



中國黃金國際資源有限公司

China Gold International Resources Corp. Ltd.

(Incorporated in British Columbia, Canada with limited liability)

HK Stock Exchange Stock Code: 2099

Toronto Stock Exchange Stock Code: CGG



2024

INTERIM REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2024. (Stated in U.S. dollars, except as otherwise noted)

FORWARD-LOOKING STATEMENTS	1
THE COMPANY	2
OVERVIEW	2
PERFORMANCE HIGHLIGHTS	2
OUTLOOK	3
RESULTS OF OPERATIONS	4
SELECTED QUARTERLY FINANCIAL DATA	4
SELECTED QUARTERLY PRODUCTION DATA AND ANALYSIS	4
REVIEW OF QUARTERLY DATA	6
NON-IFRS MEASURES	9
MINERAL PROPERTIES	11
THE CSH MINE	11
THE JIAMA MINE	13
LIQUIDITY AND CAPITAL RESOURCES	17
CASH FLOWS	18
OPERATING CASH FLOW	19
INVESTING CASH FLOW	19
FINANCING CASH FLOW	19
EXPENDITURES INCURRED	19
GEARING RATIO	19
SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLAN FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS	20
CHARGE ON ASSETS	20
EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES	20
COMMITMENTS	20
RELATED PARTY TRANSACTIONS	21
PROPOSED TRANSACTIONS	22
CRITICAL ACCOUNTING ESTIMATES	22
CHANGE IN ACCOUNTING POLICIES	22
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS	22
OFF-BALANCE SHEET ARRANGEMENTS	22
DIVIDEND AND DIVIDEND POLICY	22
OUTSTANDING SHARES	23
DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING	23
RISK FACTORS	23
QUALIFIED PERSON	23
ADDITIONAL INFORMATION	23



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis of financial condition and results of operations (“MD&A”) is prepared as of August 14, 2024. It should be read in conjunction with the condensed consolidated financial statements and notes thereto of China Gold International Resources Corp. Ltd. (referred to herein as “China Gold International”, the “Company”, “we” or “our” as the context may require) for the three and six months ended June 30, 2024 and the three and six months ended June 30, 2023, respectively. Unless the context otherwise provides, references in this MD&A to China Gold International or the Company refer to China Gold International and each of its subsidiaries collectively on a consolidated basis.

The following discussion contains certain forward-looking statements relating to the Company’s plans, objectives, expectations and intentions, which are based on the Company’s current expectations and are subject to risks, uncertainties and changes in circumstances. Readers should carefully consider all of the information set out in this MD&A, including the risks and uncertainties outlined further in the Company’s Annual Information Form (“Annual Information Form” or “AIF”) dated March 27, 2024 on SEDAR+ at www.sedarplus.ca, www.chinagoldintl.com and www.hkex.com.hk. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled “Forward-Looking Statements” and “Risk Factors” and to discussions elsewhere within this MD&A. China Gold International’s business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

Certain statements made herein, other than statements of historical fact relating to the Company, represent forward-looking information. In some cases, this forward-looking information can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “contemplates”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to”, “should” or the negative of these terms, or other similar expressions intended to identify forward-looking information. This forward-looking information includes, among other things; China Gold International’s production estimates, business strategies and capital expenditure plans; the development and expansion plans and schedules for the CSH Mine and the Jiama Mine; China Gold International’s financial condition; the regulatory environment as well as the general industry outlook; general economic trends in China; and statements respecting anticipated business activities, planned expenditures, corporate strategies, participation in projects and financing, and other statements that are not historical facts.

By their nature, forward-looking information involves numerous assumptions, both general and specific, which may cause the actual results, performance or achievements of China Gold International and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Some of the key assumptions include, among others, the absence of any material change in China Gold International’s operations or in foreign exchange rates, the prevailing price of gold, copper and other non-ferrous metal products; the absence of lower-than-anticipated mineral recovery or other production problems; effective income and other tax rates and other assumptions underlying China Gold International’s financial performance as stated in the Company’s technical reports for its CSH Mine and Jiama Mine; China Gold International’s ability to obtain regulatory confirmations and approvals on a timely basis; continuing positive labor relations; the absence of any material adverse effects as a result of political instability, terrorism, natural disasters, pandemics such as COVID-19, litigation or arbitration and adverse changes in government regulation; the availability and accessibility of financing to China Gold International; and the performance by counterparties of the terms and conditions of all contracts to which China Gold International and its subsidiaries are a party. The forward-looking information is also based on the assumption that none of the risk factors identified in this MD&A or in the AIF that could cause actual results to differ materially from the forward-looking information actually occurs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-looking information contained herein as of the date of this MD&A is based on the opinions, estimates and assumptions of management. There are a number of important risks, uncertainties and other factors that could cause actual actions, events or results to differ materially from those described as forward-looking information. China Gold International disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates, opinions or assumptions, future events or results, or otherwise except to the extent required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking information in this MD&A is expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on forward-looking information.

THE COMPANY

Overview

China Gold International is a gold and base metal mining company registered in British Columbia Canada. The Company's main business involves the operation, acquisition, development and exploration of gold and base metal properties.

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

China Gold International's common shares are listed on the Toronto Stock Exchange ("TSX") and The Stock Exchange of Hong Kong Limited ("HKSE") under the symbol CGG and the stock code 2099, respectively. Additional information about the Company, including the Company's Annual Information Form, is available on SEDAR+ at sedarplus.ca as well as Hong Kong Exchange News at hkexnews.hk.

Performance Highlights

Three months ended June 30, 2024

- Revenue increased by 103% to US\$148.0 million from US\$73.0 million for the same period in 2023.
- Mine operating earnings of US\$29.4 million, increased by US\$35.6 million from mine operating loss of US\$6.2 million for the same period in 2023.
- Net loss of US\$4.8 million decreased by US\$48.5 million from net loss of US\$53.3 million for the same period in 2023.
- Cash flow from operation of US\$80.9 million, increased from cash used in operation of US\$73.5 million for the same period in 2023.
- Total gold production decreased by 13% to 31,373 ounces from 36,069 ounces for the same period in 2023.
- Total copper production was 18.6 million pounds (approximately 8,454 tonnes). There was no copper production for the same period in 2023.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Six months ended June 30, 2024

- Revenue decreased by 36% to US\$208.5 million from US\$325.8 million for the same period in 2023.
- Mine operating earnings of US\$17.9 million, decreased by US\$78.7 million from mine operating earnings of US\$96.6 million for the same period in 2023.
- Net loss of US\$30.9 million decreased by US\$56.2 million from net income of US\$25.3 million for the same period in 2023.
- Cash flow from operation of US\$88.1 million, increased by US\$33.9 million from US\$54.2 million for the same period in 2023.
- Total gold production decreased by 42% to 52,087 ounces from 89,317 ounces for the same period in 2023.
- Total copper production was 23.3 million pounds (approximately 10,547 tonnes) decreased by 47% to 44.1 million pounds (approximately 20,019 tonnes) for the same period in 2023.

The decrease in production and profit was mainly attributed to the suspension of operations of the Jiama Mine following the overflow at the Guolanggou tailings pond on March 27, 2023. Operations began to gradually recommence as of December 15, 2023. Phase II processing plant with a daily processing capacity of 34,000 tonnes resumed operations on May 30, 2024. The Phase I processing plant which had been in operation during the production ramp up phase ceased operations.

Outlook

On March 27, 2023, an overflow occurred at the Guolanggou Tailings Dam at Jiama Mine (the “overflow”). The Company quickly contained and repaired the breach to ensure no damage to the environment or neighbouring communities. Subsequent to the overflow, Jiama Mine suspended its operations while the Company conducted a comprehensive safety assessment of and repair work on its tailings dam with the assistance and supervision of government safety authorities.

The overflow occurred at the top 19th subsequent dyke of the Guolanggou Tailings Dam. However, other levels of subsequent dykes and the starter dyke were also damaged to varying degrees. The Company has conducted a comprehensive inspection and assessment of all 19 levels of subsequent dykes and the starter dyke of the tailings dam and has made permanent repairs and reinforcements of the dam. Due to the uncertainty of the date of full resumption of production at Jiama Mine, the Company withdrew its annual production guidance for 2023 as set out in the announcement of the Company dated January 20, 2023. On December 15, 2023, certain operations began gradual resumption following the receipt of approval from the Lhasa Municipal Government. As of May 30, 2024, with the approvals of the Government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant resumed operations with a daily processing capacity of 34,000 tonnes. The Phase I processing plant which had been in operation during the production ramp up phase ceased operations. The Company is actively advancing the construction of the Phase III tailings dam, which is expected to be completed and put into operation in the first half of 2026.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the CSH pit's increased depth, the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage are the Company's top priority to ensure safe and sustainable production. The CSH Mine reduced the mining rate at the end of the third quarter and in the fourth quarter of 2023 in order to enhance the management and maintenance of open pit slopes. As of January 4, 2024, the works on slope maintenance have been completed and the mining activities, including mining, hauling, crushing and heaping, have returned to their normal operating level. The resumption of full mining activities at the CSH Mine has laid a solid foundation for enhancing the Company's financial and production performance in 2024.

Inconsideration of the events, the Company reports separate production guidance for the two mines in 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CSH Mine:

- It is expected that the gold production range will be 106,097 ounces to 112,528 ounces (approximately 3.3 tonnes to 3.5 tonnes) in 2024.

Jiama Mine:

- It is expected that the copper production range will be 95.0 million pounds to 98.0 million pounds (approximately 43,200 tonnes to 44,500 tonnes) in 2024;
- It is expected that the gold production range will be 42,439 ounces to 45,333 ounces (approximately 1.32 tonnes to 1.41 tonnes) in 2024.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

(US\$ in thousands except per share)	2024		Quarter ended				2022	
	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec	30-Sep
Revenue	147,955	60,543	71,315	62,325	73,016	252,778	253,904	255,030
Cost of sales	118,512	72,039	73,219	76,616	79,166	150,068	157,271	179,322
Mine operating earnings (loss)	29,443	(11,496)	(1,904)	(14,291)	(6,150)	102,710	96,633	75,708
General and administrative expenses	10,649	9,096	10,071	11,399	7,896	9,584	18,390	16,215
Exploration and evaluation expenses	50	92	393	271	45	35	102	81
Research and development expenses	2,113	787	867	1,756	1,442	4,642	6,659	7,357
Income (loss) from operations	16,631	(21,471)	(13,235)	(27,717)	(15,533)	88,449	71,482	52,055
Foreign exchange (loss) gain	(443)	(157)	(579)	1,092	(11,679)	3,310	6,007	(16,085)
Finance costs	5,722	5,663	5,651	5,737	6,880	6,706	7,103	7,504
Profit (loss) before income tax	3,924	(26,410)	(20,476)	(32,440)	(52,907)	87,152	70,603	30,607
Income tax expense (credit)	8,768	(362)	(2,965)	(1,662)	432	8,493	22,083	7,251
Net (loss) profit	(4,484)	(26,048)	(17,511)	(30,778)	(53,339)	78,659	48,520	23,356
Basic (loss) earnings per share (cents)	(1.36)	(6.63)	(4.51)	(7.99)	(13.55)	19.62	11.90	5.84
Diluted earnings per share (cents)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Selected Quarterly Production Data and Analysis

CSH Mine	Three months ended June 30,		Six months ended June 30	
	2024	2023	2024	2023
Gold sales (US\$ million)	55.11	71.33	91.28	137.75
Realized average price (US\$) of gold per ounce	2,405	1,977	2,285	1,935
Gold produced (ounces)	22,981	36,069	40,257	71,360
Gold sold (ounces)	22,916	36,079	39,951	71,179
Total production cost (US\$ per ounce)	1,608	1,354	1,627	1,346
Cash production cost ⁽¹⁾ (US\$ per ounce)	924	913	954	814

(1) Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS

The CSH Mine reduced the mining rate at the end of the third and fourth quarters of 2023 in order to enhance the management and maintenance of open pit slopes, which was the primary cause of lower gold production in the first half of 2024 compared to the respective 2023 period. Gold production at the CSH Mine decreased by 36% to 22,981 ounces for the three months ended June 30, 2024 compared to 36,069 ounces for the same period in 2023. The total production cost of gold for the three months ended June 30, 2024 increased by 19% to US\$1,608 per ounce compared to US\$1,354 for the same period in 2023. The cash production cost of gold for the three months ended June 30, 2024 increased by 1% to US\$924 per ounce from US\$913 for the same period in 2023.

