China Gold International Resources Corp. Ltd.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Nine months ended September 30, 2012

(Stated in U.S. dollars, except as otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2012
(Stated in U.S. dollars, except as otherwise noted)

The following Management Discussion and Analysis of financial condition and results of operations ("MD&A") is prepared as of November 14, 2012. It should be read in conjunction with the condensed interim 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 nine months ended September 30, 2012 and the nine months ended September 30, 2011, 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, 2012 on SEDAR at www.sedar.com. For further information on risks and other factors that could affect the accuracy of forward-looking statements and the result of operations of the Company, please refer to the sections titled "Forward-Looking Statements" and "Risk Factors" and to discussions elsewhere within this MD&A. China Gold International's business, financial condition or results of operations could be materially and adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

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

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

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

THE COMPANY

Overview

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

The Company's principal mining operations are the Chang Shan Hao Gold Mine ("CSH Gold Mine" or "CSH Mine" or "CSH"), located in Inner Mongolia, China and the Jiama Copper-Gold Polymetallic Mine ("Jiama Mine" or "Jiama"), located in Tibet, China. China Gold International holds a 96.5% interest in the CSH Gold Mine, while its Chinese joint venture ("CJV") partner holds the remaining 3.5% interest. China Gold International commenced gold production at the CSH Gold Mine in July 2007 and commercial production on July 1, 2008. The Company acquired a 100% interest in the Jiama Mine on December 1, 2010. Jiama hosts a large scale copper-gold polymetallic deposit consisting of copper, gold, molybdenum, silver, lead and zinc. The Jiama Mine commenced commercial production in September 2010.

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

Performance Highlights

- Revenue decreased by 5% from US$ 89.4 million in the three months ended September 30, 2011 to US$84.9 million in the three months ended September 30, 2012; revenue increased by 10% from US$216.8 million in the nine months ended September 30, 2011 to US$239.0 million in the nine months ended September 30, 2012.
- Net profit after tax increased by 11% from US$23.8 million in the three months ended September 30, 2011 to US$26.4 million for the three months ended September 30, 2012; net profit after tax decreased by 4% from US$54.7 million in the nine months ended September 30, 2011 to US$52.5 million for the nine months ended September 30, 2012.
- Gold production from the CSH Mine decreased by 7% from 36,985 ounces in the three months ended September 30, 2011 to 34,363 ounces in the three months ended September 30, 2012. Gold production from the CSH Mine increased by 13% from 92,244 ounces in the nine months ended September 30, 2011 to 104,041 ounces in the nine months ended September 30, 2012.
- Copper production from the Jiama Mine increased by 46% from 2,636 tonnes (5,811,928 pounds) in the three months ended September 30, 2011 to 3,856 tonnes (8,501,526 pounds) in the three months ended September 30, 2012. Copper production from the Jiama Mine increased by 24% from 6,816 tonnes (15,027,308 pounds) in the nine months ended September 30, 2011 to 8,419 tonnes (18,561,066 pounds) in the nine months ended September 30, 2012.
- An updated NI 43-101 compliant, Independent Pre-Feasibility Study for the Phase II expansion of the Jiama Copper-Gold Polymetallic Mine was completed. The Phase II expansion is aimed at increasing the processing capacity from 6,000 tonnes per day ("tpd") to 40,000 tpd, along with a longer mine life of close to 31 years.
- An updated NI 43-101 compliant, independent Technical Report Expansion Feasibility Study for the CSH Gold Mine was completed by end of October. The project is expected to increase the processing capacity from 30,000 tpd to 60,000 tpd by the end of 2013, with a mine life of 11 years.

OUTLOOK

- For 2012, the Company has budgeted production of 130,000-135,000 ounces of gold from the CSH Mine.
- For 2012, the Company has budgeted production of 9,800-11,500 tonnes (21,599,200 - 25,346,000 pounds) of copper from the Jiama Mine.
- At the Jiama Mine, As of October 7, 2012, the Company has completed a further infill drilling program to upgrade the resource confidence and help further optimize the mine design and reserves of the Jiama deposit. The Company is currently completing further metallurgical testing of both skarn and hornfels ores to further optimize the molybdenum and precious metal recoveries especially in lower grade ores. Based on the drilling and metallurgical program the Company aims to release an update of the Mineral Resources and Mineral Reserves in the first half of 2013.
- The prefeasibility study for the Jiama Phase II expansion project has been approved by the Board of Directors. The Company has commenced some site works in preparation of the full expansion work.
- The Expansion Feasibility Study for the CSH project has been approved by the Board of Directors. The company plans to commence the project in the fourth quarter of 2012 or the first quarter of 2013. Gold production is expected to increase to approximately 260,000 ounces per annum by 2014.
- 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 the CSH Mine and the Jiama Mine. In addition, the Company continues to focus its efforts on increasing and optimizing production while minimizing costs at both mines.
- To fulfill its growth strategy, the Company is continually working with CNG and other interested parties to identify potential international mining opportunities, namely projects outside of China, which can be readily and quickly brought into production with the possibility of further expansion through continued exploration.

RESULTS OF OPERATIONS

Selected Quarterly Financial Data

QUARTER ENDED	2012			2011				2010
(US$ in thousands except per share)	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Revenues	84,938	76,484	77,578	93,544	89,407	92,938	35,423	48,886
Cost of sales	51,207	49,896	52,165	61,428	53,017	52,519	23,587	26,824
Mine operating earnings	33,731	26,588	25,413	32,114	36,391	40,419	11,837	22,063
General and administrative expenses	6,020	5,311	5,838	4,624	3,590	5,217	3,937	1,828
Exploration and evaluation expenses	59	124	58	173	160	70	64	559
Income from operations	27,652	21,153	19,517	34,250	32,640	35,132	7,836	19,675
Foreign exchange gain (loss)	1,976	(1,125)	164	1,596	326	397	34	(595)
Finance costs	3,080	3,416	2,823	4,798	3,862	2,882	2,511	2,164
Listing expenses	-	-	-	-	-	-	-	43
Profit before income tax	32,903	18,188	20,041	33,805	30,520	34,713	5,444	16,923
Income tax expense	6,508	5,564	6,585	6,597	6,689	7,293	1,941	4,392
Net income	26,395	12,624	13,456	27,209	23,830	27,420	3,503	12,530
Basic earnings per share (cents)	6.44	3.07	3.27	6.86	5.79	6.78	0.82	5.89
Diluted earnings per share (cents)	6.44	3.07	3.27	6.86	5.79	6.78	0.81	5.85

Selected Quarterly Production Data and Analysis

CSH Mine	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Gold produced (ounces)	34,363	36,985	104,041	92,244
Gold sold (ounces)	33,474	38,146	101,350	94,336
Total production cost (US$) of gold per ounce	904	921	906	851
Cash production cost* (US$) of gold per ounce	802	835	802	752

* Non-IFRS measure

Gold production at the CSH Mine decreased by 7% from 36,985 ounces for the three months ended September 30, 2011 to 34,363 ounces for the three months ended September 30, 2012. The decrease in production is due to less ore placed on the heap during the third quarter of 2012 as compared to the same period in 2011.

Total production cost of gold per ounce and cash production cost of gold per ounce for the three months ended September 30, 2012 both decreased as compared to the same period in 2011 due to management's continuous efforts to lower production costs and increase gold recovery rates.

Jiama Mine	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Copper produced (tonnes)	**3,856**	2,636	**8,419**	6,816
Copper produced (pounds)	**8,501,526**	5,811,928	**18,561,066**	15,027,308
Copper sold (tonnes)	**3,392**	2,471	**8,245**	6,856
Copper sold (pounds)	**7,477,826**	5,448,385	**18,177,137**	15,115,138
Gold produced (ounces)	**4,444**	2,406	**10,040**	5,051
Gold sold (ounces)	**4,016**	2,334	**9,874**	5,841
Total production cost* (US$) of copper per tonne	**8,094**	9,078	**9,460**	9,000
Total production cost* (US$) of copper per pound	**3.67**	4.12	**4.29**	4.08
Total production cost* (US$) of copper per tonne after by-products credit***	**4,989**	5,743	**6,060**	5,925
Total production cost* (US$) of copper per pound after by-products credits***	**2.26**	2.60	**2.75**	2.69
Cash production cost** (US$) per tonne of copper	**5,621**	6,126	**6,660**	6,447
Cash production cost** (US$) per pound of copper	**2.55**	2.78	**3.02**	2.92
Cash production cost** (US$) of copper per tonne after by-products credit***	**2,516**	2,791	**3,261**	3,372
Cash production cost** (US$) of copper per pound after by-products credits***	**1.14**	1.27	**1.48**	1.53

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

** Non-IFRS measure

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

During the three months ended September 30, 2012, the Jiama Mine produced 3,856 tonnes (8,501,526 pounds) of copper, which increased by 46% compared with the comparative period in 2011 (2,636 tonnes, or 5,811,928 pounds). The major reasons for the production increase include the significantly improving grades of ore mined, the higher volume of ores processed and the better recovery rates achieved during the period.

Total production cost and cash production cost of copper per tonne and per pound both decreased due to the substantial growth in production during the period. The Company is closely monitoring production costs at the Jiama Mine and will continue to make efforts to reduce costs.

