply for mine and processing production during a winter dry season may affect the ability of the Jiama Project in meeting production targets. Production is now back on track and the connection to the central power grid is planned for by the end of 2012.

Assay Results from New Diamond Drill Holes

The Company successfully completed its planned 50,000 meter drilling program from ninety-five holes at its Jiama Copper-Gold poly-metallic mine. Drilling results will be included in an updated resource estimate expected to be completed by the second quarter. The high drilling success rate of ninety-five percent confirmed the high-grade skarn type mineralization is continuous in the licensed area. Further, a new standalone quartz diorite porphyrite dyke type gold mineralization zone was identified which may add a significant amount of high grade gold resources to the project. In addition, an aggressive three year exploration program has been started around the Jiama project area to further define the extent of the mineralized system supporting the now known deposit.

Jiama presents a world class copper/gold exploration target that has only now started to be fully explored and understood.

LIQUIDITY AND CAPITAL RESOURCES

We operate in a capital intensive industry. Our liquidity requirements arise principally from the need for working capital to finance development of our mining and processing operations, exploration activities and acquisition of exploration and mining rights. Our principal sources of funds have been proceeds from the issuance of promissory notes, borrowing from PRC Commercial banks and China National Gold, equity financings, and cash generated from operations. Our liquidity will primarily depend on our ability to generate cash flow from operations and obtain external financing to meet our debt obligations as they become due as well as our future operating and capital expenditure requirements.

At December 31, 2010, the Company had an accumulated deficit of US$39.2 million and working capital of US$224.8 million. China Gold International's cash balance at December 31, 2010 was US$301.6 million. On December 1, 2010, the Company completed a Global Equity Offering of 53,660,000 common shares of the Company at a price of HK$44.68 (US$5.76) per common share. The Company realized gross proceeds of approximately HK$2.4 billion (approximately US$309 million).With the proceeds from the public offering, the Company repaid the US$40.0 million term loan and its last promissory note, Note C, for CAD7.5 million both to CNG in December along with accrued interest owing. The first principal installment of US$1.5 million, on the Company's RMB290 million term loan from the Agricultural Bank of China ("ABC"), was paid in September 2010 with the same payment due September 2011. Interest payments of approximately US$175,000 were paid monthly on the ABC loan for an approximate total of US$1,575,000 for the year and will continue to be paid next year in 2011.

Two bank loan facilities were acquired with the purchase of Skyland and the Jiama Mine. One was a bank loan for RMB700 million (US$105,697,102) acquired from the Bank of China ("BOC"). The first repayment of the loan for RMB200 million (US$30,343,949) is due December 28, 2011. The other is a syndicated loan facility with various banks for RMB750 million with the first payment of RMB100 million due in June 2013. Of the total funds available, approximately RMB427.0 million (approximately US$64.5 million) has been drawn down to date.

Management believes that its forecasted operating cash flows from the CSH Mine are sufficient to cover the next twelve months of CSH Mine operations factoring in its planned capital expenditures and current debt repayments. Revenue and related expenses should increase as production increases. Forecasted operating cash flows from the Jiama Mine should be sufficient to cover the next twelve months as long as unexpected situations like the loss of power do not continue to dampen production. Proceeds from the Hong Kong IPO are being used to fund the capital expenditures being planned for Phase II of Jiama as well as the due diligence in analyzing potential project acquisitions.

Cash flows

The following table sets out selected cash flow data from our consolidated cash flow statements for the year ended December 31, 2010 and 2009:

	Years ended December 31,	
	2010	2009
	US$	*US$*
Net cash flows from operating activities	**10,908,799**	10,751,457
Net cash flows from (used in) investing activities	**6,858,877**	(31,358,892)
Net cash flows from financing activities	**259,854,092**	32,375,052
Effect of foreign exchange rate changes on cash and cash equivalents	**2,289**	74,304
Net increase in cash and cash equivalents	**277,624,057**	11,841,921
Cash and cash equivalents, beginning of period	**23,984,660**	12,142,739
Cash and cash equivalents, end of period	**301,608,717**	23,984,660

For the three month period and year ended December 31, 2010

Operating cash flow

For the year ended December 31, 2010, net cash from operating activities was US$10.9 million which was primarily attributable to (i) net income of US$42.0 million, (ii) depreciation and depletion of $9.6 million, (iii) the fair value change on warrant liabilities of US$7.2 million, and (iv) finance costs of US$5.8 million, offset by (i) an increase in inventory of US$18.2 million, (ii) interest paid of US$6.0 million, (iii)income taxes of US$5.9 million, and (iv) a decrease of US$26.7 million in accounts payable to trades as well as related parties.