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Copper sales (US\$ in millions)	69.64	–	85.23	134.40
Realized average price ¹ (US\$) of copper per pound after smelting fee discount	3.74	–	3.67	3.27
Copper produced (tonnes)	8,454	–	10,547	20,019
Copper produced (pounds)	18,638,240	–	23,252,987	44,133,380
Copper sold (tonnes)	8,347	–	10,427	18,656
Copper sold (pounds)	18,400,870	–	22,987,086	41,129,646
Gold produced (ounces)	8,392	–	11,830	17,957
Gold sold (ounces)	8,363	–	11,778	17,729
Silver produced (ounces)	297,118	–	432,621	740,652
Silver sold (ounces)	295,327	–	430,201	709,096
Lead produced (tonnes)	–	–	–	–
Lead produced (pounds)	–	–	–	–
Lead sold (tonnes)	–	–	–	–
Lead sold (pounds)	–	–	–	–
Zinc produced (tonnes)	–	–	–	–
Zinc produced (pounds)	–	–	–	–
Zinc sold (tonnes)	–	–	–	–
Zinc sold (pounds)	–	–	–	–
Moly produced (tonnes)	106	–	106	232
Moly produced (pounds)	234,733	–	234,733	510,760
Moly sold (tonnes)	–	69	–	247
Moly sold (pounds)	–	152,004	–	544,942
Total production cost ² (US\$) of copper per pound	5.06	–	6.36	3.77
Total production cost ² (US\$) of copper per pound after by-products credits ⁴	3.81	–	5.00	2.54
Cash production cost ⁴ (US\$) per pound of copper	4.05	–	5.05	2.71
Cash production cost ³ (US\$) of copper per pound after by-products credits ⁴	2.80	–	3.69	1.48

1 A discount factor of 11.9% to 25.3% is applied to the copper benchmark price to compensate the refinery costs incurred by the buyers. The discount factor is higher if the grade of copper in copper concentrate is below 18%. The industry standard of copper in copper concentrate is between 18-20%.

2 Production costs include expenditures incurred at the mine sites for the activities related to production including mining, processing, mine site G&A and royalties etc.

3 Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

4 By-products credit refers to the sales of gold, silver and mining during the corresponding period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Due to the overflow of the tailings dam on March 27, 2023, production at the Jiama Mine was suspended during most of 2023. On December 15, 2023, certain operations began gradual resumption following the receipt of approval from the Lhasa Municipal Government. The resumption of operations includes the underground void management and the restart of the Phase I processing plant with a daily processing capacity of 6,000 tonnes. As of May 30, 2024, with the approvals of the Government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant resumed operations with a daily processing capacity of 34,000 tonnes. The Phase I processing plant which has been in operation during the production ramp up phase ceased operations.

During the three months ended June 30, 2024, The Jiama Mine produced 8,454 tonnes (approximately 18.6 million pounds) of copper. As operations were halted for the second quarter of 2023, there was no production of copper for the comparative three month period in 2023.

Review of Quarterly Data

Three months ended June 30, 2024 compared to three months ended June 30, 2023

Revenue of US\$148.0 million for the second quarter of 2024, increased by US\$75.0 million from US\$73.0 million for the same period in 2023.

Revenue from the CSH Mine was US\$55.1 million, a decrease of US\$16.2 million from US\$71.3 million for the same period in 2023. The CSH Mine, which utilizes the heap leaching method, reduced the mining rate towards the end of the third quarter and continued through the fourth quarter of 2023 to enhance the management and maintenance of the open pit slopes. This reduction impacted the gold output for the current period. As of January 3, 2024, the CSH Mine has returned to full production operations. Realized average gold price increased by 22% from US\$1,977/oz in Q2 2023 to US\$2,405/oz in Q2 2024. Gold sold by the CSH Mine was 22,916 ounces (gold produced: 22,981 ounces), compared to 36,079 ounces (gold produced: 36,069 ounces) for the same period in 2023.

Revenue from the Jiama Mine was 92.8 million, an increase of US\$91.1 million, compared to US\$1.7 million for the same period in 2023. The Jiama Mine experienced an operational suspension at the end of Q1 2023 due to a tailings dam overflow. Production began to gradually resume with the reactivation of the Phase I processing plant on December 15, 2023. Operational capacity at 34,000 tonnes per day was restored with the Phase II processing plant resuming operations effective May 30, 2024. Realized average price of copper was US\$3.74/pound in Q2 2024. Total copper sold was 8,347 tonnes (18.4 million pounds) for the three months ended June 30, 2024.

Cost of sales of US\$118.5 million for the quarter ended June 30, 2024, an increase of US\$39.3 million from US\$79.2 million for the same period in 2023.

Mine operating earnings of US\$29.4 million for the three months ended June 30, 2024, an increase of US\$35.6 million from a loss of US\$6.2 million for the same period in 2023.



MANAGEMENT'S DISCUSSION AND ANALYSIS

General and administrative expenses increased by US\$2.7 million, from US\$7.9 million for the quarter ended June 30, 2023 to US\$10.6 million for the quarter ended June 30, 2024.

Research and development expenses of US\$2.1 million for the three months ended June 30, 2024, increased from US\$1.4 million for the comparative 2023 period. The increase was primarily driven by the Company's research and development efforts focused on improving recovery rates and optimizing processing and mining processes.

Income from operations of US\$16.6 million for the second quarter of 2024, increased by US\$32.1 million, compared to a loss of US\$15.5 million for the same period in 2023.

Foreign exchange loss of US\$0.4 million for the three months ended June 30, 2024, decreased from a loss of US\$11.7 million for the same period in 2023. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$2.6 million for the three months ended June 30, 2024, decreased from US\$3.8 million for the same period in 2023, primarily due to lower interest income earned during the current quarter compared to the corresponding period last year.

Other expense of US\$9.1 million for the three months ended June 30, 2024, decreased from US\$22.6 million for the same period in 2023. During the current quarter, a one-time penalty of US\$8.8 million related to land use at the Jiama mine was recognized. In Q2 2023, the Company recognized estimated litigation compensation of US\$22.6 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. During the current quarter, the Company accrued interest of US\$0.3 million on the estimated litigation compensation. Refer to Note 20 Contingencies of the condensed consolidated financial statements for the period of June 30, 2024 for details.

Finance costs of US\$5.7 million for the three months ended June 30, 2024, decreased by US\$1.2 million compared to US\$6.9 million for the same period in 2023. The decline was mainly driven by strategic management of the Company's loan portfolio, optimizing exposure to lower interest rates and thereby reducing overall financing expenses.

Income tax expense of US\$8.8 million for the quarter ended June 30, 2024, increased by US\$8.4 million from an expense of US\$0.4 million for the comparative period in 2023. During the current quarter, the Company had US\$5.7 million of deferred tax expenses compared to a deferred tax credit of US\$15.1 million for the same period in 2023.

Net loss of US\$4.8 million for the three months ended June 30, 2024, decreased by US\$48.5 million from a loss of US\$53.3 million for the three months ended June 30, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Six months ended June 30, 2024 compared to six months ended June 30, 2023

Revenue of US\$208.5 million for the first half of 2024, decreased by US\$117.3 million from US\$325.8 million for the same period in 2023.

Revenue from the CSH Mine was US\$91.3 million, a decrease of US\$46.4 million from US\$137.8 million for the same period in 2023. The CSH Mine, which utilizes the heap leaching method, reduced the mining rate towards the end of the third quarter and continued through the fourth quarter of 2023 to enhance the management and maintenance of the open pit slopes. This reduction impacted the gold output for the current period. As of January 3, 2024, the CSH Mine has returned to full production operations. Realized average gold price increased by 18% from US\$1,935/oz in the first six months of 2023 to US\$2,285/oz in 2024. Gold sold by the CSH Mine was 39,951 ounces (gold produced: 40,257 ounces), compared to 71,179 ounces (gold produced: 71,360 ounces) for the same period in 2023.

Revenue from the Jiama Mine was 117.2 million, a decrease of US\$70.8 million, compared to US\$188.0 million for the same period in 2023. The Jiama Mine experienced an operational suspension at the end of Q1 2023 due to a tailings dam overflow. Production began to gradually resume with the reactivation of the Phase I processing plant on December 15, 2023. Operational capacity at 34,000 tonnes per day was restored with the Phase II processing plant resuming operations effective May 30, 2024. Realized average price of copper increased by 13% from US\$3.27/pound in the first six months of 2023 to US\$3.67/pound in 2024. Total copper sold was 10,427 tonnes (23.0 million pounds) for the six months ended June 30, 2024, a decrease of 44% from 18,656 tonnes (41.1 million pounds) for the same period in 2023.

Cost of sales of US\$190.6 million for the six months ended June 30, 2024, a decrease of US\$38.7 million from US\$229.2 million for the same period in 2023.

Mine operating earnings of US\$17.9 million for the six months ended June 30, 2024, a decrease of US\$78.7 million from mining operating earnings of US\$96.6 million for the same period in 2023.

General and administrative expenses increased by US\$2.2 million, from US\$17.5 million for the six months ended June 30, 2023 to US\$19.7 million for the six months ended June 30, 2024.

Research and development expenses of US\$2.9 million for the six months ended June 30, 2024, decreased from US\$6.1 million for the comparative 2023 period. This reduction was primarily attributed to the completion of several research projects in 2023. With the gradual resumption of operations in the current year, the Company plans to reinvest in research and development, with a focus on enhancing recovery rates and optimizing processing and mining processes.

Loss from operations of US\$4.8 million for the six months ended June 30, 2024, decreased by US\$77.7 million, compared to an income of US\$72.9 million for the same period in 2023.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Foreign exchange loss of US\$0.6 million for the six months ended June 30, 2024, decreased from a loss of US\$8.4 million for the same period in 2023. The loss was attributed to changes in the RMB/USD exchange rates and the revaluation of monetary items held in Chinese RMB.

Interest and other income of US\$3.8 million for the six months ended June 30, 2024, decreased from US\$5.9 million for the same period in 2023, primarily due to lower interest income earned during the current period compared to the corresponding period last year.

Other expense of US\$9.5 million for the six months ended June 30, 2024, decreased from US\$22.6 million for the same period in 2023. During the current quarter, a one-time penalty of US\$8.8 million related to land use at the Jiama mine was recognized. In Q2 2023, the Company recognized estimated litigation compensation of US\$22.6 million arising from the litigation between Huaxin Construction Group Co., Ltd., Zhongxinfang, and the Company's subsidiary, Tibet Huatailong Mining Development Co. Ltd. During the current period, the Company accrued interest of US\$0.7 million on the estimated litigation compensation. Refer to Note 20 Contingencies of the condensed consolidated financial statements for the period of June 30, 2024 for details.

Finance costs of US\$11.4 million for the six months ended June 30, 2024, decreased by US\$2.2 million compared to US\$13.6 million for the same period in 2023. The decline was mainly driven by strategic management of the Company's loan portfolio, optimizing exposure to lower interest rates and thereby reducing overall financing expenses.

Income tax expense of US\$8.4 million for the six months ended June 30, 2024, decreased by US\$0.5 million from US\$8.9 million for the comparative period in 2023. During the current period, the Company had US\$3.8 million of deferred tax expenses compared to a deferred tax credit of US\$17.8 million for the same period in 2023.

