China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Three months ended March 31, 2016
(Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended March 31, 2016
(Stated in U.S. dollars, except as otherwise noted)

The following Management Discussion and Analysis of financial condition and results of operations ("MD&A") is prepared as of May 13, 2016. It should be read in conjunction with the 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 months ended March 31, 2016 and the three months ended March 31, 2015, 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 30, 2016 on SEDAR at www.sedar.com. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled "Forward-Looking Statements" and "Risk Factors" and to discussions elsewhere within this MD&A. China Gold International's business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

Certain statements made herein, other than statements of historical fact relating to the Company, represent forward-looking information. In some cases, this forward-looking information can be identified by words or phrases such as "may", "will", "expect", "anticipate", "contemplates", "aim", "estimate", "intend", "plan", "believe", "potential", "continue", "is/are likely to", "should" or the negative of these terms, or other similar expressions intended to identify forward-looking information. This forward-looking information includes, among other things; China Gold International's production estimates, business strategies and capital expenditure plans; the development and expansion plans and schedules for the CSH 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, litigation or arbitration and adverse changes in government regulation; the availability and accessibility of financing to China Gold International; and the performance by counterparties of the terms and conditions of all contracts to which China Gold International and its subsidiaries are a party. The forward-looking information is also based on the assumption that none of the risk factors identified in this MD&A or in the AIF that could cause actual results to differ materially from the forward-looking information actually occurs.

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

THE COMPANY

Overview

China Gold International is a gold and base metal mining company based in Vancouver, Canada. The Company's main business involves the 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 CSH Mine commenced commercial production on July 1, 2008. 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. The Jiama Mine commenced commercial production in September 2010.

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

Performance Highlights

Three months ended March 31, 2016

- Revenue decreased by 15% to US$65.6 million from US$77.4 million for the same period in 2015.
- Mine operating earnings decreased by 65% to US$7.5 million from US$21.2 million.
- Net profit/loss after income taxes decreased to net loss of US$3.5 million from net profit of US$6.2 million for the same period in 2015, primarily due to US$3.8 million value impairment of Available-For-Sale securities during the current period.
- Gold production from the CSH Mine decreased by 11% to 36,703 ounces from 41,033 ounces for the same period in 2015.
- Copper production from the Jiama Mine remained consistent at 4,106 tonnes (approximately 9.05 million pounds) compared to 4,089 tonnes (approximately 9.01 million pounds) for the same period in 2015.

OUTLOOK

- Projected gold production of 235,000 ounces in 2016.
- Projected copper production of approximately 38.6 million pounds (18,000 tonnes) in 2016.
- The Jiama Mine's processing plant Phase II expansion is being executed in two stages. Stage I has been completed and is now in the commissioning process. The throughput capacity will be 28,000 tpd, up from the previous capacity of 6,000 tpd after completing the commissioning process. Stage II of the project is under way and is expected to be completed in the second half of 2016. The total processing capacity will increase to 50,000 tpd upon completion of the two-stage expansion program.
- The Company will continue to leverage the technical and operating experience of the Company's controlling shareholder, China National Gold Group Corporation ("CNG"), to improve operations at its mines. In addition, the Company continues to focus its efforts on increasing production while minimizing costs at both mines.
- To fulfill its growth strategy, the Company is continuously working with CNG and other interested parties to identify potential international mining acquisition opportunities, namely projects outside of China, which either are in production or can be readily and quickly brought into production with the possibility of further expansion through continued exploration.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

QUARTER ENDED

	2016	2015				2014		
(US$ in thousands except per share)	**Mar-31**	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30
Revenues	**65,585**	78,967	99,948	83,647	77,387	103,326	89,257	48,541
Cost of sales	**58,039**	74,798	82,752	63,336	56,217	70,763	56,687	29,084
Mine operating earnings	**7,546**	4,169	17,196	20,311	21,170	32,563	32,570	19,457
General and administrative expenses	**5,049**	6,483	5,330	5,988	6,028	7,631	5,523	5,892
Exploration and evaluation expenses	**46**	157	45	62	38	319	129	53
Income from operations	**2,451**	(2,471)	11,821	14,261	15,104	24,613	26,918	13,512
Foreign exchange gain (loss)	**1,198**	(5,624)	(8,606)	1,482	(789)	5,631	(300)	182
Finance costs	**4,453**	(868)	7,181	6,570	8,524	8,913	7,826	3,781
(Loss) profit before income tax	**(2,986)**	(13,640)	692	13,742	10,813	24,485	21,221	11,147
Income tax expense	**500**	4,836	5,850	3,173	4,575	8,802	4,790	2,759
Net income	**(3,486)**	(18,476)	(5,158)	10,569	6,238	15,683	16,431	8,388
Basic earnings per share (cents)	**(0.91)**	(4.69)	(1.41)	2.54	1.49	3.78	4.02	1.93
Diluted earnings per share (cents)	**N/A**	(4.69)	(1.41)	2.54	1.49	3.78	4.02	1.93

Selected Quarterly and Annual Production Data and Analysis

CSH Mine	**Three months ended March 31,**	
	2016	**2015**
Gold sales (US$ million)	**41.64**	52.11
Realized average price[(1)] (US$) of gold per ounce	**1,146**	1,186
Gold produced (ounces)	**36,703**	41,033
Gold sold (ounces)	**36,344**	43,949
Total production cost[(2)] (US$ per ounce)	**1,034**	848
Cash production cost[(2)] (US$ per ounce)	**800**	653

(1) Net of resource compensation fees that is based on revenue and paid to PRC government
(2) Non-IFRS measure. See 'Non-IFRS measures' section of this MD&A

Gold production at the CSH Mine decreased by 11% to 36,703 ounces for the three months ended March 31, 2016 from 41,033 ounces for the three months ended March 31, 2015. The decrease in gold production is attributed to lower volumes and grades of ore mined during the current period.

The cash production cost and total production cost of gold for the three months ended March 31, 2016 both increased compared with the same period in 2015. The increase is due to higher waste rock removal costs due to higher stripping ratio during the current period and lower grade of ore.