For the year ended December 31, 2009, net cash from operating activities was US$11.8 million, which was primarily attributable to (i) an increase in construction payable of US$15.3 million primarily due to completing the crusher facilities, (ii) a decrease in prepaid expenses and deposits of US$5.4 million primarily due to a decrease in refundable deposits for the CSH Mine construction and resource tax prepayments made to the local PRC government, (iii) a loss of US$7.2 million on the fair value of warrant liabilities, (iv) finance costs of US$6.3 million, (v) depreciation of US$5.7 million, and (vi) income taxes of US$4.7 million.

Investing cash flow

For the year ended December 31, 2010, net cash from investing activities was US$6.9 million, which was primarily attributable to (i) the acquisition of property, plant and equipment of US$13.2 million, (ii) deposits paid to joint venture partner of the Dadianguo project of US$5.2 million, offset by (i) the cash of US$13.6 million from the acquisition of Jiama, and (ii) the deposits of US$11.6 million from the disposal of the Dadiangou Gold project.

For the year ended December 31, 2009, net cash used in investing activities was US$32.4 million, which was primarily attributable to purchases of property, plant and equipment of US$37.6 million, net of construction payables. This increase in purchases was primarily in relation to the construction and installation of the crushing facility and expansion of processing facilities at the CSH Mine. This was partially offset by restricted cash deposits of US$5.2 million primarily as a result of the return by a bank of cash deposited to secure a stand-by credit facility.

Financing cash flow

For the year ended December 31, 2010, net cash from financing activities was US$259.9 million which was primarily attributable to the proceeds of US$305.0 million from the issuance of common shares following the Global Offering and exercise of warrants and stock options as well as on the proceeds from borrowings of US$7.5 million. This was partially offset by (i) the repayment of term loan from CNG of US$40.0 million and (ii) repayment of borrowings of US$12.7 million.

For the year ended December 31, 2009, net cash from financing activities was US$32.4 million, which was primarily attributable to the aggregate proceeds of US$82.3 million from the term loan from the Agricultural Bank of China to CSH CJV and the term loan we borrowed from CNG, partially offset by: (i) the repayment of Series A Notes and Series B Notes in an aggregate amount of approximately US$36.3 million and (ii) the repayment of the bridge loan of approximately US$18.9 million from the Industrial and Commercial Bank of China.

SELECTED BALANCE SHEET ITEMS

Accounts receivable primarily represents trade sales, gold sales in advance of payment, value added tax receivables and goods and services tax refunds from relevant government authorities, listing expense receivables, amounts due from shareholders, and other receivables such as employee travel advances. Normally, CNG pays an estimated sale price for gold from the CSH Mine within two days before delivery. The estimated sale price is calculated on the basis of the estimated weight of gold and silver contained in the gold dore bars we sell. The final sale price is settled when the parties finalize the weight of gold and silver contained in the gold dore bars in accordance with the weighing and sampling procedures specified in the sale agreement.

Accounts receivable increased by US$7.4 million from US$1.7 million as of December 31, 2009 to US$9.1 million as of December 31, 2010, primarily due to amounts due from shareholders of US$5.3 million based on a cost sharing agreement with the previous owners of Jiama and US$2.1 million of value added tax receivables.

The following table sets forth an aging analysis of our accounts receivable as of the dates indicated:

	December 31, 2010	**December 31, 2009**
	US$	*US$*
Trade receivables, net	702,603	346,437
Listing expense receivable	—	1,184,911
VAT receivables	2,085,831	—
Other receivables	825,213	85,365
GST receivable	72,427	65,167
Amounts due from shareholder	5,364,416	—
Total accounts receivable	9,050,490	1,681,880

Our trade receivable turnover days for the year ended December 31, 2010 and for the year ended December 31, 2009 were 15.5 days and nil days respectively.