Review of Quarterly Data

Three months ended September 30, 2012 compared to three months ended September 30, 2011

Revenue decreased by 5%, or US$4.5 million, from US$89.4 million for the three months ended September 30, 2011, to US$84.9 million for the three months ended September 30, 2012. Revenue from the CSH Mine accounted for 63%, or US$53.6 million (2011: US$63.5 million), of total revenue for the quarter. The decrease in production, due to lower amount of ore placed on the heap leach pad, attributed to the 12% decrease in gold sold from 38,146 ounces (gold produced: 36,985 ounces) in 2011 to 33,474 ounces (gold produced: 34,363 ounces) for the same period in 2012. Revenue from the Jiama Mine accounted for 37%, or US$31.3 million (2011: US$25.9 million), of total revenue for the quarter. Total copper sold increased by 37% from 2,471 tonnes (5,448,385 pounds) for the three months ended September 30, 2011 to 3,392 tonnes (7,477,826 pounds) for the same comparative period in 2012. The Jiama Mine experienced increased production levels due to higher grades and volume of ore mined in addition to improved recovery rates during the third quarter of 2012.

Cost of sales decreased by 3% or US$1.8 million, from US$53.0 million for the three months ended September 30, 2011 to US$51.2 million, for the same period in 2012. Jiama's cost of sales contributed US$20.9 million, or 41%, compared to US$17.9 million in 2011. Cost of sales as a percentage of revenue for the Company remained consistent from 59% to 60% for the three months ended September 30, 2011 compared to the same period in 2012.

Mine operating earnings for the Company decreased by 7%, or US$2.7 million, from US$36.4 million for the three months ended September 30, 2011 to US$33.7 million for the three months ended September 30, 2012. Mine operating earnings as a percentage of revenue remained consistent from 41% to 40% for the three months ended September 30, 2011 and September 30, 2012.

General and administrative expenses increased by 67%, or US$2.4 million, from US$3.6 million for the three months ended September 30, 2011 to US$6.0 million for the three months ended September 30, 2012. The increase in general and administrative expenses includes human resources and professional fees that are in line with the Company's overall growth strategy.

Exploration and evaluation expenditures decreased by 63%, or US$100,000, from US$160,000 for the three months ended September 30, 2011 to US$60,000 for the three months ended September 30, 2012. (The capitalized exploration expenditures for the CSH Mine and the Jiama Mine can be found in the section titled "Mineral Properties").

Income from operations for the third quarter of 2012 decreased by 15%, or US$5.0 million, from US$32.6 million for the three months ended September 30, 2011 to US$27.7 million for the three months ended September 30, 2012. The decrease was primarily attributable to a decrease of US$5.0 million in CSH's mine operating earnings.

Finance costs decreased by 21%, or US$0.8 million, from US$3.9 million for the three months ended September 30, 2011 to US$3.1 million for the three months ended September 30, 2012, primarily attributed to lower interest payments due to reduced principal balances on loans held by CSH and Jiama. There was no capitalized interest for the three months ended September 30, 2012.

Foreign exchange gain increased by 506%, or US$1.65 million, from a gain of US$326,000 for the three months ended September 30, 2011 to a gain of US$1.98 million for the three months ended September 30, 2012. The current period's gain is related to the revaluation of monetary items held in Chinese RMB and Hong Kong Dollars based on changes in the RMB/HKD/USD exchange rates.

Interest and other income increased from US$1.4 million for the three months ended September 30, 2011 to US$6.4 million for the three months ended September 30, 2012. The increase is primarily attributable to approximately US$4.0 million in government subsidies received by the Jiama Mine.

Income tax expense decreased by 3%, or US$0.2 million, from US$6.7 million for the three months ended September 30, 2011 to US$6.5 million for the same period in 2012.

Net income of the Company increased by US$2.6 million from US$23.8 million for the three months ended September 30, 2011 to US$26.4 million for the three months ended September 30, 2012.

Nine months ended September 30, 2012 compared to nine months ended September 30, 2011

Revenue increased by 10%, or US$22.2 million, from US$216.8 million for the nine months ended September 30, 2011, to US$239.0 million for the nine months ended September 30, 2012. Revenue from the CSH Mine accounted for 68%, or US$161.4 million (2011: US$145.5 million), of total revenue for the nine month period. The increase in revenue was attributed to the 7% increase in gold sold, from 94,336 ounces (gold produced: 92,244 ounces) in 2011 to 101,350 ounces (gold produced: 104, 041 ounces) for the same period in 2012, due to improvements in ore crushing, management of heap leaching, improved grades of ore and higher commodities prices. Revenue from the Jiama Mine accounted for 32%, or US$77.6 million (2011: US$71.3 million), of total revenue for the nine month period. Total copper sold increased by 20% from 6,856 tonnes (15,115,138 pounds) for the nine months ended September 30, 2011 to 8,245 tonnes (18,177,137 pounds) for the same period in 2012, mainly attributed to higher grade of ore and increased volume of ore processed.

Cost of sales increased by 19% or US$24.1 million, from US$129.1 million for the nine months ended September 30, 2011 to US$153.2 million for the same period in 2012. Jiama's cost of sales contributed US$61.5 million, or 40%, compared to US$48.8 million in 2011. Cost of sales as a percentage of revenue for the Company slightly increased from 60% to 64% for the nine months ended September 30, 2011 compared to 2012. The change in cost of sales is attributed to higher amounts of waste rock mined in the process of increasing production at the CSH Mine and to the increase in underground mining at the Jiama Mine.

Mine operating earnings for the Company remained consistent from US$87.7 million for the nine months ended September 30, 2011 to US$85.7 million for the nine months ended September 30, 2012 due to increased sales revenue, offset by increased mining and production costs from both mines. Mine operating earnings as a percentage of revenue decreased from 40% for nine months ended September 30, 2011 to 36% for the nine months ended September 30, 2012.

General and administrative expenses increased by 46%, or US$5.4 million, from US$11.8 million for the nine months ended September 30, 2011 to US$17.2 million for the nine months ended September 30, 2012.The increase in general and administrative expenses is reflective of costs associated with operational growth and is in line with the Company's overall growth strategy.

Exploration and evaluation expenditures decreased by 18%, or US$52,000, from US$294,000 for the nine months ended September 30, 2011 to US$242,000 for the nine months ended September 30, 2012. (The capitalized exploration expenditures for the CSH Mine and the Jiama Mine can be found in the section titled "Mineral Properties.")

Income from operations decreased by 10%, or US$7.3 million, from US$75.6 million for the nine months ended September 30, 2011 to US$68.3 million for the nine months ended September 30, 2012.

Finance costs remained consistent at US$9.3 million for the nine months ended September 30, 2011 and September 30, 2012. There was no capitalized interest for the nine months ended September 30, 2012.

Foreign exchange gain increased by 35%, or US$260,000, from a gain of US$753,000 for the nine months ended September 30, 2011 to a gain of US$1.01 million for the nine months ended September 30, 2012. The current period's gain is related to the translation of the foreign subsidiaries' books of account denominated in Chinese RMB to US dollar.

Interest and other income increased from US$3.6 million for the nine months ended September 30, 2011 to US$11.1 million for the nine months ended September 30, 2012. The increase of US$7.5 million for the comparative nine month period is primarily attributed to approximately US$2.9 million interest income earned on term deposit investments, in addition to approximately US$4.0 million in government grants and subsidies received by the Jiama Mine during the third quarter of 2012.

Income tax expense increased by 17%, or US$2.7 million, from US$15.9 million for the nine months ended September 30, 2011 to US$18.6 million for the same period in 2012. The increase is primarily attributable to the rise in taxable income from the CSH Mine.

Net income of the Company decreased by US$2.2 million from US$54.7 million for the nine months ended September 30, 2011 to US$52.5 million for the nine months ended September 30, 2012.

NON-IFRS MEASURES

The following table provides certain unit cost information on a cash cost of production per ounce (non-IFRS) basis for the CSH Gold Mine for the three and nine months ended September 30, 2012 and 2011:

	CSH Mine			
	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Cost of mining per tonne of ore	**1.39**	2.20	**1.30**	1.63
Cost of mining waste per tonne of ore	**5.41**	2.11	**4.36**	2.02
Other mining costs per tonne of ore	**0.58**	0.38	**0.49**	0.37
Total mining costs per tonne of ore	**7.38**	4.69	**6.15**	4.02
Cost of reagents per tonne of ore	**1.32**	0.95	**1.04**	0.94
Other processing costs per tonne of ore	**1.12**	0.81	**1.13**	0.89
Total processing cost per tonne of ore	**2.44**	1.76	**2.17**	1.83

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

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

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

	CSH Mine (Gold)							
	Three months ended September 30,				Nine months ended September 30,			
	2012		2011		**2012**		2011	
	US$	**US$ Per ounce**	US$	US$ Per ounce	**US$**	**US$ Per ounce**	US$	US$ Per ounce
Total Production Costs	**30,269,039**	**904**	35,145,382	921	**91,802,931**	**906**	80,139,324	851
Adjustments	**(3,421,001)**	**(102)**	(3,268,811)	(86)	**(10,498,100)**	**(104)**	(9,338,083)	(99)
Total cash production costs	**26,848,038**	**802**	31,876,571	835	**81,304,831**	**802**	70,801,241	752

	Jiama Mine (Copper)							
	Three months ended September 30,				Nine months ended September 30,			
	2012		2011		**2012**		2011	
	US$	**US$ Per pound**	US$	US$ Per pound	**US$**	**US$ Per pound**	US$	US$ Per pound
Total production costs	**27,453,855**	**3.67**	22,432,413	4.12	**77,999,522**	**4.29**	61,707,017	4.08
Adjustments	**(8,389,393)**	**(1.12)**	(7,294,606)	(1.34)	**(23,084,038)**	**(1.27)**	(17,508,053)	(1.16)
Total cash production costs	**19,064,462**	**2.55**	15,137,807	2.78	**54,915,484**	**3.02**	44,198,964	2.92

Production costs above include expenditures incurred on the mine sites for activities related to production. The adjustments above include depreciation and depletion, amortization of intangible assets, and selling expenses included in total production costs. The total cash costs per gold ounce above differ from the unit cash costs disclosed in the Behre Dolbear ("BD") Independent Technical Report ("ITR") for the CSH Mine for two reasons. First, the BD ITR is prepared on a cash basis while the calculation above is prepared on an accrual basis. This means that the cost of sales above includes an allocation of costs incurred over time while the BD ITR does not. Second, the BD ITR is prepared based on units produced while the calculations above are based on units sold.