Jiama Mine	Three months ended March 31,	
	2016	**2015**
Copper sales[1] (US$ in millions)	**15.51**	18.29
Realized average price [2](US$) of copper per pound after smelting fee discount	**1.57**	2.26
Copper produced (tonnes)	**4,106**	4,089
Copper produced (pounds)	**9,053,250**	9,015,220
Copper sold (tonnes)	**4,467**	3,997
Copper sold (pounds)	**9,847,553**	8,812,638
Gold produced (ounces)	**5,124**	5,311
Gold sold (ounces)	**5,983**	5,304
Silver produced (ounces)	**314,517**	288,824
Silver sold (ounces)	**346,237**	301,304
Total production cost [3] (US$) of copper per pound	**2.50**	2.72
Total production cost [3] (US$) of copper per pound after by-products credits [5]	**1.60**	1.87
Cash production cost [4](US$) per pound of copper	**2.09**	2.22
Cash production cost [4] (US$) of copper per pound after by-products credits [5]	**1.19**	1.37

1 Net of resource compensation fees that is based on revenue and paid to PRC government agency

2 A discount factor of 27% is applied to the copper bench mark price to compensate the refinery costs incurred by the buyers

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

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

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

During the three months ended March 31, 2016, the Jiama Mine produced 4,106 tonnes (approximately 9.05 million pounds) of copper in concentrate, compared with the 4,089 tonnes (approximately 9.01 million pounds) for the three months ended March 31, 2015. Consistent levels of production were maintained during the comparative periods.

The Cash production cost of copper per pound decreased by 6% and total production cost of copper per pound decreased by 8% for the three months ended March 31, 2016 compared to the same period in 2015. The decreases are primarily due to a 12% increase in sales volumes of copper during the three months ended March 31, 2016. Cash production cost of copper per pound after by-products credits decreased by 15% due to higher volume of by product gold sold in copper concentrate during the current period.

Review of Quarterly Data

Three months ended March 31, 2016 compared to three months ended March 31, 2015

Revenue of US$65.6 million for the first quarter of 2016 decreased by US$11.8 million or 15%, from US$77.4 million for the same period in 2015.

Revenue from the CSH Mine was US$41.6 million, a decrease of US$10.5 million compared to US$52.1 million for the same period in 2015 due to a 17% decrease in gold sales volume. Gold produced by the CSH Mine was 36,703 ounces (gold sold: 36,344 ounces), compared to 41,033 ounces (gold sold: 43,949 ounces) for the same period in 2015. CSH's decreased production volumes are attributed to lower grades of ore mined.

Revenue from the Jiama Mine was US$23.9 million compared to US$25.3 million for the same period in 2015. Total copper sold was 4,467 tonnes (9.8 million pounds) for the three months ended March 31, 2016, an increase of 12% from 3,997 tonnes (8.8 million pounds) for the same period in 2015. The increase in sales volume was offset by a considerable decrease in the realized average price of copper per pound during the first quarter of 2016.

Cost of sales of US$58.0 million for the quarter ended March 31, 2016, an increase of US$1.8 million or 3% from US$56.2 million for the same period in 2015. The slight overall increase is primarily attributed to lower grades of ore mined at Jiama. Cost of sales as a percentage of revenue for the Company increased to 88% from 73% for the three months ended March 31, 2016 and 2015, respectively.

Mine operating earnings of US$7.5 million for the three months ended March 31, 2016, a decrease of 65% or US$13.7 million, from US$21.2 million for the same period in 2015. Mine operating earnings as a percentage of revenue decreased from 27% to 12% for the three months ended March 31, 2015 and 2016, respectively. The decrease in mine operating earnings as a percentage of revenue can be attributed to a 15% decrease in the realized average price of copper per pound and a 3% decrease in the realized average price of gold per ounce.

General and administrative expenses decreased from US$6.0 million to US$5.0 million for the three months ended March 31, 2015 and 2016, respectively. The 17% decrease is consistent with the Company's implementation of cost reductions programs.

Income from operations of US$2.5 million for the first quarter of 2016, decreased by US$12.6 million from US$15.1 million for the same period in 2015.

Finance costs decreased to US$4.5 million for three months ended March 31, 2016 from US$8.5 million for the same period in 2015. The decrease in the 2016 period is attributed to an increase in capitalized amounts in relation to borrowing costs related to the Jiama Mine expansion. During the three months ended March 31, 2016, interest payments of US$5.1 million (2015: US$5.4 million) were capitalized for borrowing costs related to the Jiama Mine expansion.

Loss on Available for sale investment of US$3.8 million was recognized in relation to the equity securities investment listed in Hong Kong during the three months ended March 31, 2016, the fair market value adjustments were recognized as equity reserve in the comparative period in 2015. The loss was recorded due to a 25% decline in the share price of the security as of the December 31, 2015 share price.

Foreign exchange gain (loss) increased to a gain of US$1.2 million for the three months ended March 31, 2016 from a loss of US$0.8 million for the same period in 2015. The 2016 gain is related to the revaluation of monetary items held in Chinese RMB and Hong Kong Dollars, which was based on changes in the RMB/HKD/USD exchange rates.

Interest and other income of US$1.6 million for the three months ended March 31, 2016 decreased from US$5.0 million for the same period in 2015, due to a decrease in interest earning term deposits.

Income tax expense of US$0.5 million for the first quarter of 2016, decreased by US$4.1 million from US$4.6 million for the comparative period in 2015, primarily due to decreased profits from both mine sites. During the current quarter, the Company had US$2.3 million of deferred tax credit compared to US$1.7 million of deferred tax expense in 2015.

Net loss/profit of the Company decreased by US$9.7 million from a profit of US$6.2 million for the three months ended March 31, 2015 to a net loss of US$3.5 million for the three months ended March 31, 2016.

NON-IFRS MEASURES

The following table provides certain unit cost information on a cost of production per tonne of ore processed (non-IFRS) basis for the CSH Mine and the Jiama Mine for the three months ended March 31, 2016 and 2015:

CSH Mine

	Three months ended March 31,	
	2016	2015
	US$	US$
Cost of mining per tonne of ore	**1.29**	1.38
Cost of mining waste per tonne of ore	**2.97**	1.37
Other mining costs per tonne of ore	**0.29**	0.30
Total mining costs per tonne of ore	**4.55**	3.05
Cost of reagents per tonne of ore	**0.94**	0.74
Other processing costs per tonne of ore	**0.96**	1.15
Total processing cost per tonne of ore	**1.90**	1.89

Jiama Mine

	Three months ended March 31, 2016 US$	2015 US$
Cost of mining per tonne of ore	**10.83**	12.37
Cost of mining waste per tonne of ore[1]	**-**	-
Other mining costs per tonne of ore	**3.33**	4.84
Total mining costs per tonne of ore	**14.17**	17.21
Processing costs per tonne of ore	**10.34**	8.89

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

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

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

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

CSH Mine (Gold)

	Three months ended March 31,			
	2016		2015	
	US$	US$ Per ounce	US$	US$ Per ounce
Total production costs	**37,592,471**	**1,034**	37,283,377	848
Adjustments	**(8,495,765)**	**(234)**	(8,575,122)	(195)
Total cash production costs	**29,096,706**	**800**	28,708,255	653

Jiama Mine (Copper with by-products credits)

	Three months ended March 31,			
	2016		2015	
	US$	US$ Per Pound	US$	US$ Per pound
Total production costs	**24,571,438**	**2.50**	23,987,348	2.72
Adjustments	**(3,963,264)**	**(0.40)**	(4,439,645)	(0.50)
Total cash production costs	**20,608,174**	**2.09**	19,547,703	2.22
By-products credits	**(8,857,513)**	**(0.90)**	(7,496,489)	(0.85)
Total cash production costs after by-products credits	**11,750,661**	**1.19**	12,051,214	1.37

The adjustments above include depreciation and depletion, amortization of intangible assets, and selling expenses included in total production costs.