Net loss of US\$30.9 million for the six months ended June 30, 2024, decreased by US\$56.2 million from a net income of US\$25.3 million for the six months ended June 30, 2023.

NON-IFRS MEASURES

The cash cost of production, cash cost after by-product credits and cash cost per ounce and per pound are measures that are not in accordance with IFRS.

The Company has included these metrics to supplement its consolidated financial statements, which are presented in accordance with IFRS. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance, operating results or financial condition prepared in accordance with IFRS. The Company has included cash production cost per ounce and per pound data because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flow. The measures are not necessarily indicative of operating results, cash flow from operations, or financial condition as determined under IFRS.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following tables provide a reconciliation of cost of sales to the cash costs of production in total dollars and in dollars per gold ounce for the CSH Mine or per copper pound for the Jiama Mine:

Cash production cost for gold is calculated as total cost of sales adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of gold per ounce is calculated as total cash production cost divided by total gold sold (ounces).

CSH Mine (Gold)	Three months ended June 30,				Six months ended June 30,			
	2024		2023		2024		2023	
	US\$		US\$		US\$		US\$	
	US\$	Per ounce	US\$	Per ounce	US\$	Per ounce	US\$	Per ounce
Total Cost of sales ¹	36,847,479	1,608	48,850,423	1,354	65,004,568	1,627	95,842,023	1,346
Adjustment – Depreciation & depletion	(15,304,996)	(668)	(15,646,311)	(434)	(26,365,649)	(660)	(37,251,952)	(523)
Adjustment – Amortization of intangible assets	(374,236)	(16)	(264,987)	(7)	(517,045)	(13)	(636,227)	(9)
Total cash production costs	21,168,247	924	32,939,125	913	38,121,874	954	57,953,844	814
Total Gold sold ounces		22,916		36,079		39,951		71,179

Cash production cost of gold US\$ per ounce calculated as total cash production cost divided by total gold sold ounces

Cash Production cost for copper is calculated as production costs (total cost of sales adjusted by General and administrative expenses and Research and development expenses) adjusted by depreciation and depletion and amortization of intangible assets. Cash production cost of copper pound is calculated as total cash production cost divided by total copper sold (pounds).

Jiama Mine (Copper with by-products credits)	Three months ended June 30,				Six months ended June 30,			
	2024		2023		2024		2023	
	US\$		US\$		US\$		US\$	
	US\$	Per Pound	US\$	Per Pound	US\$	Per Pound	US\$	Per Pound
Total Cost of sales	81,664,900	4.44	30,315,573	–	125,546,328	5.46	133,391,585	3.24
General and administrative expenses	9,457,005	0.51	6,779,160	–	17,734,615	0.77	15,461,330	0.38
Research and development expenses	2,113,409	0.11	1,442,235	–	2,900,350	0.13	6,084,084	0.15
Total production cost	93,235,314	5.06	38,536,968	–	146,181,293	6.36	154,936,999	3.77
Adjustment – Depreciation & depletion	(14,557,747)	(0.79)	(13,922,110)	–	(25,119,399)	(1.09)	(34,050,478)	(0.83)
Adjustment – Amortization of intangible assets	(3,967,193)	(0.22)	(432,947)	–	(4,999,755)	(0.22)	(9,503,436)	(0.23)
Total cash production costs	74,710,374	4.05	24,181,911	–	116,062,139	5.05	111,383,085	2.71
By-products credits	(22,926,200)	(1.25)	(717,537)	–	(31,362,146)	(1.36)	(50,446,098)	(1.23)
Total cash production costs after by-products credits	51,784,174	2.80	23,464,374	–	84,699,993	3.69	60,936,987	1.48
Total Copper sold pounds		18,400,870		–		22,987,086		41,129,646

Cash production cost of copper US\$ per pound calculated as total cash production cost divided by total copper sold pounds

MANAGEMENT'S DISCUSSION AND ANALYSIS

MINERAL PROPERTIES

The CSH Mine

The CSH Mine is located in Inner Mongolia Autonomous Region of China (Inner Mongolia). The property hosts two low-grade, near surface gold deposits, along with other mineralized prospects. The main deposit is called the Northeast Zone (the "Northeast Zone"), while the second, smaller deposit is called the Southwest Zone (the "Southwest Zone").

The CSH Mine is owned and operated by Inner Mongolia Pacific Mining Co. Limited, a Chinese Joint Venture in which the Company holds a 96.5% interest and Ningxia Nuclear Industry Geological Exploration Institution holds the remaining 3.5%.

The CSH Mine is an open-pit mining operations with a designed mining and processing capacity of 60,000 tpd. In July 2019, CSH updated its mine plan based on a result of latest ultimate limit optimization, in which the production rate was reduced to 40,000 tpd with a life of mine ("LoM") of seven years as of 2019. The run-of-mine ore is heap leached with cyanide solution to extract gold and electro-winned to produce a gold dore which is sold to refiners. In June 2020, the operation of southwest pit ended.

The open-pit operations at the CSH gold mine are nearing the end of its mine life. With the increase in the pit's depth, the height and exposed area of the pit wall have increased, and the stability of the open pit slopes is becoming more and more prominent in determining the operations plan. Ensuring slope stability and avoiding systematic risks at this stage is the Company's top priority to ensure safe and sustainable production.

The Company continues to evaluate the potential for underground operations.

The major new contracts entered into during the six months ended June 30, 2024:

Item No.	Contract Name	Counterpart	Subject amount (US\$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Contract of 2024 Open-pit slope treatment project	China National Gold Group Third Engineering Co., Ltd	4.1	2024.5.10 – 2024.11.30	2024.5.10

Production Update

CSH Mine	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Ore mined and placed on pad (tonnes)	3,413,723	3,459,258	5,618,990	8,273,642
Average ore grade (g/t)	0.66	0.49	0.63	0.56
Recoverable gold (ounces)	43,184	33,072	68,354	89,450
Ending gold in process (ounces)	169,753	190,674	169,753	190,674
Waste rock mined (tonnes)	3,531,654	8,726,411	6,330,310	12,021,446

For the three months ended June 30, 2024, the total amount of ore placed on the leach pad was 3.4 million tonnes, with total contained gold of 43,184 ounces (1,343 kilograms). The overall accumulative project-to-date gold recovery rate decreased to approximately 55.77% at the end of June 30, 2024 from 56.12% at the end of March 31, 2024. Of which, gold recovery from the phase I and phase II heap leach pads were 59.77% and 53.14% at June 30, 2024, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Exploration

In 2023, a diamond drilling exploration program in the mining permit area was completed with the total meterage of 1,290.78 and 3 holes. The preparation of the mineral reserve update report is ongoing in 2024. Additionally, a diamond drilling exploration program in the exploration permit area has been completed with the total meterage of 4,172.14 and 4 holes. The sample assay reports have been received.

An exploration program focused on the deep section in the exploration permit area with the drilling meterage of 3,580 meters of 3 holes is planned for 2024. On the May 16, 2024, a diamond drilling exploration program in the mining permit area has been started. The current drilling holes are the hole DDH9200-3 and DDH9400-5 with the total accumulated drilling meter of 95.47 m, which takes up 27.81% of the 2024 total drilling meter of 3580 m. The preparation of the mineral reserve update report is ongoing in 2024. The exploration updated report preparation is ongoing in 2024.

Mineral Resource Update

CSH Mine Mineral Resources by category, at December 31, 2023 under NI 43-101 are listed below:

Location	Mineral Resource Category	Tonnage (x 1,000 t)	Metal		
			Au (g/t)	Au (t)	Au (Moz)
Remaining within the open pit limit at a cut-off grade of 0.28 g/t Au	Measured	16,131	0.63	10.08	0.32
	Indicated	17,239	0.68	11.76	0.38
	M+I	33,370	0.65583	21.89	0.70
	Inferred	4,301	0.41	1.74	0.06
Underground at a cut-off grade of 0.30 g/t Au	Measured	88,200	0.67	58.66	1.89
	Indicated	89,850	0.58	52.07	1.67
	M+I	178,050	0.62	110.73	3.56
	Inferred	62,090	0.49	30.68	0.99

Note:

Mineral Resources are reported in relation to a conceptual open-pit mining and underground block caving mining. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. Raw assays have been capped. Mineral Resources include Mineral Reserves.

Mineral Resources are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters; the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD1,980 per ounce. Additional Mineral Resources are reported at a cut-off grade of 0.30 g/t Au for underground block caving mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD1,980 per ounce. USD1.0000=RMB6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams.

Resource Estimate by CGME Consulting Limited on August 19, 2022 and updated by Gerald Guo, P.Eng., a qualified person as defined by NI 43-101.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mineral Reserves Update

CSH Mine Mineral Reserves by category at December 31, 2023 under NI 43-101 are summarized below:

Type	T (x 1,000)	Diluted Au g/t	Metal	
			Au t	Au Moz
Proven	16,131	0.63	10.08	0.32
Probable	17,239	0.68	11.76	0.38
Total	33,370	0.65	21.84	0.70

Note:

Mineral Reserves are reported based on the optimized ultimate open pit limit. All figures are rounded to reflect the relative accuracy of the estimate. Mineral Reserves are included in Mineral Resources.

Mineral Reserves are reported at a cut-off grade of 0.28 g/t Au for open-pit mining, based on the following parameters: the heap leaching & metallurgical recovery of 60% and gold bullion market price of USD1,568 per ounce. USD1.0000=RMB6.3457 dated in April 2022, and one troy ounce is equal to 31.1035 grams

Reserve Estimate by CGME Consulting Limited on August 19, 2022 and updated by Gerald Guo, P.Eng., a qualified person as defined by NI 43-101.

The Jiama Mine

Jiama is a large copper-gold polymetallic deposit containing copper, gold, silver, molybdenum, lead and zinc, located in the Gandise metallogenic belt in Tibet Autonomous Region of China.

The Jiama Mine has both underground mining and open-pit mining operations. Phase I of the Jiama Mine commenced operation in the latter half of 2010 and reached its capacity of 6,000 tpd in early 2011. Phase II of the Jiama Mine commenced mining operations in 2018 with 44,000 tpd capacity. The combined mining and processing capacity at the Jiama Mine is 50,000 tpd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The major new contracts entered into during the six months ended June 30, 2024:

Item No.	Contract Name	Counterpart	Subject amount (US \$ millions)	Contract period (effective day and expiration date)	Date of Contract
1	Contract of Ecological Restoration Project of Niumatang dumping site"	China National Gold Group Third Engineering Co., Ltd	3.0	2024.5.20 – 2027.5.20	2024.5.20
2	Contract of Ecological Restoration Project of sea buckthorn planting in slope mining area	China National Gold Group Third Engineering Co., Ltd	3.0	2024.5.20 – 2026.12.5	2024.5.20
3	Contract of Southern open-pit mining & stripping project (2024-2029)	China National Gold Group Corporation Construction Co., Ltd"	181.9	2024.4.1 – 2029.3.31	2024.4.1
4	Contract of hornfel open-pit dumping road construction	Zhejiang Huaye Mining and Construction Group Co., Ltd	2.9	2024.5.20 – 2025.3.16	2024.5.20
5	Loan contract for working capital	Agricultural Bank of China, Ltd. Chengguan District Branch, Lhasa	28.1	2024.5.13 – 2027.5.13	2024.5.13
6	Loan contract for working capital	Agricultural Bank of China, Ltd.. Chengguan District Branch, Lhasa	42.1	2024.1.17 – 2027.1.17	2024.1.17

Production Update

Jiama Mine	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Ore processed (tonnes)	1,754,786	–	2,085,298	4,236,835
Average copper ore grade (%)	0.56	–	0.61	0.56
Copper recovery rate (%)	86	–	83	85
Average gold grade (g/t)	0.22	–	0.26	0.20
Gold recovery rate (%)	69	–	68	63
Average silver grade (g/t)	9.13	–	11.14	9.42
Silver recovery rate (%)	58	–	58	56
Average Moly grade (%)	0.027	–	0.026	0.029
Moly recovery rate (%)	21	–	20	15.03

The Jiama Mine has gradually resumed production starting from the Phase I processing plant on December 15, 2023. As of May 30, 2024, with the approvals of the Government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant resumed operations with a daily processing capacity of 34,000 tonnes. The Phase I processing plant which has been in operation during the production ramp up phase ceased operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Exploration

In 2024, Tibet Huatailong Mining Development Co., Ltd. has planned two geological exploration projects, namely detailed exploration of copper and lead project surrounding the current mining area of the Jiama Mine and prospecting of copper project in Bayi Farm, with a designed workload of 15,370 m of 20 holes for surface drilling, 37.31 km² for geological prospecting, 26 km² for soil sampling and 26 km² for rock sampling with an estimated total budget of RMB34.47 million. As of May 31, 2024, the construction of accessing roads and drilling sites in the project surrounding the current mining area of the Jiama Mine have been completed; the 9.68 km² geology mapping, 9.2 km² soil sampling, 10.6 km² rock sampling have been conducted.