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%.

CSH Mine Expansion

The CSH gold project is currently operating at a 30,000 tpd capacity, producing over 133,000 ounces of gold per annum. A National Instrument 43-101 compliant Technical Report Expansion Feasibility Study for the CSH Gold Project ("the CSH Technical Report") has been completed by a group of Qualified Persons ("QP"). This report was prepared following the 2011 drilling campaign. The Expansion Study supports a 60,000 tonne per day (tpd or t/d) expansion plan with mine life of 11 years, under which the open pit reserves at the CSH project stand at over 213 million tonnes of ore containing about 4.08 million ounces of gold. Gold production will be increased from the current 133,000 ounces per annum to about 260,000 ounces per annum by 2014. The estimated capital expenditure is US$212.9 million. After-Tax Net Present Value (NPV) will be US$642 million at a discount rate of 9% using an assumed gold price of $1,380/oz.

On November 5th 2012, the company announced the completion of the CSH Technical Report. The CSH Technical Report is planned to be filed at www.sedar.com and www.hkexnews.hk in the fourth quarter of 2012.

Mineral Resources update

The 2011 drilling campaign added significant tonnages above cutoff at a slightly lower grade, partly due to the confirmation of grades and upgrade in resource classification down-dip and laterally. The CSH deposit in the south-west area is now well delineated, and still significant potential exists for down-dip extensions to the mineralization. Mineralization at depth in the northeast area has been confirmed, with increases in both tonnages and confidence.

The mineral resource estimate for the CSH mine reported herein was prepared by independent consultant, Mario Rossi, M.Sc., Min. Eng., of GeoSystems International Inc. using a "Resource Pit" generated by independent consultant, John Nilsson, M.Sc., P. Eng., of Nilsson Mine Services Ltd. The estimate was completed using MineSight® software using three dimensional block modeling (12.5 meter by 12.5 meter by 6.0meter block size). Interpolation parameters have been derived based on a geostatistical analysis conducted on 2-meter composited drill hole data. Block grades have been estimated using an Indicator-modified Ordinary Kriging (OK) method and the mineral resources have been classified based on proximity to sample data and the continuity of mineralization in accordance with CIM Guidelines and best practices. The CSH resource has been estimated using a total of 108 new diamond drill holes plus all the previous drill holes, variably spaced at 50 to 150 meter intervals and reconciled with the existing mining blast hole assay data.

The below table corresponds to reported resources as at December 31st, 2011.

All CSH Resources by category below pit surface to December 31st, 2011, within Resource Pit, 2012 Resource Model.										
	Measured		Indicated		Measured+Indicated			Inferred	
Cutoff (g/t)	M Tonnes	Au Grade (g/t)	M Tonnes	Au Grade (g/t)	M Tonnes	Au Grade (g/t)	Million Ounces Au	M Tonnes	Au Grade (g/t)
0.25	95.3	0.61	192.7	0.55	288.0	0.57	5.26	155.7	0.46
0.28	**90.4**	**0.63**	**172.2**	**0.58**	**262.6**	**0.60**	**5.05**	**132.8**	**0.49**
0.30	86.9	0.65	160.2	0.60	247.1	0.62	4.91	118.9	0.52
0.35	78.2	0.68	134.5	0.65	212.8	0.66	4.55	91.5	0.57
0.40	69.9	0.72	113.8	0.71	183.7	0.71	4.20	71.1	0.63
0.45	61.7	0.76	97.0	0.75	158.7	0.76	3.86	56.1	0.69
0.50	53.9	0.80	83.0	0.80	136.9	0.80	3.52	44.8	0.74
0.55	47.2	0.84	71.2	0.85	118.4	0.84	3.21	36.1	0.80
0.60	40.7	0.88	61.0	0.89	101.7	0.89	2.90	29.1	0.85
0.65	34.8	0.93	52.2	0.94	87.0	0.93	2.61	23.5	0.90
0.70	29.5	0.97	44.1	0.99	73.6	0.98	2.32	19.1	0.95
0.75	24.9	1.02	37.3	1.03	62.3	1.03	2.06	15.7	1.00

**Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not fully account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Even though current mining is going smoothly at CSH with M&I class mineral resources, there is no certainty that inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.*

Mineral Reserves Update

A mine expansion plan for CSH to expand from its current 30,000 tpd to 60,000 tpd capacity has been prepared by the Changchun Gold Design Institute ("CGDI"). In support of this study a new mine development plan has been completed using the current resource model and an increased long term gold price estimate of US$1,380/ounce. Pit optimization and design was undertaken by CGDI using Micromine software. The pit limits and reserves were validated by Nilsson Mine Services Ltd. ("NMS"). Mining is carried out by the contractor China Railway 19th Bureau.

Mineable reserves reported using the 2011-year end topographic surface and a cutoff grade of 0.28 g/t have increased to 213.5 million tonnes with an average diluted grade of 0.59 g/t Au. The strip ratio is 3.31 with a total of 707.4 million tonnes of waste mined. Total material moved from the pit will be 920.9 million tonnes. Mineral reserves are summarized in the table below.

Class	bcm x 1000	t x 1000	Insitu Au g/t	Diluted Au g/t
Proven	32,018.0	89,086.0	0.64	0.62
Probable	44,627.0	124,394.0	0.60	0.58
Total	**76,645.0**	**213,480.0**	**0.61**	**0.59**

Production Update

According to the most recent column leach test completed by Metcon Research of KD Engineering, gold recovery greatly improves when ore is crushed to 9 millimeters. Higher gold grades also result in better gold recovery rates. Since March 2010, all mined ores have been crushed before being placed on the leach pad. The crusher facility has consistently operated at its design capacity of 30,000 tpd.

	CSH Mine			
	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
Ore mined and placed on pad (tonnes)	**3,034,263**	3,327,235	**8,586,706**	8,825,285
Average grade of ore (g/t)	**0.45**	0.46	**0.48**	0.52
Recoverable gold (ounces)	**32,452**	24,134	**99,128**	72,817
Ending ore inventory (ounces)	**34,919**	36,707	**34,919**	36,707
Waste rock mined (tonnes)	**16,004,823**	9,035,050	**33,200,841**	21,789,321

For three months ended September 30, 2012, the total amount of ore put on the leach pad was 3,034,263 tonnes, with total contained gold of 1,009,370 grams (32,452 ounces). The accumulative project-to-date gold recovery rate has increased from approximately 43% as at September 30, 2011 to 51% as at September 30, 2012. The Company continues to carefully monitor the behavior of gold inventory in the process.

Exploration

The Company continues drilling at its CSH Mine for the purpose of exploring for higher grade mineralization down depth and mineralization in between the two open pits, where previous drilling was limited due to very broken ground. As at September 30, 2012, the Company has successfully completed approximately 9,927 meters drilling in 12 diamond drill holes. The drill program is completed and waiting for assay results.

The following table shows the exploration expenditures expensed and capitalized during the three and nine months ended September 30, 2012 and September 30, 2011.

	CSH Mine			
	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Exploration expensed	**59,769**	113,113	**242,041**	189,599
Exploration capitalized	**8,695,855**	3,791,443	**14,906,598**	5,125,675
	8,755,624	3,904,556	**15,148,639**	5,315,274

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 presently has open-pit mining operations including two open pits, being the smaller Tongqianshan pit and the larger Niumatang Pit. An underground ore transportation system has been completed inclusive of two shafts having an initial 355 metres depth, which are planned to extend to a final depth of 600 metres. This underground transportation system is used to transfer ore from the near pit crushing facilities to the existing Phase I; 6,000 tpd mineral processing plant. This underground transportation is independent of the Phase II underground mine plans.

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 Company has engaged the engineering firm Minarco-Mine Consult (MMC), part of the Runge Limited Group of Companies, and the independent consulting engineers in MMC have worked with the management to complete a prefeasibility study for potential expansion. On October 25, 2012, MMC completed a project review and, as part of its engagement, produced a Canadian National Instrument 43-101 compliant Independent Pre-Feasibility Study Technical Report ("Jiama Technical Report") on the Jiama Mine. The Jiama Technical Report is planned to be filed at www.sedar.com and www.hkexnews.hk in the fourth quarter of 2012.

The Company plans to expand the Project from its current processing capacity of 6,000 to 40,000 tpd of ore through the expansion of current open-pit operations and the development of new open-pit and underground mining operations. The Phase II Expansion will include four open pits, one underground, and a new floatation plant with a processing capacity of 34,000 tpd of ore. The total Project processing capacity will be increased from its current production rate of 1.8 Mt of ore per year to 12.3 Mt of ore per year, producing approximately 176 Mlb of Cu, 2.3 Kt of Mo, 35 Koz of Au, 2.7 Moz of Ag, per annum over a period of 31 years. LOM average head grade will be 0.77%, 0.03%, 0.22 g/t and 12 g/t for Cu, Mo, Au and Ag respectively. The estimated capital expenditure is US$705 million. The project has after-tax Net Present Value (NPV) of US$1.2 billion with a discount rate of 9% at a long term metal price assumptions of: $2.90/lb Cu, $18/lb Mo, $1,380/oz Au, $16.5/oz Ag after 2019. The project has after-tax Internal Rate of Return (IRR) of 55% and payback period of 4.5 years.