MINERAL PROPERTIES

The CSH Mine

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

The CSH Mine is owned and operated by Inner Mongolia Pacific Mining Co. Limited, a Chinese Joint Venture in which China Gold International holds a 96.5% interest and Ningxia Nuclear Industry Geological Exploration Institution (formerly known as Brigade 217) holds the remaining 3.5%.

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

Production Update

CSH Mine

	Three months ended March 31,	
	2016	2015
Ore mined and placed on pad (tonnes)	**4,210,775**	4,735,680
Average ore grade (g/t)	**0.49**	0.53
Recoverable gold (ounces)	**38,317**	46,454
Ending ore inventory (ounces)	**169,183**	165,347
Waste rock mined (tonnes)	**19,224,227**	16,911,023

For the three months ended March 31, 2016, the total amount of ore placed on the leach pad was 4.2 million tonnes, with total contained gold of 38,317 ounces (1,192 kilograms). The accumulative project-to-date gold recovery rate has slightly increased from approximately 51.71% at the end of December 2015 to 52.2% at the end of March 2016.

Exploration

The Company continues to conduct surface reconnaissance and exploration for expansion opportunities around the CSH Mine, with specific focus for 2015 on the mineralization below the current final open pit shell, especially the west end of the Northeast Pit, where a 2012 deep drill hole intersected over 306 meters from (391.42m to 697.66m) of continuous gold mineralization averaging 0.54 g/t Au, which may further increase the open-pitable resource for the Northeast Pit and lead to possible joining up the Northeast Pit and Southwest Pit. Over 9200 meters of deep drilling has been planned for 2015 and 2016 in this area. To date, 3911 meters were drilled in 2015. Due to very broken ground conditions, the drilling is progressing slowly. Of the five drill holes planned for 2015, only two were completed with assay results pending. In the second quarter of 2016, the drilling will continue with five more drill holes planned to complete the deep drilling program.

Mineral Resource Update

CSH Mine Resources by category, Northeast and Southwest pits combined at December 31, 2015 under NI 43-101:

			Metal	
Type	**Quantity Mt**	**Au g/t**	**Au t**	**Au Moz**
Measured	38.12	0.65	24.69	0.79
Indicated	145.34	0.60	87.30	2.81
M+I	183.46	0.61	111.99	3.60

Mineral Reserves Update

CSH Mine Reserves by category, Northeast and Southwest pits combined at December 31, 2015 under NI 43-101:

			Metal	
Type	**Quantity Mt**	**Au g/t**	**Au t**	**Au Moz**
Proven	37.28	0.65	24.33	0.78
Probable	102.06	0.61	63.30	2.04
Total	**139.34**	**0.63**	**87.63**	**2.82**

The Jiama Mine

The Company acquired the Jiama Mine on December 1, 2010. Jiama is a large copper-gold polymetallic deposit containing copper, gold, silver, molybdenum, and other metals located in the Gandise metallogenic belt in Tibet Autonomous Region of China.

The Jiama Mine has both underground mining and open-pit mining operations. Phase I of the Jiama Mine commenced mining operations in the latter half of 2010 and reached its design capacity of 6,000 tpd in early 2011.

Phase II Expansion
The Jiama Expansion Program

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

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

Production Update

Jiama Mine	**Three months ended March 31,**	
	2016	2015
Ore mined (tonnes)	**406,066**	466,347
Waste mined (tonnes)	**-**	-
Average copper ore grade (%)	**0.75**	0.80
Copper recovery rate (%)	**89**	91
Average gold ore grade (g/t)	**0.37**	0.41
Gold recovery rate (%)	**70**	67
Average silver ore grade (g/t)	**21.57**	21.82
Silver recovery rate (%)	**68**	67

Exploration

The company plans peripheral prospecting and mineral exploration work in 2016, and have completed project assessment of prospecting and exploration program.

Mineral Resources Estimate

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

Mining One Pty Ltd. noted that gold and silver mineralization within the ore body had a significantly higher spatial variability than the other elements, and as a result, classified the Au and Ag resource presented in Table 2 separately. This classification takes into account the proposed large scale mining techniques where Au and Ag will only be credits to the overall products from the operations. Mining One Pty Ltd has assumed that Au and Ag will not be assigned a single cut-off grade for a selected mining block and will be mined in conjunction with the other elements.

Jiama Project - Cu, Mo, Pb, Zn ,Au, and Ag Mineral Resources under NI 43-101
Reported at a 0.3% Cu Equivalent Cut off grade*, as of December 31, 2015

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Measured	96.80	0.40	0.04	0.04	0.02	0.10	6.53	385.50	34.80	43.10	23.20	0.27	17.86
Indicated	1,385.00	0.41	0.03	0.05	0.03	0.11	6.11	5,715.50	468.00	751.00	471.00	4.99	272.35
M+I	1,481.80	0.41	0.03	0.05	0.03	0.11	6.14	6,101.00	502.80	794.10	494.20	5.26	290.21
Inferred	406.10	0.31	0.03	0.08	0.04	0.10	5.13	1,247.00	123.00	311.00	175.00	1.32	66.93

Note: Figures reported are rounded which may result in small tabulation errors.
The Copper Equivalent basis for the reporting of resources has been compiled on the following basis:

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

Mineral Reserves Estimate

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

Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of December 31, 2015

Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Au g/t	Ag g/t	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)	Au Moz	Ag Moz
Proven	21.52	0.62	0.04	0.05	0.03	0.24	9.41	132	10	11	8	0.150	6.530
Probable	415.07	0.61	0.03	0.13	0.08	0.19	11.50	2,541	133	551	319	2.490	153.495
P+P	436.59	0.61	0.03	0.13	0.07	0.19	11.46	2,673	143	562	326	2.640	160.025

Notes:

1. All Mineral Reserves have been estimated in accordance with the JORC code and have been reconciled to CIM standards as prescribed by the NI 43-101.