Prepaid lease payments consist of US$6.7 million prepaid for medium term lease leasehold land located in the PRC. The prepaid lease payments are amortized over the lease term of 48 years.

Prepaid expenses and deposits primarily consist of deposits for supplies and services for mining operations at the CSH Mine, deposits for environmental protection, deposits to suppliers for purchase of spare parts, insurance premium for future periods, and rent deposits for our corporate offices.

As of December 31, 2010 and 2009, prepaid expenses and deposits were US$5.8 million and US$1.7 million, respectively. The increase of US$4.1 million in prepaid expenses and deposits was primarily due to (i) an increase in deposits paid for environmental protection of US$1.6 million, (ii) an increase of US$1.3 million for mine supplies and services, (iii) an increase of US$748,000 for spare parts, and (iv) a prepayment of land use rights in Tibet of US$755,000.

Inventory consists of gold-in-process (comprising gold contained in the ore placed on the leach pad and in-circuit material within processing operations), gold dore bars, copper, auxiliary materials and spare parts.

Our inventory at the CSH Mine increased by US$22.9 million from US$29.0 million as of December 31, 2009 to US$52.0 million as of December 31, 2010. The increase includes US$8.0 million in gold dore bars and US$7.3 million in gold in process. The extremely harsh winter slowed the leaching process down resulting in lower than normal recovery rates in the first quarter but warmed up in the second quarter. We increased the recovery rate used from 38.6% in the first quarter back to 43.0% in the second quarter. Approximately 12.4 million tonnes of ore was mined and placed on the leach pad in the year ended December 31, 2010, up from 2.7 million tonnes in the year ended December 31, 2009. With the Crusher in place, the ore was crushed to a size smaller than 9 millimeters which is much smaller than the uncrushed ore place in the same period to December 2009. Inventory turnover days for the year ended December 31, 2010 and for the year ended December 31, 2009 were 276.5 days and 188.5 days, respectively. These inventory turnover periods were primarily attributable to the amount of gold-in-process we had which was in turn primarily attributable to the nature of the heap leaching method we use at the CSH Mine. It generally requires a significant period of time (several years) from the time when ore is placed on leach pads to the time when gold is poured. A five year leaching kinetics has been developed by KD Engineering.

As of December 31 2010 and 2009, CSH inventory primarily consisted of gold-in-process.

Inventory from the Jiama Mine at December 31, 2010 was split between amounts held in copper and amounts related to mining consumables.

Intangible assets arose from the purchase of the Jiama Mine and relate mainly to the independent valuation made of the fair value of the mining rights acquired. The mining rights are equivalent to the recoverable amount from the production of Phase I based on a value in use calculation covering a 9 year period and a discount rate of 9%. The mining rights will expire in 2013 and in the opinion of the directors of the Company; the Company will be able to renew the mining rights with the relevant government authority, continuously. The mining rights are amortized on a unit of production method based on the actual production volume over the estimated total proven and probable reserves of the mines.

Accounts payable and accrued expenses primarily consists of amounts outstanding for trade purchases relating to gold production activities (such as purchases of auxiliary materials), copper processing activities, construction activities and fees payables to third-party contractors.

Accounts payable and accrued expenses increased by US$55.7 million from US$35.1 million as of December 31, 2009 to US$90.8 million as of December 31, 2010. The majority of the increase relates to the addition of US$40.3 million in accounts payable from the operation of Jiama as well as the US$13.8 million in advances owing to a customer.

The following table sets forth an aging analysis of our trade accounts payable as of the dates indicated:

	December 31, 2010	**December 31, 2009**
	US$	*US$*
Less than 1 month	**16,212,997**	9,049,090
1 to 3 months	**11,991,558**	1,165,793
3 to 6 months	**13,875,510**	2,431,233
Over 6 months	**7,833,615**	6,570,674
Total	**49,913,680**	19,216,790

The accounts payable turnover days for the year ended December 31, 2010 and 2009 are calculated based on accounts payable and accrued expenses as of the period end divided by the cost of sales for the year. The accounts payable turnover days for the year ended December 31, 2010 and the year ended December 31, 2009 was 483.0 days and 227.9 days. The accounts payable turnover days are relatively long primarily attributable to third-party mining contractors, third-party vendors providing listing services due at designated milestones as outlined by their contracts, and the deposit received for the sale of the Dadiangou project.