Mineral Resources Update

A Mineral Resource estimate, dated April 28, 2012, has been independently completed by MMC in accordance with the CIM Definitions Standards under NI 43-101. The updated Mineral Resource is based on 22 infill drill holes totaling 10,720m completed in late 2011. These holes were drilled within the proposed pit locations which enabled detailed mine planning to be undertaken. Further drilling has recently been completed over the South Pit area to upgrade the classification of the existing Inferred Mineral Resources within the pit areas with sampling and assaying ongoing.

During the review of the data MMC noted that whilst the mineralization occurs all within a single mineralized body, Au and Ag mineralization within the orebody had a significantly higher spatial variability than the other elements. As a result MMC has classified the Au and Ag resource presented in **Table 1.2** 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. MMC has assumed that Au and Ag will not be used as a single cut-off grade for a selected mining block and will be mined in conjunction with the other elements.

The Mineral Resources are summarized in **Table 1.1** and **1.2**. The Mineral Resources presented in **Table 1.2** for Au and Ag are inclusive and not in addition to the Mineral Resources in **Table 1.1** and occur within the same mineralized body.

Table 1.1 Jiama Project - Cu, Mo, Pb and Zn Mineral Resources
Reported at a 0.3 % Cu Equivalent Cut Off Grade*, as of April 28, 2012

Rock Type	Class	Quantity Mt	Cu %	Mo %	Pb %	Zn %	Cu Metal (kt)	Mo Metal (kt)	Pb Metal (kt)	Zn Metal (kt)
Skarn	Measured	35.6	0.71	0.048	0.11	0.07	252	17	38	25
	Indicated	293.2	0.73	0.043	0.07	0.06	2,135	127	201	163
	M+I	328.8	0.73	0.044	0.07	0.06	2,388	144	239	187
	Inferred	174	0.6	0.045	0.16	0.08	1,036	79	286	146
Hornfels	Measured	38.4	0.28	0.035	0.04	0.01	107	14	14	5
	Indicated	626.1	0.31	0.031	0.01	0.01	1,952	196	66	64
	M+I	664.5	0.31	0.032	0.01	0.01	2,059	210	80	69
	Inferred	219	0.29	0.034	0.03	0.01	633	74	72	32
Porphyry	Measured	2.1	0.22	0.056	0.01	0.01	5	1	0	0
	Indicated	57.7	0.33	0.043	0.01	0.01	188	25	4	6
	M+I	59.8	0.32	0.043	0.01	0.01	193	26	4	6
	Inferred	2.9	0.23	0.099	0.02	0.04	7	3	0	1
Total	Measured	76	0.48	0.042	0.07	0.04	364	32	52	30
	Indicated	977.1	0.44	0.036	0.03	0.02	4,275	348	271	232
	M+I	**1,053.1**	**0.44**	**0.036**	**0.03**	**0.02**	**4,640**	**380**	**323**	**262**
	Inferred	**395.9**	**0.42**	**0.039**	**0.09**	**0.05**	**1,676**	**156**	**359**	**179**

Table 1.2: Jiama Project – Au and Ag Mineral Resources
Reported at a 0.3% Cu Equivalent Cut Off Grade* (>0.02 Au g/t), as of April 28, 2012

Rock Type	Class	Quantity (Mt)	Au g/t	Ag g/t	Au Moz	Ag Moz
Skarn	Indicated	256.5	0.31	17.01	2.537	140.290
	Inferred	117.0	0.39	16.50	1.472	62.077
Hornfels	Indicated	178.6	0.06	2.52	0.337	14.486
	Inferred	68.9	0.08	5.06	0.186	11.195
Porphyry	Indicated	15.7	0.24	8.22	0.121	4.145
	Inferred	0.4	0.11	10.79	0.001	0.128
Total	**Indicated**	**450.8**	**0.21**	**10.97**	**2.995**	**158.921**
	Inferred	**186.2**	**0.28**	**12.26**	**1.659**	**73.400**

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

** Cu Equivalent is based on associated component grades, process recoveries and bank consensus forecast metal pricing as at May 2012 (before tax). The key inputs are outlined in the technical report on www.sedar.com*

Mineral Reserves Update

A Mineral Reserve estimate, dated April 28, 2012, has been independently completed by MMC in accordance with the CIM Definitions Standards under NI 43-101.

Table 1.3 presents the Mineral Reserves estimate for the Project reported at a 0.35% Cu-equivalent cut-off grade for the ore extracted via open cut methods and 0.5% to 0.65% Cu-equivalent cut-off grade for the ore extracted via underground methods. The Mineral Reserves is inclusive of, and not additional to the Mineral Resources in **Tables 1.1** and **1.2.**

Table 1.3: Jiama Project Statement of NI 43-101 Mineral Reserve Estimate as of April 28, 2012

		Grade						**Metals**					
Type	**Ore kt**	**Cu %**	**Mo %**	**Au g/t**	**Ag g/t**	**Pb %**	**Zn %**	**Cu kt**	**Mo kt**	**Au t**	**Ag t**	**Pb kt**	**Zn kt**
Tongqianshan													
Proved	-	-	-	-	-	-	-	-	-	-	-	-	-
Probable	2,632	0.57	0.014	0.15	8.05	-	-	15.0	0.37	0.39	21.2	-	-
Subtotal	**2,632**	**0.57**	**0.014**	**0.15**	**8.05**	**-**	**-**	**15.0**	**0.37**	**0.39**	**21.2**	**-**	**-**
Waste	7,770	-	-	-	-	-	-	-	-	-	-	-	-
Strip Ratio*	2.95	-	-	-	-	-	-	-	-	-	-	-	-
Niumatang													
Proved	-	-	-	-	-	-	-	-	-	-	-	-	-
Probable	15,328	1.24	0.044	0.57	25.77	-	-	189.5	6.74	8.78	394.9	-	-
Subtotal	**15,328**	**1.24**	**0.044**	**0.57**	**25.77**	**-**	**-**	**189.5**	**6.74**	**8.78**	**394.9**	**-**	**-**
Waste	141,919	-	-	-	-	-	-	-	-	-	-	-	-
Strip Ratio*	9.26	-	-	-	-	-	-	-	-	-	-	-	-
South Pit													
Proved	-	-	-	-	-	-	-	-	-	-	-	-	-
Probable	38,231	0.93	0.021	0.22	20.90	-	-	354.0	8.03	8.53	799.0	-	-
Subtotal	**38,231**	**0.93**	**0.021**	**0.22**	**20.90**	**-**	**-**	**354.0**	**8.03**	**8.53**	**799.0**	**-**	**-**
Waste	233,346	-	-	-	-	-	-	-	-	-	-	-	-
Strip Ratio*	6.10	-	-	-	-	-	-	-	-	-	-	-	-
Jiaoyan													
Proved	-	-	-	-	-	-	-	-	-	-	-	-	-
Probable	146,017	0.42	0.016	0.03	1.11	-	-	611.8	23.36	4.53	161.6	-	-
Subtotal	**146,017**	**0.42**	**0.016**	**0.03**	**1.11**	**-**	**-**	**611.8**	**23.36**	**4.53**	**161.6**	**-**	**-**
Waste	224,620	-	-	-	-	-	-	-	-	-	-	-	-
Strip Ratio*	1.54	-	-	-	-	-	-	-	-	-	-	-	-
Underground (north)													
Proved	16,241	1.14	0.073	0.38	21.69	0.108	0.058	185.6	11.90	6.15	352.3	17.5	9.5
Probable	113,158	1.10	0.049	0.42	20.61	0.039	0.033	1,241.9	55.30	47.60	2,332.1	44.5	37.0
Subtotal	**129,399**	**1.10**	**0.052**	**0.42**	**20.74**	**0.048**	**0.036**	**1,427.5**	**67.20**	**53.75**	**2,684.4**	**62.0**	**46.5**
Underground (south)													
Proved	8,673	0.63	0.014	0.29	0.38	0.116	10.855	54.8	1.26	2.48	3.3	10.1	941.5
Probable	23,190	0.67	0.016	0.09	10.82	0.094	0.125	155.1	3.76	2.05	251.0	21.8	28.9
Subtotal	**31,864**	**0.66**	**0.016**	**0.14**	**7.98**	**0.100**	**3.046**	**209.9**	**5.02**	**4.53**	**254.3**	**31.9**	**970.4**
Total Reserves Open Cut + Underground													
Proved	**24,914**	**0.96**	**0.053**	**0.35**	**14.27**	**0.111**	**3.817**	**240.4**	**13.15**	**8.63**	**355.6**	**27.6**	**950.9**
Probable	**338,556**	**0.76**	**0.029**	**0.21**	**11.70**	**0.020**	**0.019**	**2,567.3**	**97.57**	**71.88**	**3,959.8**	**66.4**	**65.9**
Total	**363,470**	**0.77**	**0.030**	**0.22**	**11.87**	**0.026**	**0.280**	**2,807.7**	**110.72**	**80.50**	**4,315.4**	**94.0**	**1,016.9**

Note: Figures reported are rounded which may result in small tabulation errors.
*Strip ratio units are waste tonne: ore tonne

Cu Equivalent cut off grades are based on associated component grades, process recoveries and bank consensus forecast metal pricing as at May 2012 (before tax). The key inputs are outlined in the technical report on www.sedar.com

Exploration

As of October 7, 2012, the Company successfully completed 40,496 meters of drilling program for 2012. The resource model has indicated that a significant amount of inferred resource in skarn-type has been identified between exploration lines 42 and 92. The proposed infill drillings program that will be conducted in 2013 will use a 50x50 meter grid to provide additional technical and structural control and to further delineate the mineralization between exploration lines 42 and 64, and use a 100x100 meter grid to control the ore body between lines 64 and 92. The purpose of the drilling program is to upgrade a significant portion of the Inferred resource to the Measured and Indicated resource categories, which in turn, can be used to evaluate additional ore reserves for both open pit and underground.