2. Mineral Reserves were estimated using the following mining and economic factors:

Open Pits:

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

Underground:

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

At March 31, 2016, the Company had an accumulated surplus of US$182.7 million, working capital of US$15.8 million and borrowings of US$989.4 million. The Company's cash balance at March 31, 2016 was US$116.2 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$501.1 million of 3.5% unsecured bonds maturing on July 17, 2017 and US$110.7 million of short term debt facilities with interest rates ranging from 2.75% to 6.00% per annum arranged through various banks in China. 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 to the aggregate principle amount of RMB 3.98 billion, approximately US$613 million with the interest rate of 2.83% per annum currently. The People's Bank of China Lhasa Center Branch's interest rate serves as a 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 proceeds from the Loan Facility are to be used for the development of the Jiama Mine. As of March 31, 2016 the Company has drawdown RMB 2.05 billion, approximately US$317.3 million. The Company believes that the availability of debt financing in China at favorable rates will continue for the foreseeable future.

Given the challenging market conditions in the global mining industry, the Company continues to rigorously test its assets for impairment as part of its financial reporting processes. To date, the testing procedures carried out by the Company support the carrying values of the Company's assets, and no impairment has been required. However, management of the Company, together with its auditors, continues to evaluate and test key assumptions on estimates and management judgments in order to determine the fair value less cost of disposal 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 interim cash flow statements for the periods ended March 31, 2016 and March 31, 2015.

	Three Months ended March 31,	
	2016	2015
	US$'000	US$'000
Net cash from operating activities	**5,986**	638
Net cash used in investing activities	**(36,588)**	(88,053)
Net cash from (used) financing activities	**34,338**	(20,998)
Net increase (decrease) in cash and cash equivalents	**3,736**	(108,413)
Effect of foreign exchange rate changes on cash and cash equivalents	**79**	70
Cash and cash equivalents, beginning of period	**112,399**	565,578
Cash and cash equivalents, end of period	**116,214**	457,235

Operating cash flow

For the three months ended March 31, 2016, the net cash inflow from operating activities was US$6.0 million which is primarily attributable to (i) depreciation and depletion of US$16.3 million, (ii) finance cost of US$4.5 million, and (iii) increase in prepaid expense and deposits of US$2.6 million, offset by (i) interest paid of US$8.8 million, and (ii) increase in inventory of US$7.5 million.

Investing cash flow

For the three months ended March 31, 2016, the net cash outflow from investing activities was US$36.6 million, which is primarily attributable to payment for the acquisition of property, plant and equipment of US$36.4 million, placement of restricted bank balances of US$5.0 million, and deposits paid for acquisition of property, plant and equipment of US$1.4 million, partially offset by release of restricted bank balances of US$6.2 million.

Financing cash flow

For the three months ended March 31, 2016, the net cash inflow from financing activities was US$34.3 million, which is primarily attributable to proceeds from borrowings of US$124.1, partially offset by repayments of borrowings of US$89.7.

Restrictive covenants

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

Under a Long Facility agreement entered on November 3, 2015 between the Company and a syndicated of banks, led by Bank of China pursuant to which the banks agreed to lend to Tibet Huatailong, the Company's subsidiary, the aggregate principle amount of RMB 3.98 billion (approximately US$613 million), the debt to assets ratio of Huatailong should be less than 75% during the term of the agreement.

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies include principal payments on the Company's bank loans and syndicated loan facility, material future aggregate minimum operating lease payments required under operating leases and capital commitments in respect of the future acquisition of property, plant and equipment and construction for both the CSH Mine and the Jiama Mine.

The Company has leased certain properties in China and Canada, which are all under operating lease arrangements and are negotiated for terms of between one and seventeen years. The Company is required to pay a fixed rental amount under the terms of these leases.

The Company's capital commitments relate primarily to 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. Therefore, capital commitments are not included in the Company's consolidated financial statements.

There were no significant changes in capital commitments and operating lease commitments between December 31, 2015 and March 31, 2016. The following table outlines principal payments on bank loans for the periods indicated:

	Total	Within One year	Within Two to five years	Over 5 years
	US$'000	US$'000	US$'000	US$'000
Principal repayment of bank loans	**488,315**	110,676	126,912	250,727
Repayment of bonds	**501,114**	17,138	483,976	-
Total	**989,429**	**127,814**	**610,888**	250,727

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

RELATED PARTY TRANSACTIONS

CNG owned 39.3% of the outstanding common shares of the Company as at March 31, 2016 and March 31, 2015.

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

On October 24, 2008, the Company's subsidiary, Inner Mongolia Pacific entered into a non-exclusive contract for the purchase and sale of doré with CNG (the "2008 Contract") pursuant to which Inner Mongolia Pacific occasionally sold gold doré bars to CNG through to December 31, 2011. The pricing was based on the daily average price of gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of silver as quoted on the Shanghai Huatong Platinum & Silver Exchange prevailing at the time of each relevant purchase order during the contract period. On January 27, 2012, the 2008 Contract was renewed for another three years ending December 31, 2014 and subsequently on June 30, 2014 for the period of January 1, 2015 to December 31, 2017.

Revenue from sales of gold doré bars to CNG of US$41.6 million for the three months ended March 31, 2016 decreased from US$52.1 million for the three months ended March 31, 2015.

On May 29, 2015, the Company entered into a revised continuing connected transaction and major transaction amending the Product and Service Framework Agreement with CNG. According to the amendments, CNG purchases the copper concentrates produced at the Jiama Mine. The quantity of copper concentrates, pricing terms and payment terms be established from time to time by the parties with reference to the pricing principles for connected transactions set out under the Product and Service Framework Agreement. For the three months ended March 31, 2016, revenue from sales of copper concentrate and other products to CNG was US$12.2 million, compared to nil for the same period in 2015.

For the three months ended March 31, 2016, construction services of US$49.7 million were provided to the Company by subsidiaries of CNG (US$32.4 million for the three months ended March 31, 2015).

In addition to the two aforementioned major related party transactions, the Company also obtains additional services from related parties in its normal course of business, including a Financial Services Agreement entered on May 29, 2015 among Inner Mongolia Pacific, Huatailong and China Gold Finance.

PROPOSED TRANSACTIONS

The Board of Directors has given the Company approval to conduct reviews of a number of projects that may qualify as acquisition targets through joint venture, merger and/or outright acquisitions. The Group did not have any material acquisition and disposal of subsidiaries and associated companies in the three months ended March 31, 2016.