Mineral Resources Estimate

Jiama Mine resources by category as of December 31, 2023 under NI 43-101:

Jiama Project – Cu, Mo, Pb, Zn, Au, and Ag Mineral Resources under NI 43-101 Reported at a 0.3% Cu Equivalent Cut off grade*, as of December 31, 2023

Class	Quantity						Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
	Mt	Cu %	Mo %	Pb %	Zn %	Au g/t							
Measured	91.66	0.38	0.04	0.04	0.02	0.07	5.04	348.91	33.62	33.5	16.8	0.21	14.84
Indicated	1311.73	0.40	0.03	0.05	0.03	0.10	5.48	5,194.71	451.15	613.1	380.0	4.17	231.00
M+I	1403.39	0.40	0.03	0.05	0.03	0.10	5.45	5,543.61	484.77	646.6	396.8	4.39	245.85
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1247.0	123.0	311.0	175.0	1.32	66.93

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

The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively.

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

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

The Mineral Resources include the Mineral Reserves

Original Resource Estimate by Runge Pincock Minarco on 12th November of 2012 and updated by Gerald Guo, P.Eng, a Qualified Person as defined by NI 43-101.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mineral Reserves Estimate

Jiama Mine reserves by category as of December 31, 2023 under NI 43-101:

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2023

Class	Quantity						Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz	
	Mt	Cu %	Mo %	Pb %	Zn %	Au g/t							Ag g/t
Proven	17.54	0.60	0.05	0.02	0.02	0.19	7.66	104.93	8.83	4.0	2.7	0.11	4.32
Probable	338.43	0.60	0.03	0.13	0.07	0.16	10.38	2,018.63	116.37	427.7	236.2	1.73	112.98
P+P	355.98	0.60	0.04	0.12	0.07	0.16	10.25	2,123.57	125.21	431.7	238.9	1.83	117.30

Notes:

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

Open Pits:

 - 5% dilution factor and 95% recovery were applied to the mining method;
 - an overall slope angles of 43 degrees;
 - The prices of Cu, Mo, Pb, Zn, Au and Ag are US\$2.9/lbs; US\$15.5/lbs; US\$2.9/lbs; US\$0.95/lbs; US\$1,300/oz and \$20/oz respectively;
 - an overall processing recovery of 88 – 90% for copper

Underground:

 - 10% dilution added to all Sub-Level Open Stopping;
 - Stope recovery is 87% for Sub-Level Open Stopping;
 - An overall processing recovery of 88 – 90% for copper.
- The cut-off grade for Mineral Reserves has been estimated at copper equivalent grades of 0.3% Cu (NSR) for the open pits and 0.45% Cu (NSR) for the underground mine.
- The Mineral Reserves are inclusive of the Mineral Resources.
- Original Reserve Estimate by Mining One Consultants on 20th November 2013, and updated by Gerald Guo, P.Eng, a qualified person as defined by NI 43-101.



MANAGEMENT'S DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

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

At June 30, 2024, the Company had an accumulated surplus of US\$348.0 million, working capital of US\$270.1 million and borrowings of US\$795.8 million. The Company's cash balance at June 30, 2024 was US\$157.6 million.

Management believes that its forecast operating cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures and current debt repayments. The Company's borrowings are comprised of US\$147.6 million of short term debt facilities with interest rates ranging from 1.85% to 6.29% per annum arranged through various banks. In addition, on November 3, 2015, the Company entered into a Loan Facility agreement with a syndicate of banks, led by Bank of China. The lenders agreed to lend an aggregate principal amount of RMB3.98 billion, approximately US\$613 million with the interest rate of 2.83% per annum. The People's Bank of China Lhasa Center Branch's interest rate serves as a local benchmark for the interest on the drawdowns. The bank's interest rate is then discounted by 7 basis points (or 0.07%) to calculate the interest on the drawdowns. The loan interest rate was adjusted from benchmark interest rate minus 7 basis points to 5 year loan prime rate ("LPR") less 2% (LPR-2%) in second quarter of 2020. The interest rate of 2.2% shall be applied for the current year. The proceeds from the Loan Facility are to be used for the development of the Jiama Mine. The loan is secured by the mining rights for the Jiama Mine. As of June 30, 2024 the Company has drawn down RMB3.79 billion, approximately US\$534.2 million under the Loan Facility. On April 29, 2020, the Company entered into a Loan Facility agreement with a syndicate of banks. The lenders agreed to lend an aggregate principal amount of RMB1.4 billion, approximately US\$197.8 million with the interest rate of 2.3% per annum currently, maturing on April 28, 2034. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$61.7 million, with China Development Bank bearing interest at the People's Bank of China Loan Market Quote Rate (1 year) minus 2.65% on April 30, 2020. The current interest rate of the loan is 1.05% per annum.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$41.5 million, with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with China Gold Finance bearing interest at the 2.05% on May 31, 2023. The Company obtained a loan in the aggregate principal amount of RMB400 million, approximately US\$55.4 million, with Tibet Autonomous Region Branch of China Construction Bank bearing interest at the 2.05% on June 13, 2023. The Company obtained a loan in the aggregate principal amount of RMB192 million, approximately US\$26.6 million, with Industrial Bank Corporation Lhasa Branch bearing interest at the 1.95% on June 25, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$13.8 million, with Mozhugonka County Sub-branch of Agricultural Bank of China bearing interest at the 1.95% on June 26, 2023. The Company repaid its 2.8% unsecured bonds which matured on June 23, 2023. The Company obtained a loan in the aggregate principal amount of RMB100 million, approximately US\$14.1 million, with China Construction Bank bearing interest at the 1.85% on November 9, 2023. The Company obtained a loan in the aggregate principal amount of RMB380 million, approximately US\$53.7 million, with China Gold Finance bearing interest at the 2.45% on November 30, 2023. The Company obtained a loan in the aggregate principal amount of RMB300 million, approximately US\$42.1 million with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd bearing interest at 1.85% on January 17, 2024. The Company obtained loan in the aggregate principal amount of RMB200 million, approximately US\$28.1 million with Lhasa Chengguan District Sub branch of Agricultural Bank of China Co. Ltd. bearing interest at 1.85% on May 13, 2024, with a three year term. The Company obtained loan in the aggregate principal amount of US\$44 million with China Construction Bank bearing floating interest with term SOFR on May 13, 2024. The Company obtained a loan in the aggregate principal amount of US\$20 million with China Construction Bank bearing floating interest with term SOFR on June 7, 2024. The Company obtained a loan in the aggregate principal amount of US\$15 million with DBS Bank Ltd. bearing floating interest with term SOFR on June 12, 2024.

The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future. The Company continues to review and assess its assets for impairment as part of its financial reporting processes. To date, the assessment carried out by the Company support the carrying values of the Company's assets and no impairment has been required. However, the management of the Company continues to evaluate key assumptions on estimates and management judgements in order to determine the recoverable amount of the CSH Mine and the Jiama Mine.

CASH FLOWS

The following table sets out selected cash flow data from the Company's condensed consolidated cash flow statements for the three and six months ended June 30, 2024 and June 30, 2023.

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Net cash from (used in) operating activities	80,890	(73,537)	88,091	54,175
Net cash used in investing activities	(19,356)	(84,416)	(60,716)	(91,542)
Net cash (used in) from financing activities	(6,352)	(234,294)	33,374	(234,750)
Net increase (decrease) in cash and cash equivalents	55,182	(392,247)	60,749	(272,117)
Effect of foreign exchange rate changes on cash and cash equivalents	(255)	(21,344)	(389)	(16,886)
Cash and cash equivalents, beginning of period	102,670	553,041	97,237	428,453
Cash and cash equivalents, end of period	157,597	139,450	157,597	139,450



MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating cash flow

For the three months ended June 30, 2024, net cash inflow from operating activities was US\$80.9 million which is primarily attributable (i) Increase in accounts payables and accrued liabilities of US\$38.2 million (ii) depreciation of property, plant and equipment of US\$33.5 million (iii) decrease in accounts receivable of US\$7.7 million and (iv) increase in contract liability of US\$6.4 million, partially offset by (i) decrease in inventory of US\$11.6 million (ii) interest paid of US\$5.1 million and (iii) income taxes paid of US\$1.7 million.

For the six months ended June 30, 2024, net cash inflow from operating activities was US\$88.1 million which is primarily attributable (i) Increase in accounts payables and accrued liabilities of US\$54.8 million (ii) depreciation of property, plant and equipment of US\$57.9 million and (iii) finance cost of US\$11.4 million, partially offset by (i) loss before income tax of US\$22.5 million (ii) decrease in inventory of US\$21.6 million (iii) interest paid of US\$10.1 million and (iv) income taxes paid of US\$3.2 million.

Investing cash flow

For the three months ended June 30, 2024, the net cash outflow from investing activities was US\$19.4 million which is primarily attributable to (i) placement of term deposits of US\$14.0 million, and (ii) payment for acquisition of property, plant and equipment of US\$5.1 million and offset by interest received of US\$0.5 million.

For the six months ended June 30, 2024, the net cash outflow from investing activities was US\$60.7 million which is primarily attributable to (i) payment for acquisition of property, plant and equipment of US\$22.0 million (ii) payment for acquisition of land use rights of US\$19.5 million, and (iii) placement of term deposits of US\$14.0 million offset by interest received of US\$0.9 million.

Financing cash flow

For the three months ended June 30, 2024, the net cash outflow mainly from financing activities was US\$6.4 million which is primarily attributable to repayments of borrowings of US\$83.8 million offset by proceeds from borrowings of US\$77.5 million.

For the six months ended June 30, 2024, the net cash inflow mainly from financing activities was US\$33.4 million which is primarily attributable to proceeds from borrowings of US\$117.5 million partially offset by (i) repayments of borrowings of US\$83.8 million and (ii) dividend paid to a minority shareholder of US\$0.3 million.

Expenditures Incurred

For the six months ended June 30, 2024, the Company incurred mining costs of US\$25.2 million, mineral processing costs of US\$32.3 million and transportation costs of US\$2.1 million.

Gearing ratio

Gearing ratio is defined as the ratio of consolidated total debt to consolidated total equity. As at June 30, 2024, the Company's total debt was US\$795.8 million and the total equity was US\$1,708.0 million. The Company's gearing ratio was therefore 0.47 as at June 30, 2024 compared to 0.47 as at March 31, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES. ASSOCIATES AND JOINT VENTURES, AND FUTURE PLAN FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

Other than as disclosed elsewhere in this MD&A or in the condensed consolidated financial statements for the six months ended June 30, 2024, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2024. Other than as disclosed in this MD&A, there was no plan authorized by the Board for other material investments or additions of capital assets at the date of this MD&A.

CHARGE ON ASSETS

Other than as disclosed elsewhere in this MD&A and condensed consolidated financial statements, none of the Company's assets were pledged as at June 30, 2024.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation. However, the Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Refer to Note 33, Financial Instruments, in the annual consolidated financial statements for the year ended December 31, 2023.