The following table shows the exploration expenditures expensed and capitalized during the three and nine months ended September 30, 2012 and September 30, 2011.

	Jiama Mine			
	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Exploration expensed	**-**	-	**-**	1,212
Exploration capitalized	**504,170**	1,938,815	**4,433,285**	5,260,296
	504,170	1,938,815	**4,433,285**	5,261,508

LIQUIDITY AND CAPITAL RESOURCES

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

At September 30, 2012, the Company had an accumulated surplus of US$90.8 million and working capital of US$206.4 million. China Gold International's cash balance at September 30, 2012 was US$329.7 million.

Management believes that its forecasted operating cash flows from the Company are sufficient to cover the next twelve months of the CSH Mine and Jiama operations factoring in its planned capital expenditures and current debt repayments. Revenue and related expenses should increase as production increases after the completion of the planned expansions. Some of the Company's available cash will be used to fund the capital expenditures being planned for Phase II of Jiama as well as other business expenses. The Company is in advanced discussions to arrange project debt financing to support expansion of Jiama, the proceeds of which will fund the balance of capital expenditures being contemplated for Phase II of Jiama's expansion. The CSH expansion will be funded by CSH's own cash generated from the existing operations.

Cash flows

The following table sets out selected cash flow data from the Company's consolidated cash flow statements for the periods ended September 30, 2012 and September 30, 2011.

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	**2012**	2011
	US$	US$	**US$**	US$
Net cash from operating activities	**18,285,587**	11,056,362	**38,748,604**	29,526,350
Net cash used in investing activities	**(21,097,809)**	(24,859,174)	**(67,572,476)**	(53,337,894)
Net cash from (used in) financing activities	**(4,622,774)**	(22,939,180)	**2,493,393**	25,074,844
Net increase (decrease) in cash and cash equivalents	**(7,434,996)**	(36,741,992)	**(26,330,749)**	1,263,300
Effect of foreign exchange rate changes on cash and cash equivalents	**3,292,775**	271,932	**1,764,430**	552,017
Cash and cash equivalents, beginning of period	**333,888,807**	339,894,094	**354,312,905**	301,608,717
Cash and cash equivalents, end of period	**329,746,586**	303,424,034	**329,746,586**	303,424,034

Operating cash flow

For the three months ended September 30, 2012, net cash inflow from operating activities was US$18.3 million which was primarily attributable to (i) profit before income tax of US$32.9 million, (ii) depreciation and depletion of US$6.9 million, (iii) amortization of intangible assets of US$4.5 million and (iv) an increase in accounts payable of US$6.1 million, partially offset by (i) interest paid of US$2.9 million, (ii) income tax paid of US$8.2 million, (iii) an increase of US$11.7 million in accounts receivable (iv) an increase in inventory of US$8.5 million.

For the nine months ended September 30, 2012, net cash inflow from operating activities was US$38.7 million which was primarily attributable to (i) profit before income tax of US$71.1 million, (ii) depreciation and depletion of US$19.5 million,

(iii) amortization of intangible assets of US$12.7 million and (iv) finance costs of US$9.3 million, partially offset by (i) interest paid of US$8.9 million, (ii) income tax paid of US$33.2 million, (iii) a decrease of US$9.6 million in accounts payable and (iv) an increase in accounts receivable of US$12.1 million.

Investing cash flow

For the three months ended September 30, 2012, net cash outflow from investing activities was US$21.1 million, which was primarily attributable to the acquisition of property, plant and equipment of US$20.7 million.

For the nine months ended September 30, 2012, net cash outflow from investing activities was US$67.6 million, which was primarily attributable to available-for-sale investments of US$20 million, and the acquisition of property, plant and equipment of US$47.6 million.

Financing cash flow

For the three months ended September 30, 2012, net cash outflow from financing activities was US$4.6 million, which is primarily attributable to repayments of borrowings of US$4.7 million, offset by US$0.1 million for the exercise of common share stock options.

For the nine months ended September 30, 2012, net cash inflow from financing activities was US$2.5 million, which is primarily attributable to proceeds from the syndicated loan facility of US$7.5 million, deemed capital contribution of US$2.7 million from shareholders by way of shared cost on the recent HK IPO listing fee, primarily offset by repayments of borrowings of US$7.9 million.

Restrictive covenants

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

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

Under the loan agreements between Jiama and the Bank of China ("BOC") and between Jiama and the various banks providing the syndicated loan facility, Jiama is prohibited from distributing dividends before offsetting accumulated losses of the prior accounting year, repaying the principal, interest, and other expenses due under the loan agreement in the current fiscal year, and repaying the principal, interest and other expenses due under the loan agreement in the next fiscal year. In addition, Jiama is required to obtain the lender's written approval prior to reducing registered capital, processing one or more transactions or a series of transactions in the form of a sale, lease, transfer or other way leading to the disposal of assets that together total over RMB5.0 million, entering into any merger or acquisition, providing a guarantee or creating charges over its material assets in favor of third parties. The BOC and Syndicate loan facility are secured by the relevant mining rights and assets of the Jiama Mine.

Acquisition of Shares in China Nonferrous Mining Corporation Limited

The Company subscribed for a total of 70,545,000 shares of China Nonferrous Mining Corporation Limited ("CNMC") for an aggregate price of US$20,010,702 (HK$155,199,000) in CNMC's initial global offering and listing on the HKSE (stock code: 1258) on June 29, 2012. CNMC is a copper producer based in Zambia, focusing on mining, ore processing, leaching, smelting and the sale of copper. It is incorporated in Hong Kong with limited liability. This transaction complies with the Company's prospectus (the "Prospectus") in relation to the Company's global offering and listing on the HKSE in 2010 (the "Global Offering"), which states that approximately 30% of the proceeds from the offering are to be allocated for potential acquisition of gold and non-ferrous mineral resources outside of China.

Change of Use of Proceeds

As stated in the section headed "Future Plans and Use of Proceeds" of the Prospectus, the Company intended to use approximately 30% of the net proceeds from its Global Offering for potential acquisition of gold and non-ferrous mineral resources outside of China by focusing on mines at operating stages and advanced mining or exploration projects with high growth prospect. As at September 30, 2012, the aforesaid 30% net proceeds (approximately HK$631.6 million or US$81.4 million) have not been used, except for HK$155,199,000 (equivalent to US$20,016,896) which has been used for the acquisition of a total of 70,545,000 shares of CNMC.

The production expansion of the Jiama Mine is integral to the strategic development and growth of the Company. In line with this organic development strategy, to enable the further production expansion at the Jiama Mine to 40,000 tpd as described in the Jiama Expansion Pre-Feasibility, the Company has applied US$50 million (equivalent to HK$388 million) of the 30% net proceeds to increase the capitalization of the Company's subsidiary that owns the Jiama Mine in anticipation of the expansion of production facilities at the Jiama mine.

Entrustment Loan Agreement

On October 18, 2012, Inner Mongolia Pacific entered into an entrustment loan agreement with CNG and the head office of ABC, pursuant to which Inner Mongolia Pacific will provide an entrustment loan in the sum of RMB100 million to CNG through ABC as the entrusted bank. The term of the Entrustment Loan is six months and carried at the interest rate announced by the People's Bank of China for the equivalent duration. The principal of the loan shall be repaid at maturity.

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 the 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 year 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 have not been included in the Company's consolidated financial statements.

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

		Payment Due by Period					
	Total	Less than 1 year	Between 1 to 2 years	Between 2 to 3 years	Between 3 to 4 years	Between 4 to 5 years	Over 5 years
	US$	US$	US$	US$	US$	US$	US$
Principal repayment on ABC term loan	**28,636,884**	15,909,380	12,727,504	—	—	—	—
Principal repayment on BOC loan	**79,546,902**	31,818,760	23,864,071	23,864,071	—	—	—
Principal repayment on Syndicated loan	**119,320,351**	15,909,380	23,864,070	31,818,760	47,728,141	—	—
Operating leases Vancouver(a)	**529,478**	370,991	105,658	52,829	—	—	—
Operating leases CSH Mine(a)	**494,994**	33,092	33,092	33,092	33,092	33,092	329,534
Operating leases Jiama(a)	**2,736,190**	1,480,014	162,801	162,801	162,801	162,801	604,972
Capital commitments of CSH Mine(b)	**1,159,359**	1,159,359	—	—	—	—	—
Capital commitments of the Jiama Mine(b)	**89,621,935**	89,621,935	—	—	—	—	—
Total	**322,046,093**	156,302,911	60,757,196	55,931,553	47,924,034	195,893	934,506

(a) Operating leases are primarily for premises and production.

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

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

RELATED PARTY TRANSACTIONS

CNG owns 39.3 percent of the outstanding common shares of the Company as at September 30, 2012 and at December 31, 2011.

The Company had 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 sold gold doré bars to CNG from time to time through to December 31, 2011, with pricing referenced to the daily average price of Au9995 gold ingot as quoted on the Shanghai Gold Exchange and the daily average price of No. 2 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, Inner Mongolia Pacific entered into a contract for purchase and sale of doré with CNG for the purpose of regulating the sale and purchase of gold doré to be carried out between them for the three years ending December 31, 2012, 2013 and 2014 on the same pricing terms as the 2008 Contract. Revenue from sales of gold doré bars to CNG increased from US$137.6 million for the nine months ended September 30, 2011 to US$158.7 million for the comparative period ended September 30, 2012. For the nine months ended September 30, 2012, construction services of US$16.4 million were provided to the Group by subsidiaries of CNG.