CRITICAL ACCOUNTING ESTIMATES

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

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in Note 4 of the audited annual consolidated financial statements for the year ended December 31, 2015.

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, 2015.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are available-for-sale investments, accounts receivable, accounts payable, cash and loans. The financial instruments are recorded at either fair values or amortized amount on the balance sheet.

The Company did not have any financial derivatives or outstanding hedging contracts as at March 31, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2016, the Company had not entered into any off-balance sheet arrangements.

DIVIDEND AND DIVIDEND POLICY

The Company has not paid any dividends since incorporation and does not currently have a fixed dividend policy. The Board of Directors will determine any future dividend policy on the basis of, among others things, the results of operations, cash flows and financial conditions, operating and capital requirements, the rules promulgated by the regulators affecting dividends in both Canada and Hong Kong and at both the TSX and HKSE, any restrictive covenants of existing borrowings, and the amount of distributable profits and other relevant factors.

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

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

OUTSTANDING SHARES

As of March 31, 2015 the Company had 396,413,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the Company's DC&P and ICFR as of March 31, 2016 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 March 31, 2016, and provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

The Company's Chief Executive Officer and Chief Financial Officer have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework of 2013 to evaluate the Company's ICFR as of March 31, 2016 and have concluded that these controls and procedures were effective as of March 31, 2016 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 three months ended March 31, 2016, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

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

QUALIFIED PERSON

Disclosure of a scientific or technical nature in this section of the MD&A in respect of updates at the CSH Gold Project was prepared by or under the supervision of Mr. Songlin Zhang, a qualified person for the purposes of NI 43-101.

Disclosure of a scientific or technical nature in this MD&A in respect of the Jiama Mine for the Mineral Resources, Mineral Reserves and Phase II Expansion was prepared by or under the supervision of Mr. Bin Guo and Anthony R Cameron, both qualified person for the purposes of NI 43-101; all remaining information in regards to the Jiama project contained in this MD&A was prepared by or under the supervision of Mr. Songlin Zhang, a qualified person for the purposes of NI 43-101.

May 13, 2016

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

(incorporated in British Columbia, Canada with limited liability)

Report and Condensed Consolidated Financial Statements
For the three months ended March 31, 2016

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

REPORT AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016

	NOTES	Three months ended March 31, 2016 US$'000	2015 US$'000
Revenues	15	65,585	77,387
Cost of sales		(58,039)	(56,217)
Mine operating earnings		7,546	21,170
Expenses			
General and administrative expenses	3	(5,049)	(6,028)
Exploration and evaluation expenditure		(46)	(38)
		(5,095)	(6,066)
Income from operations		2,451	15,104
Other (expenses) income			
Foreign exchange gain (loss), net		1,198	(789)
Interest and other income		1,649	5,022
Finance costs	4	(4,453)	(8,524)
Impairment loss on Available for sale investment		(3,831)	-
		(5,437)	(4,291)
(Loss) profit before income tax		(2,986)	10,813
Income tax expense	5	(500)	(4,575)
(Loss) profit for the period		(3,486)	6,238
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		767	1,067
Fair value loss on available-for-sale investment		(3,831)	(1,184)
Reclassification adjustment upon impairment of available-for-sale investment		3,831	-
Total comprehensive (expense) income for the period,		(2,719)	6,121
(Loss) profit for the period attributable to			
Non-controlling interests		115	333
Owners of the Company		(3,601)	5,905
		(3,486)	6,238
Total comprehensive (expense) income for the period attributable to			
Non-controlling interests		114	237
Owners of the Company		(2,833)	5,884
		(2,719)	6,121
(Loss) earnings per share,			
- Basic (US)	6	(0.91) cents	1.49 cents
- Diluted (US)	6	N/A	1.49 cents
Weighted average number of common shares			
- Basic and diluted	6	396,413,753	396,413,753

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2016

	NOTES	March 31, 2016 US$'000	December 31, 2015 US$'000 (audited)
Current assets			
Cash and cash equivalents		116,214	112,399
Restricted bank balance		8,125	9,242
Trade and other receivables	7	22,794	35,801
Prepaid expenses and deposits		5,745	8,446
Prepaid lease payments		226	225
Inventories	8	198,497	190,876
		351,601	356,989
Non-current assets			
Prepaid expense and deposits		13,074	11,974
Prepaid lease payments		7,609	7,620
Other receivables	7	14,021	-
Deferred tax assets		3,908	1,728
Available-for-sale investments	16	13,626	17,447
Property, plant and equipment	9	1,485,324	1,454,319
Mining rights		929,817	930,516
		2,467,379	2,423,604
Total assets		2,818,980	2,780,593
Current liabilities			
Accounts and other payables and accrued expenses	10	169,366	166,004
Borrowings	11	127,814	189,009
Entrusted loan payable	12	30,954	-
Tax liabilities		7,640	7,802
		335,774	362,815
Net current (liabilities) assets		15,827	(5,826)
Total assets less current liabilities		2,483,206	2,417,778
Non-current liabilities			
Borrowings	11	861,615	763,422
Deferred tax liabilities		125,273	125,414
Deferred income		1,684	1,798
Entrusted loan payable	12	-	30,800
Environmental rehabilitation		50,099	49,090
		1,038,671	970,524
Total liabilities		1,374,445	1,333,339

	NOTE	March 31, 2016 US$'000	December 31, 2015 US$'000 (audited)
Owners' equity			
Share capital	13	1,229,061	1,229,061
Reserves		19,617	18,849
Retained profits		182,716	186,317
		1,431,394	1,434,227
Non-controlling interests		13,141	13,027
Total owners' equity		1,444,535	1,447,254
Total liabilities and owners' equity		2,818,980	2,780,593

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 13, 2016 and are signed on its behalf by:

(Signed by) Xin Song
Xin Song
Director

(Signed by) Bing Liu
Bing Liu
Director

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016

	Number of shares	Share capital US$'000	Equity reserve US$'000 (note a)	Investment revaluation reserve US$'000	Exchange reserve US$'000	Statutory reserve US$'000 (note b)	Retained profits US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total owners' equity US$'000
At January 1, 2015 (audited)	396,413,753	1,229,061	11,179	(722)	7,615	11,355	194,505	1,452,993	12,165	1,465,158
Profit for the period	-	-	-	-	-	-	5,905	5,905	333	6,238
Fair value loss on available-for-sale investment	-	-	-	(1,184)	-	-	-	(1,184)	-	(1,184)
Exchange difference arising on translation	-	-	-	-	1,163	-	-	1,163	(96)	1,067
Total comprehensive (expenses) income for the period	-	-	-	(1,184)	1,163	-	5,905	5,884	237	6,121
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	(301)	(301)
At March 31, 2015 (unaudited)	396,413,753	1,229,061	11,179	(1,906)	8,778	11,355	200,410	1,458,877	12,101	1,470,978
At January 1, 2016 (audited)	396,413,753	1,229,061	11,179	-	(3,685)	11,355	186,317	1,434,227	13,027	1,447,254
Profit for the period	-	-	-	-	-	-	(3,601)	(3,601)	115	(3,486)
Fair value loss on available-for-sale Investment	-	-	-	(3,831)	-	-	-	(3,831)	-	(3,831)
Reclassified adjustment upon impairment Of available-for-sale investment	-	-	-	3,831	-	-	-	3,831	-	3,831
Exchange difference arising on translation	-	-	-	-	768	-	-	768	(1)	767
Total comprehensive income (expense) for the period	-	-	-	-	768	-	(3,601)	(2,833)	114	(2,719)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-
At March 31, 2016 (unaudited)	396,413,753	1,229,061	11,179	-	(2,917)	11,355	182,716	1,431,394	13,141	1,444,535

Notes:

(a) Amounts represent equity reserve arising from share based compensation provided to employees under the stock option plan of the Company and deemed contribution from shareholders in previous years.

(b) Statutory reserve which consists of appropriations from the profit after taxation of the subsidiaries established in the People's Republic of China ("PRC"), forms part of the equity of PRC subsidiaries. In accordance with the PRC Company Law and the Articles of Association of the PRC subsidiaries, the PRC subsidiaries are required to appropriate an amount equal to minimum of 10% of their profits after taxation each year to a statutory reserve until the reserve reaches 50% of the registered capital of the respective subsidiaries.

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

	Three months ended March 31, 2016 US$'000	Three months ended March 31, 2015 US$'000
Net cash from operating activities	5,986	638
Investing Activities		
Payment for acquisition of property, plant and equipment	(36,358)	(85,308)
Deposit paid for acquisition of property, plant and equipment	(1,391)	(2,745)
Placement of restricted bank deposits	(5,030)	-
Release of restricted bank deposits	6,191	-
Net cash used in investing activities	(36,588)	(88,053)
Financing Activities		
Proceeds from borrowings	124,066	158,093
Proceeds from entrusted loan	-	-
Dividend paid to a non-controlling shareholder	-	(301)
Repayment of borrowings	(89,728)	(178,790)
Net cash (used in) from financing activities	34,338	(20,998)
Net (decrease) increase in cash and cash equivalents	3,736	(108,413)
Cash and cash equivalents, beginning of period	112,399	565,578
Effect of foreign exchange rate changes on cash and cash equivalents	79	70
Cash and cash equivalents, end of period	116,214	457,235
Cash and cash equivalents are comprised of		
Cash and saving deposits in banks	116,214	457,235

1. GENERAL

China Gold International Resources Corp. Ltd., formerly known as Jinshan Gold Mines Inc., (the "Company") is a publicly listed company incorporated in British Columbia 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 ("TSX") 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 reserves in the PRC. The Group consider that China National Gold Group Corporation ("CNG"), a state owned company registered in Beijing, PRC which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC, 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 Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2015.

2. PRINCIPAL ACCOUNTING POLICIES - continued

In the current interim period, the Group has applied the following amendments to IFRSs which are mandatorily effective for the current interim period:

IFRS 14	Regulatory Deferral Accounts
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or the disclosures set out in these condensed consolidated financial statements.

3. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,	
	2016	2015
	US$'000	US$'000
Administration and office	1,673	2,071
Depreciation of property, plant and equipment	698	674
Professional fees	644	367
Salaries and benefits	1,894	2,693
Others	140	223
Total general and administrative expenses	5,049	6,028

4. FINANCE COSTS

	Three months ended March 31,	
	2016	2015
	US$'000	US$'000
Effective interests on borrowings	8,813	13,253
Accretion on environmental rehabilitation	755	656
	9,568	13,909
Less: Amount capitalised to property, plant and equipment	(5,115)	(5,385)
Total finance costs	4,453	8,524

5. INCOME TAX EXPENSE

	Three months ended March 31, 2016 US$'000	Three months ended March 31, 2015 US$'000
PRC Enterprise Income Tax	2,801	2,900
Deferred tax (credit) expense	(2,301)	1,675
Total income (tax credit) expense	500	4,575

6. (LOSS) EARNINGS PER SHARE

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
(Loss) profit for the period attributable to owners of the Company for the purposes of basic and diluted EPS (US$'000)	(3,601)	5,905
Weighted average number of share, basic and diluted	396,413,753	396,413,753
Basic and diluted (loss) EPS (US)	(0.91) cents	1.49 cents

The Group had no potential dilutive instruments issued during the three months ended March 31, 2016.

The computation of diluted EPS does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the three months ended March 31, 2015.

7. TRADE AND OTHER RECEIVABLES

	March 31, 2016 US$'000	December 31, 2015 US$'000
Trade receivables	13,003	11,189
Less: allowance for doubtful debts	(193)	(398)
	12,810	10,791
Amounts due from related companies (note 14(a))[1]	2,551	2,407
Loan to a related company (note 14(a))	14,021	14,021
Loan to a non-controlling shareholder (note 14(b))	1,269	1,263
Other receivables[2]	6,164	7,319
Total trade and other receivables	36,815	35,801
Less: Amounts expected to be recovered within one year shown under current assets	(22,794)	(35,801)
Amounts expected to be recovered over one year shown under non-current assets	14,021	-

(1) The outstanding balances represent service fee receivables arising from provision of transportation services to the subsidiaries of CNG during the period/ year ended March 31, 2016 and December 31, 2015. The amounts are unsecured, interest free and repayable on demand.

(2) Included in the balance as at March 31, 2016 is an amount of approximately US$4.4 million (December 31, 2015: US$6.3 million) value-added tax recoverable which is expected to be recovered within twelve months after the end of the reporting period.

The Group allows an average credit period of 90 days and 180 days to its trade customers for gold doŕe bars sales and copper sales, respectively.