COMMITMENTS

Commitments include principal payments on the Company's bank loans and syndicated loan facility, corporate bonds, and capital commitments in respect of the future acquisition of property, plant and equipment and construction for both the CSH Mine and the Jiama Mine.

The Company's capital commitments relate primarily to the payments for purchase of equipment and machinery for both mines and payments to third-party contractors for the provision of mining and exploration engineering work and mine construction work for both mines. The Company has entered into contracts that prescribe such capital commitments; however, liabilities relating to them have not yet been incurred. Refer to Note 34, Commitments, in the annual consolidated financial statements for the year ended December 31, 2023.

The following table outlines payments for commitments for the periods indicated:

	Total	Within One year	Within Two to five years	Over five years
	US\$'000	US\$'000	US\$'000	US\$'000
Principal repayment of bank loans	767,760	147,614	519,308	100,838
Entrusted loan payable	28,063	–	28,063	–

In addition to the table set forth above, the Company has entered into service agreements with third-party contractors for the provision of mining and exploration engineering work and mine construction work for the CSH Mine. The fees for such work performed and to be performed each year varies depending on the amount of work performed. The Company has similar agreements with third party contractors for the Jiama Mine.



MANAGEMENT'S DISCUSSION AND ANALYSIS

RELATED PARTY TRANSACTIONS

China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation) (“CNG”) owned 40.01 percent of the outstanding common shares of the Company as at December 31, 2023 and June 30, 2024.

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

The Company's subsidiary, Inner Mongolia Pacific is a party to a non-exclusive contract for the purchase and sale of doré with CNG (the “Dore Sales Contract”) pursuant to which Inner Mongolia Pacific sells gold doré bars to CNG. The pricing is based on the monthly average price of gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of silver as quoted on the Shanghai Huatong Platinum & Silver Exchange prevailing at the time of each relevant purchase order during the contract period. The Dore Sales Contract has been in effect since October 24, 2008 and was renewed for a new term that commenced on January 1, 2018 and expired on December 31, 2020, which renewal was approved by the Company's shareholders on June 28, 2017. On June 16, 2020, the third Supplemental Contract for Purchase and Sale of Dore was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. On June 29, 2023, the fourth supplemental Contract for Purchase and Sale of Dore was approved by the Company's Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026.

Revenue from sales of gold doré bars to CNG was US\$91.3 million for the six months ended June 30, 2024 which decreased from US\$137.7 million for the six months ended June 30, 2023.

The Company is also a party to a Product and Service Framework Agreement with CNG, pursuant to which CNG provides construction, procurement and equipment financing services to the Company and also purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms may be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. On June 28, 2017, the Supplemental Product and Service Framework Agreement was approved and extended to expire on December 31, 2020. On June 16, 2020, the third Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2021 and expiring on December 31, 2023. On June 29, 2023, the fourth Supplemental Product and Service Framework Agreement was approved by the Company's Shareholders, commencing on January 1, 2024 and expiring on December 31, 2026. For the six months ended June 30, 2024, revenue from sales of copper concentrate and other products to CNG was US\$116.6 million compared to US\$172.0 million for the same period in 2023.

For the six months ended June 30, 2024, construction services of US\$28.6 million were provided to the Company by subsidiaries of CNG (US\$29.1 million for the six months ended June 30, 2023).

In addition to the aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business, including a Loan Agreement and a Deposit Services Agreement entered into on March 25, 2019, December 31, 2019, December 22, 2020 and a Financial Service Agreement on May 5, 2021 among the Company and China Gold Finance. The Company and China Gold Finance entered into a 2024 Financial Service Agreement on June 6, 2024. As part of the 2024 Financial Service Agreement, China Gold Finance agreed to provide the Company with a range of financial services including (a) Deposit Services, (b) Lending Services, (c) Settlement Services and (d) Other Financial Services. On June 27, 2024, the 2024 Financial Services Agreement was approved by the Company's Shareholders, commencing on the date of the approval by the Independent Shareholders and up to and including December 31, 2026.

Refer to Note 18 of the condensed consolidated financial statements for details of significant related party transactions during the six months ended June 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Company did not have any material acquisition and disposal of subsidiaries and associated companies for the six months ended June 30, 2024. The Company continues to review possible acquisition targets.

CRITICAL ACCOUNTING ESTIMATES

In the process of applying the Company's accounting policies, the Directors of the Company have identified accounting judgments and key sources of estimation uncertainty that have a significant effect on the amounts recognized in the audited annual consolidated financial statements.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 4 of the audited annual consolidated financial statements for the year ended December 31, 2023.

CHANGE IN ACCOUNTING POLICIES

A summary of new and revised IFRS standards and interpretations are outlined in Note 2 of the audited annual consolidated financial statements as at December 31, 2023.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are equity securities, accounts receivables, accounts payables, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet. The Company did not have any financial derivatives or outstanding hedging contracts as at June 30, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2024, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company is committed to providing sustainable returns to its shareholders. The Board of Directors determine dividends on an annual basis based on, among other things, the results of operations, cash flows and financial conditions, operating and capital requirements, the rules promulgated by the regulators affecting dividends in both Canada and China and at both the TSX and HKSE, and the amount of distributable profits and other relevant factors.

Subject to the British Columbia Business Corporations Act, the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable, including the amount thereof and the time and method of payment provided that the record date for the purpose of determining shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than two months.

A dividend may be paid wholly or partly by the distribution of cash, specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways. No dividend may be declared or paid in money or assets if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.

The Board of Directors will determine any future dividends and dividend policy on the basis of earnings, financial requirements and other relevant factors.



MANAGEMENT'S DISCUSSION AND ANALYSIS

OUTSTANDING SHARES

As of June 30, 2024 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures (“DC&P”) and the design of internal control over financial reporting (“ICFR”) to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company’s certifying officers. The Company’s Chief Executive Officer and Chief Financial Officer have each evaluated the Company’s DC&P and ICFR as of June 30, 2024 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of June 30, 2024, and provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company’s Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the Company’s ICFR as of December 31, 2023 and have concluded that these controls and procedures were effective as of June 30, 2024 and provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means design of controls cannot provide absolute assurance that all control issues and instances of fraud will be detected. During the six months ended June 30, 2024, there were no changes in the Company’s DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

RISK FACTORS

There are certain risks involved in the Company’s operations, some of which are beyond the Company’s control. Aside from risks relating to business and industry, the Company’s principal operations are located within the People’s Republic of China and are governed by a legal and regulatory environment that in some respects differs from that which prevails in other countries. Readers of this MD&A should give careful consideration to the information included in this document and the Company’s audited annual consolidated financial statements and related notes. Significant risk factors for the Company are metal prices, government regulations, foreign operations, environmental compliance, the ability to obtain additional financing, risk relating to recent acquisitions, dependence on management, title to the Company’s mineral properties, natural disasters, pandemics such as COVID-19 and litigation. China Gold International’s business, financial condition or results of operations could be materially and adversely affected by any of these risks. For details of risk factors, please refer to the Company’s annual audited consolidated financial statements, and Annual Information Form filed from time to time on SEDAR+ at www.sedarplus.ca and www.hkex.com.hk.

QUALIFIED PERSON

Disclosure of scientific or technical information in this MD&A was reviewed and approved by Mr. Tony Guo, P.Geo., the Company’s Qualified Person (“QP”) as defined by National Instrument 43-101.

ADDITIONAL INFORMATION

Additional information as required by the Hong Kong Stock Exchange in the half-year interim report and not shown elsewhere in this report is as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

A1. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2024.

A2. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as of June 30, 2024, the Company's directors were not aware of any other person (other than a director or chief executive of the Company who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO"):

Name	Nature of interest	Number of Shares held	Approximate percentage of outstanding shares
China National Gold Group Co., Ltd. ⁽¹⁾	Indirect	158,588,330 ⁽²⁾	40.01%
China National Gold Group Hong Kong Limited	Registered Owner	158,588,330	40.01%

Note:

1. China National Gold Group Co., Ltd. directly and wholly owns the entire issued share capital of China National Gold Group Hong Kong Limited. Therefore, the interest attributable to China National Gold Group Co., Ltd. represents its indirect interest in the Company's shares through its equity interest in China National Gold Group Hong Kong Limited
2. Information relating to registered and indirect ownership of the Company's shares is provided by China National Gold Group Co., Ltd.

A3. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND STOCK OPTIONS

As of June 30, 2024, the interests of the directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer, were as follows:

SHARES

Name	Position	Company	Number of shares held	Nature of interest	Approximate percentage of interest in the Company
Yingbin Ian He	Director	China Gold International Resources Corp. Ltd.	100,000	Personal	0.0252%

Other than as disclosed above, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as of June 30, 2024.

A4. STOCK OPTION PLAN

The Company adopted an incentive stock option plan with approval from its shareholders and pursuant to the policies of the Toronto Stock Exchange dated May 9, 2007. All options expired on June 1, 2015 and the 2007 Stock Option Plan has ceased to be in effect.



MANAGEMENT'S DISCUSSION AND ANALYSIS

A5. EMOLUMENT POLICY

The Company's executive emolument policy and compensation program is administered by the Compensation and Benefits Committee. The Compensation and Benefits Committee reviews levels of cash compensation as needed and at least annually, and makes recommendations to the Board to adjust cash compensation in light of merit, qualifications and competence. The Compensation and Benefits Committee also reviews the corporate goals and objectives relevant to the compensation of the senior executive officers as needed and at least annually and based on recommendations from the Chief Executive Officer and other members of the management team. The Compensation and Benefits Committee makes its determinations as to overall compensation levels on the basis of both available third party data regarding comparable compensation at similar size companies as well as their own industry experience and the Company's hiring and retention needs. Decisions relating to executive compensation are reported by the Compensation and Benefits Committee to the Board for approval.

The Company's director emolument policy is administered by the Compensation and Benefits Committee with regard to comparable market statistics. Decisions relating to the compensation of directors are reported by the Compensation and Benefits Committee to the Board for approval.

As of June 30, 2024, the Company had 2,121 employees working at various locations. The emolument policy for the Company's employees is determined on a department by department basis with the Chief Executive Officer determining the emoluments for employees and managers based on merit, qualifications and the Company's hiring and retention needs.

A6. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, throughout the six months ended June 30, 2024, applied the principles and complied with the requirements of its corporate governance practices as defined by the Board and all applicable statutory, regulatory and stock exchange listings standards, in particular, the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing Securities of The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

A7. COMPLIANCE WITH MODEL CODE ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted policies regarding directors' securities transactions in its Corporate Disclosure, Confidentiality and Securities Trading Policy that has terms which are no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules.

After specific enquiry with all members of the Board, the Board confirms that all of the directors of the Company have complied with the required policies in the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy throughout the six months ended June 30, 2024.

A8. INTERIM DIVIDEND

The Board did not recommend the payment of interim dividends in respect of the six months ended June 30, 2024.

A9. AUDIT COMMITTEE

Pursuant to the requirements under the Hong Kong Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all the existing Independent Non-executive Directors, namely Ian He (chairman of the Audit Committee), Wei Shao, Bielin Shi and Ruixia Han. The Audit Committee has reviewed and discussed with the Company's auditors the unaudited interim results of the Group for the three and six months ended June 30, 2024.