On December 30, 2011, Inner Mongolia Pacific entered into a lease contract with China Gold Beijing Property Management Center, a wholly-owned subsidiary of CNG. The contract is in relation to the lease of the office premises to which the Beijing operating centre of the Group has relocated to, for a term from January 1, 2012 to December 31, 2012 for an annual rental payment of RMB6,719,395.

On January 5, 2012, Inner Mongolia Pacific entered into a geological exploration technical service contract with Beijing Jinyou Geological Surveillance Company Limited ("Beijing Jinyou"), a wholly-owned subsidiary of CNG, for the provision of geological exploration technical services by Beijing Jinyou for Inner Mongolia Pacific in the Haoyaoerhudong area of the CSH Mine for a total fee of RMB6,469,800.

On November 6 2012, the Company made announcement that the Board of Directors approved the proposed connected transaction contracts with subsidiaries of CNG for expansion at Jiama and CSH with total aggregate fees of approximately RMB986 million (equivalent to approximately US$ 156 million) and a continuing connected transactions contract with CNG with annual caps for the three years ending December 31, 2012, 2013 and 2014 being RMB630 million (equivalent to approximately US$100 million), RMB960 million (equivalent to approximately US$ 152 million) and RMB290 million (equivalent to approximately US$ 46 million), respectively. The Company will hold an extraordinary shareholder meeting on December 20, 2012 in Vancouver to seek approval of its independent shareholders for the connected transaction and continuing connected transactions contracts pursuant to Chapter 14A of the HKEx listing rules.

PROPOSED TRANSACTIONS

The Company is in the process of closing Gansu Pacific Mining Ltd., a subsidiary in China, subsequent to the disposal of the exploration permit of Gansu Pacific Mining Ltd. in October 2011.

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.

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 condensed interim 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, 2011.

CHANGE IN ACCOUNTING POLICIES

A summary of new and revised IFRS standards and interpretations are outlined in Note 2 of the condensed interim consolidated financial statements as at September 30, 2012.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds a number of financial instruments, the most significant of which are investments, accounts receivable, accounts payable, cash and loans. The financial instruments are all recorded at fair values on the balance sheet.

The company did not have any derivatives as at September 30, 2012.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2012, the Company had not entered into any material 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 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 amount of distributable profits and other relevant factors.

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

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

OUTSTANDING SHARES

As of September 30, 2012, the Company had 396, 318,753 common shares issued and outstanding.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the Company's DC&P and ICFR as of September 30, 2012 and, in accordance with the requirements established under Canadian National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of September 30, 2012 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 to evaluate the Company's ICFR as of September 30, 2012 and have concluded that these controls and procedures were effective as of September 30, 2012 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 quarter ended September 30, 2012, 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. John Nilsson, P.Eng., of Nilsson Mine Services Ltd. and Mr. Songlin Zhang, each 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. Jeremy Lee Clark, Principal Geologist for MMC and Competent Person under the HKSE; all remaining information in regards to the Jiama project contained in this MD&A was prepared by or under the supervision of Mr. Songlin Zhang, a qualified person for the purposes of NI 43-101

November 14, 2012

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

(incorporated in British Columbia, Canada with limited liability)

Condensed Consolidated Financial Statements
For the nine months ended September 30, 2012

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

	NOTES	Three months ended September 30, 2012 US$	Three months ended September 30, 2011 US$	Nine months ended September 30, 2012 US$	Nine months ended September 30, 2011 US$
Revenues	17	84,938,223	89,407,448	239,001,070	216,805,573
Cost of sales		(51,207,333)	(53,016,719)	(153,268,673)	(129,122,721)
Mine operating earnings		33,730,890	36,390,729	85,732,397	87,682,852
Expenses					
General and administrative	3	(6,020,444)	(3,590,012)	(17,169,606)	(11,779,984)
Exploration and evaluation expenditure		(59,769)	(160,406)	(242,041)	(294,409)
		(6,080,213)	(3,750,418)	(17,411,647)	(12,074,393)
Income from operations		27,650,677	32,640,311	68,320,750	75,608,459
Other income (expenses)					
Foreign exchange gain (loss)		1,976,685	325,802	1,015,941	752,958
Interest and other income		6,357,441	1,416,181	11,116,786	3,565,874
Finance costs	4	(3,080,991)	(3,862,427)	(9,320,584)	(9,255,457)
		5,253,135	(2,120,444)	2,812,143	(4,936,625)
Profit before income tax		32,903,812	30,519,867	71,132,893	70,671,834
Income tax expense	5	(6,508,019)	(6,689,417)	(18,657,299)	(15,922,613)
Profit for the period		26,395,793	23,830,450	52,475,594	54,749,221
Other comprehensive income for the period					
Exchange difference arising on translation		1,791,428	2,633,353	466,201	3,115,949
Fair value gain (loss) on available-for-sale investment		(905,390)	-	(905,390)	-
Total comprehensive income for the period		27,281,831	26,463,803	52,036,405	57,865,170
Profit for the period attributable to					
Non-controlling interests		874,538	904,214	1,861,262	1,742,482
Owners of the Company		25,521,255	22,926,236	50,614,332	53,006,739
		26,395,793	23,830,450	52,475,594	54,749,221
Total comprehensive income for the period attributable to					
Non-controlling interests		879,347	904,214	1,863,362	1,747,062
Owners of the Company		26,402,484	25,559,589	50,173,043	56,118,108
		27,281,831	26,463,803	52,036,405	57,865,170
Basic earnings per share	6	6.44 cents	5.79 cents	12.77 cents	13.38 cents
Diluted earnings per share	6	6.44 cents	5.79 cents	12.77 cents	13.37 cents
Basic weighted average number of common shares outstanding		396,278,644	396,163,753	396,237,256	396,150,111
Diluted weighted average number of common shares outstanding		396,338,535	396,286,702	396,321,759	396,315,885

CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2012

	NOTES	September 30, 2012 US$	December 31, 2011 US$
Current assets			
Cash and cash equivalents		329,746,586	354,312,905
Accounts receivable	7	13,833,115	5,844,620
Prepaid expenses and deposits	8	11,512,210	6,371,619
Prepaid lease payments		192,584	192,425
Inventory	9	34,039,347	27,104,701
		389,323,842	393,826,270
Non-current assets			
Prepaid expense and deposits	8	38,374,233	5,442,920
Prepaid lease payments		6,613,890	6,731,565
Amount due from a non-controlling shareholder		419,462	415,839
Inventory	9	11,076,446	14,292,189
Deferred tax asset		4,509,053	769,493
Available-for-sale investment	10	19,105,312	-
Property, plant and equipment	11	407,494,257	361,060,501
Mining rights	12	949,315,022	962,004,395
		1,436,907,675	1,350,716,902
Total assets		1,826,231,517	1,744,543,172
Current liabilities			
Accounts payable and accrued expenses	13	110,518,438	70,535,963
Borrowings	14	63,637,521	44,491,761
Tax liabilities		8,788,055	17,838,522
		182,944,014	132,866,246
Net current assets		206,379,828	260,960,024
Total assets less current liabilities		1,643,287,503	1,611,676,926

	NOTES	September 30, 2012 US$	December 31, 2011 US$
Non-current liabilities			
Deferred lease inducement		84,243	109,516
Borrowings	14	163,866,616	183,051,817
Deferred tax liabilities		131,095,832	132,865,648
Deferred income		760,764	864,958
Environmental rehabilitation		4,668,994	4,253,314
		300,476,449	321,145,253
Total liabilities		483,420,463	454,011,499
Owners' equity			
Share capital	15	1,228,730,879	1,228,183,687
Reserves		15,890,562	16,451,333
Retained profits		90,775,496	40,161,164
		1,335,396,937	1,284,796,184
Non-controlling interests		7,414,117	5,735,489
Total owners' equity		1,342,811,054	1,290,531,673
Total liabilities and owners' equity		1,826,231,517	1,744,543,172

The condensed consolidated financial statements on pages 2 to 20 were approved and authorized for issue by the Board of Directors on November 14, 2012 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 NINE MONTHS ENDED SEPTEMBER 30, 2012

	Number of shares	Share capital US$	Equity reserve US$ (note b)	Investment revaluation reserve US$	Exchange reserve US$	Retained profits (deficits) US$	Subtotal US$	Non-controlling interests US$	Total owners' equity US$
At January 1, 2011 (audited)	396,126,753	1,228,098,150	11,159,786	-	237,244	(39,246,500)	1,200,248,680	3,180,759	1,203,429,439
Profit for the period	-	-	-	-	-	53,006,739	53,006,739	1,742,482	54,749,221
Exchange difference arising on translation	-	-	-	-	3,115,949	-	3,115,949	-	3,115,949
Total comprehensive income for the period	-	-	-	-	3,115,949	53,006,739	56,122,688	1,742,482	57,865,170
Exercise of stock options	37,000	85,537	(33,405)	-	-	-	52,132	-	52,132
Share-based compensation (note a)	-	-	189,540	-	-	-	189,540	-	189,540
At September 30, 2011 (unaudited)	396,163,753	1,228,183,687	11,315,921	-	3,353,193	13,760,239	1,256,613,040	4,923,241	1,261,536,281
At January 1, 2012 (audited)	396,163,753	1,228,183,687	11,354,226	-	5,097,107	40,161,164	1,284,796,184	5,735,489	1,290,531,673
Profit for the period	-	-	-	-	-	50,614,332	50,614,332	1,861,262	52,475,594
Fair value loss on available-for-sale investment	-	-	-	(905,390)	-	-	(905,390)	-	(905,390)
Exchange difference arising on translation	-	-	-	-	464,101	-	464,101	2,100	466,201
Total comprehensive income for the period	-	-	-	(905,390)	464,101	50,614,332	50,173,043	1,863,362	52,036,405
Exercise of stock options	155,000	547,192	(205,542)	-	-	-	341,650	-	341,650
Share-based compensation (note a)	-	-	86,060	-	-	-	86,060	-	86,060
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	(184,734)	(184,734)
At September 30, 2012 (unaudited)	396,318,753	1,228,730,879	11,234,744	(905,390)	5,561,208	90,775,496	1,335,396,937	7,414,117	1,342,811,054