Below is an aged analysis of trade receivables presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	March 31, 2016 US$'000	December 31, 2015 US$'000
Less than 30 days	8,450	5,834
31 to 90 days	3,574	4,532
91 to 180 days	92	75
Over 180 days	694	350
	12,810	10,791

8. INVENTORIES

	March 31, 2016 US$'000	December 31, 2015 US$'000
Gold in process	167,394	160,843
Gold doré bars	10,416	9,565
Consumables	6,036	5,966
Copper	2,740	4,597
Spare parts	11,911	9,905
Total inventories	198,497	190,876

Inventories totalling US$57 million for the three months ended March 31, 2016 (three months ended March 31, 2015: US$55 million) was recognized in cost of sales.

9. PROPERTY, PLANT AND EQUIPMENT

During the three months period ended March 31, 2016, the Group incurred approximately US$27.1 million on construction in progress (for the period ended March 31, 2015: approximately US$40.4 million) and approximately US$13.0 million on mineral assets (for the period ended March 31, 2015: approximately US$16.7 million), respectively.

Depreciation of property, plant and equipment was US$16.3 million for the period ended March 31, 2016 (US$16.2 million for the three months ended March 31, 2015). The depreciation amount was partly recognized in cost of sales, general and administrative expenses and partly capitalised in inventory.

10. ACCOUNTS AND OTHER PAYABLES AND ACCRUED EXPENSES

Accounts and other payables and accrued expenses comprise the following:

	March 31, 2016 US$'000	December 31, 2015 US$'000
Accounts payable	37,117	51,815
Bills payable	32,502	36,960
Construction cost payables (Note)	61,115	61,005
Advances from customers	50	49
Mining cost accrual	24,899	6,466
Payroll and benefit payables	3,991	4,271
Other accruals	2,845	1,844
Other tax payable	3,306	1,061
Other payables	3,541	2,533
Total accounts and other payables and accrued expenses	169,366	166,004

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES – continued

Note: During the year ended December 31, 2012, the Group received a notice from China International Economic and Trade Arbitration Commission (the "Commission") alleging that the Group breached the agreement with one of its construction suppliers. The Group filed a countersuit against the construction supplier to the Commission for the unsatisfactory result of the construction and the destruction of certain plant, property and equipment. As a result, the Commission assigned a third party expert for evaluation of the validity of the claims made by both parties. As of the date of the report, the arbitration has come to final stage as substantial amounts under arbitration have come into agreement among the construction supplier, the Group and the third party report. Management considered that the accrual of US$5,759,000 (December 31, 2015:US$5,759,000) is sufficient and has been accrued in the construction costs payable.

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

	March 31, 2016 US$'000	December 31, 2015 US$'000
Less than 30 days	31,296	41,975
31 to 90 days	2,149	1,783
91 to 180 days	1,411	1,195
Over 180 days	2,261	6,862
Total accounts payable	37,117	51,815

The credit period for bills payable is 180 days from the issue date. The following is an ageing analysis of bills payable, presented based on issue date at the end of the reporting period:

	March 31, 2016 US$'000	December 31, 2015 US$'000
Less than 30 days	7,738	-
31 to 60 days	-	12,320
61 to 90 days	12,382	-
91 to 180 days	12,382	24,640
Total bills payable	32,502	36,960

11. BORROWINGS

The borrowings are repayable as follows:

	March 31, 2016 US$'000	December 31, 2015 US$'000
Carrying amount repayable within one year (Note)	127,814	189,009
Carrying amount repayable within one to two years	516,478	487,766
Carrying amount repayable within two to five years	94,410	126,278
Carrying amount repayable over five years	250,727	149,378
	989,429	952,431
Less: Amounts due within one year (shown under current liabilities)	(127,814)	(189,009)
Amounts shown under non-current liabilities	861,615	763,422
Analysed as:		
Secured	317,279	215,597
Unsecured	672,150	736,834
	989,429	952,431

Borrowings carry interest at effective interest rates ranging from 2.75% to 6.0% (December 31, 2015: 3.5% to 6.00%) per annum.

12. ENTRUSTED LOAN PAYABLE

On January 17, 2014, the Group entered into a three-year entrusted loan agreement with China National Gold Group Corporation ("CNG"), a substantial shareholder (note 14) and China Construction Bank ("CCB") in which CNG provided a loan of RMB200 million (equivalent to approximately US$32,221,000 based on the spot rate at the withdrawal date) to the Group through CCB as the entrusted bank. The entrusted loan is unsecured and carries interest at a fixed rate of 3% per annum. The principal amount is to be repaid on January 17, 2017.

13. SHARE CAPITAL AND OPTIONS

(a) Common shares

Authorized - Unlimited common shares without par value

Issued and outstanding - 396,413,753 (December 31, 2015: 396,413,753) common shares at March 31, 2016.

13. SHARE CAPITAL AND OPTIONS - continued

(b) Stock options

The Group had a stock option plan which permits the board of directors of the Company to grant options to directors, employees to acquire common shares of the Company at the price approved by the board of directors. A portion of the stock options vest immediately on the grant date and the balance vests over a period of up to five years from the grant date.

The stock options have a life of up to six years from grant date. The fair market value of the exercise price is the volume weighted average price of the common shares for the five days on which they were traded immediately preceding the date of approval by the board of directors.

(b) Stock options - continued

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

	January 1, 2016 to March 31, 2016		January 1, 2015 to December 31, 2015	
	Number of options	Weighted average exercise price CAD	Number of options	Weighted average exercise price CAD
Balance, beginning of period	-	-	400,000	5.56
Options expired	-	-	(400,000)	5.56
Balance, end of period	-	-	-	-

No stock options were granted during the three months ended March 31, 2016 and the year ended December 31, 2015.

14. RELATED PARTY TRANSACTIONS

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled or significantly influenced by the PRC government (hereinafter collectively referred to as "Government-related entities"). In addition, the Group itself is a Government-related entity. CNG, a substantial shareholder with significant influence over the Group, is a state owned company registered in Beijing, PRC, which is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

During the period/year, except as disclosed below, the Group did not have any individually significant transactions with other Government-related entities in its ordinary and usual course of business.