August 14, 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Three And Six Months Ended June 30, 2024 (Unaudited)

	NOTES	Three months ended June 30,		Six months ended June 30,	
		2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)
Revenue	3	147,955	73,016	208,498	325,794
Cost of sales		(118,512)	(79,166)	(190,551)	(229,234)
Mine operating earnings (loss)		29,443	(6,150)	17,947	96,560
Expenses					
General and administrative expenses	4	(10,649)	(7,896)	(19,745)	(17,480)
Exploration and evaluation expenditure		(50)	(45)	(142)	(80)
Research and development expenses		(2,113)	(1,442)	(2,900)	(6,084)
		(12,812)	(9,383)	(22,787)	(23,644)
Income (loss) from operations		16,631	(15,533)	(4,840)	72,916
Other (expenses) income					
Foreign exchange loss, net		(443)	(11,679)	(600)	(8,368)
Interest and other income		2,565	3,799	3,793	5,898
Other expenses	5	(9,107)	(22,614)	(9,454)	(22,614)
Finance costs	6	(5,722)	(6,880)	(11,385)	(13,586)
		(12,707)	(37,374)	(17,646)	(38,670)
Profit (loss) before income tax		3,924	(52,907)	(22,486)	34,246
Income tax expenses	7	(8,768)	(432)	(8,406)	(8,925)
(Loss) profit for the period		(4,844)	(53,339)	(30,892)	25,321
Other comprehensive income (expenses) for the period					
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value gain (loss) on equity instruments at fair value through other comprehensive income ("FVTOCI")		2,568	(309)	15,194	(3,200)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising on translation		(2,613)	(39,563)	(3,719)	(28,846)
		(45)	(39,872)	11,475	(32,046)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Three And Six Months Ended June 30, 2024 (Unaudited)

NOTES	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)
Total comprehensive expenses for the period	<u>(4,889)</u>	<u>(93,211)</u>	<u>(19,417)</u>	<u>(6,725)</u>
Profit (loss) for the period attributable to				
Non-controlling interests	531	357	782	1,237
Owners of the Company	<u>(5,375)</u>	<u>(53,696)</u>	<u>(31,674)</u>	<u>24,084</u>
	<u>(4,844)</u>	<u>(53,339)</u>	<u>(30,892)</u>	<u>25,321</u>
Total comprehensive income (expenses) for the period attributable to				
Non-controlling interests	531	361	782	1,240
Owners of the Company	<u>(5,420)</u>	<u>(93,572)</u>	<u>(20,199)</u>	<u>(7,965)</u>
	<u>(4,889)</u>	<u>(93,211)</u>	<u>(19,417)</u>	<u>(6,725)</u>
(Loss) earnings per share – Basic (US cents)	9 <u>(1.36)</u>	<u>(13.55)</u>	9 <u>(7.99)</u>	<u>6.08</u>
Weighted average number of common shares – Basic	9 <u>396,413,753</u>	<u>396,413,753</u>	9 <u>396,413,753</u>	<u>396,413,753</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2024 (Unaudited)

	NOTES	June 30, 2024 US\$'000 (unaudited)	December 31, 2023 US\$'000 (audited)
Current assets			
Cash and cash equivalents		157,597	97,237
Restricted balances	18	67,274	67,693
Term deposit	10	14,032	–
Trade and other receivables	11	8,436	17,076
Dividend receivables		2,095	–
Tax recoverable		2,346	2,286
Prepaid expenses and deposits	12	815	339
Inventories	13	312,903	291,553
		<u>565,498</u>	<u>476,184</u>
Non-current assets			
Prepaid expenses and deposits	12	16,139	768
Right-of-use assets	14	46,994	39,791
Equity instruments at FVTOCI	19	62,342	47,153
Property, plant and equipment	14	1,424,114	1,481,901
Mining rights	14	767,260	773,117
Other non-current assets	20	15,705	15,802
		<u>2,332,554</u>	<u>2,358,532</u>
Total assets		<u>2,898,052</u>	<u>2,834,716</u>
Current liabilities			
Accounts and other payables and accrued expenses	15	198,387	215,429
Contract liabilities		7,413	71
Borrowings	16	147,614	143,523
Lease liabilities		520	540
Tax liabilities		4,488	3,041
		<u>358,422</u>	<u>305,425</u>
Net current assets		<u>207,076</u>	<u>170,759</u>
Total assets less current liabilities		<u>2,539,630</u>	<u>2,529,291</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2024 (Unaudited)

	NOTES	June 30, 2024 US\$'000 (unaudited)	December 31, 2023 US\$'000 (audited)
Non-current liabilities			
Borrowings	16	620,146	594,711
Entrusted loan payable		28,063	28,238
Lease liabilities		926	937
Deferred tax liabilities		105,513	101,721
Deferred income		19	19
Environmental rehabilitation		76,915	75,924
		<u>831,582</u>	<u>801,550</u>
Total liabilities		<u>1,190,004</u>	<u>1,106,975</u>
Owners' equity			
Share capital	17	1,229,061	1,229,061
Reserves		109,616	97,422
Retained profits		347,982	380,375
		<u>1,686,659</u>	<u>1,706,858</u>
Non-controlling interests		21,389	20,883
Total owners' equity		<u>1,708,048</u>	<u>1,727,741</u>
Total liabilities and owners' equity		<u>2,898,052</u>	<u>2,834,716</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on August 14, 2024 and are signed on its behalf by:

(Signed by) Wanming Wang

Wanming Wang
Director

(Signed by) Yingbin Ian He

Yingbin Ian He
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Three And Six Months Ended June 30, 2024 (Unaudited)

	Attributable to owners of the Company							Non-controlling interests	Total owners' equity	
	Number of shares	Share capital	Equity reserve	Investment revaluation reserve	Exchange reserve	Statutory reserve	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At January 1, 2023	396,413,753	1,229,061	11,179	16,499	(47,108)	103,122	571,226	1,883,979	19,451	1,903,430
Profit for the period	-	-	-	-	-	-	24,084	24,084	1,237	25,321
Fair value loss on equity instruments at FVTOCI	-	-	-	(3,200)	-	-	-	(3,200)	-	(3,200)
Exchange difference arising on translation	-	-	-	-	(28,849)	-	-	(28,849)	3	(28,846)
Total comprehensive (expenses) income for the period	-	-	-	(3,200)	(28,849)	-	24,084	(7,965)	1,240	(6,725)
Release from statutory reserve – safety production fund	-	-	-	-	-	(2,881)	2,881	-	-	-
Dividend distribution (note 8)	-	-	-	-	-	-	(146,673)	(146,673)	-	(146,673)
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(1,109)	(1,109)
At June 30, 2023 (unaudited)	396,413,753	1,229,061	11,179	13,299	(75,957)	100,241	451,518	1,729,341	19,582	1,748,923
At January 1, 2024	396,413,753	1,229,061	11,179	26,318	(61,875)	121,800	380,375	1,706,858	20,883	1,727,741
(Loss) profit for the period	-	-	-	-	-	-	(31,674)	(31,674)	782	(30,892)
Fair value gain on equity instruments at FVTOCI	-	-	-	15,194	-	-	-	15,194	-	15,194
Exchange difference arising on translation	-	-	-	-	(3,719)	-	-	(3,719)	-	(3,719)
Total comprehensive income (expenses) for the period	-	-	-	15,194	(3,719)	-	(31,674)	(20,199)	782	(19,417)
Transfer to statutory reserve – safety production fund	-	-	-	-	-	719	(719)	-	-	-
Dividends paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(276)	(276)
At June 30, 2024 (unaudited)	396,413,753	1,229,061	11,179	41,512	(65,594)	122,519	347,982	1,686,659	21,389	1,708,048

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)	2024 US\$'000 (unaudited)	2023 US\$'000 (unaudited)
Net cash from (used in) operating activities	80,890	(73,537)	88,091	54,175
Investing activities				
Interest income received	467	1,662	916	3,282
Payment for acquisition of property, plant and equipment	(5,106)	(20,200)	(21,961)	(30,051)
Deposits paid for water treatment project	–	–	(6,096)	–
Payment for land use right	(685)	–	(19,543)	–
Placement of term deposit	(14,032)	–	(14,032)	–
Placement of restricted balances	–	(66,353)	–	(66,353)
Release of restricted balances	–	475	–	1,580
Net cash used in investing activities	(19,356)	(84,416)	(60,716)	(91,542)
Financing activities				
Proceeds from borrowings	77,452	279,891	117,483	279,891
Repayment of borrowings	(83,775)	(366,819)	(83,775)	(366,819)
Dividends paid to a non-controlling shareholder	–	(681)	(276)	(1,109)
Dividends paid to shareholders	–	(146,655)	–	(146,655)
Payment for lease	(29)	(30)	(58)	(58)
Cash (used in) from financing activities	(6,352)	(234,294)	33,374	(234,750)
Net increase (decrease) in cash and cash equivalents	55,182	(392,247)	60,749	(272,117)
Cash and cash equivalents, beginning of period	102,670	553,041	97,237	428,453
Effect of foreign exchange rate changes on cash and cash equivalents	(255)	(21,344)	(389)	(16,886)
Cash and cash equivalents, end of period	157,597	139,450	157,597	139,450
Cash and cash equivalents are comprised of cash and bank deposits	157,597	139,450	157,597	139,450

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

1. BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD

1.1 Basis of preparation

China Gold International Resources Corp. Ltd., (the “Company”) is a publicly listed company incorporated in British Columbia, Canada on May 31, 2000 with limited liability under the legislation of the Province of British Columbia and its shares are listed on the Toronto Stock Exchange and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company together with its subsidiaries (collectively referred to as the “Group”) is principally engaged in the acquisition, exploration, development and mining of mineral resources in the People’s Republic of China (the “PRC”). The Group considers that China National Gold Group Co., Ltd. (“CNG”), a state owned company registered in Beijing, the PRC which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

The head office, principal address and registered and records office of the Company are located at Suite 660, One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M4.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange as well as International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”), which should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

The condensed consolidated financial statements are presented in United States Dollars (“US\$”), which is the functional currency of the Company.

1.2 Significant event during the current period

Resumption of Phase II processing plant of Jiama Copper-Gold Polymetallic Mine (“Jiama Mine”)

Subsequent to the tailings overflow occurred due to minor tailing dam damages from the Guolanggou tailings pond at the Group’s Jiama Mine on March 27, 2023 and the resumption of Phase I processing plant of the Jiama Mine on December 15, 2023, on May 30, 2024, following the receipt of approval from the government of Tibet Autonomous Region and relevant departments of the central government, the Phase II processing plant of the Jiama Mine have resumed operations with a daily processing capacity of 34,000 tonnes, and the Phase I processing plant which has been in operation during the production ramp up phase has ceased operations temporarily with consideration of capacity of the tailings pond that the tailings can be discharged. The Group is actively advancing the construction of the Phase III tailings dam, which is expected to be completed and put into operation in the first half of 2026.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

1. BASIS OF PREPARATION AND SIGNIFICANT EVENT DURING THE CURRENT PERIOD (Cont'd)

1.2 Significant event during the current period (Cont'd)

Going concern assessment

The Group recorded a net loss of US\$5 million and US\$31 million for the three and six months ended June 30, 2024, notwithstanding that the net operating cash inflows amounted to US\$81 million and US\$88 million for the three and six months ended June 30, 2024 and as at June 30, 2024, the Group's current assets exceeded current liabilities by approximately US\$207 million.

Taking into account the Group's cash flow projection having factored in the effects of litigations involved by the Group as detailed in note 20, the Group's existing borrowings and entrusted loan payable, its future capital expenditure and installment payments arising from the mining right of Jiama Mine as detailed in this note below, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least next twelve months from the end of the reporting period and accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Provision of the payment arising from the mining right

On July 24, 2024, pursuant to the Notice on Issuing the Measures for the Collection of the Income from the Transfer of Mineral Rights (Caizong (2023) No. 10) issued by the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration, effective on May 1, 2023 and the relevant administrative measures Tibet Autonomous Region (Zangcaishui (2023) No.26), effective on December 27, 2023 (together referred as the "Notice"), Tibet Huatailong Mining Development Co., Ltd. ("Huatailong"), a subsidiary of the Company, entered into an agreement with the Department of Natural Resources of Tibet Autonomous Region ("Tibet Natural Resources Dept") in relation to the extension of mining right in Jiama Mine with a period of 20 years which will expire in October 2043, and agreed to make payments arising from its mining right in Jiama Mine amounting to RMB368 million by instalments in six years to the PRC government as compensation fees for using the stated-owned natural resources in the PRC for the period starting from July 1, 2017 to April 30, 2023 ("July 2017 to April 2023 Payment"). In addition, according to the agreement, Huatailong is required to make annual payments arising from its mining right in Jiama Mine based on the invoiced revenue multiply appropriate yield on the ore mined starting from May 1, 2023. Any excess payment or deficiency to be refunded or repaid is subject to the specific regulations on sales revenue to be introduced subsequently.