Notes:

(a) Amounts represent equity reserve arising from share-based compensation provided to employees under the stock option plan of the Company during the nine months ended September 30, 2011 and September 30, 2012.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	US$	US$	US$	US$
Net cash flows from operating activities	18,285,587	11,056,362	38,748,604	29,526,350
Investing activities				
Payment for acquisition of property, plant and equipment	(20,684,333)	(24,107,213)	(47,627,819)	(52,303,059)
Deposit paid for acquisition of property, plant and equipment	(413,476)	(751,961)	(661,507)	(1,203,727)
Acquisition of available-for-sale investment	-	-	(20,010,702)	-
Settlement of deferred consideration from disposal of a mining project to a related company	-	-	(671,030)	-
Receipt of government grant	-	-	-	143,705
Repayment from a non-controlling shareholder	-	-	-	25,187
Receipt of deferred consideration from disposal of a mining project to a related company	-	-	1,398,312	-
Net cash used in investing activities	(21,097,809)	(24,859,174)	(67,572,746)	(53,337,894)
Financing activities				
Repayments of borrowings	(4,723,368)	(22,939,180)	(7,887,324)	(37,202,444)
Dividend paid to a non-controlling shareholder	-	-	(184,734)	-
Deemed capital contribution from a shareholder through settlement of listing fee	-	-	2,735,852	-
Proceeds from borrowing	-	-	7,487,949	62,225,155
Issuance of common shares upon exercise of share options	100,594	-	341,650	52,133
Net cash flows (used in) from financing activities	(4,622,774)	(22,939,180)	2,493,393	25,074,844
Net (decrease) increase in cash and cash equivalents	(7,434,996)	(36,741,992)	(26,330,749)	1,263,300
Effect of foreign exchange rate changes on cash and cash equivalents	3,292,775	271,932	1,764,430	552,017
Cash and cash equivalents, beginning of period	333,888,807	339,894,094	354,312,905	301,608,717
Cash and cash equivalents, end of period	329,746,586	303,424,034	329,746,586	303,424,034
Cash and cash equivalents are comprised of				
Cash in bank	329,746,586	303,424,034	329,746,586	303,424,034

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 People's Republic of China ("PRC"). The directors of the Company 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 ("SASAC") 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 1030, One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M5.

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 under the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended September 30, 2012 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2011. In addition, the Group has applied the following accounting policy for available-for-sale financial assets that were acquired by the Group in the current period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Impairment of financial assets

The investments acquired in the current period are equity investments. For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

In the current interim period, the Group has applied the following amendments to International Financial Reporting Standards ("IFRSs") which are effective for the financial years beginning January 1, 2012:

Amendments to IFRS 7	Disclosures - Transfers of Financial Assets
Amendments to IAS 12	Deferred Tax - Recovery of Underlying Assets

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

The Group has not early applied any new or revised standards that have been issued but are not yet effective.

3. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses of the Group are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	US$	US$	US$	US$
Administration and office	627,579	66,082	2,474,195	561,463
Professional fees	693,730	374,290	2,094,089	1,542,896
Salaries and benefits	1,514,218	1,862,377	5,677,197	5,444,883
Depreciation of property, plant and equipment	278,168	190,496	837,550	554,479
Others	2,906,749	1,096,767	6,086,575	3,676,263
Total general and administrative expenses	6,020,444	3,590,012	17,169,606	11,779,984

4. FINANCE COSTS

The finance costs of the Group are as follows:

	Three months ended September 30, 2012 US$	Three months ended September 30, 2011 US$	Nine months ended September 30, 2012 US$	Nine months ended September 30, 2011 US$
Effective interest on borrowings	2,964,803	3,837,191	8,880,427	9,142,108
Accretion on environmental rehabilitation	116,188	25,236	440,157	113,349
Total finance costs	3,080,991	3,862,427	9,320,584	9,255,457

5. INCOME TAX EXPENSE

	Three months ended September 30, 2012 US$	Three months ended September 30, 2011 US$	Nine months ended September 30, 2012 US$	Nine months ended September 30, 2011 US$
PRC Enterprise Income Tax	8,660,616	10,533,886	24,166,686	20,308,194
Deferred tax credits	(2,152,597)	(3,844,469)	(5,509,387)	(4,385,581)
Total income tax expense	6,508,019	6,689,417	18,657,299	15,922,613

6. EARNINGS PER SHARE

Data used in determining earnings per share are presented below:

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Income attributable to owners of the Company for the purposes of basic and diluted earnings per share (US$)	25,521,255	22,926,236	50,614,332	53,006,739
Weighted average number of shares, basic	396,278,644	396,163,753	396,237,256	396,150,111
Dilutive securities - Stock options	59,891	122,949	84,503	165,774
Weighted average number of shares, diluted	396,338,535	396,286,702	396,321,759	396,315,885
Basic earnings per share	6.44 cents	5.79 cents	12.77 cents	13.38 cents
Diluted earnings per share	6.44 cents	5.79 cents	12.77 cents	13.37 cents

7. ACCOUNTS RECEIVABLE

	September 30, 2012 US$	December 31, 2011 US$
Trade receivables	11,236,333	703,673
Less: allowance for doubtful debts	(50,099)	(50,038)
	11,186,234	653,635
Other receivables	2,646,881	5,190,985
Total accounts receivable	13,833,115	5,844,620

The Group allows credit periods of 90 days and 180 days to its trade customers for gold doré bar sales and copper sales respectively.

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

	September 30, 2012 US$	December 31, 2011 US$
Less than 30 days	10,576,033	68,160
31 to 90 days	186,855	162,936
91 to 180 days	269,003	119,080
Over 180 days	154,343	303,459
	11,186,234	653,635

8. PREPAID EXPENSES AND DEPOSITS

Amount mainly represents deposits paid for mine supplies and services, acquisition of spare parts, environmental protection, acquisition of property, plant and equipment, prepayment for land use rights and mining consultancy fee.

As at September 30, 2012, there are deposits paid for acquisition of property, plant and equipment of approximately US$ 33,000,000 for the expansion of production at the Jiama Mine (December 31, 2011: US$221,000).

9. INVENTORY

	September 30, 2012 US$	December 31, 2011 US$
Gold in process	25,045,749	23,407,804
Gold doré bars	6,959,787	8,506,475
Consumables	5,287,162	4,355,930
Copper	2,337,312	2,071,173
Spare parts	5,485,783	3,055,508
Total inventory	45,115,793	41,396,890
Less: Amounts expected to be recovered after 12 months (note) (shown under non-current assets)	(11,076,446)	(14,292,189)
Amounts shown under current assets	34,039,347	27,104,701

Note: Management has taken into consideration the long-term process involved in recovering gold from a heap leaching system and has classified inventory, specifically, the gold in process, that is expected to be recovered more than twelve months after the end of the reporting period into non-current assets.

Inventory totaling US$46,680,914 and US$140,523,446 for the three and nine months ended September 30, 2012 (US$48,227,336 and US$118,238,361 for the three and nine months ended September 30, 2011), respectively, was recognized in cost of sales.

10. AVAILABLE-FOR-SALE INVESTMENT

	September 30, 2012 US$	December 31, 2011 US$
Listed investment:		
- Equity securities listed in Hong Kong	19,105,312	-

On June 29, 2012, the Group acquired 70,545,000 shares of China Nonferrous Mining Corporation Limited ("CNMC") at HK$2.20 per share for a total consideration of US$20,010,702 which represents 2.03% equity interest in CNMC.

On September 30, 2012, the investment was stated at fair value based on quoted market prices on September 28, 2012 which is the last trading date for the nine months ended September 30, 2012.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings US$	Crusher US$	Furniture and office equipment US$	Machinery and equipment US$	Motor vehicles US$	Leasehold improvements US$	Mineral assets US$	Construction in progress ("CIP") US$	Total US$
COST									
At December 31, 2011	141,402,423	72,282,943	1,572,657	79,031,549	5,373,236	100,458	87,215,283	16,123,407	403,101,956
At September 30, 2012	164,046,528	72,282,943	1,687,363	79,462,449	5,854,068	100,458	106,380,741	39,315,688	469,130,238
ACCUMULATED DEPRECIATION									
At December 31, 2011	(4,487,893)	(9,660,728)	(866,648)	(15,432,683)	(1,285,059)	(41,096)	(10,267,348)	-	(42,041,455)
At September 30, 2012	(11,110,377)	(13,831,426)	(1,055,783)	(19,209,483)	(1,850,608)	(51,781)	(14,526,523)	-	(61,635,981)
CARRYING VALUE									
At December 31, 2011	136,914,530	62,622,215	706,009	63,598,866	4,088,177	59,362	76,947,935	16,123,407	361,060,501
At September 30, 2012	152,936,151	58,451,517	631,580	60,252,966	4,003,460	48,677	91,854,218	39,315,688	407,494,257

Depreciation of property, plant and equipment was US$6,944,152 and US$19,538,670 for the three and nine months ended September 30, 2012 (US$5,312,536 and US$14,708,032 for the three and nine months ended September 30, 2011), respectively. The depreciation amounts were recognised in cost of sales, general and administrative expenses and inventory.