Warrant liabilities represented the fair value of the warrants that were outstanding as of the end of each reporting period. Warrants were granted primarily in connection with the promissory notes issued in December 2006 and June 2007, respectively, and a private placement of common shares in August 2006.

Total warrant liabilities decreased from US$5.3 million as of December 31, 2009 to US$nil as of December 31, 2010, primarily attributable to the fact that all the warrant liabilities have been exercised during the year ended December 31, 2010.

Deferred tax liabilities amounted to US$138.3 million and primarily relate to the fair value adjustment on intangible assets and property, plant and equipment that arose on the acquisition of Jiama.

Environmental rehabilitation primarily represents reclamation and closure costs relating to our operations at the CSH Mine. We have estimated reclamation and closure costs based on our interpretation of current regulatory requirements and the recorded amount is the net present value of estimated future cash expenditures on reclamation and closure in connection with the areas estimated to be disturbed. Reclamation and closure costs were capitalized as mine development costs (under mineral assets as part of property, plant and equipment) since the commencement of pre-commercial production and depreciated over the life of the mine on a unit-of-production basis. At the same time, we started to recognize environmental rehabilitation liabilities since the commencement of pre-commercial production with the same amount of net present value of estimated future cash expenditures on reclamation and closure and accrete the balance of the environmental rehabilitation liabilities for each reporting period through to 2030. Such accretion is recorded as part of the finance costs.

The environmental rehabilitation was calculated as the net present value of estimated future net cash outflows of the reclamation and closure costs in a total amount of approximately US$9.9 million and US$9.5 million discounted at 9.8% and 10.0% as of December 31, 2010 and 2009, respectively. The accretion incurred in connection with the environment rehabilitation represented interest expense calculated based on the foregoing discount rates and therefore it was recorded as part of the finance costs. Our environmental rehabilitation liabilities increased from US$1.6 million as of December 31, 2009 to US$1.9 million as of December 31, 2010 primarily attributable to accretion.

We had net current assets of US$224.8 million as of December 31, 2010 and net current liabilities of US$9.4 million as of December 31, 2009.

RELATED PARTY TRANSACTIONS

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

	December 31, 2010	**December 31, 2009**
	%	*%*
CNG	**39.0**	40.3

The breakdown of the sales transactions between related parties is as follows:

	December 31, 2010	**December 31, 2009**
	US$	*US$*
Gold dore sales	**115,703,757**	77,723,334
Silver sales (netted in cost of sales)	**1,056,118**	166,214

The Company incurred the following interest expense with CNG. Interest expense has been recorded on the effective interest method. The interest relates to the term loan and the promissory note extension.

	December 31, 2010	**December 31, 2009**
	US$	*US$*
Financial services agreement	**—**	409,770
Interest	**3,019,636**	1,384,193
Total related party expenses	**3,019,636**	1,793,963

On December 1, 2010, the Company acquired Skyland Mining Limited, the owner of the Jiama Mine, from China National Gold Group Hong Kong Limited ("CNGHK") and a third party, Rapid Result. The Company issued an aggregate 170,252,294 common shares, of which 86,828,670 common shares were issued to CNGHK. The terms of the transaction were settled by a special committee of independent directors with the support of a valuation and fairness opinion by Haywood, an independent securities firm. The Skyland Purchase Agreement includes a post-closing adjustment mechanism based on the net working capital of Skyland as at December 1, 2010 which could adjust the total consideration paid. The Company and the Skyland vendors are currently in discussions about the final calculation of the working capital adjustment amount, and the actual working capital adjustment is expected to be recorded in the second quarter of 2011 when these discussions are expected to be complete.

With the purchase of Skyland, the Company acquired an existing bank loan from the Bank of China and a syndicated loan both guaranteed by CNG.