In view of the complexity in determining the July 2017 to April 2023 Payment pursuant to the Notice, the Group has made an assessment that the July 2017 to April 2023 Payment was agreed subsequent to the end of the reporting period and is subject to the PRC government's final assessment together with the specific regulations on sales revenue to be introduced subsequently, and accordingly, no provision for July 2017 to April 2023 Payment was recognised as at June 30, 2024 and the Group determined to recognise the July 2017 to April 2023 Payment in subsequent period. On August 9, 2024, the Group has made the first payment amounting to RMB61 million subsequent to the end of the reporting period.

Nevertheless no provision was made for the July 2017 to April 2023 Payment, regarding the annual payments arising from its mining right starting from May 1, 2023, based on the communication with the Tibet Natural Resources Dept and the available information to the Group, the Group has made its best estimates and calculated the amount by using the revenue multiply appropriate yield on the ore mined as listed in the appendix of the Notice as at June 30, 2024. Accordingly, during the six months ended June 30, 2024, the Group recognised RMB15 million (equivalent to US\$2,127,000) as cost of sales in relation to provision for the payment arising from the mining right for the period starting from May 1, 2023 to June 30, 2024 and the corresponding liabilities of RMB15 million (equivalent to US\$2,120,000) is presented under "accounts and other payables and accrued expenses" as at June 30, 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

2. ACCOUNTING POLICIES AND APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

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

Other than application of accounting policy as below which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2023.

Variable payments for acquiring mining rights that are not part of a business combination

Variable payments that are dependent on the Group’s future activity (including payments based on sales, revenues or outputs produced) are recognised in profit or loss in the period in which they arise.

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue from its major products and services:

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
At a point in time				
Gold doré bars	55,112	71,334	91,278	137,749
Copper	69,646	–	85,231	134,403
Other by-products	23,197	1,682	31,989	53,642
Total revenue	147,955	73,016	208,498	325,794

(ii) Performance obligations for contracts with customers

The Group sells gold doré bars, copper and other by-products directly to customers. Revenue is recognised at a point in time when control of the gold doré bars, copper and other by-products is passed to customers, i.e. when the products are delivered and titles have passed to customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company. The CODM has identified two operating and reportable segments as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

Information regarding the above segments is reported below:

(a) Segment revenue and results

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

For the six months ended June 30, 2024

	Mine-produced	Mine-produced	Segment total	Unallocated	Consolidated
	gold	copper			
	US\$'000	concentrate US\$'000	US\$'000	US\$'000	US\$'000
Revenue – external and segment revenue	91,278	117,220	208,498	–	208,498
Cost of sales	(65,005)	(125,546)	(190,551)	–	(190,551)
Mining operating earnings (loss)	<u>26,273</u>	<u>(8,326)</u>	<u>17,947</u>	<u>–</u>	<u>17,947</u>
Income (loss) from operations	26,132	(28,961)	(2,829)	(2,011)	(4,840)
Foreign exchange (loss) gain, net	(499)	(124)	(623)	23	(600)
Interest and other income	1,141	648	1,789	2,004	3,793
Other expenses	–	(9,454)	(9,454)	–	(9,454)
Finance costs	<u>(203)</u>	<u>(8,665)</u>	<u>(8,868)</u>	<u>(2,517)</u>	<u>(11,385)</u>
Profit (loss) before income tax	<u>26,571</u>	<u>(46,556)</u>	<u>(19,985)</u>	<u>(2,501)</u>	<u>(22,486)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(a) Segment revenue and results (Cont'd)

For the six months ended June 30, 2023

	Mine-produced gold US\$'000	Mine-produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue – external and segment revenue	137,749	188,045	325,794	–	325,794
Cost of sales	(95,842)	(133,392)	(229,234)	–	(229,234)
Mining operating earnings	41,907	54,653	96,560	–	96,560
Income (loss) from operations	41,827	33,108	74,935	(2,019)	72,916
Foreign exchange loss, net	(1,232)	(4,158)	(5,390)	(2,978)	(8,368)
Interest and other income	948	2,650	3,598	2,300	5,898
Other expenses	–	(22,614)	(22,614)	–	(22,614)
Finance costs	(528)	(7,930)	(8,458)	(5,128)	(13,586)
Profit (loss) before income tax	41,015	1,056	42,071	(7,825)	34,246

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit (loss) before income tax, without allocation of certain general and administrative expenses, foreign exchange gain (loss), interest and other income and finance costs, attributable to the respective segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There are no inter-segment sales for the six months ended June 30, 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment representing assets/liabilities directly attributable to respective segment:

	Mine-produced gold US\$'000	Mine-produced copper concentrate US\$'000	Segment total US\$'000	Unallocated US\$'000	Consolidated US\$'000
As of June 30, 2024					
Total assets	579,916	2,247,575	2,827,491	70,561	2,898,052
Total liabilities	42,264	1,066,918	1,109,182	80,822	1,190,004
As of December 31, 2023					
Total assets	551,635	2,226,003	2,777,638	57,078	2,834,716
Total liabilities	34,891	991,898	1,026,789	80,186	1,106,975

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain of cash and cash equivalents, other receivables, prepaid expenses and deposits, dividend receivables, right-of-use assets, property, plant and equipment and equity instruments at FVTOCI; and
- all liabilities are allocated to operating segments other than other payables and accrued expenses, lease liabilities, deferred income and certain borrowings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

4. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Administration and office	2,226	1,114	3,473	2,481
Depreciation of property, plant and equipment	1,756	1,885	3,656	3,814
Depreciation of right-of-use assets	25	25	50	50
Professional fees	930	491	2,391	841
Salaries and benefits	3,623	3,444	7,177	6,903
Others	2,089	937	2,998	3,391
Total general and administrative expenses	10,649	7,896	19,745	17,480

5. OTHER EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Penalties on occupation of grasslands	8,760	–	8,760	–
Provision for litigation compensation and related interest charge	347	22,614	694	22,614
Total other expenses	9,107	22,614	9,454	22,614

6. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Interests on borrowings	5,111	5,938	10,234	11,680
Interests on lease liabilities	17	23	34	47
Accretion on environmental rehabilitation	694	947	1,399	1,919
	5,822	6,908	11,667	13,646
Less: Amounts capitalised to property, plant and equipment	(100)	(28)	(282)	(60)
Total finance costs	5,722	6,880	11,385	13,586

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

7. INCOME TAX EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Current tax:				
PRC Enterprise Income Tax ("EIT")	2,803	(1,881)	4,380	8,526
PRC withholding income tax on profit earned from PRC subsidiaries	–	19,040	–	19,733
Underprovision (overprovision) of PRC EIT in prior year	258	(1,581)	234	(1,581)
	<u>3,061</u>	<u>15,578</u>	<u>4,614</u>	<u>26,678</u>
Deferred tax:				
PRC EIT	5,707	1,520	3,792	(394)
PRC withholding income tax on profit earned from PRC subsidiaries	–	(16,666)	–	(17,359)
	<u>5,707</u>	<u>(15,146)</u>	<u>3,792</u>	<u>(17,753)</u>
Total income tax expenses	<u>8,768</u>	<u>432</u>	<u>8,406</u>	<u>8,925</u>

8. DIVIDEND

During the six months ended June 30, 2023, a special dividend in respect of the year ended December 31, 2022 of US\$0.37 per share amounting to US\$146,673,000 was declared and paid to the shareholders of the Company.

During the six months ended June 30, 2024, no dividend was declared to the shareholders of the Company.

9. (LOSS) EARNINGS PER SHARE

(Loss) profit used in determining (loss) earnings per share are presented below:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share (US\$'000)	<u>(5,375)</u>	<u>(53,696)</u>	<u>(31,674)</u>	<u>24,084</u>
Weighted average number of shares, basic	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>	<u>396,413,753</u>
Basic (loss) earnings per share (US cents)	<u>(1.36)</u>	<u>(13.55)</u>	<u>(7.99)</u>	<u>6.08</u>

The Group has no outstanding potential dilutive instruments issued as at June 30, 2024 and 2023 and during the three and six months ended June 30, 2024 and 2023. Therefore, no diluted (loss) earnings per share is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

10. TERM DEPOSIT

As at June 30, 2024, term deposit with an original maturity of six months carries interest at fixed market rate of 1.7% per annum ((December 31, 2023: nil).

11. TRADE AND OTHER RECEIVABLES

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Trade receivables	1,618	1,466
Less: allowance for credit losses	(182)	(105)
	1,436	1,361
Amounts due from related companies (note 18(a)) ⁽¹⁾	684	654
Other receivables ⁽²⁾	6,316	15,061
	8,436	17,076

(1) The amounts are unsecured, interest free and repayable on demand.

(2) Included in the balance as at June 30, 2024 are nil value-added tax ("VAT") recoverable (December 31, 2023: US\$8,837,000) and Tax and Other Surcharge (as defined in note 20) of US\$3,203,000 (December 31, 2023: US\$3,223,000), net of allowance for credit losses, to be recovered from Zhongxinfang Tibet Construction Investment Co. Ltd. ("Zhongxinfang"), an independent third party property developer. Details of impairment assessment of the receivable amount from Zhongxinfang are set out in note 20.

The Group allows an average credit period of 30 days and 180 days to its trade customers.

Below is an aged analysis of trade receivables (net of allowance for credit losses) presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Less than 30 days	22	60
31 to 90 days	65	17
91 to 180 days	113	49
Over 180 days	1,236	1,235
	1,436	1,361

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

12. PREPAID EXPENSES AND DEPOSITS

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Deposit for acquisition of land use right	9,869	–
Deposit for water treatment project	6,069	–
Deposit for acquisition of property, plant and equipment	201	768
Other prepayment and deposits	815	339
	<u>16,954</u>	<u>1,107</u>
Less: Amounts that will be realised within one year shown under current assets	<u>(815)</u>	<u>(339)</u>
Amounts that will be realised for more than one year shown under non-current assets	<u>16,139</u>	<u>768</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

13. INVENTORIES

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Gold in process	242,934	221,656
Gold doré bars	25,288	24,842
Consumables	12,626	15,356
Copper concentrate	3,955	606
Spare parts	28,100	29,093
	<hr/>	<hr/>
Total inventories	312,903	291,553

Cost of inventory sold totaling US\$103 million and US\$147 million for the three and six months ended June 30, 2024, respectively (three and six months ended June 30, 2023: US\$49 million and US\$199 million, respectively) was recognised in cost of sales.

14. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS/RIGHT-OF-USE ASSETS

During the six months ended June 30, 2024, the Group incurred approximately US\$3.4 million on construction in progress (for the six months ended June 30, 2023: approximately US\$2.0 million) and approximately US\$2.3 million on mineral assets (for the six months ended June 30, 2023: approximately US\$1.8 million), respectively.

Depreciation of property, plant and equipment was US\$33.5 million and US\$57.9 million for the three and six months ended June 30, 2024, respectively (for the three and six months ended June 30, 2023: US\$30.6 million and US\$75.1 million, respectively). The depreciation amount was partly recognised in cost of sales, general and administrative expenses, research and development expenses and partly capitalised in inventory.

No addition of mining rights was incurred during the six months ended June 30, 2024 and 2023. Amortisation of mining rights was US\$4.3 million and US\$5.5 million for the three and six months ended June 30, 2024, respectively (for the three and months ended June 30, 2023: US\$0.8 million and US\$10.3 million, respectively). The amortisation amounts were recognised in cost of sales.