12. MINING RIGHTS

	Mining rights US$
COST	
At January 1, 2011	976,466,490
Exchange realignment	2,455,588
At December 31, 2011	978,922,078
Exchange realignment	60,480
At September 30, 2012	978,982,558
ACCUMULATED AMORTIZATION	
At January 1, 2011	(1,183,779)
Additions	(15,710,119)
Exchange realignment	(23,785)
At December 31, 2011	(16,917,683)
Additions	(12,745,227)
Exchange realignment	(4,626)
At September 30, 2012	(29,667,536)
CARRYING VALUE	
At December 31, 2011	962,004,395
At September 30, 2012	949,315,022

13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payables and accrued expenses comprise the following:

	September 30, 2012 US$	December 31, 2011 US$
Accounts payable	18,281,700	18,799,911
Construction cost payables	31,873,387	29,588,300
Advances from customers	3,343,568	1,736,483
Mining cost and other accruals	5,694,173	4,438,923
Payroll and benefit accruals	4,725,906	5,143,046
Other tax payables	7,434,913	8,388,783
Other payables [(1)]	39,164,791	2,440,517
	110,518,438	70,535,963

[(1)] Other payables in the current period mainly represent deposits for acquisition of property, plant and equipment and prepayment for exploration services paid by CNG to third parties on behalf of the Group. The amount is unsecured, interest-free and repayable on demand. Included in the amount, is a non-cash transaction of approximately US$36,980,000 paid by CNG to third parties on behalf of the Group, in which approximately US$33,000,000 represents deposits for acquisition of property, plant and equipment.

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

	September 30, 2012 US$	December 31, 2011 US$
Less than 30 days	11,939,853	8,242,280
31 to 90 days	3,488,539	2,280,204
91 to 180 days	280,318	2,702,724
Over 180 days	2,572,990	5,574,703
Total accounts payable	18,281,700	18,799,911

14. BORROWINGS

	Effective interest rate – For nine months ended September 30, 2012 %	Effective interest rate – For the year ended December 31, 2011 %	Maturity	September 30, 2012 US$	December 31, 2011 US$
Current					
Current portion of long-term loan - Agricultural Bank of China ("ABC")	6.35	6.23	September 9, 2013	15,909,380	12,711,932
Current portion of long-term loan - Bank of China ("BOC")	4.85	4.62	December 28, 2012	31,818,760	31,779,829
Syndicated loan	4.82	4.82	June 4, 2013	15,909,381	-
				63,637,521	44,491,761
Non-current					
Long-term loan - ABC	6.35	6.23	December 9, 2013 to September 9, 2014	12,727,504	23,834,872
Long-term loan - BOC	4.85	4.62	December 28, 2013 to December 28, 2014	47,728,142	47,669,744
Syndicated loan	4.82	4.82	June 4, 2014 to June 4, 2016	103,410,970	111,547,201
				163,866,616	183,051,817
				227,504,137	227,543,578

15. SHARE CAPITAL AND OPTIONS

(a) Common shares

Authorized - Unlimited common shares without par value

Issued and outstanding - 396,318,753 (December 31, 2011: 396,163,753) common shares at September 30, 2012.

(b) Stock options

The Group has a stock option plan which permits the Board of Directors of the Company to grant options to directors and employees of the Group to acquire common shares of the Company at the market value on the date of approval by the Board of Directors. A portion of the stock options vest immediately on the grant date and the balance vest over a period of up to five years from the grant date.

The stock options have a life of up to six years from the grant date. The exercise price of option at the grant date is the weighted average price of the common shares for the five days on which the Company's shares were traded immediately preceding the date of approval by the Board of Directors.

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

	January 1, 2012 to September 30, 2012		January 1, 2011 to December 31, 2011	
	Number of options	Weighted average exercise price CAD	Number of options	Weighted average exercise price CAD
Balance at January 1	695,000	3.98	780,000	3.71
Options exercised	(155,000)	2.18	(37,000)	1.45
Options forfeited	-	-	(48,000)	3.95
Balance, end of period/year	540,000	4.62	695,000	3.98

No stock options were granted during the nine months ended September 30, 2012 and the year ended December 31, 2011.

The following table summarizes information about stock options outstanding and exercisable at September 30, 2012.

	Options outstanding			Options exercisable	
Expiring in	Number outstanding at September 30, 2012	Remaining contractual life (years)	Weighted average exercise price CAD	Number exercisable at September 30, 2012	Weighted average exercise price CAD
2013	140,000	0.80	2.20	140,000	2.20
2015	400,000	2.67	5.47	240,000	5.21
	540,000		4.62	380,000	4.10

The following table summarizes information about stock options outstanding and exercisable at December 31, 2011:

	Options outstanding			Options exercisable	
Expiring in	Number of stock options	Remaining contractual life (years)	Weighted average exercise price CAD	Number of stock options	Weighted average exercise price CAD
2013	295,000	1.56	2.20	199,000	2.20
2015	400,000	3.42	5.30	160,000	4.78
	695,000		3.98	359,000	3.35

16. 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 SASAC of the PRC.

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

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

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

	September 30, 2012	December 31, 2011
	%	%
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 transactions with CNG and CNG's subsidiaries:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	US$	US$	US$	US$
Gold doré sales by the Group	52,462,037	60,745,351	158,732,538	137,593,217
Provision of transportation services by the Group	973,341	-	1,638,267	-
Construction services provided to the Group	930,331	-	16,352,022	-

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

	September 30, 2012	December 31, 2011
	US$	US$
Assets		
Trade receivables from sales of gold doré bars (Note 7)	10,337,942	-
Listing expense receivable (included in other receivables) (Note 7)	-	2,735,852
Other receivables (Note 7)	1,432,748	1,398,312
Deposits for mine supplies and services (Note 8)	-	730,301
Total amounts due from CNG and its subsidiaries	11,770,690	4,864,465

16. RELATED PARTY TRANSACTIONS - continued

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

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

The accounts receivable due from CNG and its subsidiaries are non-interest bearing, unsecured and have no fixed terms of repayments.

	September 30, 2012 US$	December 31, 2011 US$
Liabilities		
Other payable to CNG (Note 13)	36,980,826	31,780
Other payable to CNG's subsidiaries (Note 13)	-	1,158,600
Total amounts due to CNG and its subsidiaries	36,980,826	1,190,380

The amounts due to CNG and its subsidiaries which are included in other payables, are non-interest bearing, unsecured and 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 also conducts business with other government - related entities. The Group has entered into various transactions, including deposit placements, borrowings and other general banking facilities which are government - related entities in its ordinary course of business. Over 97% (2011: over 79%) of its bank deposits and borrowings are with government-related banks.

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

The Group had the following significant balance with other related party at the end of each reporting period:

	September 30, 2012 US$	December 31, 2011 US$
Assets		
Amount due from a non-controlling shareholder with significant influence over a subsidiary	419,462	415,839

The amount due from a related party is non-interest bearing, unsecured and has no fixed terms of repayments.

16. RELATED PARTY TRANSACTIONS - continued

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	US$	US$	US$	US$
Salaries and other benefits	132,500	169,713	372,765	526,652
Post employment benefits	-	1,316	4,586	10,441
	132,500	171,029	337,351	537,093

17. SEGMENT INFORMATION

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

The chief operating decision-maker 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 operation, 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 operation, i.e., mining, metallurgical processing, production and selling to external clients.

Information regarding the above segments is reported below.

17. SEGMENT INFORMATION - continued

Segment revenues and results

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

For the nine months ended September 30, 2012

	Mine-produced gold US$	Mine-produced copper US$	Segment total and consolidated US$
REVENUE - EXTERNAL	161,374,475	77,626,595	239,001,070
SEGMENT PROFIT	69,571,544	16,160,853	85,732,397
General and administrative expenses			(17,169,606)
Exploration and evaluation expenditure			(242,041)
Foreign exchange gain			1,015,941
Interest and other income			11,116,786
Finance costs			(9,320,584)
Profit before income tax			71,132,893

For the nine months ended September 30, 2011

	Mine-produced gold US$	Mine-produced copper US$	Segment total and consolidated US$
REVENUE - EXTERNAL	145,470,909	71,334,664	216,805,573
SEGMENT PROFIT	65,151,585	22,531,267	87,682,852
General and administrative expenses			(11,779,984)
Exploration and evaluation expenditure			(294,409)
Foreign exchange gain			752,958
Interest and other income			3,565,874
Finance costs			(9,255,457)
Profit before income tax			70,671,834

17. SEGMENT INFORMATION - continued

Segment revenues and results - continued

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the mine operating earnings by each segment representing the revenue less direct cost of sales as shown on the condensed consolidated statement of comprehensive income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for the three and nine months ended September 30, 2012 and 2011.

As of September 30, 2012, there is no material change in the amounts of segment assets and segment liabilities from December 31, 2011.

18. CAPITAL COMMITMENTS

	September 30, 2012 US$	December 31, 2011 US$
Capital expenditure in respect of acquisition of property, plant and equipment - contracted but not provided for in the condensed consolidated financial statements	90,781,293	58,440,653

19. EVENTS AFTER THE REPORTING PERIOD

On October 18, 2012, the Group entered into an entrusted loan agreement with CNG and ABC. Pursuant to the agreement, the Group agrees to provide a loan in the sum of RMB100 million (equivalent to approximately US$15,909,000) to CNG through ABC as the entrustee bank. The term of the loan is six months and carried at the interest rate announced by the People's Bank of China for equivalent duration. The principal amount of the loan shall be repaid at maturity.