In April 2010, the Company's wholly owned subsidiary, Gansu Pacific Mining Co. Ltd., and its joint venture partner, NINETC, agreed to sell the Company's Dadiangou gold project to Gansu Zhongjin Gold Mining Co. Ltd for a purchase price of US$13.1 million, of which the Company is entitled to 53%, or approximately US$7 million. In November 2010, the Dadiangou exploration right transaction application between Gansu Zhongjin Gold Mining Co. Ltd and NINETC was approved by the Gansu Provincial Government. The transaction procedure is now pending in the Land and Mineral Resource Bureau of Gansu Province.

The assets of the Company include the following amounts due from related parties:

	December 31, 2010 *US$*	**December 31, 2009** *US$*
Assets		
Restricted cash received from CNG's subsidiary from sales of Dadiangou Gold Project	**6,725,129**	—
Prepaid expenses to CNG's subsidiaries	**—**	283,451
Listing expense receivable from CNG's subsidiary	**2,735,852**	1,184,911
Listing expense receivable from Rapid Result	**2,628,564**	—
Trade receivable from CNG	**53,135**	346,437
Amount due from a non-controlling shareholder	**419,768**	—
Total related party assets	**12,562,448**	1,814,799

The accounts receivable from CNG arose from sales of gold to CNG. There is no credit period. Amounts receivable from CNG and the Skyland shareholder are included in accounts receivable in the condensed consolidated statement of financial position.

The liabilities of the Company include the following amounts due to related parties:

	December 31, 2010 *US$*	December 31, 2009 *US$*
Liabilities		
Interest payable to CNG	**—**	166,667
Other payable to CNG's subsidiary for deposit from sales of Dadiangou Gold Project	**6,725,129**	—
Accounts payable to CNG	**30,199**	—
Accounts payable to CNG 's subsidiaries	**117,569**	109,391
Total related party liabilities	**6,872,897**	276,058

Key management compensation (other than directors)

	December 31, 2010 *US$*	December 31, 2009 *US$*
Salary cost		
Salaries and other benefits	**434,464**	822,960
Post employment benefits	**4,247**	—
Stock-based payments	**—**	11,382
	438,711	834,342

The salaries and benefits above are a summation of the amounts paid to Management of the Company.

INDEBTEDNESS

Our borrowings are denominated in RMB, U.S. dollars and Canadian dollars. As of December 31, 2010 and 2009, we had the following outstanding borrowings:

	Effective Interest Rate			December 31,	December 31,
	2010	**2009**	**Maturity**	**2010**	**2009**
	%	%		*US$*	*US$*
Current					
Notes payable (i)	—	17.66/19.48	June 26, 2011	**—**	10,633,386
Current portion of long-term loan					
- Agricultural Bank of China ("ABC") (ii)	5.18	5.18	September 9, 2011	**1,517,197**	1,458,619
Current portion of long-term loan					
- Bank of China ("BOC") (iii)	3.96	—	December 28, 2011	**30,343,949**	—
				31,861,146	12,092,005
Non-current					
Long-term loan - ABC (ii)	5.18	5.18	September 9, 2012 to September 9, 2014	**40,964,331**	40,841,331
Long-term loan - CNG (v)	—	6.00	December 6, 2011	**—**	40,000,000
Long-term loan - BOC (iii)	3.96	—	December 28, 2012 to December 28, 2014	**75,353,123**	—
Syndicated loan (iv)	3.96	—	June 4, 2013 to June 4, 2016	**64,467,664**	—
				180,785,118	80,841,331
				212,646,264	92,933,336

Our indebtedness comprised the following:

(i) ***Notes A, B, and C (fully repaid)***

On December 14, 2006 and June 26, 2007 private placement offerings were completed of senior unsecured promissory notes in the principal amount of CAD30.0 million (US$25.9 million)(Note A) and CAD12.5 million (US$18.7 million) (Note B) and CAD7.5 million (Note C) with interest at 12% per annum payable quarterly along with 6,000,000 and 4,000,000 warrants which entitled the holder to purchase one Share at an exercise price of CAD1.60 per Share and CAD2.50 per Share, respectively. We fully repaid Note A on December 14, 2009 and redeemed Note B January 11, 2010 in Canadian dollars. We exercised on early expiry dates for the warrants on March 18, 2010 and April 16, 2010, respectively. Note C, originally due June 26, 2010, was extended to June 26, 2011 under the same terms. The effective interest rate on Notes A and B was 19.5%. The effective interest rate on Note C was originally 17.7%. The effective interest rate on the extension of Note C was the same as its annual rate of 12% with interest of CAD225,000 payable quarterly. With the proceeds from the public offering, Note C was repaid with accrued interest. As of December 31, 2010, no more promissory notes remain.