During the six months ended June 30, 2024, the Group paid farmland use tax and grassland compensation fee in relation to leasehold lands and recognised right-of-use assets of US\$9.7 million (for the six months ended June 30, 2023: nil) and lease liabilities of nil (for the six months ended June 30, 2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

15. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Accounts payable	30,709	18,866
Bills payable (Note)	5,071	–
Construction cost payables	103,883	100,769
Mining cost accrual	6,555	–
Payable for litigation compensation (note 20)	23,378	22,828
Provision of the variable payment arising from the mining right	2,120	–
Payable for grassland occupation penalties	8,733	–
Payable for acquisition of a mining right	3,553	3,575
Payroll and benefit payables	428	257
Other accruals	2,280	1,606
Other tax payable	3,943	1,543
Other payables	7,734	8,806
	<hr/>	<hr/>
Total accounts and other payables and accrued expenses	198,387	158,250

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

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

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Less than 30 days	12,216	1,830
31 to 90 days	7,893	4,398
91 to 180 days	5,286	3,934
Over 180 days	5,314	8,704
	<hr/>	<hr/>
Total accounts payable	30,709	18,866

The credit period for bills payable is 180 days from the issue date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

15. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES (Cont'd)

The following is an aged analysis of bills payable, presented based on bills issue date at the end of the reporting period:

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
91 to 180 days	<u>5,071</u>	<u>–</u>

16. BORROWINGS

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Bank loans	686,377	656,344
Loans payable to a CNG's subsidiary (note 18(a))	<u>81,383</u>	<u>81,890</u>
	<u>767,760</u>	<u>738,234</u>

The borrowings are repayable as follows:

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Carrying amount repayable within one year	147,614	143,523
Carrying amount repayable within one to two years	255,093	66,500
Carrying amount repayable within two to five years	264,215	424,627
Carrying amount repayable over five years	<u>100,838</u>	<u>103,584</u>
	767,760	738,234
Less: Amounts due within one year (shown under current liabilities)	<u>(147,614)</u>	<u>(143,523)</u>
Amounts shown under non-current liabilities	<u>620,146</u>	<u>594,711</u>
Analysed as:		
Secured	285,613	301,511
Unsecured	<u>482,147</u>	<u>436,723</u>
	<u>767,760</u>	<u>738,234</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

16. BORROWINGS (Cont'd)

The carrying values of the pledged assets to secure borrowings by the Group are as follows:

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Mining rights	<u>765,202</u>	<u>770,542</u>

Borrowings carry interest at effective interest rates ranging from 1.85% to 6.29% (December 31, 2023: 1.85% to 6.32%) per annum.

In respect of a bank loan with a carrying amount of US\$121,885,000 as at June 30, 2024 (December 31, 2023: US\$124,762,000), the Group has breached the term of the syndicated loan that the carrying amount of frozen assets of Huatailong has exceeded RMB200,000,000. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at June 30, 2024 and December 31, 2023, the lender has agreed to waive its right to demand immediate payment for the next twelve month from the end of the reporting period, therefore the syndicated loan has been classified as non-current liabilities as at June 30, 2024 and December 31, 2023 based on the instalments repayment schedule set out in the loan agreement. Except for this, the Group has complied with all other covenants throughout the reporting period.

17. SHARE CAPITAL

Common shares

- (i) Authorised – Unlimited common shares without par value
- (ii) Issued and outstanding

	Number of shares	Amount US\$'000
Issued and fully paid:		
At January 1, 2023, December 31, 2023 and June 30, 2024	<u>396,413,753</u>	<u>1,229,061</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. CNG, a state owned company registered in Beijing, the PRC, which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is able to exercise significant influence over the Company.

In accordance with IAS 24 “Related party disclosures”, the management believes that information relating to related party transactions have been adequately disclosed in conformity of the IFRSs.

In addition to the related party transactions and balances shown elsewhere in these condensed consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the three and six months ended June 30, 2024 and 2023, and related party balances as at June 30, 2024 and December 31, 2023.

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

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

	June 30, 2024 %	December 31, 2023 %
CNG	40.01	40.01

(a) Transactions/balances with CNG and its subsidiaries

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

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Gold doré bars sales by the Group	55,112	71,334	91,278	137,749
Copper and other by-products sales by the Group	92,573	–	116,594	171,979
Other income	–	–	712	–
Provision of transportation services by the Group	120	71	154	756

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

18. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions/balances with CNG and its subsidiaries (Cont'd)

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Construction, stripping and mining services provided to the Group	22,475	23,322	28,641	29,056
Accrued property management fee	114	115	228	233
Commitment fee	156	163	313	330
Interest income	226	1,388	459	2,874
Interest expenses on loans payable to a CNG's subsidiary and entrusted loan payable	623	102	1,246	102
Interest expenses on lease liabilities	15	21	31	42

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

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Assets		
Amounts due from related companies (note 11)	684	654
Cash and cash equivalents held in a CNG's subsidiary	85,775	78,264
Restricted balances held in a CNG's subsidiary	67,274	67,693
	153,733	146,611

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

18. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(a) Transactions/balances with CNG and its subsidiaries (Cont'd)

Other than the cash and cash equivalents and restricted balances held in a CNG's subsidiary, the remaining amounts due from related companies as at June 30, 2024 and December 31, 2023, which are included in trade and other receivables are non-interest bearing, unsecured and payable on demand.

	June 30, 2024 US\$'000	December 31, 2023 US\$'000
Liabilities		
Entrusted loan payable	28,063	28,238
Loans payable to a CNG's subsidiary	81,383	81,890
Construction costs payable to CNG's subsidiaries	7,625	6,893
Trade payable to CNG's subsidiaries	5,037	4,742
Amount due to CNG	2,933	2,574
Contract liabilities with CNG's subsidiaries	7,407	68
Lease liabilities to a CNG's subsidiary	1,357	1,334
	<u>133,805</u>	<u>125,739</u>
Total amounts due to CNG's subsidiaries		

Trade payable, construction costs payable and contract liabilities to CNG's subsidiaries are in trade nature, non-interest bearing and unsecured.

Amount due to CNG included in other payables is non-trade in nature, non-interest bearing, unsecured and have no fixed term of repayment.

Entrusted loan payable, loans payable and lease liabilities to CNG and its subsidiaries are non-trade in nature, interest-bearing, unsecured and have fixed term of repayment.

(b) Compensation of key management personnel

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

	Three months ended June 30,		Six months ended June 30,	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Salaries and other benefits	84	77	166	185
Post-employment benefits	5	3	12	10
	<u>89</u>	<u>80</u>	<u>178</u>	<u>195</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

19. FINANCIAL INSTRUMENTS

As at June 30, 2024 and December 31, 2023, the Group's investments in equity securities include equity securities listed on the Stock Exchange and unlisted companies incorporated in the PRC.

Investment in equity securities listed on the Stock Exchange of US\$61,522,000 (December 31, 2023: US\$46,328,000) is measured based on the unadjusted quoted price available on the Stock Exchange (Level 1 fair value measurement). The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals registered in Hong Kong, PRC. Up to the date these condensed consolidated financial statements are authorised for issue, the fair value of investment in equity securities listed on the Stock Exchange decreased to US\$45,894,000 based on the unadjusted quoted price available on the Stock Exchange.

In addition, investment in an unlisted company incorporated in the PRC of US\$820,000 (December 31, 2023: US\$825,000) are measured at fair value based on Level 3 inputs.

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

20. CONTINGENCIES

Except as described below, there has been no significant update of the contingencies as detailed in the Group's annual financial statements for the year ended December 31, 2023.

(i) Litigation with Huaxin Construction Group Co., Ltd. ("Huaxin") and Zhongxinfang

(a) Litigations with Huaxin and Zhongxinfang for the construction costs

Pursuant to the final instance adjudication dated June 5, 2023 (the "June 2023 Huaxin Final Instance Adjudication") on construction contract dispute entered by the High People's Court of Lhasa City, Tibet ("Tibet High Court"), Huatailong recognised additional interest charge on the unsettled litigation compensation to Huaxin of US\$694,000 during the six months ended June 30, 2024 (six months ended June 30, 2023: litigation compensation and related interest charge of US\$21,614,000). Accordingly, Huatailong recognised RMB167 million (equivalent to US\$23,378,000) as payable for litigation compensation which is presented under "accounts and other payables and accrued expenses" as at June 30, 2024 (December 31, 2023: RMB159 million (equivalent to US\$22,828,000)).

As at June 30, 2024 and up to the date these condensed consolidated financial statements are authorised for issue, the payable to Huaxin amounting to US\$23,378,000 is not settled by Huatailong and Huatailong is actively seeking other measures to protest against the June 2023 Huaxin Final Instance Adjudication and is not yet come up with a result.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The Three And Six Months Ended June 30, 2024 (Unaudited)

20. CONTINGENCIES (Cont'd)

(i) Litigation with Huaxin and Zhongxinfang (Cont'd)

- (b) *Litigations with Zhongxinfang for the delivery of a block of the buildings and twenty car parks (the "New Premises") and recovery of all related tax exposures including but not limited to land appreciation tax, EIT and other surcharge (the "Tax and Other Surcharge") related to the land exchange whereby the Group agreed to transfer the land use right for the development of a composite project and Zhongxinfang agreed to compensate the Group by the New Premises*

As at June 30, 2024 and up to the date these condensed consolidated financial statements are authorised for issue, the composite project is still suspended due to litigations against Zhongxinfang and the New Premises are still not delivered to Huatailong. Based on legal advice, the enforcement of the adjudication that Zhongxinfang should pay penalty of RMB9 million to Huatailong that was applied by Huatailong in March 2023 is currently under proceeding and the result is not ascertain as at the date these condensed consolidated financial statements are authorised for issue.

Based on Group's assessment on the status of the New Premises and taking into account the valuation of the New Premises, no impairment loss (for the six months ended June 30, 2023: nil) has been made during the six months ended June 30, 2024 and the carrying amount of the other non-current assets are RMB111,924,000 (equivalent to US\$15,705,000) as at June 30, 2024 (December 31, 2023: RMB111,924,000 (equivalent to US\$15,802,000)).

Based on the best available information to the Group and the credit risk assessment of Zhongxinfang as of June 30, 2024, no additional expected credit loss (for the six months ended June 30, 2023: nil) for the Tax and Other Surcharge from Zhongxinfang are recognised during the six months ended June 30, 2024, and the accumulated allowance for credit losses is RMB22,827,000 (equivalent to US\$3,203,000) as of June 30, 2024 (December 31, 2023: RMB22,827,000 (equivalent to US\$3,223,000)).

(ii) Litigation with an independent supplier of Huatailong

During the period from February 28 to March 2, 2024, the Tibet High Court has held a trial on the dispute between Huatailong and an independent supplier of Huatailong for the loss of work stoppage and slowdown resulting from the suspension of Jiama Mine's south pit and on April 10, 2024, the Tibet High Court rescinded the first instance adjudication dated November 27, 2023 by the Intermediate People's Court of Lhasa City, Tibet ("Tibet Intermediate Court") and remand the case to the Tibet Intermediate Court for retrial.

The Tibet Intermediate Court held the retrial for thrice on June 11, 2024, June 21, 2024 and July 19, 2024, while both sides are questioning the evidences disclosed during the trial process and now are preparing for the fourth trail to be held. As at June 30, 2024 and up to the date these condensed consolidated financial statements are authorised for issue, the outcome of this legal proceeding was yet to be finalised, the Group concludes that it is not probable that an outflow of economic benefits will be required by taking into account the legal advice. Accordingly, no provision is made in the condensed consolidated financial statements in regard to this litigation as of June 30, 2024 (December 31, 2023: nil).

21. EVENT AFTER THE REPORTING PERIOD

Other than those disclosed in notes 1 and 19, the Group had no material event after the end of the reporting period.



中國黃金國際資源有限公司

China Gold International Resources Corp. Ltd.