14. RELATED PARTY TRANSACTIONS - continued

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

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

	March 31, 2016 %	December 31, 2015 %
CNG	39.3	39.3

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

(i) Transactions/balances with CNG and its subsidiaries

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

	Three months ended March 31, 2016 US$'000	2015 US$'000
Gold doré sales by the Group	41,643	52,110
Copper and other product sales by the Group	12,227	-
Provision of transportation by the Group	263	1,070
Construction service provided to the Group	49,725	32,409
Office lease to the Group	287	293
Loan provided to the Group	24,763	-
Cash and cash equivalent held by the Group	10,080	-

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

	March 31, 2016 US$'000	December 31, 2015 US$'000
Assets		
Amount due from related companies (note 7)	2,551	2,407
Trade receivables from CNG's subsidiary	2,091	-
Deposits	-	912
Loan receivable from a CNG subsidiary (note 7)	14,021	14,021
Cash and cash equivalents held by a CNG subsidiary	2,203	14,956
Total amounts due from CNG and its subsidiaries	20,866	32,296

14. RELATED PARTY TRANSACTIONS - continued

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

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

Loan receivable from a CNG subsidiary carries a fixed interest rate of 5% per annum and is unsecured and was originally repayable in April 2016. On April 12, 2016, the loan was extended to April 2017. The remaining amounts due from CNG and its subsidiaries which are included in other receivables is non-interest bearing, unsecured and repayable on demand.

	March 31, 2016 US$'000	December 31, 2015 US$'000
Liabilities		
Entrusted loan payable (note 12)	30,954	30,800
Customer advance paid by CNG's subsidiary	36	35
Construction cost payables to CNG's subsidiaries	5,690	15,564
Loans payable to a CNG subsidiary	46,431	21,560
Total amounts due to CNG's subsidiaries	83,111	67,959

The loans payable to a CNG subsidiary carry fixed interest rates at the range from 4.13% to 4.37% per annum and are unsecured and repayable within one year. With the exception of the entrusted loan payable to CNG and loans payable to a CNG subsidiary, the amounts due to CNG and its subsidiaries which are included in other payables and construction costs payable, are non-interest bearing, unsecured and have no fixed terms of repayments.

(ii) Transactions/balances with other government-related entities in the PRC

Apart from the transactions with CNG and its subsidiaries disclosed above, the Group has also entered into transactions of bank deposits, borrowings and other general banking facilities with other government-related entities in its ordinary course of business.

14. RELATED PARTY TRANSACTIONS - continued

(b) Transactions/balances with other non-government related parties/entities

The Group has the following significant balances with related parties at the end of each reporting period:

	March 31, 2016 US$'000	December 31, 2015 US$'000
Asset		
Amount due from a non-controlling shareholder of a subsidiary (included in prepaid expenses)	654	384
Loan receivable from a non-controlling shareholder (note 7)	1,269	1,263
Total amount due to non-government related parties/entities	1,923	1,647

Loans receivables from a non-controlling shareholder carry a floating rate, currently set at 4.35% per annum based on the benchmark interest rate of the People's Bank of China, and are unsecured and repayable on demand. The amount due from other related party is non-interest bearing, unsecured and repayable on demand.

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

	Three months ended March 31, 2016 US$'000	2015 US$'000
Salaries and other benefits	190	184
Post-employment benefits	6	6
	196	190

15. SEGMENT INFORMATION

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

The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been defined as the executive directors of the Company. The chief operating decision - maker has identified two operating segments as follows:

(i) The mine-produced gold segment - the production of gold bullion through the Group's integrated processes, i.e., mining, metallurgical processing, production and selling of gold doré bars to external clients.

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

15. SEGMENT INFORMATION - continued

(a) Segment revenues and results

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

For the three months ended March 31, 2016

	Mine - Produced gold US$'000	Mine - Produced copper US$'000	Segment total US$'000	Unallocated US$'000	Consolidated US$'000
Revenue - External	41,643	23,942	65,585	-	65,585
Cost of sales	(37,592)	(20,447)	(58,039)	-	(58,039)
Mining operating earnings	4,051	3,495	7,546	-	7,546
Income from operations	4,004	5	4,009	(1,558)	2,451
Foreign exchange (loss) gain, net	(1,042)	2,319	1,277	(79)	1,198
Interest and other income	77	832	909	740	1,649
Finance costs	(896)	(1,744)	(2,640)	(1,813)	(4,453)
Impairment loss on available-for-sale investment	-	-	-	(3,831)	(3,831)
Profit (loss) before income tax	2,143	1,412	3,555	(6,541)	(2,986)

For the three months ended March 31, 2015

	Mine-Produced gold US$'000	Mine- Produced copper US$'000	Segment total US$'000	Unallocated US$'000	Consolidated US$'000
Revenue - External	52,110	25,277	77,387	-	77,387
Cost of sales	(37,283)	(18,934)	(56,217)	-	(56,217)
Mining operating earnings	14,827	6,343	21,170	-	21,170
Income (expense) from operations	14,789	1,960	16,749	(1,645)	15,104
Foreign exchange (loss) gain, net	(957)	168	(789)	-	(789)
Interest and other income	207	2,676	2,883	2,139	5,022
Finance costs	(2,334)	(1,447)	(3,781)	(4,743)	(8,524)
Profit (loss) before income tax	11,705	3,357	15,062	(4,249)	10,813

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit (loss) before income tax attributable to the respective segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for the three months ended March 31, 2016 and 2015.

15. SEGMENT INFORMATION - continued

(b) Segment assets and liabilities

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

	Mine - produced gold	Mine - produced copper	Segment total	Unallocated	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000
As of March 31, 2016					
Total assets	671,029	2,057,981	2,729,010	89,970	2,818,980
Total liabilities	200,288	678,818	879,106	495,339	1,374,445
As of December 31, 2015					
Total assets	655,103	2,023,092	2,678,195	102,398	2,780,593
Total liabilities	186,426	648,070	834,496	498,843	1,333,339

16. FINANCIAL INSTRUMENTS

As at March 31, 2016 and December 31, 2015, the Group's available-for-sale investment include investment in equity securities listed in Hong Kong and investment in an unlisted company incorporated in the PRC.

Subsequent to initial recognition at fair value, investment in equity securities listed on the Stock Exchange is measured from quoted price (unadjusted) in active market (Level 1 fair value measurement). As at March 31, 2016, US$11,460,000 (December 31, 2015: US$15,291,000 investment in equity securities is measured at fair value on a recurring basis. The Group's investment in listed equity securities represent investment in a company engaged in mining, processing and trading of nonferrous metals in the PRC. For the three months period ended March 31, 2016, the fair value decrease of US$3,831,000 was recognized as impairment loss.

As at March 31, 2016, US$2,166,000 (December 31, 2015: US$2,156,000 investment in an unlisted company incorporated in the PRC is measured at cost since the investment in unlisted equity instrument does not have a quoted market price and the fair value cannot be measured reliably.

Fair value hierarchy has been defined in the Group's consolidated financial statements for the year ended December 31, 2015. There was no transfer between Level 1 and 2 in the current and prior periods.

17. EVENT AFTER THE REPORTING PERIOD

The Group has no material event after the end of the reporting period.