(ii) ***Loan from the Agricultural Bank of China***

In September 2009, the CSH CJV received an unsecured bank loan in the principal amount of RMB290.0 million (US$42.6 million) from the Agricultural Bank of China. China National Gold provided a guarantee for the loan. The loan is repayable within five years from the date of the first draw-down. The annual interest rate for the term loan is currently 5.598% with interest of approximately US$175,000 payable monthly.

(iii) ***Loan from the Bank of China***

A bank loan facility from the Bank of China was acquired with the purchase of Skyland and the Jiama Mine. The bank loan of RMB700 million (US$105,697,072) carries interest at a floating rate based on the People's Bank of China base rate (the interest rate at date of inception of the loan agreement and at the end of reporting period was 3.96% per annum) and is repayable in four annual installments starting from December 28, 2011. RMB200 million (US$30,199,163), RMB200 million (US$30,199,163), RMB150 million (US$22,649,373) and RMB150 million (US$22,649,373) will be repayable on December 28, 2011, December 28, 2012, December 28, 2013 and December 28, 2014 respectively. The loan is guaranteed by CNG.

(iv) ***Syndicated loans***

A syndicated loan facility agreement for RMB750 million with various banks was acquired with the purchase of Skyland and the Jiama Mine. The syndicated loans carry interest at a floating rate based on the People's Bank of China base rate (the interest rate at date of inception of the loan agreement and at the end of reporting period was 3.96% per annum) and is repayable in four annual installments starting from 2013. RMB100 million, RMB150 million and RMB176,950,000 will be repayable on June 2013, June 2014 and June 2015, respectively. Total facility drawn down to date is RMB426,950,000 (US$64,467,664). The loan is guaranteed by CNG.

(v) ***Shareholder's loan from China National Gold***

In December 2009, we received an unsecured non-revolving shareholder's loan from China National Gold Hong Kong in the principal amount of US$40.0 million. The loan bears interest (payable on a quarterly basis) at an annual rate of 6% and matures in December 2011. The proceeds of the loan were partially used to redeem Series A Notes due on December 14, 2009. We used the remaining amount of the proceeds to prepay Series B Notes in their entirety on January 11, 2010. The annual interest rate for the term loan is 6% with interest of US$600,000 payable quarterly. With the proceeds from the public offering, the US$40.0 million term loan was fully repaid with accrued interest in December 2010.

Restrictive covenants

We are subject to various customary conditions and covenants under the terms of our financing agreements.

The restrictive covenants with regards to Note C have been removed with its repayment.

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

COMMITMENTS AND CONTINGENCIES

Operating leases

We have leased certain properties in China and Canada. All the leases are under operating lease arrangements and the leases are negotiated for an average term of three to seventeen years. We are required to pay a fixed rental amount under the terms of these leases.

The following table sets forth our material future aggregate minimum operating lease payments under these operating leases:

	December 31, 2010	**December 31, 2009**
	US$	*US$*
Within one year	**230,476**	95,482
Between second and fifth years inclusive	**679,583**	391,307
Over five years	**740,485**	—
	1,650,544	486,789

Capital commitments

Our capital commitments related primarily to payments for purchase of equipment and machinery for both mines and payments to third-party contractors for provision of mining and exploration engineering work and mine construction work for both mines. We have entered into contracts that prescribed such capital commitments, but have not included them in our condensed consolidated financial statements.

The following table sets forth our capital commitments in respect to acquisition of property, plant and equipment and construction for both mines as of the dates indicated:

		Payments Due By Year					
	Total	**2011**	**2012**	**2013**	**2014**	**2015**	**Thereafter**
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
Principal repayment on ABC term loan	42,481,528	1,517,197	9,103,185	18,206,370	13,654,776	—	—
Principal repayment on BOC loan (RMB700,000,000)	105,697,072	30,199,163	30,199,163	22,649,373	22,649,373	—	—
Principal repayment on Syndicated loan (RMB426,950,000)	64,467,664	—	—	15,099,582	22,649,373	26,718,709	—
Operating leases Vancouver (a)	437,248	100,352	103,040	103,936	103,936	25,984	—
Operating leases Jiama (a)	1,213,296	130,124	85,672	85,672	85,672	85,671	740,485
Capital commitments of CSH Mine(b)	1,570,118	1,570,118	—	—	—	—	—
Capital commitments of the Jiama Mine(b)	36,982,553	36,982,553	—	—	—	—	—
Total	252,849,479	70,499,507	39,491,060	56,144,933	59,143,130	26,830,364	740,485

(a) Operating leases are primarily for premises.

(b) Capital commitments relate to contracts signed for construction and equipment supply.

In addition to the table set forth above, we 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 amount of fees for such work performed and to be performed each year varies depending on the amount of work performed.

FUTURE PROSPECTS

- For 2011, the Company budgeted annual production of approximately 125,000 ounces of gold for the CSH Mine.

- For 2011, the Company has budgeted annual processing at 1.5 million tonnes for the Jiama Mine. As the expansion of Phase II of the development plan expected in an upcoming feasibility study is not yet complete, Management is unable to provide any estimate of the additional production expected with the expansion of Phase II.

- A three year exploration program for the CSH Mine has been planned to fully evaluate its potential for gold mineralization.

- The Company is now conducting a mine plan and reserve analysis with the view to increasing the size and scope of the Phase II expansion of its mining operations of Jiama. This process is expected to culminate in an updated feasibility study, which is expected to be completed in the second quarter of 2011.

- An aggressive three year exploration program is also planned for the Jiama Mine with updated drilling targets in 2011 with a particular focus on upgrading and increasing resources.

- The Company will continue to leverage upon CNG's technical and operating experience in China to improve operations at the CSH Gold Mine and the Jiama Mine. In addition, the Company will continue to focus its efforts on increasing and optimizing production while minimizing costs.

- To fulfill its growth strategy, the Company is continually working with CNG to identify potential mining international opportunities, namely the projects outside China, that can be readily and quickly brought into production for further expansion through exploration. The Company is seeking projects outside of China in reliance on the non-compete undertaking executed by CNG in favour of the Company by which CNG undertook to not compete with the Company for international projects and in return, the Company updertook to not pursue any mining projects in China.

FINAL DIVIDENDS

At a meeting held on March 30, 2011, the Board did not recommend the payment of any dividend in respect of the year ended December 31, 2010. (2009: nil)

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules (the "Code") since the listing of the shares of the Company on the Stock Exchange (the "Listing") on December 1, 2010 up to December 31, 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted policies in its Corporate Disclosure, Confidentiality and Securities Trading Policy that has terms which are no less exacting than those set out in Appendix 10 of the Hong Kong Listing Rules (the Model Code).

The Board is pleased to confirm, after specific enquiries with all Directors, that all Directors have fully complied with standards required according to the Model Code during the period since the Listing on December 1, 2010 to December 31, 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended December 31, 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

Pursuant to the requirements of the Code and the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all the existing Independent Non-executive Directors, namely Mr. He Ying Bin Ian (Chairman of the Audit Committee), Mr. Chen Yunfei, Mr. Gregory Clifton Hall and Mr. John King Burns.

The Audit Committee has reviewed the audited consolidated financial statements for the year ended December 31, 2010, and is of the view that the Group's audited consolidated financial statements for the year ended December 31, 2010 are prepared in accordance with the applicable accounting standard, laws and regulations, and appropriate disclosures have already been made.

By order of the Board
China Gold International Resources Corp. Ltd.
Mr. Sun, Zhaoxue
Chairman

Hong Kong March 31, 2011

As of the date of this announcement, the executive Directors are Mr. Sun, Zhaoxue, Mr. Song, Xin, Mr. Wu, Zhanming and Mr. Jiang, Xiangdong, the non-executive Director is Mr. Liu, Bing and the independent non-executive Directors are Mr. He, Ying Bin Ian, Mr. Chen, Yunfei, Mr. Hall, Gregory Clifton and Mr. Burns, John King.